

September 26 2019

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,

**Preliminary Notice regarding the Intention to Convene a Special General Meeting, the Agenda of Which will Include Several Matters, including, *inter alia*, the Appointment of Directors ("Preliminary Notice")**

1. Pursuant to the provisions of sections 11C(a)(4) and 11E(A)(2) of the Banking Ordinance, 1941 (hereinafter - the "**Banking Ordinance**"), and in accordance with the Companies Regulations (Notice and Announcement of a General Meeting and a Class Meeting of a Public Company and the Addition of an Item to the Agenda), 5760-2000 (hereinafter - the "**Companies Regulations**"), Bank Leumi of Israel Ltd. (the "**Bank**") is pleased to announce that the Bank's Board of Directors intends to convene a special meeting of the Bank's shareholders (hereinafter - "the **Meeting**"). The Meeting's agenda is expected to include the following items: (1) The appointment of two directors having the status of "Other Director" – a director who is not an external director pursuant to Section 11D(2) of the Banking Ordinance, to serve on the Bank's Board of Directors; (2) the appointment of one external director pursuant to the provisions of the Companies Law, 1999 (hereinafter – the "**Companies Law**") who also qualifies as an external director pursuant to the provisions of Directive 301; (3) the approval of a new compensation policy for the Bank's office holders; (4) the amendment of letters of indemnity undertaking to Bank's directors; (5) the approval of terms of service and employment of the Chairman of the Bank's Board of Directors; and (6) the approval of the service and employment terms of the Bank's CEO.
2. **The Bank Secretariat shall accept, through Wednesday, 23 October 2019, at 15:00** (hereinafter - the "**Deadline for Nomination**"), **nominations of candidates to be elected as directors as set out in section 1 above.**

The following are entitled to nominate candidates to serve as directors as provided in section 11D of the Banking Ordinance: (1) The Committee for the Appointment of Directors in Banking Corporations appointed pursuant to Section 36A of the Banking Law (Licensing), 1981 (hereinafter - "the **Directors Appointment Committee**") and (2) a holder or body of holders (as set out in Section 11D(A)(3) of the Banking Ordinance), subject to the provisions of the Banking Ordinance.

All nominees must meet, *inter alia*, all the conditions set in law for service as a director in a Bank without a controlling core, as set out in Sections 11E(b)-(e) of the Banking Ordinance.

3. Subsequent to the Deadline for Nomination, the Board of Directors will decide to convene the Meeting, and the Bank will publish an immediate report and a notice, as required by law, regarding the convening of the special meeting, which will include details regarding the time of the Meeting and its full agenda, as well as the names of the nominees for the election of directors. A notice regarding the convening of the Meeting will be published at least 21 days after the date of this report.
4. The service of the directors who will be elected at the Meeting will be subject to the approval or non-objection of the Supervisor of Banks, in accordance with Section 11A of the Banking Ordinance.
5. **Only those who are entitled to nominate candidates as described in Section 2 above** may submit written nominations by the Deadline for Nomination, to the Bank's registered office – Leumi House, 34 Yehuda Halevi St., Tel Aviv, on Sundays through Thursdays, between 8:00 and 16:00, to the attention of the Bank Secretariat (11th Floor). The documents described below must be attached to the nominations. **A nomination to which not all documents listed below will be attached shall be deemed a nomination that was not submitted.**

**The Bank's offices will be closed for Tabernacles from October 10 2019 through October 21 2019.**

6. The following must be attached to the written nomination as described in Section 5 above: (1) A CV; and (2) **Appendix A** or **Appendix B**, attached to this notice, as well as the details required pursuant to Regulation 7(A)(5)(a) of the Companies Regulations (Voting by Ballot and Position Papers), 2005, which also refers to additional details that are required pursuant to Regulation 26 of the Securities Regulations (Periodic and Immediate Reports), 1970. It should be emphasized **that nominees for service as a director having the status of "Other Director" (as defined in Section 1 above) must sign the declaration appended as Appendix A to this report, and the nominees for service as external directors (as defined in Section 1 above) must sign the declaration appendix as Appendix B to this report.**

This Appendix must be completed in full and in accordance with the instructions set out therein, and **must be** submitted in printed form; together with the CV, and they will be attached, as is, to the Bank's notices regarding the convening of the Meeting.

- If the nominating party is a “holder” or a “body of holders” as described in Section 2(2) above, the following should also be attached to the written nomination: (1) A copy of the nominating shareholder’s identity card, passport or certificate of incorporation; (2) a confirmation of ownership of the percentage of the Bank’s shares required by law, as of the date of the delivery of the nomination for service as a director.
7. A nominating party who is a “holder” or a “body of holders” as described in Section 2(2) above must also continue holding the percentage of the Bank’s shares required by law on the record date for the purpose of voting at the Meeting, as defined in Section 182 of the Companies Law, 1999, and as published in the announcement and notice regarding the convening of the Meeting.
  8. The Bank must satisfy all the relevant statutory requirements regarding the composition and qualification of the Board of Directors, as provided by law, including Directive 301, including, *inter alia*, regarding the requirement that a minimum number<sup>1</sup> of the Bank’s directors must possess proven “banking experience.”<sup>2</sup>
  9. For additional information regarding the Committee, including the Committee’s work procedures, see the Bank of Israel’s website, at [www.bankisrael.gov.il](http://www.bankisrael.gov.il)
  10. As provided in section 66(b) of the Companies Law and in section 5C(b) of the Companies Regulations, one or more shareholders who holds at least one percent of the voting rights at the General Meeting may ask the Board of Directors to include a matter on the agenda of an annual meeting to be convened in the future, provided that the matter is appropriate for discussion by a General Meeting. The Bank may opt not to examine proposals that are received more than 14 days after the publication of the preliminary notice.

Sincerely,

Bank Leumi le-Israel Ltd.

By: Livnat Ein-Shay Vilder (Adv.)  
Secretary of the Bank and Group  
Deputy Head of the Legal Counsel Division

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<sup>1</sup> To date, one fifth of all directors, and as from July 1 2020 one third of all directors serving on July 1 2020.

<sup>2</sup> “Possess banking experience” – as defined in Directive 301.

## Appendix A

### Statement of a Candidate for the Office of Director in Bank Leumi of Israel Ltd. (Who is a Not an External Director pursuant to Proper Conduct of Banking Business Directive No. 301 or an External Director ("ED") Pursuant to the Companies Law)

I the undersigned, \_\_\_\_\_, ID Number \_\_\_\_\_, address: \_\_\_\_\_, hereby provide this statement as a candidate for the office of director at Bank Leumi of Israel Ltd. (hereinafter - "the **Bank**"), having been cautioned that I must state the truth and that I will be subject to penalties prescribed by law if I fail to do so, as set out below:

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

- 1.1 Name: \_\_\_\_\_
- 1.2 Identification Number: \_\_\_\_\_
- 1.3 Date of Birth: \_\_\_\_\_
- 1.4 Address for service of court documents: \_\_\_\_\_
- 1.5 Nationality: \_\_\_\_\_
- 1.6 Residency: \_\_\_\_\_
- 1.7 Is the candidate a relative of another interested party<sup>1</sup> in the Bank (and if s/he is – please provide details): \_\_\_\_\_

2. I am/am not an employee of the Bank, any of its subsidiaries, related companies or of an interested party thereof; (if yes, specify the position or positions held by the candidate):

\_\_\_\_\_  
\_\_\_\_\_

#### **3. Eligibility**

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

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

amount of time required to fulfill my role as a director of the Bank, taking into account the scope of the Bank's activity and its size.

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

### 3.1 Education

Academic degree/certificate	Major subject/field	Name of academic institution

### 3.2 Professional certificates

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3.3 List the main occupations **during the past five years**, and specify the corporations in which the candidate serves as a director (please specify the number of years of service in each position).<sup>3</sup>

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3.4 In view of my education, experience and past and present employment and skills, I am professionally eligible, as defined below – based on the aforementioned (Note – the assessment of whether a candidate is professionally eligible to serve as a director will be made by the Board of Directors). Set forth below are further details in addition to those listed in Section 3.3 above, which are relevant to my education and experience and indicate that I meet the conditions and tests for being professionally eligible:

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

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

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

- 3.5 In view of my education, experience and past and present employment and skills, I possess/do not possess [delete irrelevant information] accounting and financial expertise, as defined below, all on the basis of what is described above. (Note – the assessment of whether a candidate has an accounting and financial expertise will be made by the Board of Directors). Set forth below are further details in addition to those listed in Section 3.3 above, relevant to my education and experience, which indicate that I meet the conditions and tests for having such expertise:
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- 3.6 In view of my education, experience and past and present employment and skills, I possess/ do not possess [delete irrelevant information] “proven IT knowledge and experience”<sup>4</sup>, all on the basis of what is described above. (Note – the assessment of whether a candidate is eligible to serve as a director will be made by the Board of Directors). Set forth below are further details in addition to those listed in Section 3.3 above relevant to my education and experience, which indicate that I have the said expertise:
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Documents and certificates supporting my statement in this section have been provided to the Bank Secretariat.

For the purpose of this Section above –

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

(1) An academic degree in one of the following subjects: economics, business administration, accounting, law and/or public administration; (2) Other academic degree or completion of other higher education studies, in an area which is relevant to the Bank’s business or to the position; (3) at least five years

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

of experience in one of the following, or accumulated experience of at least five years in two or more of the following: (a) senior position in the business management of a corporation with a substantial scope of business; or (b) senior public office or a senior position in the public service; or (c) senior banking position.

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

**"Banking experience":** One of the following – (a) A person who has served at least 3 years in a "senior position" (a manager reporting directly to a CEO, as well as a person who reports directly to a manager as stated above, including an internal auditor) in a bank or in a bank overseas and who engaged in the management or control of a core area or of a material risk to the banking corporation in which he/she serves as director; (b) Served as the partner responsible for audit engagement with a banking corporation, including knowledge of creating SOX processes for a cumulative period of at least 5 years in an independent auditing firm (subject to compliance with the rules of independence and the provisions of any law); (c) Served as director of a banking corporation for a cumulative period of at least 9 years or as chairman of the board of directors for a cumulative period of at least 3 years. A candidate who, in his/her opinion, does not have accounting and financial expertise is required to state whether he/she has the ability to read and understand financial statements –Yes / No [delete irrelevant information].

3.7 In view of my education, experience, past and present employment and my skills as described above, to the best of my knowledge, I possess "banking experience"<sup>5</sup>–Yes / No [delete irrelevant information].

4. During the past five years, I have not been convicted in a final judgment of an offense set forth in Section 226 of the Companies Law.

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<sup>5</sup> As required pursuant to Proper Conduct of Banking Business Directive No. 301 and as detailed above in this document.

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

Yes / No [delete the irrelevant information]

Please specify:

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<sup>6</sup> A committee appointed under Section 52lb(a) to the Securities Law, 1968.

<sup>7</sup> As long as I have not been dismissed.



## 8.2

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

Yes / No [delete the irrelevant information]

Please specify:

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

Yes / No [delete the irrelevant information]

Please specify:

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- 8.3 I or anyone in "close association" with me, have business or professional relations with the Bank or with a corporation under the Bank's control, with a Bank office holder, or with a "material holder" who has nominated me as a candidate to serve as director with the Bank, even if such relations ,as aforesaid, are not permanent.

Yes / No [delete the irrelevant information]

Please specify:

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

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

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

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

Please provide specifics, as necessary:

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For the purpose of section 8 above:

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

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

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

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

9. I hereby declare that there is no impediment or restriction whatsoever to my appointment as director with the Bank, including, among other things, under Proper Conduct of Banking Business Directive No. 301; the Banking Ordinance, 1941; the Banking (Licensing) Law, 1981, and/or under any law, including, among other things, due to serving in other corporations.
10. The Bank has provided me with all the information regarding the compensation of directors as practiced by the Bank and I agree to it.
11. If, and to the extent, that a change in the aforesaid will occur, including if I no longer meet conditions required by law to serve as a director in the Bank, I hereby undertake to inform the Bank Secretariat immediately.
12. This is my name, my signature and all of the above is true.

Date: \_\_\_\_\_ Signature of declarant: \_\_\_\_\_

Confirmation:

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

Date \_\_\_\_\_ Name and Signature of attorney: \_\_\_\_\_

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

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

(b)

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

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

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

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

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

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

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

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

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

- (4) A director who was nominated by the Committee under Section 11D(a)(1) shall have the professional qualifications or possess accounting and financial expertise, pursuant to the provisions of Section 240(a1) of the Companies Law.
- (c) Notwithstanding the provisions of subsection (b), a director serving in a banking corporation on the eve of its becoming a banking corporation without a controlling core may continue to serve until the end of his term in office even if the conditions prescribed in the said subsection do not apply to him, but no more than three years from the date on which the banking corporation became a banking corporation without a controlling core, whichever is earlier.
- (c1) The Banking Supervision Department may approve the appointment or service as a director of a person who, in the two years preceding the date of appointment or from the date of appointment and thereafter, had or a person with whom he is closely associated had an affiliation to a material holder, relative of a material holder or a partner of a material holder, even if this affiliation is not negligible, if the Banking Supervision Department finds that, under the circumstances, this affiliation does not give rise to a concern of conflict of interest in such office.
- (d) The provisions of this section shall prevail over any contradictory provision of the law.
- (e) In this section –

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

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

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

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

## Appendix B

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

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

#### 1. Personal details

- 1.1 Name: \_\_\_\_\_
- 1.2 Identification Number: \_\_\_\_\_
- 1.3 Date of Birth: \_\_\_\_\_
- 1.4 Address for service of court papers: \_\_\_\_\_
- 1.5 Nationality: \_\_\_\_\_
- 1.6 Residency: \_\_\_\_\_
- 1.7 Is the candidate a relative of another interested party<sup>8</sup> in the Bank (and if s/he is – please provide details): \_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

#### 3. Eligibility

I possess the qualifications required to serve as a director in the Bank and in particular, possess the education, knowledge, experience or expertise in one or

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<sup>8</sup> **An interested party**- whoever holds 5% or more of the issued share capital of the corporation or voting rights therein, whoever is entitled to appoint one or more of the corporation’s directors or its CEO, whoever serves as a director of the corporation or as its CEO, or a corporation in which such person holds 25% or more of its issued share capital or voting rights or is entitled to appoint 25% or more of its directors. For the purpose of this paragraph, a manager of a Fund for Joint Investments in Trust shall be deemed as the holder of the securities included in the fund’s assets. If a person holds securities through a trustee, the trustee shall also be deemed to hold the said securities. For this purpose, “trustee” – will not include a nominee company and a party who held the securities only in its capacity as a trustee for an arrangement, as defined in Section 46(A)(2)(f) of the Securities Law, 1968, or a trustee for the allocation of shares to employees, as defined in Section 102 of the Income Tax Ordinance. Furthermore, a subsidiary of a corporation, other than a nominee company, shall also be deemed as an interested party.

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

My said qualifications are as follows:<sup>9</sup> (*education, qualifications, experience*):

Education

<b>Academic degree/certificate</b>	<b>Major subject/field</b>	<b>Name of academic institution</b>

Professional certificates

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3.1 Describe main occupations during the past five years, and specify the corporations in which you serve as a director (please specify the number of years of service in each position).<sup>10</sup>

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3.2 In view of my education, experience and past and present employment and skills, I am professionally eligible, as defined below, based on the aforementioned, all on the basis of what is described above. (Note – the

<sup>9</sup> The candidate must attach a CV to this Appendix which must include, at the very least, the details of the candidate's education and employment during the past five years, as required.

<sup>10</sup> The candidate must attach a CV to this Appendix which must include, at the very least, a specification of the candidate's education and employment during the past five years, as required.

assessment of whether a candidate is professionally eligible to serve as a director will be made by the Board of Directors). Set forth below are further details in addition to those listed above, relevant to my education and experience, which indicate that I meet the conditions and tests for being professionally eligible:

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

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

For the purpose of this section:

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

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

**“Director with accounting and financial expertise”** - is a person who, in the opinion of the Board of Directors, meets the following conditions: a director who by virtue of his/her education, experience and qualifications, possesses a



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

- 3.4 A director who, in his/her opinion, does not possess accounting and financial expertise is required to state whether he/she is able to read and understand financial statements –Yes / No [delete irrelevant information].
- 3.5 In view of my education, experience, past and present employment and my skills as described above, to the best of my knowledge, I possess "banking experience"<sup>11</sup>–Yes / No [delete irrelevant information].
4. During the past five years, I have not been convicted in a final judgment of an offense set forth in Section 226 of the Companies Law.
- 4.1. Offences under Sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 to the Penal Law, 1977 and under Sections 52c, 52d, 53(A) and 54 to the Securities Law.
- 4.2. Conviction in a court of law outside of Israel on offenses of bribery, fraud, corporate manager offenses or offenses involving the use of inside information.
- 4.3. Conviction in another offense which the court determined that due to its nature, severity or circumstances, I am not fit to serve as director in a public company. There is no pending indictment against me on such an offense.
5. I have not been charged by the Administrative Enforcement Committee<sup>12</sup> with enforcement measures prohibiting me from serving as director in a public company.
6. I am not a minor, I am not legally incompetent to stand trial, nor have I been declared bankrupt.<sup>13</sup>

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<sup>11</sup> As required pursuant to Proper Conduct of Banking Business Directive No. 301.

<sup>12</sup> A committee appointed under Section 521b(a) to the Securities Law, 1968.

<sup>13</sup> As long as I have not been dismissed.

7. My other duties or occupations do not create or might create a conflict of interest with my position as director with the Bank, nor do they impair my ability to serve as a director with the Bank.
8. All the conditions for my serving as director in a banking corporation without a controlling core have been met pursuant to the provisions of the Banking Ordinance, including:
- 8.1. I or my relatives do not hold means of control of any kind in the Bank, in a corporation controlled by the Bank or in a "material holder", other than holding marketable shares at a percentage of no more than one quarter of one percent of the issued and paid up share capital of any of them

Yes / No [delete the irrelevant information]

Please specify:

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8.2

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

Yes / No [delete the irrelevant information]

Please specify:

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

Yes / No [delete the irrelevant information]

Please specify:

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

Yes / No [delete the irrelevant information]

Please specify:

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

- 8.4.1 As of the appointment date, I have no affiliation with a Committee member;
- 8.4.2 I am not a minister, deputy minister or member of the Knesset, nor do I have a personal, business or political affiliation with a minister or deputy minister or government employee or an employee of a statutory corporation;
- 8.4.3 I have not been convicted of an offense which due to its nature, severity or circumstances renders me unfit to serve in the position, and no indictment for such an offense is pending against me.

Please provide specifics, as necessary:

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For the purpose of section 8 above:

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

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

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

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

9. I do not serve as a director in any other company (hereinafter – the "Other Company") in which one of the Bank's directors serves as an External Director.
10. If, during the course of my service as an External Director or ED in the Bank, it transpires that I am prevented by law from serving as an office holder in the Other Company, I will resign from my position in the Other Company so that I will be able to continue serving as an External Director or ED in the Bank.
11. I am not an employee of the Israel Securities Authority or of the Stock Exchange in Israel.
12. To the best of my knowledge I meet the conditions for qualifying as an Independent Director<sup>14</sup>.  
Yes / No [delete the irrelevant information].
13. I hereby declare that there is no impediment or restriction whatsoever to my appointment as an External Director or ED with the Bank, including, among other things, pursuant to the provisions of the Companies Law, Proper Conduct of Banking Business Directive No. 301; the Banking Ordinance, 1941; the Banking (Licensing) Law, 1981, and/or under any law, including, among other things, due to serving in other corporations.

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<sup>14</sup> "Independent Director" – An External Director or an individual who serves as a director and meets the following conditions: (1) he meets the eligibility conditions for appointment as an External Director set in Section 240 (b) through (f) of the Companies Law and the Audit Committee has confirmed this; (2) he has not served as a director of the Bank for more than nine consecutive years (Companies Law, Section 1).

14. The Bank has provided me with all the information regarding the compensation of directors as practiced by the Bank and I agree to it.

15. If, and to the extent, that a change in the aforesaid will occur, including if I no longer meet conditions required by law to serve as an External Director or ED in the Bank, I hereby undertake to inform the Bank Secretariat immediately.

16. I am aware that if I no longer meet any of the conditions required for service as an External Director or ED in the Bank, my service will end on the date of such notice.

17. This is my name, my signature and all of the above is true.

Date: \_\_\_\_\_ Signature of declarant: \_\_\_\_\_

Confirmation:

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

Date \_\_\_\_\_ Name and Signature of attorney: \_\_\_\_\_

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

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

(b)

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

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

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

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

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

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

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

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

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

- (4) A director who was nominated by the Committee under Section 11D(a)(1) shall have the professional qualifications or possess accounting and financial expertise, pursuant to the provisions of Section 240(a1) of the Companies Law.
- (c) Notwithstanding the provisions of subsection (b), a director serving in a banking corporation on the eve of its becoming a banking corporation without a controlling core may continue to serve until the end of his term in office even if the conditions prescribed in the said subsection do not apply to him, but no more than three years from the date on which the banking corporation became a banking corporation without a controlling core, whichever is earlier.
- (c1) The Banking Supervision Department may approve the appointment or service as a director of a person who, in the two years preceding the date of appointment or from the date of appointment and thereafter, had or a person with whom he is closely associated had an affiliation to a material holder, relative of a material holder or a partner of a material holder, even if this affiliation is not negligible, if the Banking Supervision Department finds that, under the circumstances, this affiliation does not give rise to a concern of conflict of interest in such office.
- (d) The provisions of this section shall prevail over any contradictory provision of the law.
- (e) In this section –

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

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

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

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