

## **Translation of Immediate Report**

T121  
Public

**Bank Leumi le-Israel B.M.**  
Registration No. 520018078  
Securities of the Corporation are listed on The Tel Aviv Stock Exchange  
Abbreviated Name: Leumi  
34 Yehuda Halevi Street, Tel Aviv 651316  
Phone: 076-8858111, 076-889419; Facsimile: 076-8859732  
Electronic Mail: David\_S@bll.co.il

March 9 2022  
Reference: 2022-01-027676

To: Israel Securities Authority ([www.isa.gov.il](http://www.isa.gov.il))  
The Tel Aviv Stock Exchange ([www.tase.co.il](http://www.tase.co.il))

### **Immediate Report**

Nature of Event: *Potential Issuance of bonds, marketable securities and subordinated bonds*

Reference number of previous reports on the matter: \_\_\_\_\_,  
\_\_\_\_\_.

Attached please find file [Notice of intention isa Sanitized.pdf](#)

The company is not an envelope company as that term is defined in the Stock Exchange bylaws.

Date and time at which the corporation first became aware of the event or matter: *March 8 2022, at 16:45.*

#### **Details of signatories authorized to sign on behalf of the corporation:**

<b>Name of signatory</b>	<b>Title</b>	<b>other</b>
Bosmat Ben Zvi	Head of Capital Markets Division	

In accordance with Regulation 5 of the Securities Regulations (Periodic and Immediate Reports), 1970, a report filed pursuant to these regulations shall be signed by the corporation's authorized signatories. For a staff position of this matter, see the Authority's website: [click here](#).

Reference numbers of previous reports on the matter (do not constitute inclusion by way of reference): \_\_\_\_\_

The securities of the corporation are listed for trading on the Tel Aviv Stock Exchange

Ticker: Leumi

Address: Yehuda Halevi Street 34, Tel Aviv 6513616, Tel: 076-8858111, 076-8859419 Facsimile: 076-8859732 Electronic Mail: [David\\_S@bl.co.il](mailto:David_S@bl.co.il) company's website: [www.leumi.co.il](http://www.leumi.co.il)

Previous names of the reporting entity:

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Name of Electronic Reporter: David Raoul Sackstein, Position: Advocate, General Secretary  
34 Yehuda Halevi Street, Tel Aviv 6513616, Phone: 076-8857984, Facsimile: 076-8859732  
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**Note: English translations of Immediate Reports of Bank Leumi are for convenience purposes only. In the case of any discrepancy between the English translation and the Hebrew original, the Hebrew will prevail.**

**The original Hebrew version is available on the distribution website of the Israel Securities Authority:**

<http://www.mgna.isa.gov.il/>

March 9 2022

To

The Tel Aviv Stock Exchange Ltd.  
2 Ahuzat Bayit St.  
Tel Aviv 6525216

To

The Israel Securities Authority  
2 Kanfei Nesharim St.  
Jerusalem 95464

Dear Sir/Madam,

Re: **Potential Issuance of Bonds, Marketable Securities and Subordinated Bonds**

Bank Leumi le-Israel B.M. (hereinafter: the “**Bank**”) is pleased to report as follows:

1. The Bank is considering the option of carrying out an issuance of new series of Bank ordinary bonds, marketable securities and subordinated bonds (Series 184, Series 1 and Series 405, respectively) and listing them on the Tel Aviv Stock Exchange (hereinafter jointly – the “**Securities**”). To the extent that it is executed, the issuance of the Securities by the Bank (hereinafter – the “**Issuance**”) shall be carried out in accordance with a shelf offering report to be published by the Bank by virtue of its shelf prospectus.
2. Attached hereby is a draft of the deeds of trust for the bonds (Series 184) and for the subordinated bonds (Series 405) (hereinafter jointly – the “**Deeds of Trust**”), together with a summary of the Issuance terms and conditions. Furthermore, attached hereby are the terms of the Securities and a summary of the Issuance terms and conditions applicable to the marketable securities (Series 1). It should be clarified that the wording of the attached Deeds of Trust, terms of the marketable securities (Series 1) and summary of the terms and conditions is merely a draft wording. The binding wording of the issuance’s documents shall be included in the shelf offering report, should such a report be published.
3. It should be emphasized that the execution of the issuance, its structure, scope, terms and timing have not yet been determined and are subject to the Bank’s discretion and to the existence, among other things, of suitable market conditions and receipt of all approvals required by law, including the approval of the Bank’s competent organs and the Stock Exchange’s approval of the listing of the Securities; as of the date of this report such approvals have not yet been received.
4. It is hereby clarified that this report does not create any obligation by the Bank to execute the Issuance, and nothing stated therein constitutes an offering to the public or an invitation to purchase the Bank’s securities.

Sincerely,

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

Bosmat Ben Zvi, Head of the Capital Markets Division

It is hereby clarified that the wording of this Deed of Trust constitutes a draft only. The wording of the Deed of Trust may change significantly until the actual issuance date of the bond series, if issued. The binding wording of the Deed of Trust for the Bond series, if issued, will be the wording which will be attached to the Shelf Offering Report (if one is published by the Bank by virtue of the Shelf Prospectus), and its entry into effect will be subject to the issuance of the Bonds, in accordance with its provisions.

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

### **Deed of Trust for Bonds (Series 184)**

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## **Deed of Trust for Bonds (Series 184)**

Executed in Tel Aviv-Yafo on [ ] 2022

### **BETWEEN:**

**Bank Leumi le-Israel B.M., Public Company No. 52-001807-8**  
Of 34 Yehuda Halevi St., Tel Aviv 6513616  
(hereinafter – the “**Bank**”)

**As the First Party;**

### **And**

**Strauss, Lazer Trustees (1992) Ltd., Private Company No. 51-174206-6**  
Of 94 Yigal Alon St. Migdal Alon 2, Tel Aviv  
(hereinafter – the “**Trustee**”)

**As the Second Party;**

**WHEREAS:** The Bank published a shelf prospectus by virtue of which the Bank may offer to the public and issue, among other things, series of Bonds;

**WHEREAS:** On [ ] 2022, the Bank’s Board of Directors decided to approve in principle an issuance of Series 184 bonds, to be executed by publishing a Shelf Offering Report pursuant to the Shelf Prospectus; the Board also decided to list the bonds on the Stock Exchange (subject to compliance with the Stock Exchange's listing requirements as aforesaid);

**WHEREAS:** on [ ] 2022, rating agency S&P Maalot and Midroog Ltd. announced their assigning of ratings "ilAAA" and "Aaa.il", respectively, for the issuance of Series 184 Bonds in the amount of up to NIS [ ] par value to be issued by the Bank;

**AND WHEREAS:** The Bank requested that the Trustee serve as a trustee for the holders of the Bonds (Series 184) to be issued by the Bank under terms and conditions set out in this Deed of Trust, and the Trustee has agreed thereto;

**AND WHEREAS:** The Trustee is a limited liability company incorporated in Israel under the Companies Law, whose primary purpose is to provide trusteeship services;

**AND WHEREAS:** The Trustee declares that he is not precluded, pursuant to the Securities Law or any other law, from engaging with the Bank in this Deed of Trust and that he meets the requirements and eligibility terms and conditions set by the Securities Law to serve as trustee for the issuance of the bonds which are the subject matter of this Deed of Trust;

**AND WHEREAS:** The Trustee does not have any substantial interest in the Bank and the Bank does not have any vested interest in the Trustee;

**AND WHEREAS:** The Bank declares that he is not precluded, pursuant to any law and/or agreement, from engaging with the Trustee in this Deed of Trust and from issuing the Bonds, and that on the date of the issuance of the Bonds (Series 184), all the necessary approvals for carrying out the issuance required under any law shall be granted and that if any of the said approvals has not been granted, the issuance shall not be carried out;

**Now, therefore, the Parties have agreed, represented and stipulated as follows:**

**1. Preamble, Interpretation and Definitions**

- 1.1 The preamble to this Deed of Trust and the appendices and addenda attached thereto constitute a material and integral part thereof. In any event of a discrepancy between the Deed of Trust and the appendices and addenda attached thereto, the provisions of the Deed of Trust shall prevail.
- 1.2 The division of this Deed of Trust into sections and the section headings provided herein are for convenience and ease of reference only and shall not be used for interpretation.
- 1.3 Each term or expression in this Deed of Trust and its appendices shall have the meaning given to it in this Deed of Trust, unless they were expressly defined otherwise in the relevant appendix.
- 1.4 Anywhere in this Deed of Trust where the expression “subject to the provisions of any law” is used (or any other similar expression), the meaning is subject to any law that may not be conditioned upon, and anywhere in this Deed where the expression "despite any law" (or any similar expression) is used, the meaning is that the provision applies despite any law except for a law which may not be conditioned upon.
- 1.5 Reference in this Deed of Trust to the plural shall also mean the singular and vice versa, reference to the masculine shall also mean the feminine and vice versa, and reference to a person shall also mean a corporation, provided that this Deed does not contain any explicit and/or implicit contrary provision and/or unless the contents or the context require otherwise.
- 1.6 In this Deed of Trust and Bonds, the following terms shall have the meaning set out opposite them, unless the content or context imply otherwise, or unless it is explicitly stated otherwise in this Deed.

**The “Prospectus” or “Shelf Prospectus”**

The Bank’s Shelf Prospectus dated May 27 2021;

**The “Shelf Offering Report” or “Offering Report”**

A shelf offering report, which will be published in accordance with the Shelf Prospectus, in accordance with the provisions of the Securities Law, according to which the Bonds will be offered to the public while determining all the specific details for the Bonds’ offering;

The <b>“Bonds (Series 184)”</b> or the <b>“Bonds”</b>	Registered Bonds (Series 184) that will be issued by the Bank under the terms set out in This Deed;
The <b>“Bonds Certificate”</b>	The certificate of the Bonds, whose wording is set out in the First Addendum to This Deed, including the terms and conditions listed overleaf that are attached to the certificate;
The <b>“Bond Holders”</b>	The persons whose names are registered in the register, and in the case of joint holding by a number of Holders, the first joint holder who is registered in the register;
The <b>”Trustee”</b>	Strauss, Lazer Trustees (1992) Ltd. or any other trustee that will replace him pursuant to the provisions of the Deed of Trust for the Bonds and to the provisions of the law;
<b>“Register”</b>	The register of the Bond Holders as set out in Section 26 of This Deed;
The <b>“Deed of Trust”</b> or <b>“This Deed”</b> or <b>“This Deed of Trust”</b>	This Trust Deed, including the addenda which are attached thereto, and which constitute an integral part thereof;
The <b>“Companies Law”</b>	The Companies Law, 1999, as amended from time to time;
The <b>“Securities Law”</b> or <b>“Law”</b>	The Securities Law, 1968, and the regulations promulgated thereunder, as amended from time to time;
The <b>“Stock Exchange”</b>	The Tel Aviv Stock Exchange Ltd.;
The <b>“Bonds’ Principal”</b>	The total par value of the Bonds;
<b>“Business Day”</b>	Any day on which the majority of the banks in Israel are open to conduct transactions;
<b>"Trading Day"</b>	Any day on which trading in securities is carried out on the Stock Exchange;
<b>“Special Resolution”</b>	A resolution passed by a general meeting of Bond Holders which was attended, in person or by proxy, by Holders of at least fifty percent (50%) of the balance of the par value of the Bonds outstanding or at the deferred meeting of this meeting, which was attended by Holders of at least twenty percent (20%) of the said balance and which was passed (whether at the original meeting or at the deferred meeting) by a majority of Holders of at least three quarters (75%) of the

par value of the Bonds represented in the vote, excluding abstainers;

**“Ordinary Resolution”**

A resolution passed by a general meeting of Bond Holders which was attended, in person or by proxy, by Holders of at least twenty five percent (25%) of the outstanding par value of the Bonds or at the deferred meeting of this meeting, which was attended by any number of Holders, unless the meeting was summoned at the request of the Holders, in which case the legal quorum in the deferred meeting shall be at least five percent (5%) of the balance of the par value of the Bonds outstanding, and which was passed (whether at the original meeting or at the deferred meeting) by a majority of Holders of at least fifty percent (50%) of the par value of the Bonds represented in the vote, excluding abstainers;

**The “Insolvency Law”**

Insolvency and Economic Rehabilitation Law, 2018, and the regulations promulgated thereunder, as they will be from time to time;

**“Rating Agency”**

A company that operates in accordance with the law for regulating the Law to Regulate the Activity of Credit Rating Companies, 2014, and the regulations promulgated thereunder, and is approved by the Commissioner of the Capital Market in the Ministry of Finance.

- 1.7 In any case where the Stock Exchange’s Rules and Regulations and directives apply or shall apply to any action taken pursuant to this Deed of Trust, and to the extent that they cannot be conditioned upon, they shall take precedence over that which is stated in this Deed of Trust and the dates of such actions shall be determined in accordance with the Stock Exchange’s Rules and Regulations and directives.
- 1.8 In any matter that is not referred to in this Deed of Trust and in any event of a discrepancy between the Securities Law and the regulations promulgated thereunder, or the provisions of the Rules and Regulations and Directives of the Stock Exchange which may not be conditioned upon, as they may be from time to time, or between the provisions of Israeli law that may not be conditioned upon and the provisions of this Deed of Trust, the parties will act pursuant to the Securities Law, Rules and Regulations and Directives of the Stock Exchange or other provisions of Israeli Law, as the case may be.
- 1.9 In any event of a discrepancy between the provisions described in the Prospectus and in the Shelf Offering Report and the provisions of This Deed of Trust and/or the Bonds, the provisions of This Deed of Trust shall prevail. According to the Bank’s review, there are no discrepancies between the provisions described in the Prospectus and in the Shelf Offering Report and the provisions described in this Deed of Trust and/or the Bonds.

- 1.10 This Deed of Trust will take effect on the date of issue of the Bonds by the Bank. It is hereby agreed that in the event that the issuance of the Bonds is canceled for whatever reason, this Deed of Trust shall be null and void without any of the parties to the Deed having any claim against the other party and the trusteeship thereunder shall not enter into force.

## **2. Issuance of Bonds**

The Bank will issue, under the Prospectus and Shelf Offering Report, Bonds (Series 184) which shall have a repayment rank equal to the repayment rank of all deposits by the public deposited with the Bank from time to time.

The terms and conditions of the Bonds shall be as listed in the Bonds Certificate and in the terms and conditions listed on the overleaf, which are attached to this Deed and constitute an integral part thereof.

Upon completion of the issuance and subject to all terms and conditions for the listing of the Bonds on the Stock Exchange, the Bonds will be listed on the Stock Exchange.

## **3. Appointment of the Trustee, His Duties and Roles**

- 3.1 The Bank hereby appoints Strauss, Lazer Trustees (1992) Ltd. as a trustee for the Bondholders, pursuant to Section 35B of the Securities Law (hereinafter – the “**First Trustee**”). The term of office of the First Trustee will continue until the date of convening the first meeting of Bondholders that shall be convened by the First Trustee no later than 14 days from the date of filing the second annual report on the affairs of the trust, pursuant to Section 35h1(a) of the Securities Law (hereinafter – the “**First Appointment Meeting**”). Should the First Appointment Meeting approve the continuation of the tenure of the First Trustee with an ordinary majority, the Trustee shall continue to serve as Trustee until the end of the additional appointment period which was determined in the resolution of the First Appointment Meeting (which may continue after the final repayment date of the Bonds).
- 3.2 Should the First Appointment Meeting and/or any other meeting held thereafter specify an end-date for the Trustee’s additional appointment period, his tenure will end pursuant to the Bondholders’ resolution regarding the continuation of his tenure and/or regarding the appointment of another trustee in his stead.
- 3.3 If the Trustee is replaced by another trustee, the other trustee shall serve as trustee for the Bondholders pursuant to the provisions of Chapter E1 of the Securities Law including for those who are entitled to payments pursuant to the Bonds, which have not been paid despite their being past due.
- 3.4 The duties and powers of the Trustee and the manner in which his role will be carried out will be in accordance with this Deed and subject to the provisions of any law.

## **4. The Bank’s Obligation**

The Bank undertakes towards the Trustee to pay, as a Trustee for the holders of Bonds and on the dates set for such payment, all amounts of principal, interest payable pursuant to the terms and conditions of the Bonds and to comply with all other terms and obligations imposed thereon pursuant to the Bonds and pursuant to this Deed.

## 5. **Lack of Collateral for the Bonds; Issuance of Additional Bonds**

- 5.1 The Bonds are not secured by any collateral (as this term is defined in the Securities Law). The aforesaid does not detract from the Bank's obligation as set out in Section 4 above.
- 5.2 The Bank will be entitled to pledge its assets and transfer them and to carry out transactions as it may deem fit without any restriction as to the amount or otherwise.
- 5.3 The Bank reserves the right to assume, at any given time, any further obligations of any type whatsoever, as it deems fit, including undertakings whose seniority is higher than and/or equal to and/or lower than that of the Bonds, without having to obtain the approval of the Trustee and/or the Bondholders for said actions.
- 5.4 Without derogating from the generality of the aforesaid, subject to the provisions of any law, the Bank reserves the right to issue additional series of Bonds, under terms and conditions that the Bank deems fit (whether as part of a private offering, under the Shelf Prospectus or otherwise), including bonds which will be offered pursuant to the Prospectus under other terms and conditions as the Bank shall deem fit, including bonds of superior and/or equal and/or inferior seniority to that of the Bonds (Series 184), as well as to expand each of the said bonds series, without having to obtain the approval of the Trustee and/or the Bondholders.
- 5.5 Furthermore, and in addition to the aforesaid, the Bank reserves the right, subject to obtaining the listing approval of the Stock Exchange and subject to the provisions of any law, without having to obtain the approval of the Trustee and/or of Bondholders, to expand at any time the series of Bonds (Series 184), and to offer as part of a private offering(s) or as part of public offering(s) pursuant to a prospectus(es), as the case may be and at its own discretion, additional Series 184 Bonds (hereinafter - the **"Additional Bonds"**). The Trustee undertakes to serve as Trustee for the holders of the Additional Bonds, if any such Bonds are issued as aforesaid. The outstanding Bonds (Series 184) and additional outstanding Bonds (Series 184) which shall be issued (if any), as stated above, shall constitute a single series for all intents and purposes. The provisions of the Deed of Trust shall also apply to the Additional Bonds that may be issued as aforesaid. The Bank reserves the right to issue Additional Bonds at par value, at a premium or at a discount, at its own discretion. The Bank shall apply to the Tel Aviv Stock Exchange Ltd. to list the Additional Bonds when offered.
- 5.6 If the discount rate to be set for Additional Bonds due to the series' expansion shall be different than the discount rate for the outstanding Bonds (Series 184) at the time, the Bank will apply, prior the expansion of the series of Bonds (Series 184) to the Israel Tax Authority in order to obtain its approval to withhold tax at source from the discount fees with respect to the Bonds, a uniform discount rate shall be set, based on a formula which weights the different discount rates for the Bonds (Series 184) issued, if any. Where the said approval is received, the Bank will calculate the weighted discount rate for the Bonds (Series 184) immediately prior to the date of expansion of the series and will publish an immediate report, in which it will announce, together with the issuance results, the uniform weighted discount rate for the entire series, and will deduct tax at the redemption dates of the Bonds (Series 184) at the weighted discount rate described above and pursuant to statutory provisions. If such an approval is not granted, the Bank will notify in an immediate

report regarding the results of the issuance that it has not obtained the said approval and that the uniform discount rate shall be the highest discount rate generated for the Bonds (Series 184). Members of the Stock Exchange shall deduct tax at source upon repayment of the Bonds (Series 184) according to the discount rate reported as aforesaid. Therefore, cases could occur where the Bank shall withhold tax as source with respect to the discount fees at the highest rate of the discount fees set for whoever held the Bonds (Series 184) prior to the expansion of the series. In such a case, an assessee who held the Bonds (Series 184) prior to the series' expansion and until the repayment of the Bonds, may submit a tax filing to the Israel Tax Authority and receive a tax rebate in the amount deducted from the discount fees, if the said assessee is entitled to receive such a rebate by law.

- 5.7 For the avoidance of doubt, it is hereby clarified that the Trustee is under no obligation to examine, and the Trustee did not, in fact, examine, the need to provide collateral to secure the payments to the Bondholders. By entering into this Deed of Trust, and by agreeing to act as trustee for the Bondholders, the Trustee does not express an opinion, whether explicit or implicit, as to the ability of the Bank to meet its obligations towards the Bondholders.
- 5.8 It is also clarified that the Trustee's signing the Deed of Trust should not be construed as expressing an opinion regarding the quality of the Offered Securities or the advisability of the investment therein.

## **6. Purchase of Bonds by the Bank and/or by a Controlled Corporation**

- 6.1 Subject to the provisions of any law, the Bank (including companies under its control) reserves the right to purchase Bonds (Series 184) in a free market transaction (whether an on-floor or an off-floor transaction) at any time and under any terms and conditions it shall deem fit, without prejudice to the repayment obligation in respect of the outstanding Bonds (Series 184).
- 6.2 The Bank will issue an immediate report on its purchase of Bonds as described above, to the extent it is required to do so by law. The Bonds purchased by the Bank will be automatically canceled and delisted from the Stock Exchange, and the Bank will not be permitted to reissue them. In the event that the Bonds are purchased on-floor, the Bank will, through the Nominee Company, apply to the Stock Exchange's clearing house, requesting the withdrawal of the Bonds Certificates.
- 6.3 Subject to any law, a corporation controlled by the Bank (hereinafter: a "**Controlled Corporation**") may, from time to time, purchase and/or sell Bonds (Series 184), at its discretion and at any price it deems fit, as part of an on-floor or off-floor transaction, including as part of an issuance by the Bank. Any Bonds so purchased by a Controlled Corporation shall be deemed an asset thereof, will only be canceled or delisted subject to the rules of the Stock Exchange, and will be transferable as all other Bonds (subject to the provisions of the Deed of Trust and the Bond). The provisions of the Second Addendum to the Deed of Trust shall apply to the participation by such Controlled Corporation in Bondholders' meetings. The Bank will issue an immediate report on a purchase of Bonds by such a Controlling Corporation, to the extent it is required to do so by law. As long as the Bonds are owned by a Controlled Corporation, they shall not confer upon it voting rights in general meetings of Bondholders, will not be counted when determining whether a legal quorum for holding those meetings is present, and will not be included in the



“outstanding par value of Bonds” in connection with voting in meetings and the number of those who are present and vote therein.

- 6.4 Nothing in the provisions of Subsections 6.1 to 6.3 above obligates the Bank and/or a Controlled Corporation to purchase Bonds or sell the Bonds they hold.

## **7. Right to Demand Immediate Repayment of the Bonds**

- 7.1 Upon occurrence of one or more of the events listed below, the Trustee and/or Bondholders may call for immediate repayment of some or all of the outstanding Bonds. For the avoidance of doubt, none of the grounds for immediate repayment as aforesaid shall derogate from any remedy and/or right of Bondholders pursuant to the Deed of Trust and/or the law.
- 7.1.1 If a temporary or permanent liquidator or trustee is appointed by a court or if a valid resolution is passed to liquidate the Bank (with the exception of liquidation for purposes of a merger with another company) and such appointment or resolution is not revoked within 45 days from the day they are passed. Notwithstanding the foregoing, the Bank will not be given any remediation period if a permanent and final liquidation order is handed down by the court or if a permanent liquidator is appointed for the Bank, and in respect of petitions or orders filed or handed down, as applicable, by the Bank or with its consent. For the purpose of this section, a “**Trustee**” – as defined in Section 4 of the Insolvency Law.
- 7.1.2 If a temporary and/or permanent receiver is appointed for the Bank and/or for all or a material portion of its assets, or if a special administrator is appointed by the court, and such appointment is not canceled within 45 days, with the exception of a case where a permanent receiver is appointed, no remedial period will apply. Notwithstanding the above, the Bank shall not be given any remedial period in respect of the applications or orders filed or issue, as the case may be, by the Bank or with its consent.
- 7.1.3 Where the Bank filed an application for receivership or the appointment of a temporary or permanent receiver for all or a material portion of its assets.
- 7.1.4 If an attachment is imposed on material assets of the Bank or if some or all such assets are foreclosed and such attachment is not removed or such foreclosure is not revoked within 45 days. Notwithstanding the above, the Bank shall not be given any remedial period in respect of the applications or orders filed or issue, as the case may be, by the Bank or with its consent.
- 7.1.5 A fundamental breach of the Bonds and/or the Deed of Trust’s terms and conditions was made, and the Bank did not remedy the breach within 14 days from the date of receiving notice of such breach from the Trustee.
- 7.1.6 The Bank did not make a payment due to Bondholders or has not satisfied any other material undertaking given in favor of the Bondholders, and the Bank did not remedy this breach within 14 days from the date of receiving notice of such breach from the Trustee.

- 7.1.7 The Bank did not publish financial statements, the publication of which is mandatory in accordance with any law, within the later of 30 days of the last date on which it was required to publish it, or another date approved by a competent authority.
- 7.1.8 The Bonds were delisted.
- 7.1.9 The Bank discontinued its payments or announced its intention to do so, or the Bank discontinued its banking business or announced its intention to do so.
- 7.1.10 Where the Bank was issued with a stay of proceedings order, including pursuant to the Insolvency Law, or the Bank filed an application to reach a settlement or arrangement with its creditors pursuant to Section 350 of the Companies Law (except for the purpose of a merger with another company and subject to the provisions of Section 7.1.11 below and/or a change in the Bank's structure, including a split and with the exception of arrangements between the Bank and its shareholders that do not affect the Bank's ability to repay the Bonds), or if an application pursuant to Section 350 of the Companies Law is filed against the Bank (and without its consent) or if an order to open proceedings was handed down against the Bank pursuant with the Insolvency Law (and without its consent), which were not rejected or canceled within 45 days from the day on which the application was filed or the order was handed down, as the case may be. The Bank will not be given a remedial period in relation to an application to issue an order to open proceedings, where such application was filed by the Bank or with its consent.
- 7.1.11 A merger of the Bank was carried out without first obtaining the Bondholders' approval by way of an ordinary resolution, unless the surviving entity issued a statement to the Bondholders, including through the Trustee and at least ten business days prior to the date of the merger, to the effect that there is no reasonable concern that the surviving entity will not be able to meet its obligations to the Bondholders due to the merger.
- 7.1.12 The Stock Exchange suspended trading of the Bonds, with the exception of a suspension due to uncertainty as defined in the Fourth Part of the Stock Exchange's Rules and Regulations, and such suspension is not canceled within 60 days, with the exception of an overall suspension that is not targeted specifically at the Bank.
- 7.1.13 Discontinuation of rating of the Bonds for a period of more than 60 consecutive days, except in case where discontinuation of rating is as a result of causes or circumstances outside the Bank's control. In this context, it is clarified that the transfer of the Bonds to a watch list or any other similar action performed by the rating agency will not be considered a discontinuation of rating.

7.1.14 If the sale of the substantially all assets of the Bank in Israel are sold, except in the case of reorganization or merger.

For the purposes of this section, "substantially all assets of the Bank in Israel" - assets of the Bank in Israel, as the case may be, the total value of which exceeds 50% of the total value of the Bank's assets in Israel, as the case may be, according to the Bank's latest published financial statements.

7.2 Upon the occurrence of any of the events listed in Section 7.1 to This Deed:

7.2.1 The Trustee will be obligated to summon a meeting of the Bond Holders, whose convention date will be twenty one (21) days after the date of its summons, and the agenda of which shall include a resolution regarding a call for the immediate repayment of the entire Unpaid Balance of the Bonds due to the occurrence of any of the events specified in Section 7.1 above.

7.2.2 Such Bondholders' resolution to call for immediate repayment of the Bonds shall be passed by a Bondholders' meeting attended, in person or by proxy, by holders of at least fifty percent (50%) of the par value balance of outstanding Bonds as of such meeting's record date; the said resolution will be passed by a simple majority of Bondholders participating in the vote, or by such a majority in an adjourned Bondholders' meeting attended by holders of at least twenty percent (20%) of the said balance.

7.2.3 In case, until the scheduled convention time of the Meeting, any of the events specified in Section 7.1 above to This Deed, has not been canceled or eliminated, and a resolution in the foregoing Meeting of Bond Holders has been passed in accordance with Section 7.2.2 above taxpayer, the Trustee will be obligated, within a reasonable period of time but no later than within 14 days, to demand the immediate repayment of the entire Unpaid Balance of the Bonds.

7.2.4 In case a period has been specified in Section 7.1 above, during which the Bank is entitled to perform an action or reach a decision, which has caused the grounds for demanding immediate repayment, the Trustee or the Holders will be entitled to demand the immediate repayment of the Bonds, as specified in this Section 7, only if the aforementioned set period has passed, and the grounds have not been removed; However, the Trustee will be entitled to shorten the period which was set in the Deed of Trust, if it believes that it could materially prejudice the Holders' rights.

7.3 Notwithstanding the provisions of Section 7.1 above, and without detracting from the provisions of Section 7.2.4 above, the Trustee or Bond Holders shall not call for immediate repayment of the Bonds, even upon the occurrence of one or more of the events listed in Section 7.1 above unless seven days have elapsed since they issued the Bank with notice of their intention to do so; however, the Trustee or the Bond Holders may shorten the said period and are not obliged to issue the Bank with such notice if there is reasonable concern that such notice will adversely affect the calling for immediate repayment of the Bonds.

- 7.4 For the avoidance of doubt, it should be clarified that the calling for immediate repayment in accordance with the provisions set out above in this section, do not derogate and/or prejudice any remedy and/or right available to the Bondholders pursuant to any law and/or the Deed of Trust's terms.
- 7.5 This Deed of Trust applies to Bonds which do not constitute an equity instrument issued by a banking corporation as described in the Third Addendum A1 to the Securities Law, and therefore the provisions of subsection (a)(1) of Section 35I1 of the Securities Law shall not apply to them.
- 7.6 In this Section 7, the terms "material assets" "material portion" of the Bank's assets, etc., mean assets whose value exceeds 50% of the assets of the Bank Leumi Group, as reported in the Bank's consolidated balance sheet.

## **8. Claims and Proceedings by the Trustee**

- 8.1 In addition to any other provision in this Deed, the Trustee may institute, at its own discretion, such legal proceedings as he may deem fit in order to exercise the rights of the Bondholders or to protect their rights, or in order to enforce the fulfillment of any other undertaking of the Bank, in accordance with this Deed of Trust, after it has given an written notice of at least 7 days to the Bank; the Trustee may be required to do so if an Ordinary Resolution to that effect is passed. Notwithstanding the foregoing, the Trustee will be entitled to shorten the advance notice period, if the Trustee believes that any delay in the initiation of such proceedings would substantively risk the rights of the Bond Holders. The Trustee will be allowed to institute legal proceedings and/or other proceedings even if the Bonds have not been made immediately repayable - all in order to protect the rights of the Bondholders and subject to any law. For the avoidance of doubt, it is hereby clarified that the right to demand the immediate repayment of the Bonds will arise only in accordance with the provisions of Section 7 to the Deed of Trust, rather than by virtue of this Section 8.
- 8.2 For the avoidance of doubt, it is clarified that nothing in any of the provisions set out in Section 8 will infringe and/or derogate from the Trustee's right that is hereby conferred upon him, to apply, at any given time, at his own discretion and without having to inform the Bank, to the appropriate Court for guidance on any matter related to and/or which arises from This Deed and/or the performance of the trusteeship pursuant thereto, even before demanding the immediate repayment of the Bonds.
- 8.3 Subject to the provisions of this Deed, the Trustee may, but is not obliged to, convene at any given time a general meeting of the Bondholders in order to discuss and/or receive its guidance on any matters pertaining to the Deed of Trust.
- 8.4 The Trustee may, at its sole discretion, delay the execution of any of its actions pursuant to the Deed of Trust in order to request from a Bondholders' meeting and/or the court instructions as to the desired course of action, so long as this does not have an adverse effect on Bondholders. Notwithstanding the above, the Trustee may not delay the execution of a Bondholders meeting's decision to call for the immediate repayment of the Bonds, unless the event in respect of which the decision to call for immediate repayment was passed has been canceled or removed. It should be clarified that where the Trustee is required to take urgent action and where refraining

from taking such action prior to convening Bondholders' meetings by the Trustee shall cause material damage and/or loss to Bondholders, the Trustee may not refrain from taking such urgent action until the convening of a Bondholders' meeting.

## **9. Proceeds under Trust**

- 9.1 All proceeds that will be received and/or held from time to time by the Trustee, except for his fees and the repayment of any debt owed to him in any way, including, but not only, as a result of demanding immediate repayment of the Bonds and/or as a result of proceedings it will institute against the Bank, if any, will be held by him in trust and will be used by him for the purpose of settling the expenses, payments, levies and obligations that were expensed by the Trustee, imposed upon him or in the course of or as a result of carrying out the trust activities or otherwise in connection with the terms and conditions of the Deed of Trust, including his fees (provided that the Trustee did not receive his fees prior to that from the Bank or from the Bondholders), after the Trustee shall instruct the Bank in writing to transfer to the Trustee any payment owed to the Trustee by the Bank. It should be clarified that if the Bank shall be required to pay any of the expenses, including the Trustee's fees, but has not done so, the Trustee shall act to receive the said amounts from the Bank; if the Trustee manages to receive the said amounts, it will hold them in trust and will use them for the purposes listed in this Section in accordance with the order of preferences set out therein. The aforesaid does not exempt the Bank from its obligation to pay the expenses and fee payments as aforesaid where it is required to pay them in accordance with this Deed of Trust or in accordance with the law and the Trustee shall continue to act to collect them from the Bank.

Unless otherwise decided in a Special Resolution of the meeting of the Bond Holders, the remaining balance shall be used in accordance with the following order of preference: First – to pay the Holders of Bonds who have borne the payments pursuant to Section 23.2 below; Secondly – to pay the Bond Holders the past due interest owed to them pursuant to the terms and conditions of the Bonds, *pari passu*, and proportionately to the amount of past due interest owed to each of them, without giving preference or priority to any of them; Thirdly - to pay the Holders of Bonds the amount of interest due to them pursuant to the terms and conditions of the Bonds, *pari passu*; Fourthly – to pay the Holders of Bonds the principal amounts due to them pursuant to the Bonds they hold, *pari passu*, whether or not the principal amounts have become due, and proportionately to the amounts payable thereto without giving any preference in connection with precedence in the issuance of the Bonds by the Bank or otherwise; Fifthly – the remaining funds, if any, will be paid by the Trustee to the Bank or to its substitute, as the case may be. The payment of the amounts by the Trustee to the Bondholders is subject to the rights of the holders of the Bonds which the Bank has already issued and the rights of the holders of bonds which will be issued by the Bank in the future and the provisions of any law.

- 9.2 Notwithstanding the provisions of Section 9.1 above, where the amount received as a result of instituting the said proceedings, which is distributable at any time whatsoever, as stated in that section, is less than NIS 1 million, the Trustee will not be required to distribute it; rather, the Trustee may distribute the said amount or alternatively invest it, in whole or in part, in any of the investments permitted in accordance with Section 13 of the Deed of Trust; however, the Trustee will, in any event, distribute the remaining funds that have been deposited with him in

accordance with the provisions of Section 9.1 above, at the earlier of the following: (1) When the balance of the amount deposited with the Trustee is NIS 1 million or more; (2) Together with the first payment of interest or principal to Bond Holders, which is paid after receipt of the amount to be received as a result of instituting the said proceedings; (3) Immediately after the end of the calendar year following the last date on which funds were received by the Trustee for distribution; (4) When a meeting of the Bond Holders passes a resolution with an ordinary majority that such a payment be made, all subject to the Stock Exchange's provisions and its Rules and Regulations.

#### **10. Distribution Notice**

The Trustee shall notify the Bond Holders of the date and location where any of the payments mentioned in above is to be made, with an advance notice of 14 days to be delivered in the manner provided in Section 24. **שגיאה! הסימניה אינה מוגדרת.**

After the date specified in the said notice, the Bondholders shall be entitled to interest for the Bonds at the rate set in the Bonds, but only for the outstanding principal amount (if any) after deduction of the amount paid to them or offered to pay to them as aforesaid.

#### **11. Non Payment for Reasons that are Not under the Bank's Control**

- 11.1 Any amount due to a Bondholder which was not paid on the date on which it was due to be paid for reasons which are not under the control of the Bank, even though the Bank was willing and able to pay it on time, shall cease to bear as from the date on which it was due to be paid and the Bondholder shall be entitled to receive only the amounts he was entitled to on the date specified for such payment on account of the principal, as the case may be.
- 11.2 Where such an amount has not been paid within 14 days of the date set for the payment thereof, the Bank shall deposit the said amount with the Trustee, who will hold the amount in trust for the Bondholder, and such a deposit shall be deemed as settlement of said payment. If said amount was the last payment, the deposit in trust of said amount with the Trustee shall be deemed redemption of said bonds.
- 11.3 All funds that the Trustee may invest under This Deed, shall be deposited by the Trustee, in his name or to his order in securities of the Government of Israel or in any other securities, in which he is allowed to invest trust funds under the law of the State of Israel, all as the Trustee deems fit and subject to the provisions of any law and the provisions of Section 13 below. Where the Trustee has invested the funds as aforesaid, it shall only owe the entitled holder in respect of those amount the consideration that will be received upon the disposal of the investments, less related expenses. The Trustee shall hold the abovementioned amounts and shall invest them in the abovementioned manner until one year has elapsed from the redemption date of the Bonds. After this date, the Trustee shall repay to the Bank the amounts he has accumulated (including any earnings thereon), net of expenses; the Bank shall hold those amounts in trust for the Bondholders for two additional years from the date they were remitted to the Bank by the Trustee. The Bank shall confirm to the Trustee the remittance of the abovementioned amounts and their receipt in trust for the Bondholders, and such confirmation shall release the Trustee from any obligation whatsoever in connection with the amounts specified in the confirmation.

- 11.4 The Trustee shall transfer to each Bondholder for whom amounts and/or funds due to the Bondholders were deposited with the Trustee, those amounts payable to such a Bondholder out of those funds deposited as mentioned above, net of all expenses and mandatory payments applicable to the trust account in which the Trustee deposited the aforementioned funds, against presentation of the evidence required by the Trustee, to his full satisfaction.

## **12. Receipts as Evidence**

- 12.1 Without derogating from any of these terms and conditions, a receipt signed by an individual registered Bondholder from among the Bondholders who are registered jointly in the Bonds, shall serve as proof of full settlement of any payment made by the Bank and/or the Trustee in respect of the Bonds and will fully release the Bank and/or the Trustee for the Bonds from any obligation whatsoever in connection with the payment of the amounts specified in the receipt.
- 12.2 A receipt from the Trustee regarding the deposit of the amounts of the principal, the interest with the Trustee in favor of the Bond Holders as set out in Section 11 above, shall be considered as a receipt from the Holder of the Bonds for purpose of Section 12.1 above and will fully release the Bank in respect of the payment of the amounts provided in the receipt.

## **13. Investment of Funds**

All funds which the Trustee may invest pursuant to the Deed of Trust, shall be invested and/or deposited by the Trustee in one of the five largest banks in Israel, in the Trustee's name or to its order, in NIS-denominated bank deposits or in securities of the Government of Israel, rated no lower than AA, all as the Trustee shall deem fit, and subject to the terms and conditions of the Deed of Trust and to any law. Where the Trustee has invested the funds as aforesaid, it shall only owe the entitled Bondholders in respect of those amount the consideration received upon disposal of the investments, less related expenses.

## **14. The Bank's Obligations towards the Trustee**

The Bank undertakes the following obligations towards the Trustee, for as long as the Bonds are outstanding:

- 14.1 To consistently manage the Bank's businesses regularly and appropriately.
- 14.2 To provide the Trustee with copies of documents and information that the Bank delivered to Bondholders, if any.
- 14.3 To deliver to the Trustee or its authorized representative, who may be an attorney or certified public accountant by profession (and notification of the appointment of whom will be delivered to the Bank by the Trustee upon the appointment thereof) additional information in connection with the Bank, within a reasonable amount of time after the Trustee's demand to that effect, where such information may be essential and required in order to protect the rights of the Bondholders, and provided the Trustee has acted in good faith. Any information that is not in the public domain, which will be delivered to the Trustee or to its authorized representative, including an external authorized representative, as described above, will be held by the Trustee or by the representative in confidentiality and will not be delivered by them to others, and they will only use it if the disclosure or the use thereof is required for the purpose

of carrying out their role pursuant to the Securities Law, in accordance with the Deed of Trust or under a court order, and the external authorized representative on behalf of the Trustee will sign a letter of non-disclosure for that purpose, to the Bank's satisfaction. It is hereby clarified that the delivery of information by the Trustee to the Bondholders will not constitute a breach of the Trustee's obligation to maintain confidentiality, provided that the Trustee delivers only the information required for the purpose of protecting the rights of the Bondholders and that the Trustee coordinates with the Bank the content and timing of the disclosure in advance, to the extent possible and permissible, in order to allow the Bank a reasonable amount of time to apply to court in order to prevent the delivery of information as aforesaid, and in any event only the essential information will be delivered.

- 14.4 To conduct regular bookkeeping in accordance with the generally accepted accounting principles and in respect of these books, keep such books, including the documents that serve as references for these books (including deeds of encumbrances, mortgage and invoices and receipts) and the other documents relating to his business, in his offices.
- 14.5 To inform the Trustee, immediately after it becomes aware of it, of any case where a receiver or any other officer was appointed to its assets or a material part thereof, and to take all necessary measures, at its own expense, to remove such foreclosure or revoke the receivership in such a case.
- 14.6 In addition to what is stated in Section 14.5 above, to inform the Trustee in writing and within two Trading Days, on the occurrence of one or more of the events listed in 7.1 above, all without taking into account the remediation periods referred to in 7.1 above, if any.
- 14.7 To deliver to the Trustee, upon his request, no later than 30 days from the date of issuance of the Bonds (Series 184) pursuant to the Shelf Offering Report and/or from the date of expansion of the series of Bonds (Series 184) a true copy of the original of the Bonds Certificate.
- 14.8 To deliver to the Trustee, upon his request, an amortization schedule for the Bonds (principal and interest), in an Excel spread sheet.
- 14.9 To provide to the Trustee the documents listed in Section 35I to the Securities Law, 1968.
- 14.10 Proper Conduct of Banking Business Directive No. 332 of the Banking Supervision Department places restrictions on a bank (and a corporation controlled by a bank) when purchasing securities issued by it ("securities" is defined in the said Directive No. 332 as "shares of the banking corporation or securities that are convertible into shares of the bank or that can be exercised into shares of the banking corporation"). Furthermore, it is clarified that except for the provision set out at the beginning of this section, there are no restrictions on the Bank's right to distribute dividends to its shareholders and/or to carry out a buyback of its shares and/or to carry out any other distribution pursuant to the Companies Law.



- 14.11 The Bank does not guarantee that it will not replace a rating agency throughout the life of the Bonds. If the Bank shall replace or terminate the rating agency, including where there is more than one rating agency, the Bank shall publish an immediate report in which it will list the reasons for replacing such an agency or for the termination of its work, as the case may be. In addition, the Bank undertakes that as far as it is concerned, the Bonds will be rated by at least one rating agency until their final and absolute repayment.
- 14.12 It is clarified that, for the purpose of complying with the provisions of this Deed, a publication of a report on the MAGNA reporting system shall be viewed as delivery thereof to the Trustee.
- 14.13 If the Bank ceases to be a reporting corporation, it will deliver to the Trustee the reports required pursuant to the Consolidated Circular, as amended from time to time. For that purpose, the “**Consolidated Circular**” – the consolidated circular of the Commissioner of Capital Markets, Insurance and Savings at the Ministry of Finance to institutional entities, as amended from time to time. Notwithstanding the aforesaid, where it will be possible to continue publishing the said reports through the MAGNA system and/or the MAYA system, such reports will be published through those systems, instead of delivering those reports to the Trustee as described above.

## **15. Additional Obligations**

If and to the extent the Bonds will be called for immediate repayment in accordance with the provisions of 7.1 above, the Bank shall take from time to time and at any time it is requested to do so by the Trustee, all the reasonable actions to enable the exercise of all the powers given to the Trustee, especially the following actions:

- 15.1 Make the statements and/or sign all the documents and/or execute and/or cause the execution of all the necessary or required actions in accordance with the law, in order to validate the exercise of the Trustee’s powers, authority and authorizations.
- 15.2 Give all the notices and instructions which the Trustee will deem beneficial in connection with the performance of the immediate repayment.
- 15.3 Will perform or cause to perform all the necessary or required actions in accordance with the law, in order to validate the exercise of the Trustee’s powers, authority and authorizations.

## **16. Applications to the Court**

The Trustee may, at any time and subject to any law, apply to the competent court in connection with the Trust. The Trustee may also give his consent or approval to any application to the Court made at the request of a Bondholder, and the Bank will compensate the Trustee in respect of all expenses he may incur as a result of such an application, or from actions carried out as a result of such application or in connection therewith. If the application to the Court is made pursuant to a resolution of the Bondholders, the Bondholders will indemnify the Trustee for all reasonable expenses he may incur as a result of such an application, or from actions taken as a result of such application or in connection therewith, and pursuant to the provisions of the law, this indemnification will be taken out of the deposit which will be deposited pursuant to the provisions of the law.

## **17. Proxies**

- 17.1 The Bank hereby irrevocably appoints the Trustee as its proxy, to execute and carry out in its name and in its stead, all the actions that it will be required to take pursuant to the terms of this Deed, and generally to act in its name in relation to the actions that the Bank is required to take under this Deed and has not taken or to exercise some of the powers it was given, provided the Bank has not taken the actions it is required to take under the terms and conditions of this Deed within a reasonable amount of time from the Trustee's written demand, and provided that it has given the Bank advance notice of a reasonable amount of time, of its intention to exercise its powers pursuant to this Section.
- 17.2 An appointment pursuant to Section 17.1 above shall not obligate the Trustee to take any action and the Bank hereby exempts the Trustee in advance in the event that it does not take any action or that it does not take such action on time or in the correct manner, and the Bank waives in advance any claim against the Trustee and its agents in respect of any damage that was caused or may be caused to the Bank directly or indirectly, in respect thereof, based on any action taken or not taken as aforesaid.

## **18. Reporting by the Trustee**

- 18.1 Where the Trustee becomes aware of a material breach of the Deed of Trust, it shall inform the Bondholders of such breach within a reasonable amount of time and without further delay, subject to the provisions of the law. This requirement shall not apply if the event in question was published by the Bank in accordance with the Law.
- 18.2 Every year, on the date set out in law for that purpose, and if no such date was set then no later than the end of the second quarter of each calendar year, the Trustee shall prepare an annual report on the Trust's affairs (hereinafter- the "**Annual Report**").
- The Annual Report shall include the information prescribed from time to time by law, and if the law has not yet prescribed such information, the Annual Report shall include the details of extraordinary events that took place in connection with the Trust during the past year. The filing of the Annual Report to the Israel Securities Authority and the Stock Exchange shall be considered as the presentation of the Annual Report to the Bondholders.
- 18.3 At the request of holders of more than five percent (5%) of the par value balance of Bonds, the Trustee shall deliver to the Bondholders data and details about his expenses in connection with the Trust, which is the subject matter of the Deed of Trust.
- 18.4 The Trustee is required to file a report regarding actions it executed pursuant to Chapter E1 of the Law, if a reasonable demand for such a report was made by holders of at least ten percent (10%) of the par value balance of Bonds of that series; such a report will be filed within a reasonable period of time from the date of such demand, all subject to the Trustee's confidentiality obligation to the Company as per Section 35I(d) to the Law.
- 18.5 The Trustee declares that as of the date of signing this Deed he is covered by professional liability insurance totaling USD 10 million for the period (hereinafter – the "**Coverage Amount**"). If the Coverage Amount is reduced to less than USD 8 million prior to the full repayment of the Bonds, the Trustee shall inform the Bank of such reduction no later than 7 Business Days from the date on which he was informed by the insurer of such a reduction, in order to publish an immediate report on the matter. The provisions of this Section shall apply until such time as Securities Law

Regulations regulating the Trustee's insurance coverage obligation shall come into effect. Once such Regulations come into effect, the Trustee shall be required to inform the Bank only if it does not comply with the requirements of the Regulations.

## **19. The Trustee's Compensation**

- 19.1 The Bank shall pay the Trustee a fee for its services as Trustee in the first year of trust and so long as there will be outstanding Bonds, and in respect of any consecutive year, a total of NIS 7,000 plus VAT as required by law for the Bonds (Series 184) which shall be issued pursuant to the Prospectus and which the Trustee will serve as trustee thereto.
- 19.2 A special trustee fee totaling NIS 350 per hour, plus VAT as required by law, in respect of special events/tasks:
  - 19.2.1 Reasonable actions arising from a breach of this Deed by the Bank;
  - 19.2.2 Reasonable actions in connection with demanding immediate repayment of the Bonds or in case of concern for immediate repayment or concern for infringement of the rights of the Bondholders;
  - 19.2.3 Special reasonable task (such as, but not limited to, reasonable work required due to restructuring of the Bank) or for the need to take additional reasonable actions to fulfill his role as reasonable trustee due to a future change of laws and/or regulations and/or other binding provisions that will apply to the activities of the Trustee and his undertakings pursuant to this Deed, provided that he obtains the Bank's advance approval, which will not be unreasonably withheld.
- 19.3 The Trustee will also be paid fees in respect of all actions relating to (including without derogating from the generality of the aforesaid, its participation) the meetings of Bond Holders (excluding general and special meetings of the Bank's shareholders) at a rate of NIS 350 plus VAT as required by law in respect of each meeting.
- 19.4 In the event of an extension of the Bonds series, the Trustee will be entitled to a one-time surcharge of NIS 3,000.
- 19.5 The Trustee will also be entitled to reimbursement of reasonable expenses it will incur as part of fulfilling his role and/or pursuant to the powers conferred upon him pursuant to this Deed, including in respect of publications in the press and the appointment of experts, so long as the Trustee obtains the Bank's advance approval, which will not to be unreasonably withheld.
- 19.6 If changes are made to legal provisions, whereby the Trustee will be required to take actions and/or carry out examinations and/or to prepare additional reports, the Bank undertakes to bear all the reasonable expenses incurred by the Trustee in respect thereof, including reasonable fees in respect of those actions, provided that the Trustee obtain the Bank's approval in advance, which will not be withheld unreasonably.
- 19.7 All amounts will be subject to VAT as required by law. All amounts stated in this section are linked to the Consumer Price Index known at the date of issuance of the Bonds but in no case shall the amounts paid fall below the stated amounts.

- 19.8 If a trustee has been appointed to replace a Trustee, whose tenure has ended in accordance with Sections 35B(a1) or 35N(d) of the Securities Law, the Bondholders will pay the difference between the fees of the Trustee who has been appointed, as aforesaid, and the fees paid to the Trustee he replaces, if such a difference is unreasonable, and the relevant provisions of the law shall apply at the time of such a replacement.

If the Bank will be required by law to deposit a deposit to secure the Bank's repayment of special expenses incurred by the Trustee, the Bank shall act in accordance with such provisions.

## **20. Special Powers**

- 20.1 The Trustee may deposit all the notes and documents that serve as evidence, represent and/or establish its right in connection with any asset held by it at that time, in a safe or in any other place of its choosing, with any banker or any bank or with any attorney, insofar as this is reasonable and coordinated with the Bank. If the Trustee has done this, he will bear no responsibility for any loss that may be incurred in connection with such deposit, provided that he did not act negligently.
- 20.2 As part of his execution of the trust's affairs pursuant to this Deed, the Trustee may act according to the opinion or advice of an attorney, accountant, appraiser, surveyor, broker or other expert. Regardless of whether such an opinion or advice were given at the request of the Trustee or at the request of the Bank or in any other manner, the Trustee shall bear no responsibility to any losses or damages that may be caused as a result of any action or omission by him in reliance on such advice and/or opinion, provided that it did not act negligently.
- 20.3 Any such advice or opinion may be given, sent, or delivered by letter, telegram, telephone, facsimile or any other electronic means for transfer of information.
- 20.4 The Trustee shall not be allowed to interfere in any way with the management of the Bank's business or affairs, subject to the provisions of any law which may not be conditioned upon, provided it is not expressly stated otherwise in this Deed.
- 20.5 The Trustee shall use the trusteeship, the powers, authorizations and authority conferred upon him pursuant to this Deed, at his sole discretion, and - except in the event of fraud or negligence - will not bear responsibility for any damage caused due to errors in judgment made in good faith.
- 20.6 Any exemption from responsibility that was given to the Trustee pursuant to the provisions of this Deed, if any, is subject to the condition that the Trustee was not grossly negligent in carrying out the action (or omission), including in the exercise of judgment in respect of which the exemption was given, or did not act in malice, or in breach of a fiduciary duty or in breach of the provisions of the Deed of Trust and the Bonds.

**21. The Trustee's Power to Engage Agents**

As part of the management of the trust's business, the Trustee may appoint an agent that will act in his stead and pay his fees at the expense of the Bank, whether such agent is a lawyer or otherwise, in order to perform, or participate in, the performance of various business transactions and to take, or participate in, various actions that should be performed in connection with the trust, without derogating from the generality of the aforesaid, including the institution of legal proceedings, provided that such actions are reasonable under the circumstances, and the Trustee shall have the agent sign a non-disclosure statement. The Trustee shall also be entitled to settle the reasonable fee of any such agent at the expense of the Bank, provided that he is allowed to do so pursuant to this Deed or pursuant to the fees agreement with the Bank, and the Bank will reimburse to the Trustee for any such expense upon receipt of demand to that effect from the Trustee, to the extent that the Trustee has given the Bank advance notice regarding the appointment of such agents and that the said expenses are reasonable under the circumstances. The appointment of an agent shall not detract from the Trustee's duties pursuant to this Deed or pursuant to any law, nor will it detract from the Trustee's responsibilities in respect of his actions and the actions of his agents.

**22. The Trustee's Powers**

- 22.1 The Trustee shall not be obliged to inform any party whatsoever of the signing of this Deed.
- 22.2 Subject to the provisions of any law, the Trustee is not required to act in a manner that is not expressly specified in this Deed of Trust in order to become aware of any information, including about the Bank and/or in connection with the Bank's ability to meet its obligations to the Bondholders and this is not part of its role as trustee.
- 22.3 Subject to the provisions of any law and to what is stated in this Deed of Trust, the Trustee undertakes, by signing this Deed, to maintain confidential any information provided to him by the Bank, not to disclose such information and not to use it for any purpose, unless such disclosure or use is required for the purpose of fulfilling his role under the Securities Law or court order.
- 22.4 The Trustee will be entitled to rely on the assumption in Section 26 below and to rely on the accuracy of the identity of unregistered Bond Holders, as submitted to the Trustee by any person whose name is listed as an attorney-in-fact in a power of attorney, if the identity of the holder was not specified in the power of attorney.
- 22.5 As part of his trusteeship, the Trustee may rely on any written document including a letter of instruction, a notice, request, agreement or certificate, which is expected to be signed or issued by a certain person or entity, which the Trustee believes in good faith has been signed or issued by such person or entity.

## **23. Indemnification of the Trustee**

23.1 The Trustee's fees and expenses shall be paid by the Bank in accordance with the provisions of the Deed of Trust. In addition, with respect to special matters that do not fall within the scope of the Bank's obligation to pay the Trustee's fees and expenses as set out in Section 19 above, the Trustee shall be entitled to be indemnified by the Holders of the Bonds or by the Bank, as the case may be, including in respect of reasonable expenses it incurred in connection with actions it performed pursuant to his obligations under the terms of This Deed or according to the law or at the demand of a competent authority or at the demand of the Bond Holders, provided that:

23.1.1 He may not demand indemnification in advance in respect of a matter than may not be delayed.

23.1.2 The indemnity undertaking may include indemnification in respect of a tort liability, imposed on the Trustee pursuant to a final ruling or pursuant to a compromise to which the indemnifying party agreed towards a third party that is not a holder of the Bonds, provided that this indemnification obligation shall apply subject to the following conditions:

23.1.2.1 Remedial expenses that were made or shall be made by him are reasonable.

23.1.2.2 The Trustee acted in good faith and this activity was carried out in the course of fulfilling his role, provided that the Trustee was not grossly negligent in carrying out the action or has not acted with malice.

23.1.3 Without derogating the compensation rights conferred upon a Trustee by law and subject to that which is stated in this Deed and/or in the Bank's obligations pursuant to this Deed, the Trustee, his proxy, manager, agent or another person who was appointed by the Trustee pursuant to this Deed, may receive indemnification out of the funds and investments to be received by the Trustee from the proceedings it instituted or which it obtained in any other manner, in connection with the obligations they have undertaken upon themselves, in connection with expenses that they expensed during the course of executing the trust or in connection with such actions, which in their opinion were required to execute the above and/or in connection with the use of the powers and permits given to them pursuant to this Deed as well as in connection with various legal proceedings, attorneys' opinion and other experts' opinions, negotiations, discussions, claims and demands with regard to any matter and/or thing that were carried out and/or were not carried out in any manner in connection with the matter under discussion, and the Trustee may withhold the funds he holds and pay out of those funds the amounts required for the payment of the said indemnification. All of the said amounts shall have preference over the rights of the Bondholders and subject to the provisions of any law, provided that the Trustee has acted in good faith and in accordance with the obligations imposed upon it pursuant to any law and pursuant to this Deed, and provided that the Trustee did not act with gross negligence or malice.

- 23.2 It is hereby clarified that if the expenses were incurred by the Trustee in connection with an action executed at the demand of Bondholders of a specific series issued by the Bank or in connection with actions relating to a specific series only, the indemnification shall be paid by the Bondholders of that series; if the expenses were incurred in connection with Trustee's actions that do not pertain to a specific series only, indemnification will be paid by the Bondholders on a pro-rata basis in accordance with the outstanding amounts of the par value of each series.
- 23.3 Notwithstanding the provisions of this Section 23 above, whenever the Trustee sees fit, for the purpose of protecting and/or exercising the rights of the Bond Holders and/or whenever the Trustee will be required, pursuant to the provisions of This Deed and/or by law and/or a directive issued by a competent authority and/or pursuant to any law and/or at the demand of the Bank and/or at the demand of the Bond Holders, to institute legal proceedings and various actions pursuant to its obligation according to the Deed of Trust, the Trustee shall immediately convene a meeting of the Bond Holders in order to confirm their responsibility for covering the expenses involved in the proceedings and actions which the Trustee shall institute, in which case, the amount deposited by each holder shall bear annual interest at a rate equal to the interest payable on the Bonds (as set out in the First Addendum) and shall take precedence in payment as set out in Section 9.1 above. In the event that the Bondholders refuse to bear the expenses involved in the institution of the proceedings and the various actions taken by the Trustee, the Trustee shall not be required to institute the proceedings and various actions, provided that the matter under discussion is not one that cannot be delayed. It is hereby clarified that the Bondholders' agreement to bear the indemnification amounts does not exempt the Bank from its obligations, should there be such obligations, pursuant to this Deed and/or in accordance with the law, to bear and cover expenses involved in the institution of proceedings and actions as aforesaid, without the aforesaid stipulating that the Bank is liable to bear the expenses where the Bondholders refuse to bear the expenses involved in the institution of the proceedings. Furthermore, all funds to be received from disposal procedures and from various actions shall also be used to reimburse and cover the expenses which the Bondholders as aforesaid. The aforesaid does not detract from the Trustee's duty to act in order to collect the funds from the Bank, where the Bank should have had to pay these funds. It should be clarified that, under circumstances where the Trustee is required to take urgent action and refraining from taking such action before meetings of the Bondholders are convened by the Trustee shall cause material damage and/or loss to the Bondholders, the Trustee shall not be entitled to refrain from taking urgent action as aforesaid until a meeting of the Bondholders is convened.

## **24. Notices**

- 24.1 Any notice to the Bondholders on behalf of the Bank or the Trustee shall be issued by reporting through the Israel Securities Authority's MAGNA reporting system. The Trustee may instruct the Bank to post a report and the Bank will be required to post any such report on the MAGNA system in the name of the Trustee, as worded and delivered in writing by the Trustee to the Bank, at the demand of the Trustee. In cases where this is required by law, the notice will also be issued by way of publishing a notice pursuant to the provisions of the law. Any notice published or sent as aforesaid shall be deemed to have been delivered to a Bondholder on the date

of the publication of the notice as aforesaid (whether on the MAGNA system or in a newspaper, as the case may be).

- 24.2 Any notice or demand on behalf of the Trustee to the Bank or on behalf of the Bank to the Trustee may be delivered by (1) certified mail according to the address specified in the Deed of Trust, or according to another address on which the Bank shall inform the Trustee or the Trustee shall inform the Bank in writing; (2) email or facsimile or (3) by courier. Any such notice or demand shall be considered to have been received by the Bank: (a) if delivered by registered mail – three business days from the day on which it was delivered at the post office; (b) if delivered by email or facsimile (after verifying by phone that the notice was received) – one business day after the date on which it was delivered; (c) if delivered by courier – at the time it was delivered to the addressee by the courier or that the addressee was presented with it, as the case may be.
- 24.3 Copies of notices and summons the Bank shall deliver to the Bondholders shall also be delivered by the Bank to the Trustee. It is clarified that, for the purpose of complying with the provisions of this Deed, a publication of a report on the MAGNA reporting system shall be viewed as sent to the Trustee.

**25. Waiver, Compromise and Changes to the Deed of Trust**

- 25.1 Subject to the provisions of the Securities Law, the Trustee may waive - from time to time and at any time, if in his opinion this does not infringe the rights of the Bondholders - any breach of or non-compliance with any of the terms and conditions of the Deed of Trust by the Bank, except with respect to the repayment date of the principal of the Bonds, the principal amount of the Bonds, the interest rate for the Bonds, the interest payment dates, grounds for calling for immediate repayment of the Bonds and with respect to reports the Bank is required to submit to the Trustee pursuant to the provisions of this Deed.
- 25.2 Subject to the provisions of the Securities Law and the Companies Law and the regulations promulgated thereunder, including Section 350 to the Companies Law and the provisions of the Insolvency Law, inter alia regarding the examination of whether Bondholders have different interests, and after obtaining the advance approval of the Bondholders' meeting, which was attended, in person or by proxy, by Bondholders holding at least fifty percent (50%) of the outstanding par value of the principal of the Bonds, or in an adjourned meeting which was attended by the Bondholders in person or by proxy, holding at least twenty percent (20%) of the said outstanding amount, and which was passed with a majority of holders of at least two thirds of the par value of the Bonds represented in the vote, the Trustee may, whether before or after the principal of the Bonds becomes repayable, reach a compromise with the Bank in connection with any right or claim of the Bondholders and to agree with the Bank on any settlement regarding any arrangement of the rights of the Bondholders, including waiver of any right of the Bank or right of the Bondholders or claim of the Bank and/or the Bondholders towards the Bank and to agree to amend the terms and conditions of the Bonds.
- 25.3 Subject to the provisions of the Securities Law, the Trustee and the Bank may reach an agreement, whether before or after the principal of the Bonds becomes repayable, to change the Deed of Trust, provided that one of the following conditions is met:



- 25.3.1 The Trustee is convinced that the change does not harm the Bondholders. The provisions of this Section shall not apply to changes made to the date of repayment of the Bonds, the amount of the Bond's principal, the rate of interest payable in respect of the Bonds, the causes for demanding immediate repayment, any changes to the Trustee's identity or fees as per the Deed of Trust, or the appointment of a Trustee to replace a Trustee whose tenure ended, or in relation to reports the Bank is required to deliver to the Trustee pursuant to the provisions of this Deed.
- 25.3.2 The Bondholders have agreed to the proposed change by a resolution passed in a meeting of Bondholders attended by holders of at least fifty percent (50%) of the outstanding par value of the Bonds with a majority of at least two thirds of the par value of the Bonds represented in the vote or by such a majority in an adjourned meeting of Bondholders attended by holders of at least twenty percent (20%) of the said outstanding amount.
- 25.4 The Bank will issue an immediate report regarding any change and/or waiver as aforesaid, immediately upon execution thereof.
- 25.5 Where the Trustee has reached a compromise with the Bank after obtaining advance approval of the meeting of the Bondholders as aforesaid, the Trustee shall be exempt from liability for this action, as approved by the general meeting, provided that by implementing the resolution of the general meeting the Trustee did not breach his fiduciary duty or acted in bad faith.
- 25.6 In any case where the Trustee uses his rights pursuant to this Section, he may but is not required to, demand that the Bondholders deliver to him the Bonds Certificate for the purpose of entering a note regarding any compromise, waiver, change or amendment as aforesaid, and the Bank shall enter such a note at the request of the Trustee.
- 25.7 Without derogating from the above, the Bonds' terms may also be changed as part of an arrangement or settlement approved by the court pursuant to the provisions of the Insolvency Law.

## **26. Bondholders' Register**

- 26.1 The Bank shall maintain in its office a register of the Bondholders (Series 184) separately, pursuant to the provisions of the Securities Law, which may be reviewed by any person whatsoever.
- 26.2 The Bondholders' Register shall serve as prima facie evidence as to the correctness of the records contained therein. In case of a discrepancy between the Bondholders' Register and a Bonds Certificate, the evidentiary value of the Bondholders' Register supersedes the evidentiary value of the Bonds Certificate.
- 26.3 The Bank shall not be required to record in the Bondholders' Register any notice of explicit, implicit or estimated trust, nor any encumbrance or charge of any type or any equitable right, claim or offset or any other right in connection with the Bonds. The Bank shall only recognize the ownership of the person in whose name the Bonds were registered. The legal heirs, administrators of the estate or executors of the will of a Registered Holder and any person entitled to the Bonds as a result of bankruptcy

of a Registered Holder (and, in the case of a corporation – as a result of a liquidation thereof), may be registered as the holders of such Bonds after providing evidence to the satisfaction of the Bank, of their right to be registered as the holders thereof.

## **27. Replacing the Trustee and Expiry of its Tenure**

- 27.1 The tenure of the Trustee and its expiry and the appointment of a new Trustee shall be subject to the provisions of the Securities Law.
- 27.2 A Bondholders' resolution regarding the termination of the Trustee's tenure and his replacement with another trustee shall be passed in a meeting attended by at least two holders who hold 50% of the outstanding par value of the Bonds or in an adjourned meeting attended by at least two holders who hold at least 10% of the outstanding par value of the Subordinated Bonds; such resolution shall be passed with a majority required to pass a Special Resolution.
- 27.3 Subject to the provisions of any law, a trustee whose tenure has expired shall continue to serve until the appointment of another trustee. The Trustee shall transfer to the new trustee all documents and amounts which it has collected in connection with the trust that is the subject matter of the Deed of Trust and shall sign any documents required for this purpose. Each new trustee shall have the same powers, duties and authority and will be able act, for all intents and purposes, as if he were appointed Trustee from the outset.
- 27.4 The Bank will publish an immediate report in any case where a Trustee resigns and/or a new Trustee is appointed.

## **28. Bondholders' Meeting**

Bondholders' meetings shall take place as outlined in the **Second Addendum** to this Deed.

## **29. Reporting to the Trustee**

As long as there will be outstanding Bonds for which the Trustee serves as trustee and as long as any payment is to be made thereunder, the Bank will provide to the Trustee with:

- 29.1 Audited financial statements of the Bank for the fiscal year ended on December 31 of the previous year, shortly after the publication thereof and no later than the dates specified in the Securities Law.
- 29.2 Any quarterly report, shortly after the publication thereof, to which the Bank will attach the review report of its independent auditor in connection therewith.
- 29.3 No later than two weeks after the publication of annual financial statements, the Bank's approval as to the execution of the interest payments due before the date of approval and the date of payment thereof, as well as the balance of outstanding Bonds as of the record date for payment of the interest, and confirmation from the Bank to the effect that it did not breach this Deed, in relation to the period from the latest of the Deed's date or the date of the previous confirmation submitted to the Trustee through the date on which such confirmation is issued.

- 29.4 A copy of every document delivered by the Bank to the Bondholders and the details of any information that the Bank delivers to them in any other manner, and any additional information pursuant to a reasonable demand by the Trustee and subject to the provisions of any law and the non-disclosure commitment.
- 29.5 Any other report which the Bank is required to deliver to the Trustee pursuant to the law.
- 29.6 A report will be provided regarding any change in the rating of the Bonds or the discontinuation of rating, by the rating agency.

It is clarified that, for the purpose of complying with the provisions of this Deed, a publication of a report on the MAGNA reporting system shall be viewed as having been sent to the Trustee.

### **30. Addresses**

For the purposes of this Deed, the addresses of the parties shall be as set forth in the preamble to this Deed, or any other address in respect of which a proper notice was given in writing.

### **31. MAGNA Authorization**

By signing this Deed, the Trustee authorizes the Bank's authorized electronic signatories to sign in his name and in his stead an electronic copy of the Deed of Trust for the purpose of transmission thereof on the MAGNA as required in the Securities (Electronic Signature and Reporting) Regulations, 2003.

### **32. Exercise of Rights Pursuant to the Deed and Bonds**

Unless stated otherwise, the provisions of the Deed of Trust shall apply to Bonds that will be held from time to time by any holder of the Bonds (Series 184).

Subject to the provisions of any law, the Bondholders may exercise their rights pursuant to the Bonds and the Deed of Trust only through the Trustee or pursuant to a resolution of a general meeting of the Bondholders, in the manners listed in the Bonds Certificate and in the Deed of Trust. Despite the aforesaid, where the Trustee does not comply with the provisions of the Deed of Trust and the provisions of the Bonds Certificates, Bondholders will be entitled to exercise their rights, including pursuant to a resolution of the general meeting.

### **33. The Trustee's Liability**

- 33.1 Notwithstanding the provisions of any law and the provisions of the Deed of Trust, insofar as the Trustee has acted to execute his role in good faith and within a reasonable amount of time, and also clarified the facts that a reasonable trustee would have clarified under the circumstances, he shall not be held liable toward a holder of the Bonds for damage caused to such holder as a result of the Trustee's exercising his judgment pursuant to Sections 35H(d1) or 35I1 of the law, unless the plaintiff proves that the Trustee acted in gross negligence. It is hereby clarified that where discrepancy arises between the provisions of Section 33.1 and other provisions in the Deed of Trust, the provisions of Section 33.1 shall prevail.

33.2 Where the Trustee acted in good faith and without negligence pursuant to the provisions of Sections 35H(d2) or 35H(d3) of the Law, he shall not be held liable for such action.

**34. Other Agreements**

Subject to the provisions of any law and the limitations imposed on the Trustee by law, the execution of the Trustee's duties pursuant to this Deed, or his very status as Trustee, shall not prevent the Trustee from engaging in various contracts with the Bank, or from entering into transactions with the Bank in the ordinary course of the Trustee's business.

**35. Governing Law and Jurisdiction**

This Deed of Trust and its appendices and addenda shall be governed solely by Israeli law. In any matter that is not referred to in this Deed and in any case of a discrepancy between the provisions of the law that may not be conditioned upon and the provisions of this Deed, the parties shall act in accordance with the provisions of Israeli law that may not be conditioned upon.

The only Court that will have jurisdiction to discuss matters pertaining to the Deed of Trust shall be the competent Court of Tel Aviv-Jaffa.

**In witness whereof the parties have signed:**

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

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**Strauss, Lazer Trustees (1992) Ltd.**

I the undersigned, Ronny Cohen the legal counsel for Bank Leumi le-Israel B.M. (hereinafter – the “**Bank**”), hereby confirm that This Deed of Trust has been lawfully signed by the authorized signatories of the Bank.

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**Ronny Cohen, Adv.**

I the undersigned, Inbar Lazer, legal counsel for Strauss, Lazer Trustees (1992) Ltd. (hereinafter – the “**Trustee**”), hereby confirm that this deed has been lawfully signed by the authorized signatories of the Trustee.

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**Inbar Lazer, Adv.**

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## First Addendum to the Deed of Trust – Bond

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

Registered Bonds (Series 184) of NIS 1 p.v. each

No. \_\_

Total par value \_\_\_\_\_

1. This certificate attests that Bank Leumi le-Israel B.M. (hereinafter – the “**Bank**”) shall pay registered holders (as defined in the terms and conditions overleaf) of this Bond the amounts it has undertaken to pay as set out in the terms and conditions overleaf and in the Deed of Trust dated [ ] 2022 that was drawn up and signed by the Bank on the one hand and by Strauss, Lazer Trustees (1992) Ltd. as the Trustee on the other hand (hereinafter – the “**Deed of Trust**”) and its appendices. It is clarified that the provisions of the Deed of Trust constitute an integral part of the terms and conditions of the Bonds.
2. The Bonds are not secured by collateral, as indicated in Section 5 to the Deed of Trust.
3. The Bonds shall be repayable pari passu without anyone having a senior right over another.
4. This Bond is issued subject to the terms and conditions set out overleaf and in the Deed of Trust.

Signed with the Bank’s stamp, which was stamped on: \_\_\_\_\_

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

#### Attorney's Certification

I the undersigned \_\_\_\_\_, the legal counsel of Bank Leumi le-Israel B.M. (hereinafter – the “**Bank**”), hereby confirm that this certificate has been lawfully signed by the authorized signatories of the Bank.

\_\_\_\_\_  
\_\_\_\_\_, Adv.

## **Terms and Conditions Written Overleaf**

### **1. Overview**

- 1.1. This Series 184 Bond is issued pursuant to the Deed of Trust drawn up and signed on [ ] 2022 between the Bank of the one hand and Strauss, Lazer Trustees (1992) Ltd. as a trustee on the other hand (hereinafter – the “**Deed of Trust**”).
- 1.2. The Series 184 Bonds will have equal seniority amongst themselves (pari passu) without a right of seniority or preference of any one over the other.
- 1.3. The terms and conditions of the Bonds (Series 184) (the terms and conditions written overleaf) are an integral part of the provisions of the Deed of Trust and the provisions of the Deed of Trust shall be deemed to have been expressly included in the terms and conditions of these Bonds. In the event of a discrepancy between that which is stated in this Bond and that which is stated in the Deed of Trust, the provisions of the Deed of Trust shall prevail.

### **2. Definitions**

- 2.1. The terms in this Bond shall have the meaning given to them in the Deed of Trust, unless the content or context imply otherwise, or if they were expressly defined otherwise in this Bond.
- 2.2. Reference in this Bond to the plural shall also mean the singular and vice versa, reference to the masculine shall also mean the feminine and vice versa, and reference to a person shall also mean a corporation, all provided that this Bond does not contain any expressed and/or implied contrary provision.
- 2.3. The terms set out below in the Bond shall have the meaning assigned thereto next to them, unless it is expressly defined otherwise in the Bond:

The “**Bonds**” - - Bonds (Series 184);

“**First Offering Report**” - The Shelf Offering Report under which the Bonds will be initially issued;

“**Entitled Party**” - A Bondholder entitled to a principal or interest payment pursuant to the terms and conditions of the Bonds.

### **3. Repayment Date of the Principal of the Bonds**

- 3.1. The Bonds’ Principal will be repaid in ten (10) semi-annual installments from November [ ] 2020 to May [ ] 2030, on dates and rates from the original Bonds’ Principal, as follows:

<b>Date of principal repayment</b>	11.2025.__	05.2026.__	11.2026.__	05.2027.__	11.2027.__	05.2028.__	11.2028.__	05.2029.__	11.2029.__	05.2030.__
<b>Percentage of the original principal</b>	[%__]	[%__]	[%__]	[%__]	[%__]	[%__]	[%__]	[%__]	[%__]	[%__]

**3.2.** Repayment of the principal shall be carried out against delivery to the Bank of the Bonds Certificates on the payment date, at its registered office or any other location regarding which the Bank will give notice, no later than five (5) business days prior to the payment date. For the avoidance of doubt, it is clarified that whoever is not registered in the Bondholders Register of the Bank on the record date for any payment will not be entitled to that payment.

#### **4. Interest on the Bonds**

**4.1.** The outstanding principal of the Bonds will bear a fixed annual interest rate at a rate to be determined in the Tender under which the Series 184 Bonds will be offered and its rate will be specified in an immediate report regarding the results of the offering (hereinafter - the “**Annual Interest**”).

**4.2.** The interest will be paid to the Bondholders twice a year on November [\_\_] and May [\_\_] of each of the years 2022 through 2030, for a period of six (6) months ended on the day preceding the payment date, except for the First Interest Payment, which will be paid on November [\_\_] 2022 in respect of the period beginning on the First Trading Day following the Tender Date of the Bonds until November [\_\_] 2022 (hereinafter - the “**First Interest Payment**”).

**4.3.** The interest rate in respect of the First Interest Payment shall be calculated in accordance with the number of days in this period, which shall begin on the First Trading Day following the Tender Date Bonds and end on November [\_\_] 2022, on the basis of 365 days per year (hereinafter – the “**Interest Rate on the First Interest Payment**”).

**4.4.** On the first trading day following the Tender that will be carried out in accordance with the first offering report, the Bank will publish the interest rate for the First Interest Payment as part of an immediate report.

**4.5.** Interest will be paid to those persons whose names will appear in the Register of Bondholders on November [\_\_] and on May [\_\_] of each of the years 2022 through 2030 (inclusive) for payments due on November [\_\_] and May [\_\_], respectively, as follows: of each of the relevant years (hereinafter: the “**Record Date**”), with the exception of the last interest payment that will be paid upon repayment of the Bond’s principal against delivery of the Bonds’ certificates to the Bank at its registered office or at any other place to be notified by the Bank no later than five (5) business days prior to the payment date. It is clarified that those not registered in the Bonds Register on the Record Date shall not be eligible for payment of interest in respect of the period preceding that date.



4.6. The Bonds will initially be issued at their par value, and therefore - at no discount.

**5. Linkage of the Principal and Interest**

The outstanding balance of Bonds and interest for the Bonds will not be linked to the Consumer Price Index or to any index or any currency.

**6. Provisions regarding the Payments**

6.1. Payment to entitled parties will be effected by check or by bank transfer, in favor of the bank account of the persons whose names are listed in the Register of Bonds (Series 184), and which will be noted in the details which will be submitted in writing to the Bank in advance, in accordance with the provisions of Section 6.2 below. If the Bank is unable to pay any amount to the entitled parties, due to reasons over which it has no control, the provisions of Section 11 of the Deed of Trust will apply.

6.2. A Series 184 Bondholder shall notify the Bank in writing of his bank details for purposes of crediting payments to that Bondholder pursuant to the terms of Series 184 Bond as described above, or of a change in his bank details or his address, as the case may be; such notice will be issued to the Bank by certified mail; however, the Bank shall only be required to act in accordance with the Bondholder's notice if such notice reaches its registered office at least fifteen (15) business days before the date fixed for any payment under the Bond. If the notice is late to arrive at the Company, the Bank will act according to the notice only in respect of payments due after the date of payment close to the date of receipt of the notice.

6.3. Where a Bondholder eligible to such payments did not provide the Bank with his bank details in advance, any payment on account of principal and interest shall be made by check sent by certified mail to his last address recorded in the Register of Bonds (Series 184). Posting a check to an Entitled Party by registered mail, as aforesaid, will be considered, for all intents and purposes, as payment of the amount that is specified therein, on the date on which it was posted as aforesaid, provided that it was paid upon its proper presentation for collection.

6.4. In any case where a payment date of a principal and/or interest amount takes place on a day which is not a business day, the payment date will be postponed to the first business day thereafter, without any amount being added, and the record date for the purpose of determining entitlement to redemption or interest will not change as a result thereof.

6.5. Any mandatory payment required by law shall be deducted from any payment in respect of the Bonds (Series 184).

**7. Early Redemption of the Bonds**

If the Stock Exchange decides to delist the Bonds because the value of the series of the Bonds is less than the amount stipulated in the Stock Exchange's Rules and Regulations and guidance regarding the delisting of bonds, the Bank shall not exercise early redemption. The Bonds shall be delisted and all the tax implications resulting therefrom shall apply.

It is clarified that in no case shall the Bank be entitled to initiate early redemption of the Bonds.

## 8. **Immediate Repayment**

For details regarding the right to call for immediate repayment of the Bonds (Series 184), see Section 7 of the Deed of Trust.

## 9. **Bonds Certificates and their Split**

- 9.1. Each Bond certificate may be split into several Bond certificates, such that the aggregate amount of all principal amounts specified in those certificates will be equal to the principal amount specified in the certificate being split, provided that such certificates shall be issued only at a minimum of NIS 1,000 (one thousand) par value or multiples of this amount together with one additional certificate in respect of the remaining balance (if any).
- 9.2. The splitting of the Bond certificate as described above will be carried out in accordance with an application for a split signed by the registered Bondholder or his legal representatives, which will be delivered to the Bank at its registered office, together with the certificate of the Bond whose split is requested.
- 9.3. The split shall be carried out within seven (7) days from the date on which the certificate was delivered at the Bank's registered office. The certificates of the new Bonds to be issued as a result of the split shall each have a par value in whole New Israeli Shekels.
- 9.4. All expenses involved in the split, including taxes and levies, if any, shall be payable by the party requesting the split.

## 10. **Transfer of the Bonds**

- 10.1. The Bonds may be transferred in respect of any par value amount, provided that such amount is in whole New Israeli Shekels. Any transfer of the Bonds that is not executed on the Stock Exchange shall be carried out in accordance with a Deed of Transfer drawn up in the format normally used for the transfer of shares, duly signed by the Bondholder or his legal representatives, as well as by the transferee or his legal representatives; the Deed of Transfer will be delivered to the Bank at its registered office, together with the certificates of the Bonds transferred thereunder, and any other reasonable evidence required by the Bank in order to prove the transferor's right to transfer the relevant Bonds.
- 10.2. Subject to the above, the provisions applicable to the manner of transfer of shares shall apply, *mutatis mutandis*, to the manner of transfer and endorsement of the Bonds.
- 10.3. Where taxes or any other mandatory payment is imposed on a transfer letter of the Bonds, the Bank will be provided with reasonable evidence of the payment thereof, to the satisfaction of the Bank.
- 10.4. In case of a transfer of only a part of the amount of Principal as stated in this Certificate, the Certificate will first be split, in accordance with the provisions of Section **שגיאה!** מקור ההפניה לא נמצא. above, into several Bond Certificates, as required, in a manner whereby the total sum of all Principal amounts specified therein will be equal to the specified Principal amount of the aforementioned Bond Certificate.

**10.5.** Once all of those conditions are complied with, the transfer will be recorded in the Register and the transferee will be subject to all the terms set in the Deed of Trust and the Bond in respect of that series.

**10.6.** All expenses, fees and commissions associated with the transfer shall apply to the party requesting the transfer.

**11. Replacement of the Bond Certificate**

In the event that a Bond certificate is worn out, lost or destroyed, the Bank may issue a new Bond certificate in its place, subject to the conditions set by the Bank with respect to evidence, indemnity and payment of an appropriate fee to cover the expenses incurred by the Bank in establishing the Bond's ownership right, as the Bank deems fit, provided that in the event of the Bond's wearing out, the worn out certificate will be returned to the Bank before a new certificate is issued. Levies and other expenses involved in the issuance of the new certificate shall apply to the person requesting the issuance of such certificate.

**12. Changes in the Bonds' Terms and Conditions**

Any amendment, waiver and/or settlement on any matter associated with the terms of the Bonds, and the rights arising therefrom, will be invalid unless it has been made in accordance with the provisions of Section 25 of the Deed of Trust.

**13. Applicable Law and Jurisdiction**

For details regarding the applicable law and jurisdiction, see Section 35 of the Deed of Trust.

**14. Notices**

Notices will be given in accordance with the provisions of Section 24 of the Deed of Trust.

**15. Bondholders' Register**

For the provisions regarding the Register of Bond Holders, see Section 26 of the Deed of Trust and the provisions of the Securities Law.

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## Second Addendum to the Deed of Trust - Meetings of the Bondholders

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Bondholders' meeting shall be subject to the provisions of the Securities Law, as well as the following provisions:

1. The Trustee will convene a Bondholders' meeting at the request of one or more Bondholders holding at least five percent of the outstanding par value of the Bonds. Furthermore, the Trustee or the Bank may, if they deem it necessary, summon the Bondholders to a Bondholders' meeting. If the Bank convenes such a meeting, it is required to notify the Trustee, in writing, of the place, date and time at which the meeting is to be held, as well as of the matters that will be discussed therein, and the Trustee or a representative on his behalf may participate in such a meeting without having a voting right. Where the meeting is convened at the request of Bondholders, the Trustee may demand from those who requested the convening of the meeting indemnification for the reasonable costs involved therein.

It is clarified that an indemnification demand by the Trustee will not have an adverse effect on the convening of a meeting convened for the purpose of carrying out an action which is intended to prevent the infringement of the rights of the Bondholders and such an indemnification demand will not detract from the Bank's duty to bear the expenses involved in the convening of the meeting.

A Trustee who was asked to convene a holders' meeting by holders as described above, shall convene the meeting within 21 days from the day on which the request to convene such meeting was made, for a date as set out in the summons, provided that the date of the meeting shall not be earlier than seven days and not later than 21 days from the date of the summons; however, the Trustee may bring forward the meeting to a date that is at least one day after the date of the summons, if he believes that such action is required in order to protect the holders' rights.

2. Any Bondholders' meeting shall take place in Israel, at the Bank's registered office or any other location announced by the Bank and/or Trustee, and the Bank shall bear the reasonable costs of convening the meeting, whether or not such a meeting takes place at the Bank's registered office.
3. A summons for such a meeting by the Trustee, for consultation with the Bondholders only, shall be published at least one day before the convening of said meeting ("**Consulting Meeting**"). A Consulting Meeting does not require an agenda and no resolutions shall be made therein.
4. The Nominee Company shall not use the voting rights of the Bonds registered in its name in the Register of Bondholders, and such voting rights shall be conferred upon the Holder or any person named by him, provided that the holder received from the Nominee Company a power of attorney empowering him to vote.

5. No resolution lawfully passed in a meeting convened as aforesaid shall be disqualified, even if due to error, if notice thereof was not given to all Bondholders, or if such notice was not received by all Bondholders. The provisions of this Section shall apply if the summons for the meeting (or for an adjourned meeting, as the case may be) was also delivered through the MAGNA system.
6. Any notice given by the Bank and/or the Trustee to the Bondholders shall be delivered in accordance with the provisions of Section 24 to the Deed of Trust.
7. A Bondholders' meeting shall be opened after it is proven that the legal quorum required for commencement of discussions is present, as follows:
  - 7.1. Subject to the provisions of the Securities Law and other provisions regarding legal quorum set out in the Deed of Trust, a legal quorum shall be constituted at any other meeting if it is attended, in person or by proxy, by at least two (2) Bondholders who hold or represent together at least 25% of the unpaid par value balance of outstanding Bonds at that time, and in an adjourned meeting – if it is attended by two (2) such Bondholders having no regard to the par value of Bonds they hold.
  - 7.2. In a meeting convened to pass a Special Resolution, a legal quorum shall be constituted if it is attended, in person or by proxy, by Bondholders who hold or represent together at least 50% of the unpaid par value balance of outstanding Bonds at that time, and in an adjourned meeting – if it is attended by Bondholders who hold or represent at least twenty (20%) of the par value of the said balance.
8. Meetings convened for the purpose of passing a resolution to call for immediate repayment shall be subject to the provisions of Section 7 to the Deed of Trust.
9. A holder who is a controlling shareholder of the Bank, a relative thereof or any corporation controlled by any of them (hereinafter – a **“Related Holder”**) shall not be taken into account for the purpose of determining the legal quorum at a meeting of holders, and their votes shall not be counted in the number of votes cast in such a meeting.
10. If, within half an hour from the time designated for the commencement of such meeting, no legal quorum is present, the meeting shall be adjourned to another date no sooner than two Business Days after the date set for the original meeting, or one Business Day, if the Trustee believes this is required to protect the rights of the holders; if the meeting was adjourned, the Trustee shall give the reasons for the adjournment in the report regarding the convening of the meeting and it may do so in the notice of convening the original meeting.
11. In the event that a legal quorum is not present in a Deferred Holders' Meeting, as specified in Section 10 above, one half hour after the time scheduled for it, the meeting will be held with any number of participants whatsoever, unless another requirement has been prescribed in the Securities Law.
12. The Trustee or a resolution passed by a simple majority of voters during a meeting attended by a legal quorum may, from time to time, decide to postpone the continuation of the meeting (hereinafter - the **“Original Meeting”**), the discussion or the passing of a resolution on a topic listed on the agenda to another date and place as decided by the Trustee or the

meeting (hereinafter - “**Subsequent Meeting**”). Only topics which were on the agenda and in respect of which no resolution was passed will be discussed in a Subsequent Meeting.

13. The Trustee may declare that the Original Meeting and/or the Subsequent Meeting will be split into class meetings for discussion purposes. The classes shall be determined at the Trustee's sole discretion.
14. Where a Bondholders’ meeting was adjourned without changing its agenda, summons for the new date for the Subsequent Meeting shall be issued as soon as possible and no later than 12 hours before the Subsequent Meeting; the said summons will be given in accordance with the provisions of Section 24 to the Deed of Trust.
15. A person or persons who will be appointed by the Trustee, the Bank and any other person or persons who will be authorized for this purpose by the Bank, may attend the Bondholders’ meetings without any voting rights. If, at the Trustee’s discretion, a discussion in part of the meeting should be held without the presence of the Bank’s representatives, the Bank’s representatives or anyone acting on its behalf shall not attend that part of the meeting. Notwithstanding the provisions of Section 15, the Bank may attend the opening of the meeting in any event in order to express its position regarding any topic on the agenda of the meeting, and/or in order to present a particular issue (as the case may be).
16. Any resolution will be passed by counting the votes cast.
17. At every meeting of holders, the Trustee or anyone appointed by the Trustee shall serve as the chairman of that meeting. The chairman may determine that votes will be cast by using voting slips or by voting during the course of the meeting. Where the chairman determined that votes will be cast using voting slips, the Trustee will ensure that the text of the voting slip shall be posted on the MAGNA system and will set the time at which the vote will be closed and by which the holders should send to the Trustee their slips, after they have filled them out and signed them according to law. The Trustee may demand that holders declare within the slip whether or not they have conflicting interests. A holder who will not fill out the slip in full and/or will not prove his entitlement to participate and vote in the meeting in accordance with provisions and dates set by the chairman of the meeting shall be considered as not having delivered a slip and therefore as having opted not to vote on the matter(s) included in the slip. Accordingly, the Trustee may, at his own discretion and subject to any law, hold meetings by slips and without convening them, as well as to hold votes by slips in an adjourned meeting not attended by the legal quorum required to pass a resolution, provided that through the date set for that purpose in a notice on convening the meeting or on holding a vote, as the case may be, the Trustee will receive slips from holders who constitute the legal quorum required to pass a resolution in an original meeting or in an adjourned meeting, as the case may be.
18. Where a Bondholders’ meeting is convened (regardless of whether it was convened by the Bank, the holders or the Trustee), the Trustee will examine whether the Bondholders have a conflict of interests between an interest that stems from their holding of the Bonds and any other interest they may have, as determined by the Trustee (hereinafter – a “**Different Interest**”). The Trustee may demand that a holder who participates in the meeting inform

the Trustee, prior to voting, of any Different Interest he has and also whether he has such a conflict of interests.

Without derogating from the generality of the above, any of the following shall be considered to have a conflicting interest:

- 18.1. A Bondholder which is a controlled corporation (as defined in Section 6.3 of the Deed of Trust);
  - 18.2. A Bondholder who served as an officer of the Bank close to the date of the event that underlies the resolution to be voted on in the meeting;
  - 18.3. Any holder in respect of whom the Trustee determined that he has a “conflicting interest” pursuant to the following and subject to any law and/or any provision of a competent authority including: Any holder that will provide to the Trustee a written statement to the effect that he has any material personal interest that deviates from the interest of all the Bondholders in the relevant Bondholders’ meeting. A holder who shall not provide such a written statement after he has been asked to do so by the Trustee, shall be considered as someone who has declared that he has such a vested interest and the relevant trustee shall determine in respect of them that they have a conflicting interest. Without derogating from the provisions of Section 18, the Trustee shall examine whether a holder has a “conflicting interest” after considering the holder’s holdings in other securities of the company and/or securities of any other corporation which is relevant to the resolution presented for the approval of the meeting (as described in the slip), in accordance with that holder’s statement.
19. It should be clarified that such an examination of conflict of interests, where the Trustee believes that it is required, shall be held separately for each and every resolution on the agenda of the meeting and also separately for each and every meeting. It should also be clarified that declaring a holder as having a different interest in any resolution or meeting does not, in and of itself indicate that the holder has a different interest in another resolution on the agenda of the meeting or that he has a different interest in other meetings.
  20. For the purpose of assessing conflict of interests as aforesaid, the Trustee may rely on a legal opinion that he commissions, and the provisions of the Deed of Trust regarding bearing of expenses shall apply to such an opinion.
  21. When counting the votes cast as part of voting in a holders’ meeting, the Trustee shall not take into account the votes of holders that did not comply with its demand as set out in section 18 above or the votes of holders in respect of whom he found that a conflict of interest exists as stated in that section. Despite the aforesaid, where the total holdings of the holders who participate in the vote and who do not have a conflicting interests is lower than five (5) percent of the outstanding par value of the Bonds of the relevant series, the Trustee shall also count the votes of the holders who have conflicting interests.
  22. Each holder, whether attending the meeting in person or by proxy, will have one vote in respect of NIS 1 par value of the total outstanding principal of the Bonds by virtue of which he is entitled to vote.

23. Where a bond is jointly held, only the vote of the person who is registered first in the Bondholders' Register shall be counted.
24. An Bondholder may use some of his votes to vote in favor of a proposed resolution, another portion of his votes to vote against the proposed resolution and another portion of his votes to abstain, all as he deems fit.
25. For purposes of counting abstaining votes in resolutions passed in a meeting, no distinction will be made between those having a 'conflicting interest' and those not having a "conflicting interest".
26. An instrument of appointment of an agent shall be drawn up in writing and signed by the appointer or by his proxy who was duly authorized in writing to do so. Where the appointer is a corporation, the appointment will be drawn out in writing, stamped with the corporation's stamp and signed by the authorized signatories of the corporation, and the appointee may act on behalf of the corporation he represents.
27. The instrument of appointment of an agent will be drawn up in any form that will be acceptable to the Trustee.
28. The agent is not obliged to be a Bondholder himself.
29. The instrument of appointment and the power of attorney or the other certificate according to which the instrument of appointment or a certified copy of such power of attorney shall be delivered to the Trustee by the time of opening of the meeting, unless otherwise determined in the notice regarding the convening of the meeting.
30. A vote cast pursuant to the terms set out in the document that appoints an agent shall be valid even if the appointer has passed away, or was declared legally incompetent prior to the vote, or if the instrument of appointment was revoked, or if the Bond in respect of which the vote was cast was transferred, unless a notice was received at the Bank's registered office prior to the meeting regarding the death of the appointer, or a declaration regarding legal incompetency, the revocation or transfer, as the case may be.
31. A vote cast pursuant to the terms and conditions set out in the document that appoints a proxy shall be valid even if: (1) the appointer has passed away, or was declared legally incompetent, or (2) if the instrument of appointment was revoked after the appointment, or (3) if, after the vote, the Bond in respect of which the vote was cast was transferred, unless a notice was received at the Bank's registered office or another address to be announced by the Bank or Trustee, prior to the meeting or vote, a written announcement regarding the death of the appointer, or a declaration regarding his incompetency, or the revocation or transfer thereof, as the case may be.
32. The Trustee shall draw up minutes of the meeting of the Bondholders, which shall be recorded in the register of minutes and kept in the Trustee's registered office for a period of seven years from the date of the meeting. The minutes of each such meeting shall be signed by the meeting's chairman, and each such signed minute shall serve as a prima facie evidence of what is stated therein, and unless there is evidence to the contrary, any resolution that was passed in such a meeting shall be deemed to have been duly passed. The Trustee may draw up minutes of a meeting or parts thereof by means of a recording.



- 33.** The register of minutes of the holders' meetings shall be maintained at the Trustee's office and shall be available for perusal by the Bank and Bondholders.
- 34.** The announcement of the chairman of the meeting that a resolution had been passed or rejected, and the entry made to that effect in the register of minutes, shall be prima facie evidence thereof.

**It shall be clarified that this version of this Deed of Trust is a draft only. The version of the Deed of Trust may change materially up to the date of the actual issuance of the series of Subordinated Bonds, if issued. The binding version of the Deed of Trust for the Subordinated Bonds series, if issued, will be the version attached to the shelf offering report (if published by the Bank by virtue of the Shelf Prospectus) and its entry into force will only be subject to the issuance of Subordinated Bonds thereunder.**

## **BANK LEUMI LE-ISRAEL B.M.**

### **Deed of Trust for Subordinated Notes (Series 405)**

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**BANK LEUMI LE-ISRAEL B.M.**

**Deed of Trust for Subordinated Notes (Series 405)**

Executed in Tel Aviv-Yafo on [ ] in the month of [ ]

**BETWEEN:**

**Bank Leumi le-Israel B.M., public company 52-001807-8**  
Of 34 Yehuda Halevi St., Tel Aviv 6513616  
(hereinafter – the “**Bank**”)

**As the First Party;**

**AND**

**Strauss, Lazer Trustees (1992) Ltd., private company no. 51-174206-6**

Of 94 Yigal Alon Street, Alon Tower 2, Tel Aviv  
(hereinafter – the “**Trustee**”)

**As the Second Party;**

**WHEREAS:** The Bank published a shelf prospectus, by virtue of which the Bank may offer to the public and issue, among other things, Subordinated Bonds by means of a shelf offering report, pursuant to the provisions of the Securities Law, 1968, in accordance with the Stock Exchange’s Rules and Regulations and guidelines and subject to the provisions of any law as they may be at that time;

**AND WHEREAS:** The Bank approached the Trustee with a request that it will serve as a trustee for the holders of the Subordinated Bonds (Series 405), which will be issued by the Bank under terms that are set out in this Deed of Trust, and the Trustee has agreed to sign this Deed of Trust and to act as Trustee for the holders of the Subordinated Bonds (Series 405);

**AND WHEREAS:** The Trustee declares that it is a company limited by shares that was incorporated in Israel under the Companies Law, 1999, and its main purpose is to engage in trusteeship and in other activities that are generally carried out by a trust company, and that it meets all the terms required pursuant with the Securities Law, 1968, to qualify as a trustee of the Subordinated Bonds which are the subject matter of this Deed;

**AND WHEREAS:** The Trustee declares that it is not precluded pursuant to any from engaging with the Bank in this Deed of Trust;

**AND WHEREAS:** On [ ], [ ] announced its rating [ ] of the issuance of the Subordinated Bonds (Series 405) in the amount of up to NIS [ ] billion par value to be issued by the Bank;

**AND WHEREAS:** The Bank declares that it is not precluded pursuant to any law and/or agreement from engaging with the Trustee in this Deed of Trust;

**AND WHEREAS:** The Trustee does not have substantial interest in the Bank and the Bank does not have a substantial interest in the Trustee;

**AND WHEREAS:** The Bank declares that it is not precluded pursuant to any law and/or agreement from engaging with the Trustee in this Deed of Trust and from issuing the Subordinated Bonds (Series 405), and that on the date of the issuance of the Subordinated Bonds (Series 405), all the necessary approvals for carrying out the issuance required under any law shall be granted and that if any of the said approvals has not been granted, the issuance shall not be carried out.

**Now, therefore, the Parties have agreed, represented and stipulated as follows:**

**36. Preamble, interpretation and definitions**

- 36.1 The preamble to this Deed of Trust and the addenda and appendices attached thereto constitute a material and integral part thereof. In any event of a discrepancy between the Deed of Trust and the appendices attached thereto, the provisions of the Deed of Trust shall prevail.
- 36.2 The division of this Deed of Trust into sections and the section headings provided herein are for convenience and ease of reference only and shall not be used for interpretation.
- 36.3 Each term or expression in this Deed of Trust and its appendices shall have the meaning given to it in this Deed of Trust, unless they were expressly defined otherwise in the relevant appendix.
- 36.4 Anywhere in this Deed of Trust where the expression "subject to the provisions of any law" is used (or any other similar expression), the meaning is subject to any law that may not be conditioned upon, and anywhere in this Deed where the expression "despite any law" (or any similar expression) is used, the meaning is that the provision applies despite any law except for a law which may not be conditioned upon.
- 36.5 Reference in this Deed of Trust to the plural shall also mean the singular and vice versa, reference to the masculine shall also mean the feminine and vice versa, and reference to a person shall also mean a corporation, all provided that this Deed of Trust does not contain any expressed and/or implied contrary provision and/or unless the contents or the context require otherwise.
- 36.6 In any matter that is not referred to in this Deed of Trust and in any event of a discrepancy between the Securities Law and the regulations promulgated thereunder, or the provisions of the Rules and Regulations and Directives of the Tel Aviv Stock Exchange which may not be conditioned upon, as they may be from time to time, or between the provisions of Israeli law that may not be conditioned upon and the provisions of this Deed of Trust, the parties will act pursuant to the Securities Law, Rules and Regulations and Directives of the Tel Aviv Stock Exchange or other provisions of Israeli Law, as the case may be.
- 36.7 In any event of a discrepancy between the provisions described in the Prospectus and in the Shelf Offering Report in connection with this Deed of Trust and/or the Subordinated Bonds, the provisions of this Deed of Trust shall prevail. According to the Bank's review, there are no discrepancies between the provisions described in the Prospectus and in the Shelf Offering Report and the provisions described in this

Deed of Trust and/or the Subordinated Bonds. If any such discrepancies arise, the provisions of this Deed shall prevail.

- 36.8 This Deed of Trust shall come into effect on the date of the actual allocation of the Subordinated Bonds by the Bank. It is hereby agreed that in the event that the issuance of the Subordinated Bonds is canceled for whatever reason, this Deed of Trust shall be null and void without any of the parties to the Deed having any claim against the other party.
- 36.9 In this Deed of Trust and in the Subordinated Notes, the following terms shall have the meaning set out opposite them, unless the content or context imply otherwise, or unless it is explicitly stated otherwise in this Deed of Trust:

<b>The Prospectus or Shelf Prospectus</b>	- The Bank's Shelf Prospectus dated May 27 2021;
<b>Subordinated Bonds or the Bonds</b>	- Registered Subordinated Bonds (Series 405) that will be issued by the Bank under the terms set out in this Deed;
<b>The Certificate of the Subordinated Bonds</b>	- The Certificate of the Subordinated Bonds, whose wording is set out in the First Addendum of this Deed, including the terms listed on the overleaf;
<b>Holder of the Subordinated Bonds</b>	- Each of the following: (1) anyone in favor of whom Subordinated Bonds are registered with a member of the Stock Exchange and those Subordinated Bonds are included among the Subordinated Bonds registered in the Register in the name of the nominee company (hereinafter - an " <b>Unregistered Holder</b> "); (2) anyone in whose name Subordinated Bonds are registered in the Register, other than the nominee company (hereinafter - a " <b>Registered Holder</b> ");
<b>The Trustee</b>	- Strauss, Lazer Trustees (1992) Ltd. or any other trustee that will replace him pursuant to the provisions of the Deed of Trust for the Subordinated Bonds and to the provisions of the law;
<b>The Register</b>	- The register of the holders of the Subordinated Bonds as set out in Section 26 of this Deed;
<b>This Deed or the Deed of Trust</b>	This Deed of Trust including the appendices and addenda attached thereto and which constitute a material and an integral part thereof;
<b>The Companies Law</b>	- The Companies Law, 1999, as amended from time to time;
<b>The Securities Law</b>	- The Securities Law, 1968, and the regulations promulgated thereunder, as amended from time to time;

<b>Tel Aviv Stock Exchange (Stock Exchange)</b>	- The Tel Aviv Stock Exchange Ltd.;
<b>The Principal of the Subordinated Bonds</b>	- The total par value of the Subordinated Bonds outstanding;
<b>Business Day</b>	- Any day on which the majority of the banks in Israel are open to conduct transactions;
<b>Trading Day</b>	- Any day on which trading is carried out on the Stock Exchange;
<b>The Nominee Company</b>	- The nominee company of Bank Leumi le-Israel B.M., or any other nominee company that will replace it, at the sole discretion of the Bank subject to any law;
<b>Special Resolution</b>	<p>A decision taken at the meeting of the holders of the Subordinated Notes, in which they or their representatives held at least fifty percent (50%) of the balance of the par value of the subordinated notes in circulation on the date of record for the meeting, or at an adjourned meeting of this meeting, By themselves or by their proxies, holders of at least twenty percent (20%) of the said balance, which was received (either at the original meeting or at the adjourned meeting) by a two-thirds majority of the par value of the subordinated notes represented in the voting;</p>
<b>Resolution or Ordinary Resolution</b>	- A resolution that was passed at a general meeting of the holders of the Subordinated Bonds, which was attended, in person or by proxy, by holders of at least twenty-five percent (25%) of the balance of the par value of the Subordinated Bonds outstanding or at an adjourned meeting, which was attended by any number of participants, unless the meeting was convened at the request of holders, in which case, the legal quorum at the adjourned meeting will be the holders of at least 5% of the said balance, and which was passed (whether at the original meeting or at the adjourned meeting) by a majority of the holders of at least 50% of all votes cast, excluding abstainers;
<b>Banking Supervision Department</b>	- The Banking Supervision Department of the Bank of Israel;
<b>PCB 202 or PCB 299</b>	- Proper Conduct of Banking Business Directive Nos. 202 or 299 (as the case may be), published by the Banking Supervision Department of the Bank of Israel.



36.10 The following addenda and appendices are attached to this Deed of Trust, and form a material and integral part thereof:

- A. **The First Addendum** – the wording of the Certificate of the Subordinated Bonds and the terms listed on the overleaf thereof;
- B. **The Second Addendum** – provisions regarding meetings of holders of Subordinated Bonds;
- C. **Appendix A** – the version of PBC 202 as of the date of signing of this Deed;
- D. **Appendix B** – the version of PBC 299 as of the date of signing of this Deed.

### **37. Issuance of the Subordinated Bonds**

- 37.1 The terms of the Subordinated Bonds shall be as listed in the Certificate of the Subordinated Bonds and in the terms listed on the overleaf, which are attached to the First Addendum of this Deed and constitute an integral part thereof.
- 37.2 The trusteeship for the holders of the Subordinated Bonds and the roles of the Trustee pursuant to the terms of this Deed shall come into effect on the date of allocation of the Subordinated Bonds by the Bank.
- 37.3 Upon completion of the issuance and subject to all terms and conditions for the listing of the Subordinated Bonds on the Stock Exchange, the Subordinated Bonds will be listed on the Stock Exchange.

### **38. Appointment of the Trustee, his duties and roles**

- 38.1 The Bank hereby appoints Strauss, Lazer Trustees (1992) Ltd. as a trustee for the holders of the Subordinated Bonds, pursuant to Section 35B of the Securities Law (hereinafter – the “**First Trustee**”). The term of office of the First Trustee will continue until the date of convening the first meeting of holders that shall be convened by the First Trustee no later than 14 days from the date of filing the second annual report on the affairs of the trust, pursuant to Section 35h1(a) of the Securities Law (hereinafter – the “**First Appointment Meeting**”). Should the First Appointment Meeting approve the continuation of the tenure of the First Trustee with a simple majority, the Trustee shall continue to serve as Trustee until the end of the additional appointment period which was determined in the resolution of the First Appointment Meeting (which may continue until the final repayment date of the Subordinated Bonds).
- 38.2 Should the First Appointment Meeting and/or any other meeting held thereafter specify an end-date for the Trustee’s additional appointment period, his tenure will end pursuant to the holders’ resolution regarding the continuation of his tenure and/or regarding the appointment of another trustee in his stead.
- 38.3 If the Trustee is replaced by another trustee, the other trustee shall serve as trustee for the holders of the Subordinated Bonds pursuant to the provisions of Chapter E1 of the Securities Law including for those who are entitled to payments pursuant to the Subordinated Bonds, which have not been paid despite their being past due.
- 38.4 The duties and powers of the Trustee and the manner in which his role will be carried out will be in accordance with this Deed and subject to the provisions of any law.
- 38.5 The Trustee declares that as of the date of signing this Deed he is covered with professional liability insurance totaling USD 10 million for the period (hereinafter –

the “**Coverage Amount**”). If the Coverage Amount is reduced to less than USD 8 million prior to the full repayment of the Subordinated Bonds, the Trustee shall inform the Bank of such reduction no later than 7 Business Days from the date on which he was informed by the insurer of such a reduction, in order to publish an immediate report on the matter. The provisions of this Section shall apply until such time as Securities Law Regulations regulating the Trustee’s insurance coverage obligation shall come into effect. Once such Regulations come into effect, the Trustee shall be required to inform the Bank only if it does not comply with the requirements of the Regulations.

### **39. The Bank’s undertakings and declarations**

- 39.1 The Bank undertakes towards the Trustee to pay, as a Trustee for the holders of Subordinated Bonds and on the dates set for such payment, all amounts of principal, interest and linkage differences payable pursuant to the terms of the Subordinated Bonds and to comply with all other terms and obligations imposed thereon pursuant to the Subordinated Bonds and pursuant to this Deed.
- 39.2 The Bank’s engagement in this Deed of Trust was approved by the Bank as required by law, in accordance with its incorporation documents and in accordance with the provisions of the Banking Supervision Department.
- 39.3 The Bank did not engage in any other agreement, nor did it make any other commitment that contradicts its undertakings pursuant to this Deed.
- 39.4 As of the date of this Deed, no application was filed against the Bank and/or by the Bank for the appointment of a receiver and/or a liquidator, and no order was issued regarding any of these matters and, to the best of the Bank’s knowledge, no application for such appointment or order is about to be filed.
- 39.5 The Bank’s issued and paid up share capital as of the date of signing this Deed is as specified in the Bank’s immediate report dated January 23 2022 (Ref. No.: 2022-01-010288).

### **40. Absence of collateral for the Subordinated Bonds; repayment rights of the Subordinated Bonds; issuance of additional Subordinated Bonds; issuance of additional series**

- 40.1 The Subordinated Bonds are not secured by any security or collateral, and pursuant to Section 3 of Appendix D of PCB 202, are not covered by a guarantee of the Bank or of a related entity nor are they subject to other arrangements that legally or economically improve the seniority of the Subordinated Bonds compared with that of depositors and other creditors of the Bank.
- 40.2 The rights of the holders of the Subordinated Bonds to the payment of principal, linkage differences and interest, as well as the other rights and claims arising from the Subordinated Bonds, including rights to receive compensation in respect of a breach of the terms and conditions of the Subordinated Bonds by the Bank, will be subordinate to the claims of all other creditors of the Bank of any kind, including the public’s deposits which are deposited with the Bank from time to time, both those existing on the date of the Subordinated Bonds’ issuance and those that will exist in the future, whether collateralized or not collateralized, except for the rights of other creditors of the Bank in respect of which it will be expressly determined (in accordance with the law or by some other means) that these will have equal seniority

as that of the Subordinated Bonds or will be subordinate to them. For this purpose, it is clarified that (a) The Subordinated Bonds (Series 405) will have seniority equal or superior to that of any debt, bonds or capital notes that were issued and/or will be issued by the Bank in the future and recognized as Tier 2 capital, as this term is defined in PCB 202;<sup>1</sup> and (b) The Subordinated Bonds (Series 405) are subordinate to the Bank's other capital notes and bonds of the Bank, which have been issued in the past and/or that will be issued in the future, notwithstanding any provision to the contrary that has been set out in their terms and conditions, should such provisions exist.

- 40.3 The Subordinated Bonds will have equal seniority amongst themselves (*pari passu*) and between them and all of the Bank's other Subordinated Bonds or other obligations of the Bank, whose seniority will be equal to that of the Subordinated Bonds, without a right of seniority or preference of any one over the other.
- 40.4 The Bank will be entitled to pledge its assets and transfer them and to carry out transactions as it may deem fit without any restriction as to the amount or otherwise.
- 40.5 The Bank reserves the right to assume, at any given time, any further obligations of any type whatsoever, as it deems fit, including undertakings whose seniority is higher and/or equal to and/or lower than that of the Subordinated Bonds, without having to obtain the approval of the Trustee and/or the holders of the Subordinated Bonds.
- 40.6 For the avoidance of doubt, it is hereby clarified that the Trustee is under no obligation to examine, and the Trustee did not, in fact, examine, the need to provide collateral to secure the payments to the holders of the Subordinated Bonds; the Trustee did not conduct an economic, accounting or legal due diligence survey of the Bank's financial position. By entering into this Deed of Trust, and by agreeing to act as trustee for the holders of the Subordinated Bonds, the Trustee does not express an opinion, whether explicit or implicit, as to the ability of the Bank to meet its obligations towards the holders of the Subordinated Bonds. The aforesaid shall not derogate from the duties of the Trustee pursuant to the law or pursuant to this Deed of Trust, nor shall it derogate from the duty of the Trustee (where such duty applies to the Trustee by law) to examine the effect of changes at the Bank, as from the issuance date of the Subordinated Bonds and thereafter, insofar as such changes could adversely affect the ability of the Bank to meet its obligations to the holders of Subordinated Bonds. It is also clarified that the Trustee's signing the Deed of Trust should not be construed as expressing an opinion regarding the quality of the Subordinated Bonds or the advisability of the investment therein.
- 40.7 Without derogating from the generality of the aforesaid, subject to the provisions of any law, the Bank reserves the right to issue additional series of Subordinated Bonds,

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<sup>1</sup> The Subordinated Bonds (Series 405) have the same seniority as that of the Subordinated Bonds (Series 401) of the Bank, at a par value of NIS 614million, whose repayment date is in 2028, Subordinated Bonds (Series 402) of the Bank, at a par value of NIS 209 million, whose repayment date is in 2033, Subordinated Bonds (Series 403), at a par value of NIS 1,441 million, whose repayment date is in 2030 and Subordinated Bonds (Series 404) of the Bank, at a par value of NIS 1,240 million, whose repayment date is in 2029 and Subordinated Bonds (2031 TACT Institutional) of the Bank, at a par value of USD 750 million, whose repayment date is in 2031. It is clarified that the seniority of the Subordinated Bonds will be of significance only in the event that the Subordinated Bonds (Series 405) have not been converted into Bank's shares in accordance with the terms and conditions set forth in this Deed of Trust.

hybrid equity instruments, bonds, deferred capital notes and/or other financial instruments (hereinafter - "**Additional Series**"), at any time, under terms that the Bank may deem fit (whether as part of a private offering, a public offering or otherwise), which will have a superior and/or equal and/or inferior seniority to that of the Subordinated Bonds (Series 405), and also to expand each of the Additional Series from time to time, without having to obtain the approval of the Trustee and/or the holders of the Subordinated Bonds. The issuance of Additional Series as aforesaid shall be carried out subject to the Bank's giving advance written notice to the Trustee to that effect and approving as part of the said notice that the Bank has fulfilled all its material obligations pursuant to the Deed of Trust.

- 40.8 Furthermore, and in addition to the aforesaid, the Bank reserves the right, subject to obtaining the listing approval of the Stock Exchange and subject to the provisions of any law, without having to obtain the approval of the Trustee and/or the holders of the Subordinated Bonds, to expand the series of Subordinated Bonds (Series 405) at any time at its own discretion, and to offer additional Series 405 Subordinated Bonds (hereinafter - the "**Additional Subordinated Bonds**") as part of a private offering/s or as part of public offering/s pursuant to a prospectus(es), as the case may be. The Trustee undertakes to serve as Trustee for the holders of the Additional Subordinated Bonds, if any such Subordinated Bonds are issued as aforesaid, and all of the provisions applicable to the Subordinated Bonds shall also apply to the Additional Subordinated Bonds, which will be issued as aforesaid. The Bank reserves the right to issue Additional Subordinated Bonds at their par value, at a premium or at a discount, at its own discretion. The Subordinated Bonds (Series 405) outstanding and the Additional Subordinated Bonds (Series 405), which will be issued (if any), as aforesaid, shall constitute one series for all intents and purposes. The provisions of the Deed of Trust shall also apply to the Additional Subordinated Bonds that may be issued as aforesaid. For the avoidance of doubt, it is clarified that the holders of the Additional Subordinated Bonds will not be entitled to interest in respect of interest periods ended prior to the date of allocation thereof.

#### **41. Banking Supervision Department**

- 41.1 The Subordinated Bonds (Series 405) that will be issued by the Bank and will be fully repaid were drawn up in accordance with the criteria for inclusion in the Bank's Tier 2 capital, as this term is defined in PCB 202. For details regarding the criteria for inclusion of equity instruments in a banking corporation's Tier 2 capital pursuant to PCB 202, please see **Appendix A** of this Deed.
- 41.2 It is clarified that if the Banking Supervision Department does not recognize the Bank's obligations pursuant to the Subordinated Bonds as part of the Bank's Tier 2 capital, or if the Banking Supervision Department ceases to recognize them as such, or if the Banking Supervision Department recognizes them as another type of capital, this will not have any effect whatsoever on the terms and conditions of the Subordinated Bonds or on the rights attached thereto, and subject to the provisions of any law, the provisions of this Deed of Trust shall apply with regard to their seniority, and in particular the provisions of Section 40.2 above.
- 41.3 Immediate repayment of the Subordinated Bonds and any compromises and/or changes to the terms of the Subordinated Bonds, including with regard to matters pertaining to the conversion and repayment of the Subordinated Bonds, and any waiver of breach or non-fulfillment of any of the terms and conditions of the Deed of Trust as set out in Section 60.1 below and/or a change of the Deed of Trust as set

out in Section 60.3 below, can only be effected subject to obtaining advance approval from the Banking Supervision Department.

- 41.4 The Bank and any other entity controlled by the Bank or in which the Bank has significant influence, shall not purchase Subordinated Bonds that were approved as Tier 2 capital of the Bank and as long as they constitute part of the Bank's Tier 2 capital. Furthermore, the Bank will not fund, whether directly or indirectly, the purchase of the Subordinated Bonds that constitute part of the Bank's Tier 2 capital.

#### **42. The right to demand immediate repayment of the Subordinated Bonds**

- 42.1 The right to demand immediate repayment of the Subordinated Bonds is restricted only to cases where a permanent liquidator is appointed to the Bank or an order is granted by a competent court for the liquidation of the Bank and the aforesaid appointment or order is not revoked within 30 (thirty) days from the day on which it was issued. It is clarified that the Trustee or the holders of Subordinated Bonds may demand immediate repayment of the Subordinated Bonds, by means of an ordinary resolution, if one of the above causes is met only after the abovementioned 30 (thirty) days have elapsed and provided that the cause of immediate repayment has not been removed through that date. It is also clarified that the right to demand immediate repayment of the Subordinated Bonds shall only apply in the event that the Subordinated Bonds have not been converted into the Bank's shares in accordance with the terms and conditions set out in this Deed.
- 42.2 Without derogating from the other terms and conditions set out in the Deed of Trust for the purpose of demanding immediate repayment of the Subordinated Bonds, the Trustee and/or the holders of the Subordinated Bonds may only demand immediate repayment of the Subordinated Bonds after obtaining advance written approval from the Banking Supervision Department.
- 42.3 The Subordinated Bonds constitute an equity instrument issued by a bank, as set out in the Third Addendum A1 to the Securities Law, and therefore, the provisions of Section 35I1 of the Securities Law do not apply thereto.
- 42.4 If after the initial issuance of the Subordinated Bonds changes are made at any time to the Proper Conduct of Banking Business Directives of the Banking Supervision Department, such that the Subordinated Bonds (Series 405) may include further causes for immediate repayment without impairing the recognition of the Subordinated Bonds (Series 405) as Tier 2 capital of the Bank, the Bank will request from the Banking Supervision Department to approve a change in the terms and conditions of this Deed such that further causes will be added thereto for immediate repayment as aforesaid. It is clarified that the Banking Supervision Department's decision on this matter shall be final and that the Trustee and/or holders of the Subordinated Bonds may not appeal it.

#### **43. Claims and proceedings by the Trustee**

- 43.1 Without derogating from any other provision, the Trustee may institute, at its own discretion, such legal proceedings as he may deem fit in order to exercise the rights of the holders of the Subordinated Bonds or to protect their rights, or in order to enforce the fulfillment of any other undertaking of the Bank, in accordance with this Deed of Trust, after it has given an additional written notice of at least 7 days to the Bank; the Trustee may be required to do so if an Ordinary Resolution to that effect

is passed. Regardless of the above, the Trustee has the right to bring those dates forward if the Trustee is of the opinion that any delay in demanding repayment of the Bank's debt places the rights of the holders of the Subordinated Bonds at risk. The Trustee will be allowed to institute legal proceedings and/or other proceedings even if the Subordinated Bonds have not been made immediately repayable - all in order to protect the rights of the holders of Subordinated Bonds and subject to any law.

- 43.2 For the avoidance of doubt, it is clarified that nothing in any of the provisions set out in Section 8 will infringe and/or derogate from the Trustee's right that is hereby conferred upon him, to apply, at any given time, at his own discretion and without having to inform the Bank, to the appropriate Court for guidance on any matter related to and/or which arises from this Deed and/or the performance of the trusteeship pursuant thereto, even before demanding the immediate repayment of the Subordinated Bonds.
- 43.3 The Trustee may, but is not obliged to, convene at any given time a general meeting of the holders of the Subordinated Bonds in order to discuss and/or receive its guidance on any matters pertaining to the Deed of Trust and may reconvene such a meeting.
- 43.4 The Trustee may, at his sole discretion, delay the performance of any action thereof pursuant to the Deed of Trust, for the purpose of addressing the meeting of the holders of the Subordinated Bonds and/or the Court until it receives from the meeting of the holders of Subordinated Bonds and/or the Court instructions on how to act, provided that this does not cause any damage to the holders of the Subordinated Bonds. Despite the aforesaid, the Trustee may not delay immediate repayment procedures resolved upon by a meeting of the holders of the Subordinated Bonds. It is clarified that under circumstances in which the Trustee is required to take urgent action, where refraining from taking such action prior to convening meetings of the holders of the Subordinated Bonds by the Trustee shall cause damage and/or material loss to the holders of the Subordinated Bonds, the Trustee may not refrain from taking such urgent action until the convening of a meeting of the holders of the Subordinated Bonds. For the avoidance of doubt, the aforesaid does not give the Trustee or the holders of Subordinated Bonds the right to delay the conversion of the Subordinated Bonds into the Bank's shares pursuant to the provisions on this matter as set out in the First Addendum.

#### **44. Proceeds under trust**

- 44.1 All proceeds that will be received and/or held from time to time by the Trustee, except for his fees and the repayment of any debt owed to him in any way, including, but not only, as a result of demanding immediate repayment of the Subordinated Bonds and/or as a result of proceedings it will institute against the Bank, if any, will be held by him in trust and will be used by him for the following purposes and in accordance with the following order of preference: First – for the purpose of settling the expenses, payments, levies and obligations that were expensed by the Trustee, imposed upon him or in the course of or as a result of carrying out the trust activities or otherwise in connection with the terms and conditions of the Deed of Trust, including his fees (provided that the Trustee did not receive his fees prior to that from the Bank or from the holders of the Subordinated Bonds), after the Trustee shall

instruct the Bank in writing to transfer to the Trustee any payment owed to the Trustee by the Bank. It should be clarified that if the Bank was required to pay any of the expenses, including the Trustee's fees, but has not done so, the Trustee shall act to receive the said amounts from the Bank; if the Trustee manages to receive the said amounts, it will hold them in trust and will use them for the purposes listed in this Section in accordance with the order of preferences set out therein. The aforesaid does not exempt the Bank from its obligation to pay the expenses and fee payments as aforesaid where it is required to pay them in accordance with this Deed of Trust or in accordance with the law and the Trustee shall continue to act to collect them from the Bank.

Unless otherwise decided in a Special Resolution of the meeting of the holders of the Subordinated Bonds, the remaining balance shall be used in accordance with the following order of preference: First – to pay the holders of Subordinated Bonds who have borne the payments pursuant to Section 58.4 below; Secondly – to pay the holders of the Subordinated Bonds the past due interest owed to them pursuant to the terms and conditions of the Subordinated Bonds and subject to the linkage terms of the Subordinated Bonds, *pari passu*, and proportionately to the amount of past due interest owed to each of them, without giving preference or priority to any of them; Thirdly - to pay the holders of Subordinated Bonds the amount of interest due to them pursuant to the terms and conditions of the Subordinated Bonds, *pari passu* and subject to the linkage terms of the Subordinated Bonds; Fourthly – to pay the holders of Subordinated Bonds the principal amounts due to them pursuant to the Subordinated Bonds they hold, *pari passu* and subject to the linkage terms of the Subordinated Bonds and proportionately to the amounts payable thereto without giving any preference in connection with precedence in the issuance of the Subordinated Bonds by the Bank or otherwise; Fifthly – the remaining funds, if any, will be paid by the Trustee to the Bank or to its substitute, as the case may be. The payment of the amounts by the Trustee to holders of Subordinated Bonds is subject to the rights of other creditors of the Bank, pursuant to the provisions of the law.

- 44.2 Notwithstanding the provisions of Section 9.1 above, where the amount received as a result of instituting the said proceedings, which is distributable at any time whatsoever, as stated in that section, is less than NIS 1 million (hereinafter - the "**Minimum Amount**"), the Trustee will not be required to distribute it; rather, the Trustee may distribute the said amount or alternatively invest it, in whole or in part, in any of the investments permitted in accordance with Section 49 of the Deed of Trust; however, the Trustee will, in any event, distribute the remaining funds that have been deposited with him in accordance with the provisions of Section 9.1 above, at the earlier of the following: (1) When the balance of the amount deposited with the Trustee is NIS 1 million or more; (2) Together with the first payment of interest or principal to holders of the Subordinated Bonds, which is paid after receipt of the amount to be received as a result of instituting the said proceedings; (3) Immediately after the end of the calendar year following the last date on which funds were received by the Trustee for distribution; (4) When a meeting of the holders of the Subordinated Bonds passes a resolution with an ordinary majority that such a payment be made, all subject to the provisions of the Stock Exchange Rules and Regulations, the directives promulgated thereunder, and the by-laws of the Stock Exchange's clearing house (as the case may be), as amended from time to time.

Despite the aforesaid, the Trustee's fees and his reasonable expenses shall be paid out of the said funds immediately when they become due (and with regard to the expenses that have already been paid by the Trustee, the amounts of those expenses

shall be reimbursed to the Trustee immediately upon the receipt of the funds by the Trustee), even if the amounts received by the Trustee are lower than the Minimum Amount.

**45. Distribution notice**

The Trustee shall notify the holders of the Subordinated Bonds of the time and place of the payment of any of the payments set out in Section 44 above, in a notice to be delivered 14 (fourteen) days in advance in the manner specified in Section 24 below. After the date specified in the said notice, the holders of the Subordinated Bonds shall be entitled to interest thereon at the rate set in the Subordinated Bonds, but only in respect of the remaining balance of the principal (if any) after deduction of the amount that was paid to them or that payment thereof was proposed to them as aforesaid.

**46. Refraining from payment for reasons that are not under the control of the Bank**

- 46.1 Any amount payable to a holder of the Subordinated Bonds and which was not paid on the date on which it was due to be paid for reasons which are not under the control of the Bank, even though the Bank was willing to pay it on time, shall cease to bear interest and linkage differences as from the date on which it was due to be paid and the holder of the Subordinated Bonds shall be entitled to receive only the amounts he was entitled to on the date specified for such payment on account of the principal, interest and/or linkage differences, as the case may be.
- 46.2 Where such an amount was not paid within 14 (fourteen) days of the date set for the payment thereof, the Bank shall deposit the said amount with the Trustee, and such a deposit shall be deemed as the settlement of that payment and in case of settlement of all amounts payable in respect of the Subordinated Bonds, such a deposit shall also be deemed as redemption of that security.
- 46.3 All funds to be remitted to the Trustee by the Bank as set forth in Section 46.2 above, shall be deposited by the Trustee, in his name or to his order in securities of the Government of Israel or in any other securities, in which he is allowed to invest trust funds under the law of the State of Israel, all as the Trustee deems fit and subject to the provisions of any law and the provisions of Section 49 below. Once he has invested the said amounts, the Trustee shall not owe to the entitled parties the amount invested, but rather the consideration received from the disposal of the investments, net of the reasonable expenses relating to such an investment, including in respect of management of a trust account, should such an account be opened, the reasonable fees and net of the mandatory payments applicable to the trust account.
- 46.4 The Trustee shall hold the abovementioned amounts and shall invest them in the abovementioned manner until the end of one year from the redemption date of the Subordinated Bonds. After this date, the Trustee shall repay to the Bank the amounts it has accrued (including any earnings thereon), net of its reasonable expenses; the Bank shall hold those amounts in trust for the holders of the Subordinated Bonds for two additional years from the date they were remitted by the Trustee. The Bank shall confirm to the Trustee the repayment of the abovementioned amounts and such confirmation shall release the Trustee from any obligation whatsoever in connection with the amounts specified in the confirmation.



- 46.5 The Trustee shall transfer to each holder of Subordinated Bonds for whom amounts and/or funds due to holders of the Subordinated Bonds were deposited with the Trustee, those amounts payable to such holder of Subordinated Bonds out of those funds deposited as mentioned above, net of all reasonable expenses and mandatory payments applicable to the trust account in which the Trustee deposited the aforementioned funds, against presentation of the evidence required by the Trustee to his full satisfaction regarding that holder's right to receive those funds.
- 46.6 Where the repayment date or the specified date for any payment of interest and/or interest fall on a day which is not a Business Day, the date of that payment shall be postponed to the following Business Day without payment of any additional interest.
- 46.7 Any mandatory payment required by law shall be deducted from any payment in respect of the Subordinated Bonds.

#### **47. Receipts as evidence**

- 47.1 A receipt signed by an individual Registered Holder of the Subordinated Bonds from among the holders who are registered jointly in the Subordinated Bonds or a reference of a member of the Stock Exchange regarding the performance of a transfer through the Stock Exchange's clearing house (in the case of an Unregistered Holder) in respect of any principal and interest amounts paid to him by the Bank and/or the Trustee with respect to the Subordinated Bonds shall constitute evidence for full settlement of any payment made by the Bank and/or the Trustee in respect of the Subordinated Bonds and will exempt the Bank and/or the Trustee (as the case may be) from any obligation whatsoever in connection with the payment of the amounts specified in the receipt.
- 47.2 A receipt from the Trustee regarding the deposit of the amounts of the principal, the interest and the linkage differences with the Trustee in favor of the holders of the Subordinated Bonds as set out in Section 11 above, shall be considered as a receipt from the Holder of the Subordinated Bonds for purpose of Section 12.1 above.

#### **48. Presentation of the Subordinated Bonds to the Trustee and registration in connection with partial repayment**

- 48.1 The Trustee may demand that a Registered Holder present to it, at the time of any payment whatsoever made pursuant to the terms of the Subordinated Bonds, the certificates of the Subordinated Bonds in respect of which the payments are made, and such a Registered Holder shall be required to present to the Trustee the certificates of the Subordinated Bonds, provided that this will not subject the holder to any payment and/or expense, nor will it impose upon the holder any responsibility and/or liability.
- 48.2 The Trustee may write on the Subordinated Bonds a comment regarding the amounts paid and the date on which they were paid. In special cases, the Trustee shall be entitled, at his own discretion, to waive the requirement to present the certificates of the Subordinated Bonds after he was given an indemnification letter or a guarantee to his satisfaction in respect of damages that might be caused due to failure to write such a comment, all as he deems fit.
- 48.3 Notwithstanding the above, the Trustee may, as his own discretion, maintain records in some other manner, in respect of such partial repayments.

#### **49. Investment of funds**

All funds which the Trustee may invest pursuant to the Deed of Trust, shall be invested and/or deposited by the Trustee in one of the four largest banks in Israel, excluding Bank Leumi le-Israel B.M., in its name or to its order, in NIS-denominated bank deposits or in securities of the Government of Israel, rated no lower than AA, as the Trustee will deem fit, and subject to the terms of the Deed of Trust and to any law. Where the Trustee has invested the funds as aforesaid, it shall only owe the entitled holders in respect of those amount the consideration that will be received upon the disposal of the investments, net of the reasonable expenses relating to the said investment and to the management of the trust account, should such account be opened, the reasonable fees and net the mandatory payments applicable to the trust account.

#### **50. The Bank's obligations towards the Trustee**

The Bank undertakes the following obligations towards the Trustee, in its capacity at the Trustee for the Subordinated Bonds, for as long as the Subordinated Bonds are outstanding and amounts are due thereunder:

- 50.1 To consistently manage the Bank's businesses regularly and appropriately.
- 50.2 To provide the Trustee with copies of documents and information that the Bank delivered to holders of the Subordinated Bonds, if any. The Bank will also deliver to the Trustee or its authorized representative, who may be an attorney or certified public accountant by profession (and notification of the appointment of whom will be delivered to the Bank by the Trustee upon the appointment thereof) additional information in connection with the Bank, within a reasonable amount of time after the Trustee's demand to that effect, where such information may be essential and required in order to protect the rights of the holders of the Subordinated Bonds, and provided the Trustee has acted in good faith. Any information that is not in the public domain, which will be delivered to the Trustee or to its authorized representative, including an external authorized representative, as described above, will be held by the Trustee or by the representative in confidentiality and will not be delivered by them to others, and they will only use it if the disclosure or the use thereof is required for the purpose of carrying out their role pursuant to the Securities Law, in accordance with the Deed of Trust or under a Court order, and the external authorized representative on behalf of the Trustee will sign a letter of confidentiality for that purpose, as described in Section 22.3 below. It is hereby clarified that the delivery of information by the Trustee to the holders of the Subordinated Bonds will not constitute a breach of the Trustee's obligation to maintain confidentiality, provided that the Trustee delivers only the information required for the purpose of protecting the rights of the holders of the Subordinated Bonds and that the Trustee coordinates with the Bank the content and timing of the disclosure in advance, to the extent possible and permissible, in order to allow the Bank a reasonable amount of time to apply to a court of law in order to prevent the delivery of information as aforesaid, and in any event only the essential information will be delivered. Despite the aforesaid and subject to the provisions of any law which may not be conditioned upon, the Bank shall not deliver to the Trustee information that may impair the

stability of the Bank, provided that in such a case, the Bank will provide the Trustee with a reason for non-delivery of such information. Documents and/or information which shall be provided to the Trustee pursuant to this subsection, shall be provided on the condition that their provision does not constitute an offense of “using inside information” as this term is defined in the Securities Law and subject to the undertaking of the Trustee and/or his representative as aforesaid to uphold confidentiality.

- 50.3 To conduct regular bookkeeping in accordance with the generally accepted accounting principles and in respect of these books, keep such books, including the documents that serve as references for these books (including Deeds of encumbrances, mortgage and invoices and receipts) and the other documents relating to his business, in his offices.
- 50.4 To inform the Trustee in writing and within two Trading Days, on the occurrence of an event listed in Section 7.1 above, all without taking into account the remediation period referred to in Section 7.1 above.
- 50.5 To inform the Trustee in writing, within two Trading Days, of any event in which foreclosure was imposed on a substantial part of the Bank’s assets, or if a receiver was appointed to those assets, and to take all the reasonably required action to remove such foreclosure or receivership.
- 50.6 To provide to the Trustee the documents listed in Section 35J to the Securities Law. It is clarified that for the purpose of compliance with the provisions of this Section, publication of a report in the MAGNA system shall be regarded as the provision of this report to the Trustee.
- 50.7 Financial statements and a periodic report shall be provided to the Trustee by the Bank shortly after the publication thereof. It should be noted that any report posted by the Bank on the MAGNA system shall be considered as notice that was issued to the Trustee upon publication of such notice.
- 50.8 Proper Conduct of Banking Business Directive No. 332 of the Banking Supervision Department places restrictions on a banking corporation (and on a corporation under its control) on purchasing securities issued by it. Furthermore, it is clarified that, except as aforementioned, there are no restrictions on the Bank’s right to distribute dividends to its shareholders and/or to carry out a buyback of its shares and/or to carry out any other distribution pursuant to the Companies Law. It is also clarified that the aforesaid does not give rise to any obligation of the Bank towards the holders of the Subordinated Bonds and it is presented here only for the purpose of fair disclosure.
- 50.9 To the extent that this will be under the control of the Bank, the Bank will take reasonable measures to ensure that the Subordinated Bonds shall be rated throughout their lives. The Bank does not undertake that it will not replace the rating agency over the life of the Subordinated Bonds. Where the bank replaces the agency that designates the rating of the Subordinated Bonds or terminates the work of that agency, including where there is more than one rating agency, the Bank shall publish an immediate report in which it will list the reasons for replacing such an agency or for the termination of its work, as the case may be.
- 50.10 If the Bank ceases to be a reporting corporation, it will deliver to the Trustee and the Registered holders in writing the reports required pursuant to the Consolidated Circular, as amended from time to time. For that purpose, the “**Consolidated Circular**” – the consolidated circular of the Commissioner of the Capital Market,

Insurance and Savings for institutional entities, as amended from time to time. Notwithstanding the aforesaid, where it will be possible to continue publishing the said reports through the MAGNA system and/or the MAYA system, such reports will be published through those systems, instead of delivering those reports to the Registered holders as described above.

- 50.11 The Bank will maintain in its authorized and unissued share capital a sufficient number of ordinary shares as may be required for the purpose of converting the Subordinated Bonds in full pursuant to their terms and conditions.
- 50.12 The Bank shall refrain from distribution of bonus shares or from issuance of rights that may reduce the conversion rate (as defined in the First Addendum) below the par value of the Bank's share, and it will provide the Trustee with a written confirmation regarding the aforesaid before any distribution of bonus shares or issuance of rights.
- 50.13 To deliver to the Trustee, at his request and no later than 30 days from the date of issuance of Subordinated Bonds pursuant to this Deed of Trust, a clearing schedule according to the Subordinated Bonds (principal and interest) in the form of an Excel file.

## **51. Additional obligations**

If an event listed in Section 7.1 above occurs and the Subordinated Bonds are called for immediate repayment, after obtaining the approval of the Banking Supervision Department as described in Section 42.2 above, the Bank shall take from time to time and at any time it is requested to do so by the Trustee, all the reasonable actions to enable the exercise of all the powers given to the Trustee:

- 51.1 Make the statements and/or sign all the documents and/or execute and/or cause the execution of all the necessary or required actions in accordance with the law, in order to validate the exercise of the Trustee's powers, authority and authorizations.
- 51.2 Give all the notices and instructions which the Trustee will deem to be beneficial in connection with the performance of the immediate repayment.

## **52. Applications to a Court**

The Trustee may, at any time and subject to any law, apply to the competent court in connection with the Trust. The Trustee may also give its consent or approval to any application to the Court, which is made at the request of a holder of the Subordinated Bonds, and the Bank will indemnify the Trustee in respect of all reasonable expenses he may incur as a result of such an application, or from actions carried out as a result of such application or in connection therewith. If the application to the Court is made pursuant to a resolution of the holders of Subordinated Bonds, the holders of the Subordinated Bonds will indemnify the Trustee for all reasonable expenses he may incur as a result of such an application, or from actions taken as a result of such application or in connection therewith, and pursuant to the provisions of the law, this indemnification will be taken out of the deposit which will be deposited pursuant to the provisions of the law.

## **53. Proxies**

- 53.1 The Bank hereby irrevocably appoints the Trustee as its proxy, to execute and carry out in its name and in its stead, all the actions that it will be required to take pursuant to the terms of this Deed, and generally to act in its name in relation to the actions that the Bank is required to take under this Deed and has not taken or to exercise

some of the powers it was given, provided the Bank has not taken the actions it is required to take under the terms and conditions of this Deed within a reasonable amount of time from the Trustee's written demand, and provided that it has given the Bank advance notice of a reasonable amount of time, of its intention to exercise its powers pursuant to this Section.

- 53.2 An appointment pursuant to Section 17.1 above shall not obligate the Trustee to take any action and does not derogate from the Bank's undertaking pursuant to the Deed of Trust and the Bank hereby exempts the Trustee in advance in the event that it does not take any action or that it does not take such action on time or in the correct manner, and the Bank waives in advance any claim against the Trustee and its agents in respect of any damage that was caused or may be caused to the Bank directly or indirectly, in respect thereof, based on any action taken or not taken as aforesaid.

#### **54. The Trustee's fees and expenses**

- 54.1 The Bank shall pay the Trustee a fee for its services as trustee in the first year of trust and as long as there will be Subordinated Bonds (Series 405) outstanding, and in respect of any consecutive year or part thereof, amounting to a total of NIS 7,000 plus VAT as required by law. The annual fees shall be paid to the Trustee at the beginning of every year of trust in respect of the next full year of trust.
- 54.2 The Trustee shall also be entitled to receive a special fee of NIS 350 per hour plus VAT as required by law, in respect of special events/tasks:
- 54.2.1 Reasonable actions arising from breach of this Deed by the Bank;
  - 54.2.2 Reasonable actions in connection with demanding immediate repayment of the Subordinated Bonds or in connection with a concern for infringement of the holders' rights (including convening of holders' meetings) and/or actions in connection with the resolution of a meeting of holders to call for immediate repayment of the Subordinated Bonds;
  - 54.2.3 Special actions which are not included in the current activities of the Trustee or in its ordinary course of business (such as, but not only, work required due to restructuring of the Bank) or work arising from the Banks' demand or from future change of rules and/or regulations and/or other binding directives that will apply in connection with the activities of the Trustee and his undertakings pursuant to this Deed, provided that he obtains the Bank's advance approval, which will not be unreasonably withheld.
- 54.3 The Trustee will also be paid fees in respect of all actions relating to (including without derogating from the generality of the aforesaid, its participation) the meetings of holders of the Subordinated Bonds (excluding general and special meetings of the Bank's shareholders) at a rate of NIS 350 per hour plus VAT as required by law in respect of each meeting.
- 54.4 In case the Bonds Series is expanded, the trustee will be eligible to a one-time additional payment of NIS 3,000.
- 54.5 The payments set out in this Section shall be paid to the Trustee in respect of the period until the end of the trust period of the Subordinated Bonds (Series 405) that will be issued pursuant to the terms of the Deed of Trust and the appointment of a receiver to the Bank, the appointment of a managing receiver, the appointment of a liquidator for the Bank and/or the management of the Trust under the supervision of a Court, will not detract from the Trustee's right to the payment of his fees and expenses as set out in this Deed.

- 54.6 The Trustee will also be entitled to reimbursement of reasonable expenses it will incur as part of fulfilling his role and/or pursuant to the powers conferred upon him pursuant to this Deed, including in respect of publications in the press and the appointment of experts, so long as the Trustee obtains the Bank's advance approval, which will not to be unreasonably withheld.
- 54.7 If changes are made to legal provisions, whereby the Trustee will be required to take actions and/or carry out examinations and/or to prepare additional reports and/or incur additional expenses, which will be needed for the purpose of fulfilling its role as a reasonable trustee, the Bank will bear all the reasonable expenses incurred by the Trustee in respect thereof, including reasonable fees in respect of those actions, provided that the Trustee obtain the Bank's approval in advance, which will not be withheld unreasonably.
- 54.8 All amounts stated in this Section will be linked to the Consumer Price Index published on March 15 2022.
- 54.9 If a trustee has been appointed to replace a Trustee, whose tenure has ended in accordance with Sections 35B(a1) or 35N(d) of the Securities Law, the holders of the Subordinated Bonds will pay the difference between the fees of the Trustee who has been appointed, as aforesaid, and the fees paid to the Trustee he replaces, if such a difference is unreasonable, and the relevant provisions of the law shall apply at the time of such a replacement. The holders will bear the said difference by offsetting the proportionate share of the difference from each payment that the Bank makes to holders of the Subordinated Bonds in accordance with the terms of the Deed of Trust and by remitting the said amount directly to the Trustee.
- 54.10 If the Bank will be required by law to deposit a deposit to secure the Bank's payment of special expenses of the Trustee, the Bank shall act in accordance with such provisions.
- 54.11 In the event that the Subordinated Bonds are converted into shares pursuant to the terms of this Deed, the Trustee's tenure pursuant to the Deed of Trust will end and the Trustee will be entitled to receive on that date all payments accrued as of the day that preceded the date of the conversion notice in respect of fees and/or expenses pursuant to the provisions of this Deed.
- 54.12 It is clarified that the Bank's undertakings to pay the Trustee's fees and expenses as set out in this Deed shall have seniority that is equal to the Bank's obligations towards its ordinary creditors including deposits by the public.

## **55. Special powers and responsibilities of the Trustee**

- 55.1 The Trustee may deposit all the notes and documents that serve as evidence, represent or establish its right in connection with any asset held by it at that time, in a safe or in any other place of its choosing, with any banker or any bank or with any attorney, insofar as this is reasonable and coordinated with the Bank. If the Trustee has done this, he will bear no responsibility for any loss that may be caused in connection with such deposit, provided that it did not act negligently.
- 55.2 As part of its execution of the trust's affairs pursuant to this Deed, the Trustee may act according to the opinion or advice of an attorney, an accountant, an appraiser, surveyor, broker or other expert. Regardless of whether such an opinion or advice were given at the request of the Trustee or at the request of the Bank or in any other manner, the Trustee shall bear no responsibility to any losses or damages that may

be caused as a result of any action or omission by him in reliance on such advice and/or opinion, provided that it did not act negligently.

- 55.3 Any such advice or opinion may be given, sent, or delivered by letter, telegram, telephone, facsimile or any other electronic means for transfer of information, and the Trustee shall bear no responsibility for actions he carried out based on an advice or opinion or information delivered in one of the aforementioned manners, even if there were errors therein or if they were inauthentic, provided that the Trustee was unaware of it and did not act negligently.
- 55.4 The Trustee shall not be required to inform any party of the signing of this Deed and will not be allowed to interfere in any way with the management of the Bank's business or affairs, subject to the provisions of any law which may not be conditioned upon, provided it is not expressly stated otherwise in this Deed.
- 55.5 The Trustee shall be entitled to receive a certificate that has been signed by two directors in the Bank, certifying that in their opinion, a transaction, a step, an action or anything whatsoever, are desirable and serve the interest of the Bank, as sufficient evidence that the transaction, the step, action or thing are indeed desirable and serve the interest of the Bank.
- 55.6 The Trustee shall use the trusteeship, the powers, authorizations and authority conferred upon him pursuant to this Deed, at his sole discretion, and - except in the event of fraud or negligence - will not bear responsibility for any damage caused due to errors in judgment made in good faith.
- 55.7 Any exemption from responsibility that was given to the Trustee pursuant to the provisions of this Deed, if any, is subject to the condition that the Trustee was not grossly negligent in carrying out the action (or omission), including in the exercise of judgment in respect of which the exemption was given, or did not act in malice, in breach of a fiduciary duty or in breach of the provisions of the Deed of Trust and the Subordinated Bonds.

## **56. The Trustee's power to engage agents**

As part of the management of the trust's business and if there is reasonable need to do so, the Trustee may appoint an agent that will act in his stead, whether such agent is a lawyer or another person, in order to perform or participate in the performance of special activities that should be performed in connection with the trust, including the institution of legal procedures, upon advance coordination with the Bank and provided that such actions are reasonable under the circumstances, and the Trustee shall have the agent sign a confidentiality letter in order for him to comply with the provisions set out in Section **שגיאה! מקור ההפניה לא נמצא.** above. The Trustee shall also be entitled to settle the reasonable fee of any such agent at the expense of the Bank, provided that he is allowed to do so pursuant to this Deed or pursuant to the fees agreement with the Bank, and the Bank will reimburse to the Trustee for any such reasonable expense upon receipt of demand to that effect from the Trustee, to the extent that the Trustee has given the Bank advance notice regarding the appointment of such agents and that the said expenses are reasonable under the circumstances. The appointment of an agent shall not detract from the Trustee's duties pursuant to this Deed or pursuant to any law, nor will it detract from the Trustee's responsibilities in respect of his actions and the actions of his agents.

## **57. The Trustee's powers**

- 57.1 The Trustee shall not be obliged to inform any party whatsoever of the signing of this Deed.
- 57.2 Subject to the provisions of any law, the Trustee is not required to act in a manner that is not expressly specified in this Deed of Trust in order to become aware of any information, including about the Bank and/or in connection with the Bank's ability to meet its obligations to the holders of the Subordinated Bonds and this is not part of its role as trustee.
- 57.3 Subject to the provisions of any law and to what is stated in this Deed of Trust, the Trustee undertakes, by signing this Deed, to maintain confidential any information provided to him by the Bank, not to disclose such information and not to use it for any purpose, unless such disclosure or use is required for the purpose of protecting the rights of the holders of Subordinated Bonds and securing the Bank's undertakings pursuant to the Deed of Trust or a Court order.
- 57.4 As part of his trusteeship, the Trustee may rely on any written document including a letter of instruction, a notice, request, agreement or certificate, which is expected to be signed or issued by a certain person or entity, which the Trustee believes in good faith has been signed or issued by such person or entity.

## **58. Indemnification of the Trustee**

- 58.1 The Trustee's fees and expenses shall be paid by the Bank in accordance with the provisions of the Deed of Trust. In addition, with respect to special matters that do not fall within the scope of the Bank's obligation to pay the Trustee's fees and expenses as set out in Section 54 above and in cases where the Trustee incurs expenses that the Bank should incur pursuant to this Deed, the Trustee shall be entitled to be indemnified by the holders of the Subordinated Bonds or by the Bank, as the case may be, including in respect of reasonable expenses it incurred in connection with actions it performed pursuant to his obligations under the terms of this Deed or according to the law or at the demand of a competent authority or at the demand of the holders of the Subordinated Bonds, provided that:
- 58.1.1 He may not demand indemnification in advance in respect of a matter than may be delayed.
- 58.1.2 The indemnity undertaking shall include indemnification in respect of a tort liability, imposed on the Trustee pursuant to a final ruling or pursuant to a compromise to which the indemnifying party agreed towards a third party that is not a holder of the Subordinated Bonds, provided that this indemnification undertaking shall apply subject to the following conditions:
- (A). The expenses that were expensed and/or that will be expensed by the Trustee are reasonable.
- (B). The Trustee acted in good faith and this activity was carried out in the course of fulfilling his role, provided that the Trustee was not grossly negligent in carrying out the action or has not acted with malice.
- 58.2 Without derogating the compensation rights conferred upon a Trustee by law and subject to what is stated in this Deed and/or in the Bank's obligations pursuant to



this Deed, the Trustee, his proxy, manager, agent or another person who was appointed by the Trustee pursuant to this Deed, may receive indemnification out of the funds and investments to be received by the Trustee from the proceedings it instituted or which it obtained in any other manner, in connection with the obligations they have undertaken upon themselves, in connection with expenses that they expensed during the course of executing the trust or in connection with such actions, which in their opinion were required to execute the above and/or in connection with the use of the powers and permits given to them pursuant to this Deed as well as in connection with various legal proceedings, attorneys' opinion and other experts' opinions, negotiations, discussions, claims and demands with regard to any matter and/or thing that were carried out and/or were not carried out in any manner in connection with the matter under discussion, and the Trustee may withhold the funds he holds and pay out of those funds the amounts required for the payment of the said indemnification. All of the said amounts shall have preference over the rights of the holders of the Subordinated Bonds and subject to the provisions of any law, provided that the Trustee has acted in good faith and in accordance with the obligations imposed upon it pursuant to any law and pursuant to this Deed, and provided that the Trustee did not act with gross negligence or malice.

- 58.3 Where expenses were expensed by the Trustee for the purpose of carrying out its role and the Bank is not required to pay those expenses pursuant to this Deed, the holders of the Subordinated Bonds shall indemnify the Trustee. If such expenses were expensed in connection with activities that pertain to several series of the Bank's Subordinated Bonds for which the Trustee serves as the trustee (including for the purpose of protecting the rights of the holders of the Subordinated Bonds), the Trustee shall act to collect the indemnification amount from holders of the Subordinated Bonds of the relevant series on a pro rata basis proportionately to the par value of the Subordinated Bonds outstanding from each and every series.
- 58.4 Notwithstanding the provisions of Section 23 above, whenever the Trustee sees fit, for the purpose of protecting and/or exercising the rights of the holders of the Subordinated Bonds and/or whenever the Trustee will be required, pursuant to the provisions of this Deed and/or a directive issued by a competent authority and/or pursuant to any law and/or at the demand of the Bank and/or at the demand of the holders of the Subordinated Bonds, to institute legal proceedings and various actions pursuant to its obligation according to the Deed of Trust, and if the Bank does fails to pay the indemnification amounts to the Trustee within a reasonable amount of time, the Trustee shall immediately convene a meeting of the holders of the Subordinated Bonds in order to confirm, with a Special Resolution, their responsibility for covering the expenses involved in the procedures and actions which the Trustee shall institute (including damages amounts that may be incurred by the Trustee or amounts that the Trustee may owe to any third party), in which case, the amount deposited by each holder shall bear annual interest at a rate equal to the interest payable on the Subordinated Bonds (as set out in the First Addendum) and shall take precedence in payment as set out in Section 9.1 above. In the event that the holders of the Subordinated Bonds refuse to bear the expenses involved in the institution of the proceedings and the various actions taken by the Trustee and in the event that the indemnification funds should be deposited in advance with the Trustee and such amounts were not deposited as required, the Trustee shall not be required to institute the proceedings and various actions, provided that the matter under discussion is not one that cannot be delayed. It is hereby clarified that the holders' agreement to bear the indemnification amounts does not exempt the Bank

from its obligations, should there be such obligations, pursuant to this Deed and/or in accordance with the law, to bear and cover expenses involved in the institution of proceedings and actions as aforesaid, without the aforesaid stipulating that the Bank is liable to bear the expenses where the holders of the Subordinated Bonds refuse to bear the expenses involved in the institution of the proceedings. Furthermore, all funds to be received from disposal procedures and from various actions shall also be used to reimburse and cover the expenses which the holders of the Subordinated Bonds have undertaken to bear in accordance with the order of payment precedence set out in Section 9.1 above. The aforesaid does not detract from the Trustee's duty to act in order to collect the funds from the Bank, where the Bank should have had to pay these funds. It should be clarified that, under circumstances where the Trustee is required to take urgent action and refraining from taking such action before meetings of the holders of the Subordinated Bonds are convened by the Trustee shall cause material damage and/or loss to the holders of the Subordinated Bonds, the Trustee shall not be entitled to refrain from taking urgent action as aforesaid until a meeting of the holders of the Subordinated Bonds is convened. It should be clarified that, with regard to this Section, an action of the Trustee which was approved by a Special Resolution of the holders of Subordinated Bonds shall be considered an action that was reasonably required. Where such a Special Resolution was passed as aforementioned, such resolution shall bind all the holders of the Subordinated Bonds, even if they objected to the resolution or did not take part in the vote.

## **59. Notices**

59.1 Any notice to the holders of the Subordinated Bonds on behalf of the Bank or the Trustee shall be issued by reporting through the Israel Securities Authority's MAGNA reporting system. The Trustee may instruct the Bank to post a report and the Bank will be required to post any such report on the MAGNA system in the name of the Trustee, as worded and delivered in writing by the Trustee to the Bank, at the demand of the Trustee. In cases where this is required by law, the notice will also be issued by way of publishing a notice pursuant to the provisions of the law. Any such notice published or sent as aforesaid shall be considered as having been delivered to the holders of the Subordinated Bonds, on the day of the publication of the notice or the posting of the report on the MAGNA system, as the case may be.

Notwithstanding the above, in cases where the Trustee is required by law to file certain reports, reporting will be carried out by the Trustee, in which case the reporting through the MAGNA system by the Trustee shall be considered as a notice that was received by the Bank upon publication thereof.

59.2 Any notice or demand on behalf of the Trustee to the Bank or on behalf of the Bank to the Trustee may be delivered by (1) Certified mail according to the address specified in the Deed of Trust, or according to another address on which the Bank shall inform the Trustee or the Trustee shall inform the Bank in writing; (2) Email or facsimile or (3) By courier. Any such notice or demand shall be considered to have been received: (a) If delivered by certified mail – three business days from the day on which it was delivered at the post office; (b) If delivered by email or facsimile (after verifying by phone that the notice was received) – after one business day from the day on which it was delivered; (c) If delivered by courier – when it was delivered to the addressee by the courier or when the addressee was presented with it, as the case may be.

59.3 Copies of notices and summons the Bank shall deliver to the holders of the Subordinated Bonds shall also be delivered by the Bank to the Trustee. It is clarified

that, for the purpose of complying with the provisions of this Section, a publication of a report on the MAGNA reporting system shall be viewed as delivery thereof to the Trustee.

**60. Waiver, compromise and changes in the Deed of Trust**

- 60.1 Subject to the provisions of any relevant law, the Trustee may waive - from time to time and at any time, if in his opinion this does not infringe the rights of the holders of the Subordinated Bonds - any breach of or non-compliance with any of the terms of the Deed of Trust by the Bank, except with respect to the repayment date of the principal of the Subordinated Bonds, the amount of the principal of the Subordinated Bonds, the interest rate in respect of the Subordinated Bonds, the dates of interest payments, demanding immediate repayment of the Subordinated Bonds, or a Trigger Event (as defined in the terms and set out overleaf).
- 60.2 Subject to the provisions of the Securities Law and the Companies Law and the regulations promulgated thereunder, including Section 350 to the Companies Law, and after obtaining the advance approval of the meeting of holders of the Subordinated Bonds, which was attended, in person or by proxy, by holders holding at least fifty percent (50%) of the outstanding par value of the principal of the Subordinated Bonds, or in an adjourned meeting which was attended by the holders in person or by proxy, holding at least twenty percent (20%) of the said balance, and which was passed with a majority of holders of at least two thirds of the par value of the Subordinated Bonds represented in the vote, the Trustee may, whether before or after the principal of the Subordinated Bonds becomes repayable, reach a compromise with the Bank in connection with any right or claim of the holders of the Subordinated Bonds, and reach any settlement regarding any of the rights of the holders of the Subordinated Bonds, or of the holders of the Subordinated Bonds towards the Bank and agree to the change of the terms of the Subordinated Bonds, provided that the aforementioned does not constitute a debt settlement agreement as defined in Section 350Q of the Companies Law.
- 60.3 Subject to the provisions of any law, the Trustee and the Bank may reach an agreement to change the Deed of Trust, before or after the principal of the Subordinated Bonds becomes payable, provided that one of the following conditions is met:
  - 60.3.1 The Trustee is satisfied that the change does not harm the holders of the Subordinated Bonds, except in cases of changes to the identity of the Trustee or his fees as per the Deed of Trust or for the purpose of appointing a trustee instead of a trustee whose tenure has ended, and except with regard to the repayment date of the principal of the Subordinated Bonds, the amount of the principal of the Subordinated Bonds, the amount of interest payable on the Subordinated Bonds, the interest payment dates, demanding immediate repayment of the Subordinated Bonds and the Trigger Event (as defined in the terms set out overleaf) and with regards to the reports the Bank must provide to the Trustee pursuant to the provisions of this Deed.
  - 60.3.2 The holders of the Subordinated Bonds have agreed to the proposed change by a resolution passed in a meeting of holders of the Subordinated Bonds attended by the holders of at least fifty percent of the outstanding par value of the Subordinated Bonds with a majority of at least two thirds of the par value of the Subordinated Bonds represented in the vote or by such a majority

in an adjourned meeting of holders of the Subordinated Bonds attended by holders who hold at least twenty percent of the said outstanding balance.

60.3.3 The Bank will issue an immediate report regarding any change and/or waiver as aforesaid, immediately upon execution thereof.

60.4 Where the Trustee has reached a compromise with the Bank after obtaining advance approval of the meeting of the holders of the Subordinated Bonds as aforesaid, the Trustee shall be exempt from liability for this action, as approved by the general meeting, provided that by implementing the resolution of the general meeting the Trustee did not breach his fiduciary duty or acted in bad faith.

60.5 In any case where the Trustee uses his rights pursuant to this Section, he may demand from the holders of the Subordinated Bonds to deliver to him the certificates of the Subordinated Bonds for the purpose of entering a comment regarding any compromise, waiver, change or amendment as aforesaid, and the Bank shall enter such a comment at the request of the Trustee.

60.6 Any waiver, compromise or change in the Deed of Trust as set out in this Section shall be subject to advance written approval of the Banking Supervision Department.

## **61. Register of holders of the Subordinated Bonds**

61.1 The Bank shall keep in its office a register of the Registered holders of the Subordinated Bonds (Series 405) (hereinafter - the “**Register**”) pursuant to the provisions of the Securities Law, which may be reviewed by any person whatsoever; the Bank will record in the Register the names of the holders of the Subordinated Bonds, the number of Subordinated Bonds they hold and their par value. The Bank will also record in the Register transfers of ownership of Subordinated Bonds pursuant to the provisions of this Deed. The Trustee and any holder of the Subordinated Bonds may review the Register by prior arrangement with the Bank.

61.2 The Subordinated Bonds (Series 405) issued pursuant to the Prospectus shall be allocated to the nominee company and registered in its name in the Register of the Subordinated Bonds holders.

61.3 The Register of the Subordinated Bonds holders shall serve as prima facie evidence as to the correctness of the records contained therein. In cases of discrepancy between the register of the holders of the Subordinated Bonds and a certificate of the Subordinated Bonds, the evidentiary value of the Register of the holders of the Subordinated Bonds is preferable to the evidentiary value of the certificate of the Subordinated Bonds.

61.4 The Bank shall not be required to record in the register of holders of Subordinated Bonds any notice of explicit, implicit or estimated trust, nor any encumbrance or charge of any type or any equitable right, claim or offset or any other right in connection with the Subordinated Bonds.

61.5 The Bank shall only recognize the ownership of the person in whose name the Subordinated Bonds were registered. The legal heirs, administrators of the estate or executors of the will of a Registered Holder and any person entitled to the Subordinated Bonds as a result of bankruptcy of a Registered Holder (and, in the case of a corporation – as a result of a liquidation thereof), may be registered as the holders of such Subordinated Bonds after providing evidence to the satisfaction of the Bank, of their right to be registered as the holders thereof.

- 61.6 The Bank may close the register of the holders of the Subordinated Bonds from time to time, at such times and for such periods as it deems fit, for periods that shall not exceed 30 days per year. The Bank will not record transfers at the said times and periods.
- 61.7 The Subordinated Bonds may be transferred in respect of any par value amount, provided that such amount is in whole New Israeli Shekels in accordance with a transfer letter drawn up in the format normally used by the Bank and properly signed by their Registered Holder, or his legal representatives.
- 61.8 The letter of transfer should be delivered to the Bank's registered office to be recorded, together with the certificates of the Subordinated Bonds and any proof of identity or right that will be required by the Bank for the purpose of proving the transferor's right to transfer them, as well as any the amount required for any mandatory payment imposed by the government in respect of the transfer, if any. Where taxes or any other mandatory payment is imposed on a transfer letter of the Subordinated Bonds, the Bank will be provided with evidence regarding the payment thereof, to the satisfaction of the Bank.
- 61.9 The Bank may retain the letter of transfer.
- 61.10 Where only part of the principal amount specified in the said Subordinated Bonds is transferred, the certificate of the Subordinated Bond will be first split into several certificates, in accordance with the following provisions, such that the aggregate amount of all principal amounts specified in those certificates shall be equal to the principal amount specified in the said security's certificate.
- 61.11 All expenses involved in the transfer, including stamp duty and other levies, if any, shall be payable by the party requesting the transfer.
- 61.12 Any Subordinated Bond certificate can be split by means of filing an application for a split of the said certificate into several Subordinated Bonds, whose aggregate principal amount is equal to the principal amount specified in the certificate whose split is requested, against the delivery of that certificate to the Bank at its registered office for the purpose of carrying out the split; the application for a split signed by the registered owner of the said Subordinated Bonds shall be attached to the certificate delivered to the Bank.
- 61.13 The split shall be carried out within three months from the date on which the certificate was delivered at the Bank's registered office as aforementioned.
- 61.14 The certificates of the new Subordinated Bonds issued as a result of the split shall each have a par value in whole New Israeli Shekels.
- 61.15 All expenses involved in the split, including levies, if any, shall be payable by the party requesting the split.
- 61.16 The provisions included in this Section shall also apply to waiver of certificates of Subordinated Bonds, mutatis mutandis.

## **62. Replacing the Trustee and expiry of its tenure**

- 62.1 The termination of the tenure of the Trustee or its expiry (as the case may be) and the appointment of a new Trustee shall be subject to the provisions of the Securities Law.
- 62.2 Subject to the provisions of any law, holders' resolution regarding the termination of the Trustee's tenure and his replacement with another trustee shall be passed in a

meeting attended by at least two holders who hold 50% of the outstanding par value of the Subordinated Bonds or in an adjourned meeting attended by at least two holders who hold at least 10% of the outstanding par value of the Subordinated Bonds; such resolution shall be passed with a majority required to pass a Special Resolution.

- 62.3 Subject to the provisions of any law, the Trustee whose tenure has expired shall continue to serve until the appointment of another trustee. The Trustee shall transfer to the new trustee all documents and amounts which it has collected in connection with the trust that is the subject matter of the Deed of Trust and shall sign any documents required for this purpose.
- 62.4 Each new trustee shall have the same powers, duties and authority and will be able act, for all intents and purposes, as if he was appointed Trustee from the outset.
- 62.5 The Bank will publish an immediate report in any case where a trustee resigns and/or a new trustee is appointed.

### **63. Meeting of holders of the Subordinated Bonds**

The meetings of the holders of the Subordinated Bonds shall be conducted in accordance with the provisions of the Second Addendum of this Deed.

### **64. Reporting to the Trustee**

- 64.1 As long as there will be outstanding Subordinated Bonds for which the Trustee serves as trustee and as long as any payment is to be made thereunder, the Bank will provide to the Trustee with:
  - 64.1.1 Audited financial statements of the Bank for the fiscal year ended on December 31 of the previous year, shortly after the publication thereof and no later than the dates specified in the Securities Law.
  - 64.1.2 Every quarterly report, shortly after the publication thereof, to which the Bank will attach the review report of its independent auditor in connection with the quarterly report.
  - 64.1.3 No later than two weeks after the publication of the annual financial statements, a confirmation from the Bank regarding the execution of the interest payments due prior to the date of the confirmation and the date of payment thereof, as well as a breakdown of the outstanding Subordinated Bonds at the interest payment date, and a confirmation from the Bank that in the period subsequent to the publication date of the previous annual financial statements through the confirmation date, there was no material breach of the Deed by the Bank.
  - 64.1.4 Every immediate report that submitted to the Securities Authority, on the date in which the report is filed with that authority, and where the report is a public report, the transmission of the report through the MAGNA reporting system shall be considered as delivery to the Trustee.
  - 64.1.5 A copy of every document delivered by the Bank to the holders of the Subordinated Bonds and the details of any information that the Bank delivers to them in any other manner, and any additional information pursuant to a reasonable demand by the Trustee and subject to the provisions of any law and the commitment to confidentiality.
  - 64.1.6 Any other report which the Bank is required to deliver to the Trustee pursuant to the law.

64.1.7 A report will be provided regarding any change in the rating of the Subordinated Bonds or the discontinuance of rating, by the rating agency.

64.2 It is clarified that, for the purpose of complying with the provisions of this Section, a publication of a report on the MAGNA reporting system shall be viewed as delivery thereof to the Trustee.

## **65. Addresses**

For purposes of this Deed, the addresses of the parties shall be as set forth in the preamble to this Deed, or any other address in respect of which a proper notice was given in writing.

## **66. Electronic signature**

By signing this Deed, the Trustee authorizes the Bank's authorized electronic signatories to sign in his name and in his stead an electronic copy of the Deed of Trust for the purpose of transmission thereof on the MAGNA as required in the Securities (Electronic Signature and Reporting) Regulations, 2003.

## **67. Exercise of rights pursuant to the Deed and the Subordinated Bonds**

Unless stated otherwise, the provisions of the Deed of Trust shall apply to Subordinated Bonds that will be held from time to time by any holder of Subordinated Bonds (Series 405).

Subject to the provisions of any law, the holders of the Subordinated Bonds may exercise their rights pursuant to the Subordinated Bonds and the Deed of Trust only through the Trustee or pursuant to a resolution of a general meeting of the holders of the Subordinated Bonds, in the manners listed in the certificate of the Subordinated Bonds and in the Deed of Trust. Despite the aforesaid, where the Trustee does not comply with the provisions with the Deed of Trust and the provisions of the certificate of the Subordinated Bonds, holders of the Subordinated Bonds will be entitled to exercise their rights, including pursuant to a resolution of the general meeting.

## **68. The Trustee's liability**

68.1 Notwithstanding the provisions of any law and the provisions of the Deed of Trust, insofar as the Trustee has acted to execute his role in good faith and within a reasonable amount of time, and also clarified the facts that a reasonable trustee would have clarified under the circumstances, he shall not be held liable toward a holder of the Subordinated Bonds for damage caused to such holder as a result of the Trustee's exercising his judgment pursuant to Sections 35H(d1) or 35I1 of the law, unless the plaintiff proves that the Trustee acted in gross negligence. It is hereby clarified that where a discrepancy arises between the provisions of Section 33.1 and other provisions in the Deed of Trust, the provisions of Section 33.1 shall prevail.

68.2 Where the Trustee acted in good faith and without negligence pursuant to the provisions of Sections 35H(d2) or 35H(d3) of the Law, he shall not be held liable for the execution of such action.

## **69. General**

69.1 Without detracting from any other provision in this Deed, any waiver, extension, discount, silence, refraining from taking action (hereinafter, each - "**Waiver**") on the part of the Bank and/or on the part of the Trustee, regarding the non-compliance or partial compliance or incorrect compliance with any of the parties' undertakings pursuant to this Deed, shall not be considered a waiver on the part of the Bank and/or

the Trustee, as the case may be, of any right but rather as a limited consent for the special circumstances under which it was given.

- 69.2 Without derogating from any other provision of this Deed, any change in the Bank' or the Trustee's undertakings requires the advance written consent of the counterparty. Any other consent, whether given orally or by way of waiver and refraining from taking action, or in any way other than in writing, shall not be considered as consent of any type whatsoever.

#### **70. Other agreements**

Subject to the provisions of any law and the limitations imposed on the Trustee by law, the execution of the Trustee's duties pursuant to this Deed, or his very status as trustee, shall not prevent the Trustee from engaging in various contracts with the Bank, or from entering into transactions with the Bank in the ordinary course of the Trustee's business.

#### **71. Governing law and jurisdiction**

- 71.1 This Deed of Trust and its appendices and addenda shall be governed solely by Israeli law. In any matter that is not referred to in this Deed and in any case of a discrepancy between the provisions of the law and the provisions of this Deed, the parties shall act in accordance with the provisions of Israeli law.
- 71.2 The only Court that will have jurisdiction to discuss matters pertaining to the Deed of Trust shall be the competent Court of Tel Aviv-Jaffa.

**In witness whereof the parties have signed:**

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

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**Strauss, Lazer Trustees (1992) Ltd.**



I the undersigned, Lihi Shapira, legal counsel of Bank Leumi le-Israel B.M. (hereinafter – the **“Bank”**), hereby confirm that this Deed was lawfully signed by the authorized signatories of the Bank.

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**Ronny Cohen, Adv.**

I the undersigned, Nurit Segal, legal counsel of Strauss, Lazer Trustees (1992) Ltd. (hereinafter – the **“Trustee”**), hereby confirm that this Deed has been lawfully signed by the authorized signatories of the Trustee.

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**[ ], Adv.**

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## First Addendum to the Deed of Trust – Subordinated Bond (Series 405)

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

#### Registered Subordinated Bond (Series 405)

Number \_\_\_\_ par value \_\_\_\_\_

5. This certificate attests that Bank Leumi le-Israel B.M. (hereinafter – the “**Bank**”) shall pay any entitled party (as defined in the terms overleaf) the amounts it has undertaken to pay as set out in the terms overleaf and in the Deed of Trust dated [ ], drawn up and signed by the Bank on the one hand and Strauss, Lazer Trustees (1992) Ltd. as the Trustee on the other hand (hereinafter – the “**Deed of Trust**”) and its appendices.
6. The Subordinated Bonds are not secured by any securities and/or collateral, as described in Section 5 of the Deed of Trust.
7. The seniority of the Subordinated Bond shall be as set out in Section 5 of the Deed of Trust.
8. This Subordinated Bond is issued subject to the terms set out overleaf and in the Deed of Trust. It is hereby clarified that the provisions of the Deed of Trust shall constitute an integral part of the provisions of the First Addendum and shall bind the Bank, the Trustee and the holders of the Subordinated Bonds.
9. The Subordinated Bonds may not be called for immediate repayment and no changes may be made therein or in the Deed of Trust, unless advance written approval has been granted by the Banking Supervision Department and pursuant to all the terms set out in the Deed of Trust.
10. Any transfer of a Subordinated Bonds’ certificate is subject to the restrictions listed in Section 61 of the Deed of Trust.

Signed with the Bank’s stamp, which was stamped on: \_\_\_\_\_

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

#### Attorney's Certification

I the undersigned, Ronny Cohen, Adv., legal counsel of Bank Leumi le-Israel B.M. (hereinafter – the “**Bank**”), hereby confirm that this Deed was lawfully signed by the authorized signatories of the Bank.

\_\_\_\_\_  
Ronny Cohen, Adv.

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## Terms Written Overleaf

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### 1. **General**

- 1.1 This Series 405 Subordinated Bond is issued pursuant to a Deed of trust drawn up and signed on [ ] between the Bank on the one hand and Strauss, Lazer Trustees (1992) Ltd. as a trustee on the other hand (hereinafter – the “**Deed of Trust**”).
- 1.2 The terms of the Subordinated Bonds (Series 405) (the terms written overleaf) are a material and integral part of the provisions of the Deed of Trust and the provisions of the Deed of Trust shall be deemed to have been expressly included in the terms of these Subordinated Bonds. In the event of a discrepancy between that which is stated in this Subordinated Bond and that which is stated in the Deed of Trust, the provisions of the Deed of Trust shall prevail.

### 2. **Definitions**

- 2.1 The terms in this Subordinated Bond shall have the meaning given to them in the Deed of Trust, unless the content or context imply otherwise, or if they were expressly defined otherwise in this Subordinated Bond.
- 2.2 Reference in this Subordinated Bond to the plural shall also imply the singular and vice versa, reference to the masculine shall also imply the feminine and vice versa, and reference to a person shall also imply a corporation, all provided that this Subordinated Bond does not contain any contrary explicit or implicit provision or unless the content or the context require otherwise.
- 2.3 In this Subordinated Bond, the following terms shall have the meaning set out opposite them:

<b>Entitled Party</b>	-	Holder of the Subordinated Bond, who is entitled to payment of principal and/or interest, pursuant to the terms of the Subordinated Bonds;
<b>Government Bond</b>	-	A government bond issued by the Government of Israel and listed on the Stock Exchange, denominated in Israeli currency, linked to the consumer price index, bearing annual fixed interest, which is repayable in one lump sum and whose issued par value is at least NIS one (1) billion;
<b>The First Offering Report</b>	-	The first Shelf Offering Report according to which the Subordinated Bonds (Series 405) will be offered and issued for the first time;

<b>Consumer Price Index or Index</b>	-	<p>The price index known as the “Consumer Price Index” which includes vegetables and fruit and is published by the Israel Central Bureau of Statistics and including such index even if it is published by any other official entity or institution that will replace the Israel Central Bureau of Statistics, and including any other official index which shall replace the aforementioned index, whether or not based on the same data and calculations on which the existing index is based;</p> <p>If the Index is replaced by any such entity or institution, such entity or institution shall determine the ratio between the other index and the replaced index, and where such ratio was not determined as aforesaid, it will be determined by the Israel Central Bureau of Statistics, and where that ratio is not determined as aforesaid, it will be determined by the Trustee, in consultation with economic experts he shall select and whose identity shall be approved by the Bank;</p>
<b>Basic Index</b>	-	The Consumer Price Index published on March 15, 2022 in respect of the month of February 2022;
<b>Known Index</b>	-	The last known Index;
<b>Payment Index</b>	-	The Known Index on payment date;
<b>First Trading Day</b>	-	The first day of trading in the Subordinated Bonds (Series 405) after the end of the acceptance period, as defined by the first offering report.

### 3. **Date of repayment of the principal of the Subordinated Bonds**

- 3.1 The principal of the Subordinated Bonds shall be repaid in one lump sum on March 27 2033 to Entitled Parties whose names appear on record on the Payment Date in the Register of the Subordinated Bonds (Series 405).
- 3.2 Repayment of the principal as aforesaid shall be carried out against delivery to the Bank of the certificates of the Subordinated Bonds on the payment date, at its registered office or any other location on which the Bank will give notice. The Bank’s notice as aforementioned shall be published no later than five (5) business days prior to the payment date.
- 3.3 The payments of the principal of the Subordinated Bonds shall be made subject to the linkage terms set out in Section 5 below.

#### 4. **Interest on the Subordinated Bonds**

The outstanding balance of the principal of the Subordinated Bonds shall bear annual interest at a fixed rate of [%\_] (hereinafter – the “**Annual Interest**”), as described below:

- 4.1 The interest in respect of the Subordinated Bonds shall be paid to the bondholders annually, on March 27 of each of the years 2023 through 2033, in respect of the twelve-month period ended on the day preceding the payment date, except for the payment in respect of that the First Interest Period, which shall be paid on March 27 2023 in respect of the period starting on the first day of trading following the Tender Date on the Subordinated Bonds (Series 405) and ending on March 26 2023 (hereinafter - the “**First Interest Payment**”).
- 4.2 The interest rate in respect of the First Interest Payment shall be calculated in accordance with the number of days in this period, which shall begin on the First Trading Day following the Tender Date on the Subordinated Bonds (Series 405) and end on March 26 2023, on the basis of 365 days per year (hereinafter – the “**Interest Rate on the First Interest Payment**”).
- 4.3 If the Bank does not exercise its right to repay the Subordinated Bonds by early repayment in accordance with Section 8 below, the Annual Interest Rate on the Subordinated Bonds will be updated on March 27 2028 (hereinafter - the “**Interest Change Date**”), such that the Annual Interest Rate will increase or decrease, as the case may be, according to the difference between the Benchmark Interest Rate on the Interest Change Date and the Benchmark Interest rate on the offering date of the Subordinated Bonds pursuant to First Offering Report (hereinafter - the “**Interest Difference**”). It is clarified that if the Interest Difference is negative, the Annual Interest borne by the principal of the Subordinated Bonds will be reduced by the amount of the Interest Difference beginning on the Interest Change Date.

For this purpose, the “**Benchmark Interest Rate at the Issuance Date**” means – the average annual return on a Government Bond, the remaining term to maturity of which is 6 years, during the 30 trading days the last of which falls five trading days prior to the date of calculating the Benchmark Interest Rate (hereinafter - the “**Calculation Date**”). In the event of there being more than one such series of Government Bonds, the average return will be calculated for all the series of Government Bonds whose term to maturity is six years at the Calculation Date. In the event of there being no series of outstanding Government Bonds whose term to maturity is exactly 6 years at the Calculation Date, a calculation will be made of the weighted average returns, as referred to above, for two series of Government Bonds whose term to maturity is the closest to 6 years, with the maturity term of one being greater than 6 years and of the second - less than 6 years. The aforesaid weighted average will be calculated according to the maturity terms of the two abovementioned series, without taking into account the size of the series.<sup>2</sup>

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<sup>2</sup> The weighted average will be calculated as follows: Of the series of outstanding government bonds on the Calculation Date, two series will be selected whose term to maturity is the closest to 6 years, provided that the term to maturity of one series (hereinafter - “**Series A**”) is lower than 6 years, and the term to maturity of the second series (hereinafter - “**Series B**”) is greater than 6 years. When calculating the weighted average, each of the said series will be given a different proportionate weight, such that the average term to maturity

The meaning of the “**Benchmark Interest Rate at the Interest Change Date**” shall be – the average annual return on a Government Bond, the remaining term to maturity of which is 5 years, during the 30 trading days the last of which falls five trading days prior to the date of calculating the Benchmark Interest Rate (hereinafter in the paragraph - the “**Calculation Date**”). In the event of there being more than one such series of Government Bonds, the average return will be calculated for all the series of Government Bonds whose term to maturity is 5 years at the Calculation Date. In the event of there being no series of outstanding Government Bonds whose term to maturity is exactly 5 years at the Calculation Date, a calculation will be made of the weighted average returns, as referred to above, for two series of Government Bonds whose term to maturity is the closest to 5 years, with the maturity term of one being greater than five years and of the second - less than 5 years. The aforesaid weighted average will be calculated according to the maturity terms of the two abovementioned series, without taking into account the size of the series.<sup>3</sup>

- 4.4 It is clarified that the calculated interest rate may be less than zero, i.e., negative. The Bank will apply to the Tax Authority for a tax ruling on the issue of deducting or crediting tax in respect of negative interest and shall inform the Trustee and the holders of Subordinate Bonds (Series 405) to that effect by way of publishing an immediate report.

If, at the Interest Change Date, the calculated interest rate that the Subordinated Bonds (Series 405) bear is less than zero, the Bank shall not collect negative interest from the holders of the Subordinated Bonds (Series 405), so long as all of the following conditions have not been fulfilled and the Bank has reported their fulfillment at least 30 days prior to the Interest Calculation Date:

- 4.4.1 A tax ruling is received from the Israel Tax Authority whereby the holders of the Subordinated Bonds (Series 405) may offset the negative interest against other income.
- 4.4.2 The Stock Exchange and members of the Stock Exchange will make arrangements regarding the payment of negative interest.

- 4.5 On the First Trading Day following the Tender on the Subordinated Bonds (Series 405), the Bank will publish an immediate report regarding the results of the offering, which will detail the following: (a) The Interest Rate on the First Interest Payment; (b) The Benchmark Interest Rate on the offering date.

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will be exactly 6 years. For instance, assuming that the term to maturity of Series A is 5.75 years and that the term to maturity of Series B is 6.75 years, the proportionate weighting given to Series A will be 0.75 and the proportionate weighting given to Series B will be 0.25.

<sup>3</sup> The weighted average will be calculated as follows: Of the series of outstanding government bonds on the Calculation Date, two series will be selected whose term to maturity is the closest to 5 years, provided that the term to maturity of one series (hereinafter - “**Series A**”) is lower than 5 years, and the term to maturity of the second series (hereinafter - “**Series B**”) is greater than 5 years. When calculating the weighted average, each of the said series will be given a different proportionate weight, such that the average term to maturity will be exactly 5 years. For instance, assuming that the term to maturity of Series A is 4.75 years and that the term to maturity of Series B is 5.75 years, the proportionate weighting given to Series A will be 0.75 and the proportionate weighting given to Series B will be 0.25.

- 4.6 Within 2 business days after the Interest Change Date, the Bank shall publish an immediate report which will details the following: (a) The Benchmark Interest Rate on the Interest Change Date; and (b) The updated Annual Interest Rate of the Bonds.
- 4.7 The interest payments shall be made to people whose names appear in the Register of the Subordinated Bonds (Series 405) on March 21, in respect of the payments to be made on March 27 of each of the years 2023 through 2033 (hereinafter - the “**Record Date**”), except for the last interest payment, which shall be made on March 27 2033 to people whose names appear in the Register on the payment date, and which shall be made at the same time as the repayment of the principal of the Subordinated Bonds and against delivery of the certificates of the Subordinated Bonds to the Bank, as specified in Section 3.2 above.
- 4.8 Any tax that would be withheld pursuant to the provisions of any law shall be withheld from any interest payment, unless the Bank is presented with a tax withholding exemption.
- 4.9 The interest payments for the Subordinated Bonds shall be made subject to the linkage terms set out in Section 5 below.
5. **Linkage of the principal and interest**  
The principal and interest of the Subordinated Bonds shall be linked to the Basic Index as defined above, as follows: If it transpires on the date of any payment of principal or interest, as the case may be, that the Payment Index has increased or decreased compared to the Basic Index, the Bank will increase or decrease the payment of principal or interest, proportionately to the rate of increase or decrease of the Payment Index over the Basic Index. It should be noted that pursuant to the Stock Exchanges’ guidelines, the linkage method of the principal and interest shall not change throughout the life of the Subordinated Bonds.
6. **Conversion of the Subordinated Bonds into the Bank’s shares in certain cases**
- 6.1 **Definitions**
- In Section 6, the terms listed below shall have the meaning set out opposite them in the Subordinated Bonds:
- |  |   |  |
|--|---|--|
| <b>The Bank’s Common Equity Tier 1 Capital Ratio</b> | - | The Bank’s Common Equity Tier 1 capital ratio pursuant to PCB 202 and the transitional provisions set out in PCB 299 ( <b><u>Appendix A</u></b> and <b><u>Appendix B</u></b> of the Deed of Trust, respectively), and pursuant to the provisions of PCB 201; |
| <b>Trigger Event for Principal Loss Absorption</b>   | - | The Bank’s Common Equity Tier 1 Capital Ratio drops below 5%; <sup>4</sup>   |

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<sup>4</sup> It should be noted that, in accordance with the Reporting to the Public Directives of the Banking Supervision Department applicable to the Bank, the Bank is required to immediately notify the Banking Supervision Department in the event that its minimum Common Equity Tier 1 Capital Ratio or its minimum total capital ratio falls below the ratios set by the Banking Supervision Department, and therefore a Trigger Event for

<b>Trigger Event for Non-Viability</b>	<ul style="list-style-type: none"> <li>- The earlier of the following two events:               <ul style="list-style-type: none"> <li>(a) A notice in writing to the Bank from the Banking Supervision Department that a conversion of the bonds is necessary since if this were not to take place, in the opinion of the Banking Supervision Department, the Bank would reach the point of non-viability;<sup>5</sup> or</li> <li>(b) A notice in writing to the Bank from the Banking Supervision Department about a decision to inject capital from the public sector, or equivalent support, without which the Bank would reach the point of non-viability, as determined by the Banking Supervision Department.</li> </ul> </li> </ul>
<b>Trigger Event</b>	<ul style="list-style-type: none"> <li>- A Trigger Event for Principal Loss Absorption or a Trigger Event for Non-Viability;</li> </ul>
<b>The Bank's Shares</b>	<ul style="list-style-type: none"> <li>- Fully repaid ordinary shares of NIS 1 par value each of the Bank.</li> </ul>

6.2 If circumstances arise that constitute a Trigger Event, the Bank will publish an immediate report and will perform a conversion of the Subordinated Bonds (Series 405) into the Bank's shares (hereinafter - "**Conversion**") in accordance with the provisions set forth below:

6.2.1 The Bank will publish an immediate report and shall notify the Trustee regarding the occurrence of the Trigger Event (hereinafter - the "**Conversion Notice**") that will list (a) The date on which the Conversion will take place, which will be no less than twenty-one (21) days after the date of the Conversion Notice (hereinafter - the "**Conversion Date**") and no more than forty-five (45) days after that date; (b) The conversion rate according to which the Conversion will be carried out on the Conversion Date (hereinafter – the "**Conversion Rate**"); and (c) The number of Bank's shares that will be issued in respect of the Conversion; and (d) The interest and linkage differences to be paid

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principal loss absorption might occur at any time and not necessarily on the date in respect of which the financial statements of the Bank are being prepared.

<sup>5</sup> It should be noted that PCB 202 does not include a definition of the term "point of non-viability". The FAQ document dated February 28 2018, which was prepared by the Bank of Israel, sets out several examples that do not necessarily exhaust all cases in which the Banking Supervision Department might use its discretion to order a conversion of the Subordinated Bonds, as follows:

- A. The Bank's assets do not provide adequate protection to depositors and creditors;
- B. The banking corporation fails to meet past due commitments or there is a real concern that it will not be able to meet such commitments;
- C. The banking corporation's level of capital is insufficient to support the risks involved in its activity, and the banking corporation does not take measures to increase the capital or is unable to increase the capital due to market conditions or due to material damage to its reputation;
- D. There is significant deterioration of the banking corporation's liquidity position, which is reflected, among other things, in its difficulty to obtain short-term funding or in a concern that the liquidity ratios will be breached.



according to Section 6.2.4 below. It is clarified that giving a Conversion Notice to be published by the Bank shall constitute preponderant evidence that will obligate the Trustee and the holders regarding the occurrence of a Trigger Event.

- 6.2.2 The Conversion Rate will be the higher of (a) The average of the closing prices that have been set for the Bank's shares on the Stock Exchange in the last 14 consecutive trading days before the day on which the Conversion Notice was delivered and (b) A floor price of NIS [ ] ([ ] agorot),<sup>6</sup> subject to adjustments as detailed in Section 6.3 below (hereinafter - the "**Floor Price**"). The Floor Price will be linked to the Index according to the principal and interest linkage mechanism of the Subordinated Bonds as set out in Section 5 above, mutatis mutandis.
- 6.2.3 On the Date of Conversion, all Subordinated Bonds will be repaid in full by way of conversion into Bank's shares, in accordance with the Conversion Rate. The number of Bank's shares to which a holder of the Subordinated Bonds will be entitled at the time of the Conversion will be calculated by dividing the outstanding balance of the principal of the Subordinated Bonds plus linkage differences (as defined below) by the Conversion Rate. If fractions of shares arise as a result of such a division, they will be sold and the consideration in respect thereof will be paid to the holders, provided that the paid amount will be no less than NIS 30. For this purpose, "**linkage differences**" - the linkage differences that accrued up to the day prior to the Conversion Notice date, if any.
- 6.2.4 The holders of the Subordinated Bonds will be entitled to any interest (calculated based on 365 days per year) accrued up to the day preceding the date of the Conversion Notice. The payment of the accrued interest, as aforesaid, if any, will be made in cash at the time of the Conversion, and paid to the entitled parties who hold the Subordinated Bonds on the Payment Date.
- 6.2.5 As from the date of the Conversion Notice, the Subordinated Bonds will no longer bear interest and the Bank will not be allowed to repay the principal of the Subordinated Bonds or any part thereof by way of early repayment.
- 6.2.6 It is clarified that, as of the Conversion Date, the holders of the Subordinated Bonds will no longer be considered to be holders of the Bank's Subordinated Bond (as the term "Holder of Bonds" is defined in the Securities Law), and will instead be considered to be shareholders in the Bank for all intents and purposes. Furthermore, the tenure of the Trustee for the Subordinated Bonds pursuant to the Deed of Trust will end on the Conversion Date.
- 6.2.7 Despite that which is stated in the previous paragraphs, if until to the Conversion Date a temporary or permanent liquidator is appointed to the Bank by a competent court, and that appointment is not canceled by the time of the conversion, the Subordinated Bonds will not be converted into the Bank's shares, as aforesaid, and the preferential nature of the rights of the holders as compared with the rights of the shareholders of the Bank and with the rights of the creditors that have inferior repayment ranking than that of the Subordinated

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<sup>6</sup> The denominated price equals half (50%) of the average of the closing prices that have been set for the Bank's shares on the Stock Exchange in the last 14 consecutive trading days before March 16 2022 (inclusive).

Bonds will be maintained. It is clarified that nothing in the aforesaid detracts from the provisions of Section 6.2.5 above, and the Subordinated Bonds shall not, in any event, bear interest and linkage differences after the date of the Conversion Notice. It is further clarified that in the event of the cancellation of the appointment of a liquidator, as aforesaid, before the Conversion Date, the procedure for the Conversion of the Subordinated Bonds into Bank's shares in accordance with the provisions of this Section 6 will be renewed.

- 6.2.8 The Bank's shares that shall be allocated as a result of the Conversion shall bear equal rights to the rights of the ordinary shares that are a part of the Bank's issued equity as of the Conversion Date, and shall confer upon their owners the full amount of the dividends and any other distribution (insofar as there may be one), and shall also confer all other rights that are conferred at that time upon the Bank's shares, the record date for receipt thereof is after the Conversion Date.
- 6.2.9 The conversion of the Subordinated Bonds into the Bank's shares, and the payment of the interest and linkage differences that have accrued in cash, as described in the Subordinated Bonds, will be considered the final and absolute repayment of all of the Bank's commitments towards the holders of the Subordinated Bonds. It is clarified and emphasized that the conversion of the Subordinated Bonds into the Bank's shares, as aforesaid, constitutes an integral part of the terms of the Subordinated Bonds and accordingly, this will not constitute a breach of any term whatsoever of the terms of the Subordinated Bonds or of the Deed of Trust, and in any event, no ground will arise for a claim or demand from the Bank on the part of the Trustee and/or on the part of the holders and no advance or retroactive agreement by the Trustee and/or holders shall be required for the execution of the Conversion. Without derogating from the aforesaid, the holders of the Subordinated Bonds will be deemed to have agreed to the Conversion of the Subordinated Bonds, as aforesaid, and as having irrevocably waived their rights in accordance with the Subordinated Bonds to payments of principal, interest and linkage differences in respect of the Subordinated Bonds, as well as any other rights arising therefrom.
- 6.2.10 It is clarified that the Subordinated Bonds are not convertible into the Bank's shares by the holders, but rather by the Bank alone, in accordance with the terms of the Subordinated Bonds, nor are they redeemable in cash by the holders. Nothing in the aforesaid will derogate from the holders' rights to make the Subordinated Bonds immediately repayable in the event of liquidation, in accordance with Section 8 of the Deed of Trust.
- 6.2.11 The holders of the Subordinated Bonds shall be liable for any tax liability that may arise, if any arises, as a result of the Conversion of the Subordinated Bonds into Bank's shares.<sup>7</sup>

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<sup>7</sup> It should be noted that in accordance with the decision of the Israel Tax Authority dated May 20, 2013 entitled "Tax Implications of the Issue of Financial Instruments Issued in Accordance with Basel III Principles", automatic conversion of Subordinated Bonds into shares upon the occurrence of a Trigger Event shall not constitute a taxable event for subordinated bonds holders. To the best of the Bank's knowledge, as of the date of signing this Deed of Trust, the position of the Israel Tax Authority is the same as detailed in the said ruling.

6.2.12 Accordingly, and subject to the provisions of the Banking Law (Licensing), 1981, in the event that on the Conversion Date, the conversion of the Subordinated Bonds into Bank's shares will lead to an individual holder of the Subordinated Bonds holding more than 5% of the Bank's issued and paid-up share capital, and that holder has not received the approval that is required in that respect from the Governor of the Bank of Israel (hereinafter - the "**Governor**"), then some of the shares to which such holder would be entitled will be transferred to a trustee who will be appointed by the Bank. The Bank will instruct the trustee to whom the said shares will be transferred to hold them for a period of no more than 180 days, such that if until the end of the said period no approval has been received from the Governor for the holding of the shares by said holder, the trustee will act within an additional period, which may not exceed 180 days, to sell shares on the Stock Exchange, such that the number of the Bank's shares that remain in that holder's hands will not exceed 5% and to transfer the proceeds of the sale, less the tax required by law, to the holder. Upon approval by the Governor, the Bank shall be entitled, but not bound, to extend all the periods mentioned above.

For the purpose of this paragraph, the term "**trustee**" shall mean – a trust company whose parent company or sister company is a bank or a member of the Stock Exchange or, an attorney or a trust company of an attorney, or a certified public accountant or a trust company of a certified public accountant.

6.2.13 The Bank has received approval from the Stock Exchange for listing the shares that will arise from the conversion of the Subordinated Bonds, if and when such conversion shall be carried out. The Stock Exchange's approval is subject to the fulfillment of the conditions set out in the Stock Exchange's Rules and Regulations and guidelines.

6.2.14 The Bank's shares arising from the Conversion will be registered to the Nominee Company in favor of those who held the Subordinated Bonds that have been converted into shares.

6.2.15 Notwithstanding the provisions of 6.2, if circumstances arise that constitute only a Trigger Event for principal losses absorption, the Bank may (but is not bound to) carry out a partial conversion of the Subordinated Bonds into Bank's shares, at a Conversion Rate that will increase the Tier 1 capital ratio of the Bank to at least 5%.

6.2.16 Pursuant to the provisions of PCB 202, the offering of the Bank's shares as a result of the Trigger Event must take place before equity is injected from the public sector, so that the equity received from the public sector will not be diluted.

### 6.3 Adjustments

6.3.1 If the Bank carries out a split in its capital, a consolidation of its capital or a reduction of its capital, an adjustment will be made to the Floor Price.

6.3.2 If the Bank distributes a dividend to the Bank's shareholders, an adjustment will be made such that the Floor Price will be multiplied by the ratio between the base price of a Bank's share on the Stock Exchange "ex dividend", and the closing price of a Bank's share on the Stock Exchange on the last trading day before the "ex dividend" day.

- 6.3.3 If the Bank distributes bonus shares to the Bank's shareholders, an adjustment will be made such that the number of the shares arising from the Conversion to which a holder of the Subordinated Bond will be entitled upon their conversion will increase by a number of shares of that class that the holder would have been entitled to as bonus shares, had the Subordinated Bonds been converted on the last trading day before the ex-day.
- 6.3.4 If the Bank offers securities to the holders of the Bank's shares by way of a rights issue, an adjustment will be made such that the number of the shares that will arise from the Conversion to which the holder of a Subordinated Bond is entitled upon the Conversion will increase by the ratio between the closing price of the share on the Stock Exchange on the last trading day before the "ex day" and the base price of the share "ex rights".
- 6.3.5 Apart from the adjustments described above, no adjustments whatsoever will be made to the Floor Price or to the number of Bank's shares that will arise from the Conversion of the Subordinated Bonds, including in the event of any offerings whatsoever (including offerings to interested parties).
- 6.3.6 The Bank shall publish an immediate report in respect of each adjustment carried out as described above.

7. **Provisions regarding the payments**

- 7.1 Any payment payable pursuant to the terms of the Subordinated Bonds to Entitled Parties who are Unregistered Holders shall be transferred by the Bank to the Nominee Company, in order for it to be transferred to the Entitled Parties through the Stock Exchange's clearing house and through Stock Exchange members.
- 7.2 Any payment payable pursuant to the terms of the Subordinated Bonds to Entitled Parties who are Registered Holders shall be made by way of bank transfer to the bank account of the Entitled Party, whose details shall be delivered to the Bank by the Entitled Party in a written notice to be posted by certified mail; this notice shall bind the Bank only with respect to payments, the record date for settlement of which shall be 30 days after the date on which the notice was received at the Bank's registered office.

Where the Registered Holder has not provided to the Bank, in time, a written notice regarding the details of its bank account to which payments should be transferred pursuant to the Subordinated Bonds, any such payment will be made by check, which will be posted by certified mail to the last address recorded in the register of holders of the Subordinated Bonds. Posting a check to an Entitled Party by certified mail, as aforesaid, will be considered, for all intents and purposes, as payment of the amount that is specified therein, on the date on which it was posted as aforesaid, provided that it was paid upon its proper presentation for collection. Any amount payable to a holder of the Subordinated Bonds and which was not paid on the date on which it was due to be paid for reasons which are not under the control of the Bank, even though the Bank was willing to pay it on time, shall cease to bear interest and linkage differences as from the date on which it was due and the holder of the Subordinated Bonds shall be entitled to receive only the amounts he was entitled to on the date specified for such payment on account of the principal and interest.

- 7.3 Where any payment date falls on a day which is not a business day, the date of that payment shall be postponed to the following Business Day without payment of any additional interest and the record date for purpose of determining the entitlement for payment shall not change due to that.

- 7.4 Any mandatory payment required by law shall be deducted from any payment in respect of the Subordinated Bonds.
- 7.5 If the Bank is unable, for any reason whatsoever which is not under its control, to make a payment to Entitled Parties, it shall deposit this amount with the Trustee pursuant to Section 11 of the Deed of Trust.
- 7.6 For the avoidance of doubt, it is clarified that whoever does not hold the Subordinated Bonds on the day on which entitlement to any payment pursuant to the Subordinated Bonds is determined, will not be entitled to that payment.
8. **Early redemption of the of the Subordinated Bonds at the initiative of the Bank**
- Subject to the provisions of the Stock Exchange's Rules and Regulations and the Directives issued thereunder, and to the Directives issued by the Israel Securities Authority, the Bank will be entitled, at its discretion<sup>8</sup> and without giving the holders of the Subordinated Bonds and/or to the Trustee a right of choice, to carry out Early Redemption, in whole or in part, of the Subordinated Bonds (hereinafter – “**Early Redemption**”), subject to the following terms and conditions:
- 8.1 The Bank shall be entitled to perform a single Early Redemption only.
- 8.2 The Early Redemption shall not be exercised before March 13 2028 or after March 27 2028.<sup>9</sup>
- 8.3 In any case where an Early Redemption date as aforesaid falls on a day other than a business day, the early redemption date will be postponed to the first business day following it.
- 8.4 The Bank shall obtain advance written approval for the execution of the Early Redemption from the Banking Supervision Department.
- 8.5 The amount to be paid to holders of the Subordinated Bonds in the event of Early Redemption will be the par value of the Subordinated Bonds that are up for Early Redemption, i.e., the principal of the Subordinated Bonds, plus any interest and linkage differences through the date on which Early Redemption is performed.
- 8.6 The Bank shall inform the holders of the Subordinated Bonds of the performance of the Early Redemption no less than seventeen (17) days and no more than forty-five (45) days before the date of performing the Early Redemption.
- 8.7 Any amount to be paid by way of Early Redemption by the Bank shall be repaid to all holders of the Subordinated Bonds on a pro rata basis according to the par value of Subordinated Bonds held on the relevant date for such Early Redemption.

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<sup>8</sup> It should be noted that, in accordance with the provisions of PCB 202, the Bank may not exercise an option for an Early Redemption, unless one of the follow conditions is met:

- (A) The Subordinated Bonds will be replaced with equity of identical or higher quality and the replacement will be carried out under terms that the Bank is able to meet on all matters relating to the capacity of its revenues (alternative offerings may be carried out simultaneously but not after the instrument has been redeemed); or
- (B) The Bank has proven that its equity ratio is much higher than the minimum capital requirements as stated in PCB 201, Introduction, Scope of Application and Calculation of Requirements, after the exercise of the Early Redemption.

<sup>9</sup> In the event that full Early Redemption is not carried out by the Bank by March 27, 2028, the Annual Interest rate on the Subordinated Bonds will be updated, as described in Section 4.3 above.

- 8.8 The record date for entitlement to receive payment in respect of Early Redemption shall be the record date for entitlement to receive payment in respect of interest.
- 8.9 The minimum amount of the Early Redemption shall be no less than NIS 1 million. In addition, Early Redemption shall not be performed for part of a series of Subordinated Bonds if the final redemption amount is lower than NIS 3.2 million. In the event of partial Early Redemption, the interest accrued until the partial Early Redemption date shall be only paid according to the par value redeemed by way of Early Redemption. In the case of partial Early Redemption, if any, the Bank shall issue an immediate report, announcing: (1) The percentage of the Early Redemption in terms of the outstanding balance; (2) The percentage of the partial redemption in terms of the original series; (3) The interest rate to be paid as part of the partial redemption on the redeemed portion; (4) The interest rate to be paid as part of the partial redemption, calculated in relation to the outstanding balance; (5) The record date for eligibility for Early Redemption of the principal of the Subordinated Bonds in terms of the original series; and (6) The record date for entitlement for receiving the Early Redemption of the principal of the Subordinated Bonds which will take place six (6) days prior to the date set for the Early Redemption.
- 8.10 It is emphasized and clarified that the right to decide on Early Redemption, as described above, is an exclusive right of the Bank, subject to the restrictions set out in Section 8 above, and that the holders of the Subordinated Bonds shall have no right to demand Early Redemption, under any circumstances whatsoever. Nothing in the aforesaid derogates from the rights of the holders to make the Subordinated Bonds repayable immediately upon the occurrence of one of the events described in Section 42.1 of the Deed of Trust.
- 8.11 In the event that the Stock Exchange decides to delist the Subordinated Bonds, pursuant to the provisions of the Rules and Regulations of the Stock Exchange and the guidelines set thereunder, since the value of the public's holdings in Subordinated Bonds is lower than the amount prescribed by the Stock Exchange's Rules and Regulations and guidelines regarding delisting, the Bank will not carry out Early Redemption of the Subordinated Bonds due to the said notice of the Stock Exchange. The Subordinated Bonds shall be delisted from the Stock Exchange and shall be subject, among other things, to the tax implications arising therefrom.

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## **Second Addendum to the Deed of Trust**

### **Meetings of holders of the Subordinated Bonds**

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The following provisions shall apply to the meetings of the holders, subject to the provisions of any law:

- 35.** The Trustee will convene a holders' meeting at the demand of one or more holders, holding at least five percent of the outstanding par value of the Bonds. Furthermore, the Trustee or the Bank may, if they deem it necessary, invite the holders of the Subordinated Bonds to a meeting of holders of the Subordinated Bonds. If the Bank convenes such a meeting, it is required to immediately notify the Trustee, in writing, of the place, date and time at which the meeting is to be held, as well as of the matters that will be discussed therein, and the Trustee or a representative on his behalf may participate in such a meeting without having a voting right. Where the meeting is convened at the request of holders of the Subordinated Bonds, the Trustee may demand from those who requested the convening of the meeting indemnification for the reasonable costs involved therein.

It is clarified that an indemnification demand by the Trustee will not have an adverse effect on the convening of a meeting convened for the purpose of carrying out an action which is intended to prevent the infringement of the rights of the holders of the Subordinated Bonds and such an indemnification demand will not detract from the Bank's duty to bear the expenses involved in the convening of the meeting.

A Trustee who was asked to convene a holders' meeting by holders as described above, shall convene the meeting within 21 days from the day on which the request to convene such meeting was made, for a date as set out in the summons, provided that the date of the meeting shall not be earlier than seven days and not later than 21 days from the date of the summons; however, the Trustee may bring forward the meeting to a date that is at least one day after the date of the summons, if he believes that such action is required in order to protect the holders' rights.

- 36.** A summons for a meeting issued on behalf of the Trustee solely for the purpose of consultation with the holders of the Subordinated Bonds shall be issued at least one day before the date on which such meeting is to convene.
- 37.** A summons for such a meeting, for consultation with the Subordinated Bonds holders only, shall be published at least one day before the convening of said meeting. No agenda shall be published for such a consultation meeting, no resolutions shall be passed at the meeting and no legal quorum shall be required in respect of this meeting.
- 38.** No resolution lawfully passed in a meeting convened as aforesaid shall be disqualified, even if due to error, if notice thereof was not given to all holders of the Subordinated Bonds, or if such notice was not received by all holders of the Subordinated Bonds. The provisions of this Section shall apply if the summons for the meeting (or for an adjourned meeting, as the case may be) was also delivered through the MAGNA system.
- 39.** The persons holding the Subordinated Bonds on the record date specified in the summons to the holders' meeting shall be entitled to participate and vote in the holders' meeting.

40. A holder who is a controlling shareholder of the Bank, a relative thereof or any corporation controlled by any of them (hereinafter – a “Related Holder”) shall not be taken into account for the purpose of determining the legal quorum at a meeting of holders, and their votes shall not be counted in the number of votes cast in such a meeting.
41. If, within half an hour from the time designated for the commencement of such meeting, no legal quorum is present, the meeting shall be adjourned to another date no sooner than two Business Days after the date set for the original meeting, or one Business Day, if the Trustee believes this is required to protect the rights of the holders; if the meeting was adjourned, the Trustee shall give the reasons for the adjournment in the report regarding the convening of the meeting and it may do so in the notice of convening the original meeting.
42. The Trustee may declare that the original meeting and/or the subsequent meeting will be split into class meetings for discussion purposes. The classes shall be determined at the Trustee's sole discretion.
43. Where a holders’ meeting was adjourned without changing its agenda, summons for the new date for the subsequent meeting shall be issued as soon as possible and no later than 12 hours before the subsequent meeting.
44. A person or persons who will be appointed by the Trustee, the Bank and any other person or persons who will be authorized for this purpose by the Bank, may attend the meetings of holders of the Subordinated Bonds without any voting rights. If, at the Trustee’s discretion, a discussion in part of the meeting should be held without the presence of the Bank’s representatives, the Bank’s representatives or anyone acting on its behalf shall not attend that part of the meeting. Notwithstanding the provisions of this Section, the Bank may attend the opening of the meeting in any event in order to express its position regarding any topic on the agenda of the meeting, and/or in order to present a particular issue (as the case may be).
45. Any resolution will be passed by counting the votes cast.
46. At every meeting of holders, the Trustee or anyone appointed by the Trustee shall serve as the chairman of that meeting. The chairman may determine that votes will be cast by using voting slips or by voting during the course of the meeting. Where the chairman determined that votes will be cast using voting ballots, the Trustee will ensure that the text of the voting ballot shall be posted on the MAGNA system and will set the time at which the vote will be closed and by which the holders should send to the Trustee their ballots, after they have filled them out and signed them according to law. The Trustee may demand that holders declare within the ballot whether or not they have conflicting interests. A holder who will not fill out the ballot in full and/or will not prove his entitlement to participate and vote in the meeting in accordance with provisions and dates set by the chairman of the meeting shall be considered as not having delivered a ballot and therefore as having opted not to vote on the matter(s) included in the ballot.



47. Accordingly, the Trustee may, at his own discretion and subject to any law, hold meetings by ballots and without convening them, as well as to hold votes by voting slips in an adjourned meeting not attended by the legal quorum required to pass a resolution, provided that through the date set for that purpose in a notice on convening the meeting or on holding a vote, as the case may be, the Trustee will receive ballots from holders who constitute the legal quorum required to pass a resolution in an original meeting or in an adjourned meeting, as the case may be.
48. Where a meeting of the holders of the Subordinated Bonds is convened (regardless of whether it was convened by the Bank, the holders or the Trustee), the Trustee will examine whether the holders of the Subordinated Bonds have a conflict of interests between an interest that stems from their holding of the Subordinated Bonds and any other interest they may have, as determined by the Trustee (hereinafter – a “**Different Interest**”). The Trustee may demand that a holder who participates in the meeting inform the Trustee, prior to voting, of any Different Interest he has and also whether he has such a conflict of interests.
49. Without derogating from the generality of the above, any of the following shall be considered to have a conflicting interest:
- 49.1. A holder who served as an officeholder in the Bank close to the date of the event that underlies the resolution to be voted on in the meeting;
  - 49.2. Any holder in respect of whom the Trustee determined that he has a “conflicting interest” pursuant to the aforesaid and subject to any law and/or any provision of a competent authority including: Any holder that will provide to the Trustee a written statement to the effect that he has any material personal interest that deviates from the interest of all the holders of the Subordinated Bonds in the relevant meeting of holders of the Subordinated Bonds. A holder who shall not provide such a written statement after he has been asked to do so by the Trustee, shall be considered as someone who has declared that he has such a personal interest and the relevant trustee shall determine in respect of them that they have a conflicting interest. Without derogating from the provisions of Section 18, the Trustee shall examine whether a holder has a “conflicting interest” after considering the holder’s holdings in other securities of the Bank and/or securities of any other corporation which is relevant to the resolution presented for the approval of the meeting (as described in the ballot), in accordance with that holder’s statement.
50. It should be clarified that such an assessment of conflict of interests, where the Trustee believes it is necessary, shall be held separately for each and every resolution on the agenda of the meeting as well as separately for each and every meeting. It should also be clarified that declaring a holder as having a Different Interest in any resolution or meeting does not, in and of itself, indicate that the holder has a different interest in another resolution on the agenda of the meeting or that he has a Different Interest in other meetings.
51. For the purpose of assessing conflict of interests as aforesaid, the Trustee may rely on a legal opinion that he commissions, and the provisions of the Deed of Trust regarding bearing of expenses shall apply to such an opinion.

52. When counting the votes cast in a holders' meeting, the Trustee shall not take into account the votes of holders that did not comply with its demand as set out in Section 18 above or the votes of holders in respect of whom he found that a conflict of interest exists as stated in that Section. Despite the aforesaid, where the total holdings of the holders who participate in the vote and who do not have a conflicting interests is lower than five (5) percent of the outstanding par value of the Subordinated Bonds of the relevant series, the Trustee shall also count the votes of the holders who have conflicting interests.
53. Each holder, whether attending the meeting in person or by proxy, will have one vote in respect of NIS 1 par value of the total outstanding principal of the Subordinated Bonds by virtue of which he is entitled to vote.
54. Where a bond is jointly held, only the vote of the person who is registered first in the holders' register shall be counted.
55. An holder of a Bond may use some of his votes to vote in favor of a proposed resolution, another portion of his votes to vote against the proposed resolution and another portion of his votes to abstain, all as he deems fit.
56. For purposes of counting abstaining votes in resolutions passed in a meeting, no distinction will be made between those having a "conflicting interest" and those not having a "conflicting interest".
57. An instrument of appointment of an agent shall be drawn up in writing and signed by the appointer or by his proxy who was duly authorized in writing to do so. Where the appointer is a corporation, the appointment will be drawn out in writing, stamped with the corporation's stamp and signed by the authorized signatories of the corporation, and the appointee may act on behalf of the corporation he represents. The instrument of appointment of an agent will be drawn up in any form that will be acceptable to the Trustee. The agent does not have to be a holder of the Subordinated Bonds. The instrument of appointment and the power of attorney or the other certificate according to which the instrument of appointment or a certified copy of such power of attorney shall be delivered to the Trustee by the time of opening of the meeting, unless otherwise determined in the notice regarding the convening of the meeting.
58. A vote cast pursuant to the terms set out in the document that appoints an agent shall be valid even if the appointer has passed away, or was declared legally incompetent prior to the vote, or if the instrument of appointment was revoked, or if the Subordinated Bond in respect of which the vote was cast was transferred, unless a notice was received at the Bank's registered office prior to the meeting regarding the death of the appointer, or a declaration regarding legal incompetency, the revocation or transfer, as the case may be.
59. The Trustee shall draw up minutes of the meeting of the holders of the Subordinated Bonds, which shall be recorded in the register of minutes and kept in the Trustee's registered office for a period of seven years from the date of the meeting. The minutes of each such meeting shall be signed by the meeting's chairman, and each such signed minute shall serve as a prima facie evidence of what is stated therein, and unless there is evidence to the contrary, any resolution that was passed in such a meeting shall be deemed to have been duly passed. The Trustee may draw up minutes of a meeting or parts thereof by means of a recording.

- 60.** The register of minutes of the holders' meetings shall be maintained at the Trustee's office and shall be available for perusal by the Bank and the holders of the Subordinated Bonds. Notwithstanding the above, the Trustee may, in special cases, withhold the delivery of a certain portion of the minutes to any entity, if, at the Trustee's sole discretion, this will be reasonability required in order to prevent infringement of the rights of the holders of the Subordinated Bonds; however: (a) Under no circumstances will the Trustee withhold the delivery of any part of the minutes of meeting if the Bank submits it with a written demand whereby the receipt of the full minutes is required to meet the requirements and/or directives of a competent authority and/or in order to meet the provisions of any law.
- 61.** The announcement of the chairman of the meeting that a resolution had been passed or rejected, and the entry made to that effect in the register of minutes, shall be prima facie evidence thereof.

## Bank Leumi le-Israel B.M.

### Commercial Securities (Series 1) NIS 1 par value each

11. This certificate is from a series of registered Commercial Securities (Series 1) repayable in a single payment on March 23, 2023.
12. Certificate number: 1
13. The total par value of the Commercial Securities (Series 1) in this certificate is NIS [ ].
14. The registered owner of the Commercial Securities (Series 1) in this certificate is the Nominee Company of Bank Leumi le-Israel B.M. (hereinafter - the "**Nominee Company**")
15. This certificate attests that on March 23, 2023, Bank Leumi le-Israel B.M. (hereinafter - the "**Bank**") shall pay 100% of the par value of this certificate to the Nominee Company, or to whoever shall be the registered holder (as defined in the Terms Overleaf) of the Commercial Securities (Series 1) on the payment date.
16. The Commercial Securities (Series 1) are not linked to the CPI or to any currency.
17. The Commercial Securities (Series 1) are not secured by a lien.
18. All of the Commercial Securities (Series 1) shall rank pari passu with one another, without having any preferential right over another.
19. This Certificate is issued subject to the terms and conditions set out overleaf.

Signed with the Bank's stamp, which was stamped on: \_\_\_\_\_

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

### Attorney's Certification

I the undersigned \_\_\_\_\_, the legal counsel of Bank Leumi le-Israel B.M. (hereinafter – the "**Bank**"), hereby confirm that this certificate has been lawfully signed by the authorized signatories of the Bank.

\_\_\_\_\_  
\_\_\_\_\_, Adv.

### Terms Overleaf - Commercial Securities (Series 1)

#### 16. Definitions

**16.1.** In this document, the following terms shall have the meaning set out opposite them, unless the content or context imply otherwise:

The " <b>Commercial Securities</b> "	-	Commercial Securities (Series 1);
The " <b>General Meeting of Holders</b> "	-	General meeting of the holders of the Commercial Securities (Series 1);
The " <b>Offering Report</b> " <u>and/or</u> the " <b>Shelf Offering Report</b> "	-	The shelf offering report under which the Commercial Securities (Series 1) shall be initially offered and issued;
<b>The Securities Law</b>	-	The Securities Law, 1968 and the regulations enacted thereunder, as amended from time to time;
<b>The Companies Law</b>	-	The Companies Law, 1999 and the regulations enacted thereunder, as amended from time to time;
The " <b>Register</b> "	-	The register of holders of the Commercial Securities (Series 1), as set out in Section 7 below;
" <b>Simple Majority</b> "	-	A resolution adopted by a majority of holders of the par value of Commercial Securities (Series 1) represented in a vote attended by at least fifty percent (50%) of the par value of the unpaid balance of the Commercial Securities (Series 1) in circulation, or at an adjourned meeting of this general meeting attended by holders of at least twenty percent (20%) of the balance, in person or by proxy.
" <b>Special Resolution</b> "	-	A resolution adopted at a General Meeting of Holders of the Commercial Securities (Series 1) attended by holders of at least fifty percent (50%) of the par value of the unpaid balance of the Commercial Securities (Series 1) in circulation, in person or by proxy, or at an adjourned meeting attended by holders of at least twenty percent (20%) of the balance, in person or by proxy, which was adopted (at the original general meeting or at the adjourned meeting) by a majority of at least seventy five percent (75%) of all voters participating in the vote, without abstentions;
The " <b>Interest Period</b> "	-	As defined in Section 3.3 below;

1.

**17. Payment date of the principal of the Commercial Securities**

2. On March 23, 2023, the Bank shall repay the full amount of the principal and interest for the Commercial Securities.

## 18. **Terms of the commercial securities offered under the Shelf Offering Report**

- 18.1.** The principal and interest for the Commercial Securities shall be repaid together in one single payment on March 23, 2023. The offered Commercial Securities shall be issued at 100% of their par value. The Commercial Securities shall not be linked (principal and/or interest) to the CPI or to any other index or currency.
- 18.2.** The principal of the Commercial Securities shall bear annual interest calculated as a weighted average (based on the number of days in the Interest Period as this term is defined in Section 3.3 below) of Bank of Israel interest rates, which were in effect in the Interest Period, plus a fixed annual margin to be determined in the tender (hereinafter - the "**Tender**") and shall not exceed an annual margin of [\_\_%], which shall be paid in one single payment together with the principal as set out above. The interest rate shall be calculated as set out in Section 3.4 below. The Bank shall publish the rate of the annual margin to be determined in the Tender, in an immediate report on the results of the offering underlying the Shelf Offering Report, which shall be published on the trading day following the Tender Date.
- 18.3.** The interest shall be paid on March 23, 2023, together with the single payment of the principal of the Commercial Securities, for the period starting on the settlement date (as defined in the Shelf Offering Report) and ending on the last day prior to the payment date (hereinafter - the "**Interest Period**"). The interest shall be calculated on the basis of the actual number of days in that period, for a 365-day year.
- 18.4.** Four trading days prior to the payment date of the interest, as set out in Section 3.1 above, the Bank shall publish the interest rate to be paid in an immediate report. The interest rate shall be calculated on the basis of a weighted average (according to the number of days in the interest period) of Bank of Israel interest rates in effect on each day in the Interest Period, plus a fixed margin to be determined in the Tender.
3. It should be clarified that if there are changes to the Bank of Israel interest rate subsequent to the publication date of the immediate report on the interest rate and up to the payment date of the interest, the interest for the days from the publication date of the immediate report (inclusive) until the interest date shall be calculated on the assumption that the interest is Bank of Israel interest at the rate fixed on the business day prior to publication of the immediate report, plus the margin.
4. Below is an example of the interest calculation for the Interest Period:
- 5.
- 6.
7. If, in the Interest Period, there were 350 days, and for 175 of these days, the Bank of Israel interest rate was 0.1% and for 175 of these days, the Bank of Israel interest rate was 0.3%, then the weighted average of Bank of Israel interest rate for the period shall be 0.2%, based on the following calculation:

$$8. (175 \times 0.1\%) + (175 \times 0.3\%) / 350 = 0.2\%$$

9. If the margin to be fixed in the Tender is 0.25%, then the annual interest rate to be paid for the interest period of the above calculation shall be 0.45% and the actual interest rate for the Interest Period, reflected with an accuracy of four digits after the decimal point, shall be 0.4315%, based on the following calculation:

$$(350 / 365) \times 0.45\% = 0.4315\%$$

## **19. Provisions regarding the Payments**

- 19.1.** The interest and/or principal of the Commercial Securities shall be paid against delivery to the Bank of the certificates of the Commercial Securities, on the payment date, at its registered office or any other location as notified by the Bank. The Bank's notice as aforementioned shall be published no later than five (5) business days prior to the payment date.
- 19.2.** In any case where a payment date of a principal and/or interest amount takes place on a day which is not a business day, the payment date will be postponed to the first business day thereafter, without any amount being added.
- 19.3.** It should be clarified that late repayment of the principal and/or interest of the Commercial Securities, exceeding five (5) business days from the date set for payment under the terms of the Commercial Securities, for reasons under the Bank's control, shall bear arrears interest as defined below from the end of five (5) business days from the date set for its payment until the date of its actual payment (hereinafter - the "**Arrears Period**"), and it should be clarified that in the Arrears Period, the payment shall not bear interest on the Commercial Securities (beyond the arrears interest). For this purpose, the rate of arrears interest shall be the interest rate on the Commercial Securities plus interest at an annual rate of 1%, which shall be calculated for the Arrears Period on the basis of a 365-day year. The Bank shall announce the exact rate of arrears interest to be paid and the payment date, in an immediate report two (2) trading days before the payment of the unpaid principal and/or interest.
- 19.4.** Repayment of the Commercial Securities shall be unlinked as set out in Section 3 above.
- 19.5.** Payment to the parties entitled to payment under the Commercial Securities shall be made by bank transfer to the bank account of the persons whose names are recorded in the Register of Holders of the Commercial Securities, which shall include written details delivered to the Bank in advance, in accordance with Section 4.7 below, as an account to which the payment under the Commercial Securities shall be transferred, or if payment is made through the Tel Aviv Stock Exchange Clearing House Ltd. (hereinafter -the "**Clearing House**") - through the Clearing House. If the Bank is unable to pay any amount to the holder on grounds under the holder's control, it shall act in accordance with the provisions of Section 5 below.
- 19.6.** A registered holder of the Commercial Securities shall notify the Bank of their bank details for payments to the holder under the Commercial Securities as aforesaid, or on any change in their bank details or address, as the case may be, by written notice delivered to the Bank by registered mail. The Bank shall be required to act in accordance with the holder's notice of such change only if it arrives at its registered

office fifteen (15) business days prior to any payment date under the terms of the Commercial Securities.

**19.7.** If the holders of the Commercial Securities failed to provide the Bank with details of their bank account in advance, any payments on account of the principal and the interest shall be made by check sent by registered mail to their last address as recorded in the Register of Holders of the Commercial Securities. Posting a check to an Entitled Party by certified mail, as aforesaid, will be considered, for all intents and purposes, as payment of the amount that is specified therein, on the date on which it was posted, provided that it was paid upon its proper presentation for collection.

**19.8.** Any mandatory payment shall be deducted at source from every payment for the Commercial Securities, as required by the law.

**20. Non Payment for Reasons that are Not under the Bank's Control**

**20.1.** Any amount due to a holder of the Commercial Securities, which was not paid on the date set for payment, for a reason beyond the Bank's control, despite the Bank's willingness to pay (hereinafter - the "**Reason**"), shall cease to bear interest from that date, and the holder shall be entitled only to that amount.

**20.2.** The Bank shall hold such amount in trust and invest, in its name or under its order, at its discretion, in government bonds or daily bank deposits in one of the five major banks in Israel on behalf of the holder for up to seven (7) years from the date of final payment of the Commercial Securities, and they shall not be used in this period.

**20.3.** Once the Bank receives notice from the holder of the absence of the Reason, the Bank shall transfer to the holder all the monies that accrued for the investment as set out in Section 5.2 below and its exercise, less any expenses and fees for managing the trust account and less any tax deductible by law. The payment shall be made against presentation of such proof as may be required by the Bank, entitling the holders to receive the payment.

**20.4.** Funds that are not requested from the Bank by the holders of the Commercial Securities after seven (7) years from the final repayment date of the Commercial Securities shall be transferred to the Bank and the Bank may use the remaining funds for any purpose whatsoever.

**21. Split and transfer of the Commercial Securities**

**21.1.** Each certificate of the Commercial Securities may be split into several certificates, such that the aggregate amount of all principal amounts specified in those certificates shall be equal to the principal amount specified in the certificate being split. The certificates of the new commercial securities to be issued as a result of the split shall each have a par value in whole NIS. A certificate shall be split in accordance with an application for a split signed by the registered holder of the Commercial Securities or their legal representative, which shall be delivered to the Bank at its registered office, together with the certificate of the Commercial Securities whose split is requested, in order to effect the split.



- 21.2. All expenses involved in the split, including taxes and levies, if any, shall be payable by the party requesting the split.
- 21.3. The Commercial Securities may be transferred for any par value amount, provided that such amount is in whole NIS. Any transfer of the Commercial Securities (other than a transfer through a TASE member), shall be effected under a standard deed of transfer, duly signed by their registered holders or by their legal representative, and by the transfer recipient or their legal representative, which shall be delivered to the Bank at its registered offices, together with the certificates of the Commercial Securities being transferred accordingly, and any other evidence that the Bank may require as proof of the identity and rights of the transferor for their transfer, together with the amount required for payment of taxes and other government levies, if any, for the transfer. The Bank may retain the letter of transfer.
- 21.4. Subject to the above, the procedural provisions included in the Bank's articles of association regarding the transfer of shares shall apply, with the required changes, to the manner of transfer or endorsement of the Commercial Securities.
- 21.5. If any mandatory payment is required for the deed of transfer of the Commercial Securities, or for the transfer itself, the party requesting the transfer shall provide the Bank with reasonable proof of payment, to the satisfaction of the Bank.
- 21.6. When transferring the Commercial Securities for part of the par value amount registered in the Commercial Securities certificates, the certificate will first be split, under the provisions in this Section 6 above, into a number of Commercial Securities certificates, such that all the par value amounts shall be equal to the par value amount recorded in the Commercial Securities certificate.
- 21.7. After all the terms are fulfilled, the transfer shall be registered in the Register of Holders of Commercial Securities and all the terms set out in this certificate shall apply to the transferor.
- 21.8. All expenses, fees and commissions associated with the transfer of the Commercial Securities shall apply to the party requesting the transfer.

10.

## **22. Register of Holders of the Commercial Securities**

- 22.1. The Bank shall maintain and administer a Register of Holders of the Commercial Securities at its registered address, which shall list the names of the holders of the Commercial Securities, their numbers, and the par value of the Commercial Securities registered in their name. The Company may close the Register from time to time for a period or periods not exceeding 30 days in total per year. The Bank shall not register transfers in such periods.
- 22.2. Each of the holders of the Commercial Securities may inspect the Register of Holders of the Commercial Securities at any reasonable time.
- 22.3. The Bank shall not be required to record in the Register of Commercial Securities holders any notice of explicit, implicit or estimated trust, nor any encumbrance or

charge of any type or any equitable right, claim or offset or any other right in connection with the Commercial Securities. The Bank shall only recognize the ownership of the person in whose name the Commercial Securities were registered. The legal heirs, administrators of the estate or executors of the will of a Registered Holder and any person entitled to the Commercial Securities as a result of bankruptcy of any Registered Holder (and, in the case of a corporation – as a result of a liquidation thereof), may be registered as the holders after providing evidence to the satisfaction of the Bank, of their right to be registered as the holders thereof.

- 22.4.** The provisions of the Bank's articles of association relating to registration in the Shareholders' Register, recognition of heirs, executors and guardians of deceased shareholders, co-holders of shares and notices to shareholders, shall apply to holders of the Commercial Securities, with the required changes.

**23. General meetings of holders of the Commercial Securities**

11. In respect of convening and managing the general meetings of the holders of the Commercial Securities, the provisions attached to this wording of the Terms Overleaf shall apply.

**24. Purchase of Commercial Securities by the Company and/or a controlled corporation**

- 24.1.** Subject to any law, the Bank reserves the right to purchase, on the TASE and off-floor, Commercial Securities (Series 1) at any price it deems fit, without derogating from the Bank's compliance with its obligations to the holders of the Commercial Securities. The Commercial Securities purchased by the Bank shall be withdrawn and delisted from the TASE and the Bank shall not be permitted to reissue them. If the Bank purchases the Commercial Securities as aforesaid, it shall announce this in an immediate report. If the Bank purchases the Commercial Securities, it shall apply to the TASE Clearing House to withdraw the certificates of the Commercial Securities.

**12.**

- 24.2.** Subject to any law, a corporation controlled by the Bank (hereinafter - the "**Controlled Corporation**"), shall be entitled to purchase and/or sell the Commercial Securities (Series 1) at any time, at its discretion. The Commercial Securities held by a Controlled Corporation as described above shall be considered to be an asset of the Controlled Corporation, they shall not be delisted from the TASE, and shall be transferable as are the other commercial securities of the Bank. In the event of the purchase and/or sale of the Commercial Securities by a Controlled Corporation, the Bank shall announce such purchase/sale in an immediate report, as required by law. As long as the Commercial Securities (Series 1) are owned by a Controlled Corporation, they shall not confer upon it voting rights in general meetings of the holders of the Commercial Securities (Series 1) and they shall not be counted for the purpose of a quorum required for such meetings and shall not be included in "the outstanding par value of the securities in circulation" in respect of voting and the number of those present and voting in the meeting.

- 24.3.** The provisions of this Section 9 do not in themselves obligate the Bank and/or the Controlled Corporation to purchase or sell the Commercial Securities.

**25. Absence of collateral**

- 25.1.** The Commercial Securities shall not be secured by collateral, attachments, or any other means.
- 25.2.** The Bank may encumber all or part of its assets in favor of any third party, in any lien and in any matter, in favor of any third party, without any restriction and at any level whatsoever, including to secure any series of commercial securities or other liabilities, without requiring the consent of the holders of the Commercial Securities. In addition, the Bank may, from time to time, sell, encumber, lease, endorse, assign, or transfer in any other manner, in favor of a third party, its property or any part thereof, without the consent of the holders of the Commercial Securities.

**26. Ranking**

All the Commercial Securities shall be of standard repayment ranking, *pari passu* to the repayment of all the deposits deposited at the Bank from time to time and *pari passu* with one another, and all the Commercial Securities and certificates of liability of the Bank or other liabilities of the Bank, other than the liabilities for which it shall determine repayment ranking inferior to that of the Commercial Securities, or liabilities of the Bank that have been determined or for which it shall determine preferential repayment ranking, and with no preferential right or priority over another. It should be clarified that notwithstanding the above, the Bank shall not issue securities of a different class or other series of commercial securities or other securities of any class and type that have preferential ranking over the Commercial Securities, other than in the case of securities secured by collateral.

**27. Undertakings for the rating of the Commercial Securities**

- 27.1.** The Bank undertakes to act so that until the date of full repayment of the Commercial Securities, to the extent it is under its control, the Commercial Securities shall be reviewed by at least one rating agency approved by the Commissioner of the Capital Market. In this context, it is clarified that the transfer of the Commercial Securities to a watch list or any other similar action performed by the rating agency will not be considered a discontinuation of rating.
- 27.2.** The Bank does not undertake not to replace a rating agency throughout the life of the Commercial Securities, however, if it replaces the rating agency, the Bank shall issue an immediate report describing the circumstances underlying the replacement, as soon as possible under the circumstances. In addition, the Bank undertakes that if a rating agency is replaced for any reason, the Bank shall take steps to ensure that there is an overlap between the ratings of the agencies, so that to the extent it is under its control, at no point in time shall the securities be traded without a rating.

**28. Early redemption initiated by the Bank**

The Bank shall not be entitled to initiate early full or partial redemption of the Commercial Securities.

**29. Expansion of a series**

**29.1.** The Bank may issue, in any way and at any time and from time to time, at its sole discretion without the consent of the holders of the Commercial Series (Series 1) or without giving notice to any of them, including a Controlled Corporation as defined in Section 9.2 above, in accordance with the provisions of any law, Commercial Securities (Series 1), which shall have the same terms as the terms of Commercial Securities (Series 1), at any price and in any manner it deems fit, and all provisions of the terms of the Commercial Securities applicable to the Commercial Securities (Series 1) in circulation shall also apply to the additional Commercial Securities (Series 1) issued by the Bank. Notwithstanding the above, expansion of the series is subject to receipt of prior approval from the rating agency that the expansion of the series will not impair the rating of the Commercial Securities as they may be at that time and subject to there being no grounds for immediate repayment of Commercial Securities (Series 1).

**29.2.** The Bank shall submit an application to the TASE to list the additional Commercial Securities (Series 1), when they are offered.

**30. Issue of additional securities**

13. Subject to any law, the Bank may issue, in any manner and at any time and from time to time (whether in a private offer or in a public offer) at its sole discretion and without the consent of the holders of the Commercial Securities or without giving notice to any of them, including a Controlled Corporation as defined in Section 9.2 above, securities of a different class or a different series of commercial securities of any class of type, with or without attaching rights to purchase the Bank's shares under interest terms, linkage, collateral, repayment as the Bank deems fit, and other terms, whether they have preferential ranking over the Commercial Securities, are equal, or subordinate to them. It should be clarified that notwithstanding the above, the Bank shall not issue securities of a different class or other series of commercial securities or other securities of any class and type that have preferential ranking over the Commercial Securities (Series 1), other than in the case of securities secured by collateral.

**31. Restrictions on the Bank for distribution of dividends or buyback of shares**

14. In respect of the restrictions applicable to the Bank regarding the distribution of a dividend or the buyback of its shares, it should be noted that in addition to the restrictions set out in the Companies Law, 1999 (hereinafter - the "**Companies Law**") regarding distribution, including acquisition (as these terms are defined in the Companies Law), as at the reporting date, under Directive 332 of Proper Conduct of Banking Business of the Banking Supervision Department, a banking corporation and a corporation controlled by it are prohibited from purchasing securities issued by it (the definition of "Securities" in Directive No. 332 above - "Shares of the banking corporation or securities which may be

converted into shares of the banking corporation or which may be exercised for shares of the banking corporation"). It should be clarified that other than the above, the wording of the terms of the Commercial Securities (Series 1) include no restrictions on the Bank's right to distribute a dividend to its shareholders and/or carry out a buyback of its shares and/or to make any other distribution (as this term is defined in the Companies Law) in accordance with the provisions of the Companies Law. It is also clarified that the above does not establish any obligation of the Bank towards the holders of the Commercial Securities and it is presented there for the purpose of due disclosure only.

## **32. Immediate Repayment**

**32.1.** If one or more of the events listed below materialize, the holder and/or holders of the Commercial Securities (Series 1) at a rate of at least five percent (5%) of the par value of the unpaid balance of the Commercial Securities in circulation, may convene a meeting of the holders of the Commercial Securities (Series 1) with an agenda that shall include a resolution on the immediate repayment of the amount due to the holders under the terms of the Commercial Securities, for which the majority required to pass the resolution on the immediate repayment shall be a simple majority (as defined above):

32.1.1. If a temporary or permanent liquidator or trustee is appointed by a court or if a valid resolution is passed to liquidate the Bank (with the exception of liquidation for purposes of a merger with another company) and such appointment or resolution is not revoked within 45 days from the day they are passed. Notwithstanding the foregoing, the Bank will not be given any remediation period if a permanent and final liquidation order is handed down by the court or if a permanent liquidator is appointed for the Bank, and in respect of petitions or orders filed or handed down, as applicable, by the Bank or with its consent. For the purpose of this section, a **"Trustee"** – as defined in Section 4 of the Insolvency Law.

32.1.2. If a temporary and/or permanent receiver is appointed for the Bank and/or for all or a material portion of its assets, or if a special administrator is appointed by the court, and such appointment is not canceled within 45 days, with the exception of a case where a permanent receiver is appointed, no remedial period will apply. Notwithstanding the above, the Bank shall not be given any remedial period in respect of the applications or orders filed or issue, as the case may be, by the Bank or with its consent.

32.1.3. Where the Bank filed an application for receivership or the appointment of a temporary or permanent receiver for all or a material portion of its assets.

32.1.4. If an attachment is imposed on material assets of the Bank or if some or all such assets are foreclosed and such attachment is not removed or such foreclosure is not revoked within 45 days. Notwithstanding the above, the Bank shall not be given any remedial period in respect of the applications or orders filed or issue, as the case may be, by the Bank or with its consent.

- 32.1.5. There was a fundamental breach of the terms of the Commercial Securities (Series 1), and the Bank did not remedy the breach within 14 days from the date of receiving notice of such breach;
- 32.1.6. The Bank did not make a payment due to holders of the Commercial Securities or has not satisfied any other material undertaking given in favor of the holders, and the Bank did not remedy this breach within 14 days from the date of receiving notice of such breach.
- 32.1.7. The Bank did not publish financial statements, the publication of which is mandatory in accordance with any law, within the later of 30 days of the last date on which it was required to publish it, or another date approved by a competent authority.
- 32.1.8. The Commercial Securities were delisted.
- 32.1.9. The Bank discontinued its payments or announced its intention to do so, or the Bank discontinued its banking business or announced its intention to do so.
- 32.1.10. Where the Bank was issued with a stay of proceedings order, including pursuant to the Insolvency Law, or the Bank filed an application to reach a settlement or arrangement with its creditors pursuant to Section 350 of the Companies Law (except for the purpose of a merger with another company and subject to the provisions of Section 17.10 below and/or a change in the Bank's structure, including a split and with the exception of arrangements between the Bank and its shareholders that do not affect the Bank's ability to repay the Commercial Securities), or if an application pursuant to Section 350 of the Companies Law is filed against the Bank (and without its consent) or if an order to open proceedings was handed down against the Bank pursuant with the Insolvency Law (and without its consent), which were not rejected or canceled within 45 days from the day on which the application was filed or the order was handed down, as the case may be. The Bank will not be given a remedial period in relation to an application to issue an order to open proceedings, where such application was filed by the Bank or with its consent.
- 32.1.11. A merger of the Bank was carried out without first obtaining the approval of holders of the Commercial Securities by way of an ordinary resolution, unless the surviving entity issued a statement to the holders of the Commercial Securities, including through the Trustee and at least ten business days prior to the date of the merger, to the effect that there is no reasonable concern that the surviving entity will not be able to meet its obligations to the holders due to the merger.
- 32.1.12. The Stock Exchange suspended trading of the Commercial Securities, with the exception of a suspension due to uncertainty as defined in the Fourth Part of the Stock Exchange's Rules and Regulations, and such suspension

is not canceled within 60 days, with the exception of an overall suspension that is not targeted specifically at the Bank.

32.1.13. Discontinuation of rating of the Commercial Securities for a period of more than 60 consecutive days, except in case where discontinuation of rating is as a result of causes or circumstances outside the Bank's control. In this context, it is clarified that the transfer of the Commercial Securities to a watch list or any other similar action performed by the rating agency will not be considered a discontinuation of rating.

32.1.14. If the sale of the substantially all assets of the Bank in Israel are sold, except in the case of reorganization or merger.

15. For the purposes of this subsection, "substantially all assets of the Bank in Israel" - assets of the Bank in Israel, as the case may be, the total value of which exceeds 50% of the total value of the Bank's assets in Israel, as the case may be, according to the Bank's latest published financial statements;

- 32.2.** If one or more of the events listed in Section 17.1 above materialize, the Bank shall convene a general meeting of the holders of the Commercial Securities (Series 1), at the request of the holder or holders of at least five percent (5%) of the par value of the unpaid balance of the Commercial Securities in circulation, to appoint a trustee for the Commercial Securities (Series 1) (above and hereinafter - the **"Trustee"**). Without derogating from the right of the general meeting of the holders to appoint a Trustee, if the holders fail to reach an agreement regarding the identity of the Trustee, the Bank may appoint a trustee at its discretion. It is further clarified that the costs of the Trustee's appointment and activity shall be covered by the Bank, and until these amounts are repaid, they shall be covered by the holders.
- 32.3.** Notwithstanding the above, the Commercial Securities shall not be called for immediate repayment unless notice has been given in accordance with a resolution of the general meeting of the holders of the Commercial Securities, or, if a trustee for the Commercial Securities has been appointed, the Trustee has given prior written notice to the Bank of the intent to act, and the Bank failed to comply with the warning within thirty (30) days of its receipt. In the aforesaid notice, the Bank shall be required to ensure the cancellation and/or discontinuation of any of the occurrences listed in Section 17.1 above, for which the notice was given. Notwithstanding the above, if the Trustee or the general meeting of the holders of the Commercial Securities, as the case may be, believes that there is reasonable concern that delivery of the notice would impair the possibility of calling for the immediate repayment of the Commercial Securities, they may shorten the notice time, insofar as they deem necessary to prevent such impairment, provided that they notify the Bank in writing.
- 32.4.** In this Section 17, the terms "material assets" "material portion" of the Bank's assets, etc., mean assets whose value exceeds 50% of the assets of the Leumi Group, as reported in the Bank's consolidated balance sheet.

### **33. Amendments to the terms of the Commercial Papers**

**33.1.** Subject to the provisions of the Securities Law, the Bank may, whether before or after the principal of the Commercial Papers is repayable, amend the terms of the Commercial Securities, in the event of one of the following:

33.1.1. The amendment does not affect the payment dates and repayment terms under the terms of the Commercial Securities (Series 1), the interest rate, and the grounds for immediate repayment, and it does not adversely affect the holders of the Commercial Securities.

33.1.2. The amendment is approved in an extraordinary resolution, as defined above.

**33.2.** Holders of the Commercial Securities may, under an extraordinary resolution, agree to waive any breach or failure to fulfill any of the terms in the Commercial Securities (Series 1) and enter into any settlement with the Bank in connection with any right or claim, and waive any right or claim against the Bank under the Commercial Securities.

**33.3.** In addition to the above, the terms of the Commercial Securities (Series 1) may be amended as part of an arrangement or settlement approved by the court, under Section 350 of the Companies Law and/or the Insolvency Law.

**33.4.** In any event of an amendment, waiver and/or settlement in respect of the Commercial Securities, the Company may require the holders of the Commercial Securities to deliver the certificates of the Commercial Securities, in order to record a notice of any modification, amendment, and/or settlement as set out in the certificates delivered to the Bank.

### **34. Reports and reporting**

**16.** If the Bank ceases to be a reporting corporation, it will deliver to the Registered holders in writing the reports required pursuant to the Consolidated Circular, as amended from time to time. For that purpose, the “**Consolidated Circular**” – the consolidated circular of the Commissioner of Capital Markets, Insurance and Savings at the Ministry of Finance, as amended from time to time. Notwithstanding the aforesaid, where it will be possible to continue publishing the said reports through the MAGNA system and/or the MAYA system, such reports will be published through those systems, instead of delivering those reports to the Trustee as described above.

### **35. Market making**

**35.1.** On [ ], the Bank entered into an agreement with Israel Brokerage and Investments IBI Ltd. (hereinafter - “**IBI**”), whereby IBI shall serve as a market maker for the Company's Commercial Securities (Series 1) (hereinafter - the “**Market Making Agreement**”). The Market Making Agreement came into effect on February [ ], 2022, when IBI received the approval of the TASE for market making of the Bank's Commercial Securities (Series 1), according to which, IBI shall serve as the market maker in the securities, under the market making regulations set out in



the TASE bylaws and related guidelines. Under the resolutions of the TASE board of directors and the provisions of the law, the amount set out in the Market Making Agreement is not material to the Bank.

17. As part of the Market Making Agreement, IBI undertook to purchase the Commercial Securities of the Bank during trading hours, in the quantities and at the prices at its discretion, in accordance with the Market Making Agreement, and to determine the rules of market making set out in the TASE bylaws and the related directives, the resolutions of the TASE board of directors, and the provisions of the law, in a way that shall allow it to act as a market maker in accordance with the agreement and the TASE bylaws.

18. If there are any changes to the bylaws and/or guidelines and/or resolutions of the TASE board of directors and/or another arrangement is established under the law, according to which there shall be market making, IBI shall act in accordance with the new arrangement, as required by law.

The Market Making Agreement is for one year from the First Trading Day in the Commercial Securities (Series 1) for the public, until the date of final redemption of the Commercial Securities (Series 1) (hereinafter - the “**Agreement Period**”).

19. In this matter, a “**Holder**” is one holder the value of whose holdings exceeds the minimum holding value for a Holder, or a Holder the value of whose holdings together with others exceeds the minimum holding value for such Holder as aforesaid.

**36. Receipts as Evidence**

20. Without derogating from any of the conditions set out above, a receipt signed by any person registered in the Register of Commercial Securities (Series 1) shall be proof of full payment of any amount made by the Bank for the Commercial Securities.

**37. Replacement of certificates of Commercial Papers**

21. In the event that a Commercial Securities certificate is worn out, lost or destroyed, the Bank may issue a new Commercial Securities certificate in its place, subject to the terms and conditions set by the Bank with respect to evidence, indemnity and payment of an appropriate fee to cover the expenses incurred by the Bank in establishing the Commercial Securities' ownership right, as the Bank deems fit, provided that in the event of the Commercial Securities' certificate wearing out, the worn out certificate will be returned to the Bank before a new certificate is issued. Levies and other expenses involved in the issuance of the new certificate shall apply to the person requesting the issuance of such certificate.

**38. Issuance of the Commercial Securities**

22. Upon completion of the issuance of the Commercial Securities (Series 1), and subject to the fulfillment of all the conditions for listing, the Bank shall act to list them on the TASE.

**39. Applicable Law and Jurisdiction**

23. The only court with jurisdiction to hear any dispute or matter concerning the Commercial Securities (Series 1) shall be the competent court in Tel Aviv-Yafo and the laws of the State of Israel alone shall apply to them.

**40. Notices**

Any notice by the Bank to holders of the Commercial Securities (Series 1) shall be issued in a report in the MAGNA system of the Israel Securities Authority.

## **Provisions regarding general meetings of holders of Commercial Securities (Series 1)**

- 62.** The Trustee shall convene a meeting of holders at the request of one or more holders, holding at least five percent of the unpaid par value balance of the principal of the Commercial Securities (Series 1). In addition, the Trustee or the Bank may, if they deem it necessary, summon the holders of the Commercial Securities (Series 1) to the meeting of the holders. If the Bank convenes such a meeting, it is required to notify the Trustee, in writing, of the place, date and time at which the meeting is to be held, as well as of the matters that will be discussed therein, and the Trustee or a representative on his behalf may participate in such a meeting without having a voting right. Where the meeting is convened at the request of holders of the Commercial Securities (Series 1), the Trustee may demand from those who requested the convening of the meeting indemnification for the reasonable costs involved therein.

It is clarified that an indemnification demand by the Trustee will not have an adverse effect on the convening of a meeting convened for the purpose of carrying out an action which is intended to prevent the infringement of the rights of the holders of the Commercial Securities (Series 1) and such an indemnification demand will not detract from the Bank's duty to bear the expenses involved in the convening of the meeting.

A Trustee who was asked to convene a holders' meeting by holders as described above, shall convene the meeting within 21 days from the day on which the request to convene such meeting was made, for a date as set out in the summons, provided that the date of the meeting shall not be earlier than seven days and not later than 21 days from the date of the summons; however, the Trustee may bring forward the meeting to a date that is at least one day after the date of the summons, if he believes that such action is required in order to protect the holders' rights.

- 63.** Any meeting of the holders of the Commercial Securities (Series 1) shall take place in Israel, at the Bank's registered office or any other location announced by the Bank and/or Trustee, and the Bank shall bear the reasonable costs of convening the meeting, whether or not such a meeting takes place at the Bank's registered office.
- 64.** A summons for such a meeting by the Trustee, for consultation with the holders of the Commercial Securities (Series 1) only, shall be published at least one day before the convening of said meeting ("**Consulting Meeting**"). A Consultation Meeting does not require an agenda and no resolutions shall be made therein.
- 65.** The Nominee Company shall not use the voting rights of the Commercial Securities (Series 1) registered in its name in the Register of holders the Commercial Securities, and such voting rights shall be conferred upon the Holder or any person named by him, provided that the holder received from the Nominee Company a power of attorney empowering him to vote.
- 66.** No resolution lawfully passed in a meeting convened as aforesaid shall be disqualified, even if due to error, if notice thereof was not given to all holders of the Commercial Securities (Series 1), or if such notice was not received by all holders of the Commercial Securities.

The provisions of this Section shall apply if the summons for the meeting (or for an adjourned meeting, as the case may be) was also delivered through the MAGNA system.

67. Any notice on behalf of the Bank and/or the Trustee to the holders of the Commercial Securities (Series 1) shall be made in accordance with the provisions of the Securities Law as they may be from time to time.
68. The general meeting of holders of the Commercial Securities (Series 1) shall be opened once it is proven that there is a quorum for the meeting to begin, as follows:
  - 68.1. Subject to the provisions of the Securities Law and other provisions regarding a quorum set out in the terms of the Commercial Securities (Series 1), a quorum shall be constituted at any other meeting if it is attended, in person or by proxy, by at least two (2) holders of the Commercial Securities (Series 1) holding or representing together at least 25% of the unpaid par value of the Commercial Securities (Series 1), and in an adjourned meeting – if it is attended by two (2) such holders, regardless of the par value they hold.
  - 68.2. In a meeting convened to pass a Special Resolution, a legal quorum shall be constituted if it is attended, in person or by proxy, by holders of the Commercial Securities (Series 1) who hold or represent together at least 50% of the unpaid par value of the Commercial Securities (Series 1) at that time, and in an adjourned meeting – if it is attended by holders who hold or represent at least twenty (20%) of the par value of the said balance.
69. Meetings convened for the purpose of passing a resolution to call for immediate repayment shall be subject to the provisions of Section 17 to the Terms Overleaf - Commercial Securities (Series 1).
70. A holder who is a controlling shareholder of the Bank, a relative thereof or any corporation controlled by any of them (hereinafter – a **“Related Holder”**) shall not be taken into account for the purpose of determining the legal quorum at a meeting of holders, and their votes shall not be counted in the number of votes cast in such a meeting.
71. If, within half an hour from the time designated for the commencement of such meeting, no legal quorum is present, the meeting shall be adjourned to another date no sooner than two Business Days after the date set for the original meeting, or one Business Day, if the Trustee believes this is required to protect the rights of the holders; if the meeting was adjourned, the Trustee shall give the reasons for the adjournment in the report regarding the convening of the meeting and it may do so in the notice of convening the original meeting.
72. In the event that a legal quorum is not present in a Deferred Holders’ Meeting, as specified in Section 10 above, one half hour after the time scheduled for it, the meeting will be held with any number of participants whatsoever, unless another requirement has been prescribed in the Securities Law.
73. The Trustee or a resolution passed by a simple majority of voters during a meeting attended by a legal quorum may, from time to time, decide to postpone the continuation of the meeting (hereinafter - the **“Original Meeting”**), the discussion or the passing of a resolution on a topic listed on the agenda to another date and place as decided by the Trustee or the

meeting (hereinafter - “**Subsequent Meeting**”). Only topics which were on the agenda and in respect of which no resolution was passed will be discussed in a Subsequent Meeting.

74. The Trustee may declare that the Original Meeting and/or the Subsequent Meeting will be split into class meetings for discussion purposes. The classes shall be determined at the Trustee's sole discretion.
75. Where a holders’ meeting was adjourned without changing its agenda, summons for the new date for the Subsequent Meeting shall be issued as soon as possible and no later than 12 hours before the Subsequent Meeting; the said summons will be given in accordance with the provisions of Section 25 to Terms Overleaf - Commercial Securities (Series 1).
76. A person or persons who will be appointed by the Trustee, the Bank and any other person or persons who will be authorized for this purpose by the Bank, may attend the holders’ meetings of the Commercial Securities (Series 1) without any voting rights. If, at the Trustee’s discretion, a discussion in part of the meeting should be held without the presence of the Bank’s representatives, the Bank’s representatives or anyone acting on its behalf shall not attend that part of the meeting. Notwithstanding the provisions of Section 15, the Bank may attend the opening of the meeting in any event in order to express its position regarding any topic on the agenda of the meeting, and/or in order to present a particular issue (as the case may be).
77. Any resolution will be passed by counting the votes cast.
78. At every meeting of holders, the Trustee or anyone appointed by the Trustee shall serve as the chairman of that meeting. The chairman may determine that votes will be cast by using voting slips or by voting during the course of the meeting. Where the chairman determined that votes will be cast using voting slips, the Trustee will ensure that the text of the voting slip shall be posted on the MAGNA system and will set the time at which the vote will be closed and by which the holders should send to the Trustee their slips, after they have filled them out and signed them according to law. The Trustee may demand that holders declare within the slip whether or not they have conflicting interests. A holder who will not fill out the slip in full and/or will not prove his entitlement to participate and vote in the meeting in accordance with provisions and dates set by the chairman of the meeting shall be considered as not having delivered a slip and therefore as having opted not to vote on the matter(s) included in the slip. Accordingly, the Trustee may, at his own discretion and subject to any law, hold meetings by slips and without convening them, as well as to hold votes by slips in an adjourned meeting not attended by the legal quorum required to pass a resolution, provided that through the date set for that purpose in a notice on convening the meeting or on holding a vote, as the case may be, the Trustee will receive slips from holders who constitute the legal quorum required to pass a resolution in an original meeting or in an adjourned meeting, as the case may be.
79. Where a general meeting of the holders of Commercial Securities (Series 1) is convened (whether it was convened by the Bank, the holders, or the Trustee), the Trustee shall assess whether the holders of the Commercial Securities have a conflict of interests between an interest arising from their holding of the Commercial Securities (Series 1) and any other interest they may have, as determined by the Trustee (hereinafter - the “**Other Interest**”).

The Trustee may demand that a holder who participates in the meeting inform the Trustee, prior to voting, of any Different Interest he has and also whether he has such a conflict of interests.

Without derogating from the generality of the above, any of the following shall be considered to have a conflicting interest:

- 79.1. A holder that is a Controlled Corporation (as this term is defined in Section 9 of the Terms Overleaf - Commercial Securities (Series 1);
  - 79.2. A holder who served as an officeholder in the Bank close to the date of the event that underlies the resolution to be voted on in the meeting;
  - 79.3. Any holder in respect of whom the Trustee determined that he has a “conflicting interest” pursuant to the following and subject to any law and/or any provision of a competent authority including: Any holder that will provide to the Trustee a written statement to the effect that he has any material personal interest that deviates from the interest of all the holders of the Commercial Securities (Series 1) in the relevant holders’ meeting of the Commercial Securities. A holder who shall not provide such a written statement after he has been asked to do so by the Trustee, shall be considered as someone who has declared that he has such a personal interest and the relevant trustee shall determine in respect of them that they have a conflicting interest. Without derogating from the provisions of Section 18, the Trustee shall examine whether a holder has a “conflicting interest” after considering the holder’s holdings in other securities of the company and/or securities of any other corporation which is relevant to the resolution presented for the approval of the meeting (as described in the slip), in accordance with that holder’s statement.
- 80.** It should be clarified that such an examination of conflict of interests, where the Trustee believes that it is required, shall be held separately for each and every resolution on the agenda of the meeting and also separately for each and every meeting. It should also be clarified that declaring a holder as having a different interest in any resolution or meeting does not, in and of itself indicate that the holder has a different interest in another resolution on the agenda of the meeting or that he has a different interest in other meetings.
- 81.** For the purpose of assessing conflict of interests as aforesaid, the Trustee may rely on a legal opinion that he commissions, and the provisions of the Terms Overleaf regarding bearing of expenses shall apply to such an opinion.
- 82.** When counting the votes cast as part of voting in a holders’ meeting, the Trustee shall not take into account the votes of holders that did not comply with its demand as set out in Section 18 above or the votes of holders in respect of whom he found that a conflict of interest exists as stated in that section. Despite the aforesaid, where the total holdings of the holders who participate in the vote and who do not have a conflicting interests is lower than five (5) percent of the outstanding par value of the Commercial Securities (Series 1), the Trustee shall also count the votes of the holders who have conflicting interests.
- 83.** Each holder, whether attending the meeting in person or by proxy, will have one vote in respect of NIS 1 par value of the total outstanding principal of the Commercial Securities (Series 1) by virtue of which he is entitled to vote.

84. Where the Commercial Securities (Series 1) are jointly held, only the vote of the person who is registered first in the holders' Register shall be counted.
85. An holder of Commercial Securities (Series 1) may use some of his votes to vote in favor of a proposed resolution, another portion of his votes to vote against the proposed resolution and another portion of his votes to abstain, all as he deems fit.
86. For purposes of counting abstaining votes in resolutions passed in a meeting, no distinction will be made between those having a 'conflicting interest' and those not having a "conflicting interest".
87. An instrument of appointment of an agent shall be drawn up in writing and signed by the appointer or by his proxy who was duly authorized in writing to do so. Where the appointer is a corporation, the appointment will be drawn out in writing, stamped with the corporation's stamp and signed by the authorized signatories of the corporation, and the appointee may act on behalf of the corporation he represents.
88. The instrument of appointment of an agent will be drawn up in any form that will be acceptable to the Trustee.
89. An agent is not required to be a holder of the Commercial Securities (Series 1).
90. The instrument of appointment and the power of attorney or the other certificate according to which the instrument of appointment or a certified copy of such power of attorney shall be delivered to the Trustee by the time of opening of the meeting, unless otherwise determined in the notice regarding the convening of the meeting.
91. A vote cast pursuant to the terms set out in the document that appoints an agent shall be valid even if the appointer has passed away, or was declared legally incompetent prior to the vote, or if the instrument of appointment was revoked, or if the Commercial Security in respect of which the vote was cast was transferred, unless a notice was received at the Bank's registered office prior to the meeting regarding the death of the appointer, or a declaration regarding legal incompetency, the revocation or transfer, as the case may be.
92. A vote cast pursuant to the terms and conditions set out in the document that appoints a proxy shall be valid even if: (1) the appointer has passed away, or was declared legally incompetent, or (2) if the instrument of appointment was revoked after the appointment, or (3) if, after the vote, the Commercial Securities in respect of which the vote was cast was transferred, unless a notice was received at the Bank's registered office or another address to be announced by the Bank or Trustee, prior to the meeting or vote, a written announcement regarding the death of the appointer, or a declaration regarding his incompetency, or the revocation or transfer thereof, as the case may be.
93. The Trustee shall draw up minutes of the meeting of the holders of Commercial Securities (Series 1), which shall be recorded in the register of minutes and kept in the Trustee's registered office for a period of seven years from the date of the meeting. The minutes of each such meeting shall be signed by the meeting's chairman, and each such signed minute shall serve as a prima facie evidence of what is stated therein, and unless there is evidence to the contrary, any resolution that was passed in such a meeting shall be deemed to have

been duly passed. The Trustee may draw up minutes of a meeting or parts thereof by means of a recording.

- 94.** The register of minutes of the holders' meetings shall be maintained at the Trustee's office and shall be available for perusal by the Bank and holders of the Commercial Securities.

The announcement of the chairman of the meeting that a resolution had been passed or rejected, and the entry made to that effect in the register of minutes, shall be prima facie evidence thereof.