

Bank Leumi le-Israel B.M.

(hereinafter – the “Bank” or the “Company”)

Shelf Offering Report

Attention is drawn to the fact that the Subordinated Bonds (Series 405) being offered pursuant to this Shelf Offering Report are equity instruments, which are classified as Tier 2 capital for the purpose of their inclusion in the regulatory capital of the Bank in accordance with Proper Conduct of Banking Business Directive No. 202 (hereinafter – “PCB No. 202”) and, accordingly, have special characteristics and investment therein involves, inter alia, by the following unique risks:

- (a) The Subordinated Bonds (Series 405) include a principal loss absorption mechanism, within the framework of which – when certain circumstances arise (“a trigger event for principal loss absorption” and/or a “trigger event for non-viability”) that the Bank is not necessarily able to predict and/or that are not necessarily under its control, the Subordinated Bonds shall be converted into ordinary shares of the Bank in accordance with a pre-determined conversion formula, which includes a floor price, without giving the holders thereof a right of choice (please see Section 1.22.8 to the Shelf Offering Report). Since under the said circumstances the market price of the Bank’s shares may decrease prior to a trigger event for principal loss absorption or a trigger event for non-viability (as the case may be) – a decrease that might continue even after the Bank issues a notice to the effect that such an event has taken place, then the price of the Bank’s shares as of the conversion date may be lower than the conversion rate of the Subordinated Bonds, such that as a result of the conversion of the Subordinated Bonds, the holders of the Subordinated Bonds may receive shares whose market price may be significantly lower than the conversion rate of the Subordinated Bonds. Upon conversion of the Subordinated Bonds into Bank shares (if any), the holders of the Subordinated Bonds will no longer be considered as holders of the Bank’s bonds (as the term “bondholder” is defined in the Securities Law), but rather as shareholders of the Bank for all intents and purposes;
- (b) The terms of the Subordinated Bonds (Series 405) do not confer upon the holders of the Subordinated Bonds a right to call for immediate repayment of the Subordinated Bonds in any case whatsoever, except for a situation where a trustee is appointed for the Bank whose role is liquidation in accordance with the Insolvency and Economic Rehabilitation Law, 2018 and the regulations promulgated thereunder, as worded from time to time (hereinafter - the “**Insolvency Law**”), or a liquidation order is handed down by a competent court for the Bank and the aforesaid appointment or order is not revoked within 30 days;
- (c) There shall be no option of immediate repayment of the Subordinated Bonds (Series 405) nor 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, unless advance approval is granted by the Banking Supervision Department (please see Sections 6 and 8 of the First Addendum of the Deed of Trust for the Subordinated Bonds (Series 405) attached as **Appendix A3** to the Shelf Offering Report;
- (d) The rights of the holders of the Subordinated Bonds (Series 405) shall be inferior to the claims of all other creditors of the Bank of any type, other than the rights of other creditors of the Bank whose repayment has been or shall be expressly prescribed (by law or in another manner) as having an equal ranking to that of the Subordinated Bonds (please see Section 1.22.10 to the Shelf Offering Report);

- (e) The Bank may carry out early repayment of the Subordinated Bonds (Series 405), subject to the fulfillment of certain conditions, without giving the holders thereof any right of choice. The Bank alone has the power to give notice of such full or partial early repayment (please see Section 1.22.9 to the Shelf Offering Report).
- (f) The Subordinated Bonds (Series 405) constitute “CoCo bonds”, as defined in the guidelines to Part Three of the Rules and Regulations of the Tel Aviv Stock Exchange, which prescribe, inter alia, that the trading unit of a CoCo bond is NIS 50 thousand par value, and that the minimum size of a trading order in CoCo bonds shall be one trading unit.

Pursuant to a shelf prospectus of the Bank dated May 27 2021 (hereinafter - the “**Shelf Prospectus**”), and in accordance with the provisions of the Securities Regulations (Shelf Offering of Securities), 2005 (hereinafter – the “**Shelf Offering Regulations**”), the Bank is hereby publishing a Shelf Offering Report for the issuance and listing on the Tel Aviv Stock Exchange Ltd. (hereinafter – the “**Stock Exchange**”) of the securities set forth below (hereinafter - the “**Shelf Offering Report**”).

The offered securities

1.1 Series 184 Bonds

1.1.1 Up to NIS 1,458,995,000 par value of Series 184 registered bonds the Bank of NIS 1 p.v. each, bearing fixed annual interest that shall be established in the tender, but shall not be higher than 2.76% (hereinafter - the “**Series 184 Bonds**”).

1.1.2 The Principal of the Bonds (Series 184) will be repaid in ten (10) semi-annual installments from November 5 2025 to May 5 2030, on dates and rates from the original Bonds’ Principal, as follows:

Date of principal repayment	Nov. 5 2025	May 5 2026	Nov. 5 2026	May 5 2027	Nov. 5 2027	May 5 2028	Nov. 5 2028	May 5 2029	Nov. 5 2029	May 5 2030
Percentage of the original principal	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

1.1.3 The principal and interest for the Bonds (Series 184) will not be linked to the CPI or to any other index or currency.

1.1.4 The interest will be paid to the Bondholders (Series 184) twice a year on November 5 and May 5 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 5

2022 in respect of the period beginning on the First Trading Day following the Tender Date of the Bonds until November 4 2022 (hereinafter - the **“First Interest Payment of Series 184 Bonds”**).

- 1.1.5 The interest rate as of the date of the First Interest Payment of the Series 184 Bonds shall be calculated in accordance with the number of days in the period starting on the first trading day following the tender for the Series 184 Bonds and ending on November 4 2022, on the basis of 365 days per year (hereinafter – the **“Interest Rate on the First Interest Payment of Series 184 Bonds”**).
- 1.1.6 The rate of the Annual Interest Rate, the Semi-Annual Interest, and Interest rate for the First Interest Payment on the Series 184 Bonds were reported in the immediate report that the Bank will publish in connection with the results of the issuance.
- 1.1.7 For more information regarding the rating of the Series 184 Bonds, please see Section 0 below.
- 1.1.8 For more information regarding the terms and conditions of the Series 184 Bonds, please see Section 1.20below .
- 1.1.9 The Series 184 Bonds shall be registered in the name of Bank Leumi le-Israel B.M. Nominee Company Ltd. (hereinafter - the **“Nominee Company”**).

1.2 Commercial Securities (Series 1)

- 1.2.1 Up to NIS 781,377,000 par value of registered Commercial Securities (Series 1) of the Bank, bearing annual interest calculated as a weighted average (in accordance with the number of days in the interest period as this term is defined in Section **Error! Reference source not found.** below) of the Bank of Israel’s interest rates that were applicable during the interest period, plus a fixed annual spread that will be set in a tender (and which will not exceed 0.25% per year). (hereinafter - **“CSs (Series 1)”**).
- 1.2.2 The principal of CSs (Series 1) and the interest payable thereon shall be repayable in a single installment on March 23 2023.

- 1.2.3 The principal and interest for the CSs (Series 1) will not be linked to the CPI or to any other index or currency.
- 1.2.4 For more information regarding the rating of the Series 1 CSs, please see Section 0 below.
- 1.2.5 For more information regarding the terms and conditions of the Series 1 CSs, please see Section 1.21 below .
- 1.2.6 CSs (Series 1) shall be registered in the name of the Nominee Company in accordance with the provisions set out in Section 1.10 below.

1.3 Subordinated Bonds (Series 405)

- 1.3.1 Up to NIS 690,700,000 par value in registered Subordinated Bonds of the Bank (Series 405), repayable in a single installment on March 27 2033, unless the Bank exercised, prior to that date, its right to early redemption of the Subordinated Bonds as set out in Section 1.22.9 below (hereinafter: the “**Subordinated Bonds (Series 405)**” and/or the “**Subordinated Bonds**”).
- 1.3.2 The principal and interest of the Subordinated Bonds shall be linked to the consumer price index that was published on March 15 2022 in respect of February 2022 (hereinafter – the “**Basic Index**”). 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 compared to the Basic Index. It should be noted that pursuant to the Stock Exchange’s guidelines, the linkage method of the principal and interest shall not change throughout the term of the Subordinated Bonds (Series 405).
- 1.3.3 The Subordinated Bonds will bear fixed annual interest of 1.5% (hereinafter - the “**Annual Interest Rate for Series 405**”). The interest in respect of the Subordinated Bonds shall be paid to the Bond Holders 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 first interest payment which shall be paid on November 27

2023 in respect of the period starting on the First Trading Day after the Tender Date and ending on March 26 2023 (hereinafter - the “**First Interest Period of the Subordinated Bonds**” and the “**First Interest Payment of the Subordinated Bonds**”, respectively).

- 1.3.4 The rate of interest that shall be paid on each interest payment date, except for the First Interest Payment of the Subordinated Bonds, shall be equal to the Annual Interest rate of Series 405. The interest payment in respect of the First Interest Period of the Subordinated Bonds shall be calculated in accordance with the number of days in this period, on the basis of 365 days per year.
- 1.3.5 If the Bank does not exercise its right to redeem the Subordinated Bonds in an early redemption in accordance with Section 1.22.9 below, then the Annual Interest Rate of the principal of the Subordinated Bonds will be updated on March 27 2028 (hereinafter in this Section 1.3 - the “**Interest Rate Change Date**”), such that the Annual Interest Rate for Series 405 shall increase or decrease, as the case may be, by the amount of the difference between the Benchmark Interest Rate on the Interest Change Date and the Benchmark Interest rate on the offering date pursuant to this Shelf Offering Report (hereinafter in Section 1.3 - the “**Interest Rate Differential**”). 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 government bonds, the outstanding 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 in this Section 1.3 - 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 five 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. For this purpose, a **“Government Bond”** signifies - A government bond issued by the Government of Israel and listed on the Stock Exchange, which is denominated in Israeli currency, linked to the consumer price index, bears annual fixed interest, and is repayable in full on a single date and whose issued par value is at least NIS 1 billion.

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.

- 1.3.6 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:

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

1.3.7 The interest rate in respect of the First Interest Period of the Subordinated Bonds and the Benchmark Interest Rate on the Issuance Date of the Subordinated Bonds (Series 405) shall be specified in the immediate report to be published by the Bank regarding the issuance results until the end of the First Trading Day after the Tender Date. If the Bank does not exercise its right for early repayment of the Subordinated Bonds (Series 405) as described above, the Bank will publish, within two business date following the interest rate change, the Benchmark Interest Rate on the Interest Change Date and the updated Annual Interest Rate of the Subordinated Bonds (Series 405) as part of an immediate report.

1.3.8 The Subordinated Bonds 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. Non-recognition by the Banking Supervision Department of the Bank's obligations pursuant to the Subordinated Bonds (Series 405) as part of the Bank's Tier 2 capital, or if the Banking Supervision Department ceases to recognize them as such, shall have no effect whatsoever on the terms of the Subordinated Bonds (Series 405) or on the rights attached thereto, and subject to the provisions of any law, the provisions of this Deed of Trust of the Subordinated Bonds (Series 405) shall apply with regard to the ranking of their repayment, and in particular the provisions of Section 5.2

to the Deed of Trust. For more information regarding the criteria for inclusion of equity instruments in a banking corporation's Tier 2 capital pursuant to PCB 202, please see Appendix A to the Deed of Trust of Series 405.

1.3.9 For more information regarding the rating of Subordinated Bonds, please see Section 10 below.

1.3.10 For more information regarding the terms and conditions of the Subordinated Bonds, please see Section 1.22 below.

1.3.11 The Subordinated Bonds (Series 405) shall be registered in the name of the Nominee Company in accordance with the provisions set out in Section 1.11 below.

1.4 The Bonds (Series 184), CSs (Series 1) and the Subordinated Bonds (Series 405) shall be jointly named hereinafter - the "**Offered Securities**".

The Trustee

1.5 The trustee for the Series 184 Bonds and the Series 405 Subordinated Bonds is Strauss, Lazer Trustees (1992) Ltd. (hereinafter – the "**Trustee**")¹.

1.6 On March 23 2022, the Bank entered into a Deed of Trust for the Series 184 Bonds and into a Deed of Trust for the Series 405 Subordinated Bonds (hereinafter, above and below - the "**Trust Deed for Series 184**" and the "**Trust Deed for Series 405**"). The full text of the Deeds of Trust as described above is attached as **Appendix A1** and as **Appendix A3**, respectively, to this Shelf Offering Report.

It is clarified that in case the offering of the Bonds (Series 184) and/or the offering of the Subordinated Bonds (Series 405) is canceled for any reason whatsoever, the relevant deed of trust shall be null and void.

1.7 The Trustee has no substantial interest in the Bank and the Bank has no vested interest in the Trustee.

1.8 To the best of the Bank's knowledge, as it was informed by the Trustee, there are no legal proceedings pending against the Trustee in connection with the performance of its duty as a trustee.

¹ Following are the details of the contact person with the Trustee: Ori Lazar, tel.: +972-3-6237777, email: ori@slcpa.co.il.

Manner of offering the securities

It is hereby clarified that the tender for the purchase of the Bonds (Series 184), the tender for the purchase of CSs (Series 1), and the tender for the purchase of the Subordinated Bonds (Series 405) are separate and independent of each other (hereafter jointly or severally, as applicable: the “Tender” or the “Tenders”). The bids as part of the said Tenders shall be placed separately, and are not conditioned and dependent on each other; the results of the issuance shall be determined separately for each such Tender. Accordingly, should one of the aforementioned tenders be canceled, the securities offered as part of this tender shall not be allocated or listed for trading on the Stock Exchange, but this shall not result in the cancellation of the other tender in accordance with the Shelf Offering Report.

1.9 Bonds (Series 184) – uniform offering by way of tender on the interest rate [Tender No.: 6040554]

Up to NIS 1,458,995,000 p.v. of Bonds (Series 184) are offered to the public by way of a uniform offering as defined in the Securities Regulations (Manner of Offering Securities to the Public), 2007 (hereinafter - the “**Uniform Offering**” and the “**Public Offering Regulations**”, respectively), in 1,458,995 units, with each unit comprising NIS 1,000 p.v. of Series 184 Bonds at a unit price of NIS 1,000 (hereinafter - the “**184 Bonds Units**” or the “**Bond Units (Series 184)**”), by way of tender on the interest rate that the Bonds (Series 184) will bear (hereinafter - the “**184 Bonds Tender**”) that will not exceed 2.76% (hereinafter - the “**Maximum Interest Rate**”).

Every bidder taking part in the tender will note in his bid the number of Bond 184 Units he wishes to purchase in the tender, as well as the interest rate he offers, which will not exceed the Maximum Interest Rate.

A bid for the purchase of Units that will be submitted as part of the tender, where the interest rate specified therein is higher than the Maximum Interest Rate, will be viewed as a bid that has not been submitted.

At part of the tender, each bidder is allowed to submit up to three (3) bids at different interest rates, none of which will exceed the Maximum Interest Rate, and which will be denoted in interest levels of 0.01%, i.e., 2.76%, 2.75%, 2.74%, etc. An

interest rate specified in a bid which is not equal to one of the interest levels will be rounded up to the next interest level.

1.10 CSs (Series 1) – uniform offering by way of tender on the rate of the annual spread above the Bank of Israel Interest [Tender No.: 6040562]

Up to NIS 781,377,000 p.v. of CSs (Series 1) are offered to the public by way of a uniform offering as defined in the Public Offering Regulations in 781,337 units, with each unit comprising NIS 1,000 p.v. of CSs (Series 1), at a unit price of NIS 1,000 (hereinafter the “**CSs 1 Units**” or “**CSs Units (Series 1)**”, by way of tender on the rate of the annual spread above the Bank of Israel Interest (hereinafter - the “**Benchmark Interest**”), that the CSs (Series 1) will bear (hereinafter - the “**CSs 1 Tender**”); the interest rate to be set in the tender shall not exceed 0.25% per year (hereinafter - the “**Maximum Spread Rate**”).

Every bidder taking part in the tender will note in his bid the number of CSs 1 Units he wishes to purchase in the tender, as well as the spread above the Benchmark Interest rate he offers, which will not exceed the Maximum Spread Rate.

As part of the tender, each bidder is allowed to submit up to three (3) bids at different spread rates, none of which will exceed the Maximum Spread Rate, and which will be denoted in positive spread levels of 0.01%, i.e., 0.25%, 0.24%, 0.23%, etc. The spread rate specified in a bid, which is not in accordance with the spread levels described above shall be rounded upwards by the offering coordinator (as defined in Section 1.13 below) to the nearest spread level.

In accordance with the guidance set in the Third Part of the TASE Rules and Regulations, the trading unit of a commercial security is NIS 10 p.v. Accordingly, concurrently with the transfer of the CSs (Series 1) certificates to the Nominee Company, the latter will receive a request to the effect that the allocation of the said CSs to bidders whose bids were accepted shall be carried out in trading units of NIS 10 p.v. as stated above. It is clarified that trading in the CSs (Series 1) shall be subject to the above directives of the TASE, as updated from time to time, including in the event that the size of the CSs trading units is changed, and/other or additional restrictions being placed with regard to a trading unit of CSs, should any such updates be made in relation to the CSs (Series 1) offered pursuant to the Shelf Offering Report.

1.11 Series 405 Bonds – uniform offering by way of tender on the unit price (Tender No.: 6040570)

Up to NIS 690,700,000 p.v. of Series 405 Bonds are offered to the public by way of a Uniform Offering as defined in the Public Offering Regulations, in 13,814 units, with each unit comprising NIS 50,000 p.v. of Series 405 Subordinated Bonds (hereinafter - the “**Series 405 Units**”), by way of unit price tender (hereinafter - the “**405 Units Tender**”) at a minimum price per unit of NIS 51,800 (hereinafter - the “**Minimum Unit Price of Series 405**”).

The applicant shall state on his application the number of Series 405 Units he wishes to purchase in the tender and the Unit Price offered, which shall not be less than the Minimum Unit Price of Series 405. A bid for the purchase of 405 Units Tender that will be submitted as part of the Tender, with the unit price stated therein being lower than the Minimum Unit Price of Series 405, shall be deemed not to have been submitted.

As part of the Tender, each bidder may submit up to three (3) subscriptions with different unit prices, non of which shall be lower than the Minimum Unit Price of Series 405, and denominated in increments of NIS 50, that is to say - NIS 51,800, NIS 51,850, NIS 51,900, etc. The spread rate specified in a bid, which is not in accordance with the spread levels described above shall be rounded downwards by the offering coordinator (as defined in Section 1.13 below) to the nearest spread level.

1.12 The period for submitting bids for the Units being offered to the public pursuant to the Shelf Offering Report will commence on Wednesday, March 24 2022 (hereinafter – the “**Tender Date**”) at 09:30 AM (hereinafter – the “**Commencement of the Period for Submitting of Bids**”) and will end on the same day at 16:30 o’clock (hereinafter – the “**Time of Closing the List of Subscriptions List**”), provided that at least seven (7) hours will have elapsed from the time of publication of the Shelf Offering Report until the end of the period of the submission of bids, of which at least five (5) are to be Stock Exchange trading hours.

1.13 Each bid for the purchase of the Units being offered in the tender is to be submitted to the Bank through Israeli Securities Department of Bank Leumi le-Israel B.M.,

whose address is 35 Yehuda Halevi Street, Tel Aviv (hereinafter - the “**Offering Coordinator**”), or through branches of the Bank or other members of the Stock Exchange. (hereinafter - the “**Parties Authorized to Receive Bids**”), no later than the Time of Closing the List of Subscriptions List, using forms that can be obtained from the Parties Authorized to Receive Bids.

- 1.14 A bidder that has submitted a bid may retract his bid up to the end of the period for submitting bids, i.e., until the Time of Closing the List of Subscriptions List.
- 1.15 Each bid submitted to a Party Authorized to Accept Bids on the Tender Date will be considered as being submitted on the same day, if received by the Party Authorized to Accept Bids by the Closing Time of Subscriptions List and provided that it is delivered to the Offering Coordinator by the Party Authorized to Accept Bids, and received by the Offering Coordinator, by the end of one hour from the Closing Time of the Subscriptions List (hereinafter – the “**Deadline for Submission to the Coordinator**”). A Bid submitted to the Offering Coordinator after the Latest Time for Submitting to the Coordinator shall not be accepted by the Bank.
- 1.16 For more information about the manner of offering the Offered Securities and submitting the bids to purchase the offered units, the Tenders’ procedures, the publication of the their results, the payment of consideration in respect of the Offered Securities, the manner of determining interest rate, the rate of the annual spread above the Bank of Israel interest, and the unit prices in the Tenders, as the case may be, the allocation of the units and the listing of the Offered Securities, please see Section 0 (“Submitting bids in the Tender stage”), Section 1.3 (“The Tender procedures”), Section 1.4.1 (“Determining the interest rate for Series 184 and allocation of units to bidders”), Section 1.5.1 (“Determining the spread above the Benchmark interest and the manner of allocation of units to bidders”), Section 1.6.1 (“Determining the unit price for Series 405 and the manner of allocating the units to bidders”), Section 2 (“Notice regarding the results of the offering”), Section 3 (“The special account and allocation of the units”) and Section 4 (“Approval of listing of the Offered Securities”), respectively to **Appendix B** to this Shelf Offering Report.

Qualified investors²

1.17 Series 184 Bonds

1.17.1 Of the Units of Bonds 184 being offered to the public under this Shelf Offering Report, regarding 1,336,045 Units of Series 184 Bonds, constituting approximately 91.57% of the total Units of Series 184 Bonds being offered to the public in accordance with the Shelf Offering Report, advance purchase undertakings were given to the Bank by Qualified Investors, as defined in Regulation 1 of the Public Offering Regulations; the names of these Qualified Investors are listed in Section 1.17.3 below, whereby the Qualified Investors will submit bids for the purchase of Units as set forth in Section 4.1.3 below.

1.17.2 In Section 1.17.2, the terms listed below shall have the meaning set out opposite them:

“Outstanding Number of Units for Distribution” – the number of Units offered in the tender, net of the number of Units in respect of which bids were made at an interest rate which is lower than the interest rate that will be determined in the tender.

“Oversubscription” – the ratio between the number of securities in respect of which bids were made at the interest rate determined in the tender and the Outstanding Number of Units for Distribution, provided that this is more than one.

In accordance with the Public Offering Regulations, in the event of oversubscription, the allocation to Qualified Investors will be as follows:

- (a) Where the oversubscription does not exceed 5, each Qualified Investor will be allocated 100% of the quantity it had undertaken to purchase.
- (b) Where the oversubscription exceeds 5, each Qualified Investor will be allocated 50% of the quantity it had undertaken to purchase.

² A **“Qualified Investor”** is any of the following - (1) a portfolio manager, as defined in Section 8(b) of the Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law, 1995, who makes discretionary purchases on behalf of a client; (2) a corporation that is wholly-owned by one or more Qualified Investors, who makes purchases for itself or for another Qualified Investor; (3) an investor listed in Section 15a(b)(2) of the Securities Law, 1968; (4) an investor listed in Sections (1) through (9) or (11) of the First Schedule of the Securities Law, who makes purchases for itself. Furthermore, a Qualified Investor must undertake to purchase securities at a scope of at least NIS 800,000.

- (c) If the Outstanding Number of Units for Distribution is insufficient to make the aforesaid allocation, then the Outstanding Number of Units for Distribution will be allocated to the Qualified Investors in accordance with the proportionate share of each advance purchase undertaking out of the total advance purchase undertakings that were submitted with the same interest rate. For the purpose of determining the interest rates in the tender, the bids of the Qualified Investors shall be considered as bids submitted by the public.
- (d) The allocation of the offered bonds to the Qualified Investors shall be carried out in accordance with the interest rate to be set in the Tender.
- (e) Where there is no oversubscription, bids from the Qualified Investors will be treated as bids submitted by the public for the purpose of distributing the Units to bidders.

1.17.3 Each of the Qualified Investors listed below has undertaken - under advance undertaking to purchase Bonds 184 Units offered in accordance with this Shelf Offering Report - to submit bids for the purchase Series 184 Bonds at an interest rate that will not be lower than the interest rate set out in the table below:

	Name of qualified investor	How it meets the definition of a qualified investor	Interest rate	No. of units - Series 184 Bonds
1.	Arbitrage Global LP	Corporation with capital of NIS 50 million	2.62	19,000.0
2.	Arbitrage Global LP	Corporation with capital of NIS 50 million	2.69	15,000.0
3.	Arbitrage Global LP	Corporation with capital of NIS 50 million	2.74	14,000.0
4.	Hazavim Bond LP. CO-107905 Cayman Islands	Corporation with capital of NIS 50 million	2.66	6,000.0

	Name of qualified investor	How it meets the definition of a qualified investor	Interest rate	No. of units - Series 184 Bonds
5.	Vertical LP co-89181 Cayman Islands	Corporation with capital of NIS 50 million	2.62	13,500.0
6.	Vertical LP co-89181 Cayman Islands	Corporation with capital of NIS 50 million	2.69	14,500.0
7.	Vertical LP co-89181 Cayman Islands	Corporation with capital of NIS 50 million	2.74	15,000.0
8.	A-To-Z Finance Ltd.	Corporation with capital of NIS 50 million	2.47	55,000.0
9.	A-To-Z Finance Ltd.	Corporation with capital of NIS 50 million	2.72	35,000.0
10.	Orcom Strategies Ltd.	Corporation with capital of NIS 50 million	2.70	9,000.0
11.	IBI Amban Investment Management Ltd.	Portfolio manager	2.65	5,870.0
12.	Interactive Israel Capital Markets Ltd.	Corporation with capital of NIS 50 million	2.60	7,000.0
13.	Interactive Israel Capital Markets Ltd.	Corporation with capital of NIS 50 million	2.70	9,414.0
14.	Aloha Global Opportunities Ltd.	Corporation with capital of NIS 50 million	2.75	2,000.0
15.	Aloha Global Opportunities LP	Corporation with capital of NIS 50 million	2.62	15,000.0
16.	Aloha Global Opportunities LP	Corporation with capital of NIS 50 million	2.71	13,000.0

	Name of qualified investor	How it meets the definition of a qualified investor	Interest rate	No. of units - Series 184 Bonds
17.	Aloha Global Opportunities LP	Corporation with capital of NIS 50 million	2.75	18,000.0
18.	Ametrine 2 Limited Partnership	Corporation with capital of NIS 50 million	2.64	5,100.0
19.	Ametrine 2 Limited Partnership	Corporation with capital of NIS 50 million	2.72	4,000.0
20.	Ametrine Limited Partnership	Corporation with capital of NIS 50 million	2.64	5,500.0
21.	Ametrine Limited Partnership	Corporation with capital of NIS 50 million	2.72	5,500.0
22.	Best Invest - Yelin Lapidot	Provident fund / pension fund	2.73	4,000.0
23.	Barak Capital Investments 2006 Ltd.	Corporation with capital of NIS 50 million	2.64	2,000.0
24.	Barak Capital Investments 2006 Ltd.	Corporation with capital of NIS 50 million	2.72	7,500.0
25.	GFC Green Fields Capital Ltd.	Corporation with capital of NIS 50 million	2.66	3,000.0
26.	GFC Green Fields Capital Ltd.	Corporation with capital of NIS 50 million	2.70	7,000.0
27.	GFC Green Fields Capital Ltd.	Corporation with capital of NIS 50 million	2.75	10,000.0
28.	Gyro Hedge Fund Limited Partnership	Corporation with capital of NIS 50 million	2.68	5,000.0

	Name of qualified investor	How it meets the definition of a qualified investor	Interest rate	No. of units - Series 184 Bonds
29.	Danbar Finance Ltd.	Corporation with capital of NIS 50 million	2.55	900.0
30.	Danbar Finance Ltd.	Corporation with capital of NIS 50 million	2.68	900.0
31.	Agach Konzerni Bederug Minimali (AA)**	Provident fund / pension fund	2.73	70,000.0
32.	Agach Konzerni Bederug Minimali (AA)**	Provident fund / pension fund	2.76	70,000.0
33.	Harel Insurance Company Ltd. - nostro**	Insurance company	2.75	30,000.0
34.	Harel Insurance Company Ltd. – planholders**	Insurance company	2.66	59,770.0
35.	Harel Insurance Company Ltd. – planholders**	Insurance company	2.74	50,000.0
36.	Hazavim Long Limited Partnership	Corporation with capital of NIS 50 million	2.68	8,000.0
37.	Hazavim Limited Partnership	Corporation with capital of NIS 50 million	2.68	4,000.0
38.	Hazavim Limited Partnership	Corporation with capital of NIS 50 million	2.72	6,000.0
39.	Yelin Lapidot Provident Funds Management Ltd.	Provident fund / pension fund	2.73	50,000.0
40.	Yelin Lapidot Mutual Fund Management Ltd.	Mutual fund	2.67	42,418.0
41.	Clal Insurance Company Ltd. for institutional investors under its control**	Insurance company	2.67	100,000.0
42.	Masterplan Delta Opportunities L.P.	Corporation with capital of NIS 50 million	2.66	3,000.0

	Name of qualified investor	How it meets the definition of a qualified investor	Interest rate	No. of units - Series 184 Bonds
43.	Migdal Market Making Ltd.	Corporation with capital of NIS 50 million	2.30	2,000.0
44.	More Provident and Pension Funds Ltd.	Provident fund / pension fund	2.58	20,000.0
45.	More Provident and Pension Funds Ltd.	Provident fund / pension fund	2.67	20,000.0
46.	More Provident and Pension Funds Ltd.	Provident fund / pension fund	2.75	30,000.0
47.	More Mutual Funds Management (2013) Ltd.	Mutual fund	2.60	11,423.0
48.	More Mutual Funds Management (2013) Ltd. - More Bonds Portfolio + 30%	Mutual fund	2.60	1,940.0
49.	More Mutual Funds Management (2013) Ltd. - More 20/80	Mutual fund	2.60	3,480.0
50.	More Mutual Funds Management (2013) Ltd. - More 30/70	Mutual fund	2.60	7,820.0
51.	More Mutual Funds Management (2013) Ltd. - More 10/90	Mutual fund	2.60	34,550.0
52.	More Mutual Funds Management (2013) Ltd. - More 15/85	Mutual fund	2.60	2,550.0
53.	Machog Ltd.???	Provident fund / pension fund	2.73	3,000.0
54.	Meitav Dash Provident Funds and Pension Ltd.**	Provident fund / pension fund	2.64	50,000.0
55.	Meitav Dash Provident Funds and Pension Ltd.**	Provident fund / pension fund	2.73	50,000.0
56.	Milestone Capital Limited Partnership	Corporation with capital of NIS 50 million	2.57	50,000.0
57.	Milestone Capital Limited Partnership	Corporation with capital of NIS 50 million	2.72	10,000.0
58.	Menora Mivtachim Insurance Ltd. for planholders*	Insurance company	2.68	60,000.0
59.	Menora Mivtachim Pension and Provident Funds Ltd.*	Mutual fund	2.69	5,000.0

	Name of qualified investor	How it meets the definition of a qualified investor	Interest rate	No. of units - Series 184 Bonds
60.	Etzioni Value-Based Portfolio Management Ltd.	Portfolio manager	2.69	1,000.0
61.	Fidelity Venture Capital Ltd.	Corporation with capital of NIS 50 million	2.70	1,555.0
62.	Fidelity Venture Capital Ltd.	Corporation with capital of NIS 50 million	2.74	855.0
63.	Proxima Investment Management Ltd.	Portfolio manager	2.63	68,000.0
64.	Proxima Investment Management Ltd.	Portfolio manager	2.71	10,000.0
65.	Proxima Investment Management Ltd.	Portfolio manager	2.76	58,000.0
66.	KSM Financial Instruments Ltd.**	Mutual fund	1.20	5,000.0
67.	Masterplan Hedge Fund Limited Partnership	Corporation with capital of NIS 50 million	2.68	4,000.0
68.	Masterplan Hedge Fund Limited Partnership	Corporation with capital of NIS 50 million	2.72	6,000.0
	<u>Total</u>			1,336,045,000

(*) Distributor in the offering or a Qualified Investor related to a distributor in the offering.

(**) Qualified investors related to the Company's interested parties.

1.17.4 Receipt of advance undertakings from the Qualified Investors prior to the publication of the Shelf Offering Report was carried out in accordance with the rules prescribed in the Public Offering Regulations.

1.17.5 The Qualified Investors may bid for a number of Units that exceeds the number of Units specified in their advance undertaking; however, bids for surplus Units will not be considered as bids submitted by Qualified Investors for the purpose of the Shelf Offering Report, but rather as bids submitted by the public for all intents and purposes.

1.17.6 The consideration to be paid by the Qualified Investors will be transferred to the Offering Coordinator through members of the Stock Exchange on the first day of trading after the Tender Date, by 12:30 PM, and will be

deposited by the Offering Coordinator in a special account as defined in Section 3 to **Appendix B** of this Shelf Offering Report.

- 1.17.7 The Qualified Investors will be entitled to receive an advance undertaking fee at a rate of 0.5% of the total proceeds that will be received in respect of the Series 184 Bonds Units in relation to which the Qualified Investors have undertaken to submit bids as part of the advance undertaking.
- 1.17.8 On the Tender Day (through the end of the period for submitting the bids), a Qualified Investor may reduce the interest rate, which he specified in the advance undertaking to purchase the offered Bonds 184 Units in interest levels of 0.01%, by giving written notice to the Offering Coordinator (until Time of Closing the List of Subscriptions).

1.18 Commercial Securities (Series 1)

- 1.18.1 Of the Units being offered to the public under this Shelf Offering Report, regarding 692,308 Units of CS 1, constituting approximately 88.6% of the total Units of CS 1 being offered to the public in accordance with the Shelf Offering Report, advance purchase undertakings were given to the Bank by Qualified Investors, as defined in Regulation 1 of the Public Offering Regulations; the names of these Qualified Investors are listed in Section 4.2.3 below, whereby the Qualified Investors will submit bids for the purchase of Units as set forth in Section 4.2.3 below.
- 1.18.2 Pursuant to the Public Offering Regulations, the allocation of CS 1 Units to Qualified Investors in the event of oversubscription shall be carried out in accordance with the provisions set out in Section 1.17.2 regarding Bond 184 Units, mutatis mutandis.
- 1.18.3 Each of the Qualified Investors listed below has undertaken - under advance undertaking to purchase CS 1 Units offered in accordance with this Shelf Offering Report - to submit bids for the purchase CS 1 Units at an annual spread rate that will not be higher than the annual spread rate set out in the table below:

	Name of qualified investor	How it meets the definition of a qualified investor	The annual spread rate above the Bank of Israel interest	Number of CSs (Series 1) Units
1.	A-To-Z Finance Ltd.	Corporation with capital of NIS 50 million	0.25	100,000.0
2.	Egged Transportation Company Ltd.	Corporation with capital of NIS 50 million	0.25	1,500.0
3.	Bar Ilan University	Corporation with capital of NIS 50 million	0.17	10,000.0
4.	IBI Mutual Funds Management (1978) Ltd.	Mutual fund	0.20	10,530.0
5.	Ayalon Mutual Funds Ltd.	Mutual fund	0.20	1,000.0
6.	Aloha Global Opportunities LP	Corporation with capital of NIS 50 million	0.17	20,000.0
7.	Aloha Global Opportunities LP	Corporation with capital of NIS 50 million	0.22	20,000.0
8.	Aloha Global Opportunities LP	Corporation with capital of NIS 50 million	0.25	42,000.0
9.	Analyst IMS Mutual Funds Management (1986) Ltd.	Mutual fund	0.19	12,750.0
10.	Analyst IMS Mutual Funds Management (1986) Ltd.	Mutual fund	0.24	12,750.0
11.	Analyst Provident Funds Ltd.	Provident fund / pension fund	0.19	2,960.0
12.	GFC Green Fields Capital Ltd.	Corporation with capital of NIS 50 million	0.10	5,000.0
13.	GFC Green Fields Capital Ltd.	Corporation with capital of NIS 50 million	0.14	5,000.0
14.	Harel Mutual Funds Ltd.**	Mutual fund	0.13	41,500.0
15.	Harel Mutual Funds Ltd.**	Mutual fund	0.15	41,500.0
16.	Yelin Lapidot Provident Funds Management Ltd.	Provident fund / pension fund	0.25	50,000.0

	Name of qualified investor	How it meets the definition of a qualified investor	The annual spread rate above the Bank of Israel interest	Number of CSs (Series 1) Units
17.	Yelin Lapidot Portfolio Management Ltd.	Portfolio manager	0.25	4,000.0
18.	Clal Insurance Company Ltd. for institutional investors under its control**	Insurance company	0.15	21,500.0
19.	More Mutual Funds Management (2013) Ltd.	Mutual fund	0.24	43,300.0
20.	Mahog - Israel Electricity Company Pension Fund Management Ltd.	Provident fund / pension fund	0.25	4,000.0
21.	Meitav Dash Provident Funds and Pension Ltd.**	Provident fund / pension fund	0.25	10,316.0
22.	Meitav Tachlit Mutual Funds Ltd.**	Mutual fund	0.09	69,092.0
23.	Forest Mutual Funds Ltd.	Mutual fund	0.20	42,803.0
24.	Psagot Mutual Funds Ltd.	Mutual fund	0.10	96,307.0
25.	KSM Mutual Funds Ltd.**	Mutual fund	0.20	24,500.0
26.	<u>Total</u>			692,308

(**) Qualified investors related to the Company's interested parties.

1.18.4 Receipt of advance undertakings from the Qualified Investors prior to the publication of the Shelf Offering Report was carried out in accordance with the rules prescribed in the Public Offering Regulations.

1.18.5 The Qualified Investors may bid for a number of Units that exceeds the number of Units specified in their advance undertaking; however, bids for surplus Units will not be considered as bids submitted by Qualified Investors for the purpose of the Shelf Offering Report, but rather as bids submitted by the public for all intents and purposes.

1.18.6 The consideration to be paid by the Qualified Investors will be transferred to the Offering Coordinator through members of the Stock Exchange on

the first day of trading after the Tender Date, by 12:30 PM, and will be deposited by the Offering Coordinator in a special account as defined in Section 3 to **Appendix B** of this Shelf Offering Report.

- 1.18.7 The Qualified Investors will be entitled to receive an advance undertaking fee at a rate of 0.1% of the total consideration that will be received in respect of the CSs Units (Series 1) in relation to which the Qualified Investors have undertaken to submit bids as part of the advance undertaking.
- 1.18.8 On the Tender Day (through the end of the period for submitting the bids), a Qualified Investor may reduce the annual spread rate above the Bank of Israel Interest, which he specified in the advance undertaking to purchase the offered CSs 1 Units in spread levels of 0.01%, by giving written notice to the Offering Coordinator (until Time of Closing the List of Subscriptions).

1.19 **Subordinated Bonds (Series 405)**

- 1.19.1 Of the Series 405 Units being offered to the public under this Shelf Offering Report, regarding 12,158 Series 405 Units, constituting approximately 88.01% of the total Units of Series 405 Units being offered to the public in accordance with the Shelf Offering Report, advance purchase undertakings were given to the Bank by Qualified Investors, as defined in Regulation 1 of the Public Offering Regulations; the names of these Qualified Investors are listed in Section 1.19.3 below, whereby the Qualified Investors will submit bids for the purchase of Units as set forth in Section 1.19.2 below.
- 1.19.2 Pursuant to the Public Offering Regulations, the allocation of 405 Bond Units to Qualified Investors in the event of oversubscription shall be carried out in accordance with the provisions set out in Section 1.17.2 regarding Bond 184 Units, mutatis mutandis.
- 1.19.3 Each of the Qualified Investors listed below has undertaken - under advance undertaking to purchase Series 405 Units offered in accordance with this Shelf Offering Report - to submit bids for the purchase Series 405 Units at a unit price that will not be lower than the unit price set out in the table below:

	Name of qualified investor	How it meets the definition of a qualified investor	Price per unit (NIS)	Number of Series 405 Units
1.	Arbitrage Global LP	Corporation with capital of NIS 50 million	52,100	60
2.	Arbitrage Global LP	Corporation with capital of NIS 50 million	51,850	80
3.	Vertical LP co-89181 Cayman Islands	Corporation with capital of NIS 50 million	52,100	60
4.	Vertical LP co-89181 Cayman Islands	Corporation with capital of NIS 50 million	51,850	40
5.	A-To-Z Finance Ltd.	Corporation with capital of NIS 50 million	52,700	120
6.	Egged Transportation Company Ltd.	Corporation with capital of NIS 50 million	52,950	40
7.	Orcom Strategies Ltd.	Corporation with capital of NIS 50 million	52,750	80
8.	Ayalon Insurance Company Ltd. - Participating	Insurance company	52,800	230
9.	Ayalon Insurance Company Ltd. - nostro	Insurance company	52,800	160
10.	Ayalon Mutual Funds Ltd.	Mutual fund	53,000	60
11.	Ayalon Mutual Funds Ltd.	Mutual fund	51,850	20
12.	Aloha Global Opportunities LP	Corporation with capital of NIS 50 million	52,050	80
13.	Aloha Global Opportunities LP	Corporation with capital of NIS 50 million	51,850	40
14.	Ametrine 2 Limited Partnership	Corporation with capital of NIS 50 million	52,050	20
15.	Ametrine Limited Partnership	Corporation with capital of NIS 50 million	52,050	30
16.	S.O.S Car Services Ltd.	Corporation with capital of NIS 50 million	52,650	16
17.	Best Alternative Portfolio Management Ltd.	Portfolio manager	53,000	57

	Name of qualified investor	How it meets the definition of a qualified investor	Price per unit (NIS)	Number of Series 405 Units
18.	Barak Capital Investments 2006 Ltd.	Corporation with capital of NIS 50 million	52,050	20
19.	Gyro Hedge Fund Limited Partnership	Corporation with capital of NIS 50 million	52,050	48
20.	Diamond Investment House Ltd.	Portfolio manager	52,450	19
21.	Danbar Finance Ltd.	Corporation with capital of NIS 50 million	52,200	18
22.	The Phoenix Insurance Company Ltd.**	Insurance company	52,150	65
23.	The Phoenix Insurance Company Ltd.**	Insurance company	51,900	65
24.	The Phoenix Marketable Corporate Bond**	Provident fund / pension fund	52,100	300
25.	The Phoenix Marketable Corporate Bond**	Provident fund / pension fund	51,950	300
26.	The Phoenix Marketable Corporate Bond**	Provident fund / pension fund	51,800	300
27.	Harel Insurance Company Ltd. - nostro**	Insurance company	52,300	600
28.	Harel Insurance Company Ltd. – planholders**	Insurance company	52,400	765
29.	Harel Insurance Company Ltd. – planholders**	Insurance company	52,050	770
30.	Harel Finance Investment Management Ltd.**	Portfolio manager	52,000	83
31.	Harel Finance Investment Management Ltd. on behalf of Harel Provident and Pension**	Provident fund / pension fund	52,150	170
32.	Leader & Co. (2001) Ltd.	Corporation with capital of NIS 50 million	52,650	382
33.	Migdal Insurance Company Ltd. - nostro	Insurance company	52,200	600

	Name of qualified investor	How it meets the definition of a qualified investor	Price per unit (NIS)	Number of Series 405 Units
34.	Migdal Insurance Company Ltd. - nostro	Insurance company	52,000	600
35.	Migdal Insurance Company Ltd. - nostro	Insurance company	51,800	800
36.	Migdal - Basket of exposure to financial bonds in Israel	Provident fund / pension fund	51,800	1,000
37.	More Investment House Portfolio Management Ltd.	Portfolio manager	52,700	286
38.	More Investment House Portfolio Management Ltd. - corporate	Portfolio manager	52,700	170
39.	More Provident and Pension Funds Ltd.	Provident fund / pension fund	52,700	100
40.	More Provident and Pension Funds Ltd.	Provident fund / pension fund	52,250	200
41.	Meitav Dash Portfolio Management Ltd.**	Portfolio manager	52,550	67
42.	Meitav Dash Portfolio Management Ltd. for corporate funds	Portfolio manager	53,050	211
43.	Menora Mivtachim Insurance Ltd.*	Insurance company	51,850	600
44.	Marathon Investment House P.B Ltd.	Portfolio manager	52,400	47
45.	Sigma Mutual Funds Ltd.	Mutual fund	52,850	60
46.	Slice Gemel Ltd.	Provident fund / pension fund	52,950	47
47.	Etzioni Value-Based Portfolio Management Ltd.	Portfolio manager	52,950	19
48.	Forest Investment House (2007) Ltd.	Portfolio manager	52,050	16
49.	Forest Mutual Funds Ltd.	Mutual fund	52,050	675

	Name of qualified investor	How it meets the definition of a qualified investor	Price per unit (NIS)	Number of Series 405 Units
50.	Fidelity Venture Capital Ltd.	Corporation with capital of NIS 50 million	52,750	16
51.	Fidelity Venture Capital Ltd.	Corporation with capital of NIS 50 million	52,550	16
52.	Final Capital Ltd.	Portfolio manager	52,150	413
53.	Peilim Investment Portfolios Management Co. Ltd.	Portfolio manager	52,950	356
54.	Shomera Insurance Company Ltd.	Insurance company	51,850	100
55.	Shekef Maof Investments Ltd.	Portfolio manager	54,100	557
56.	Shekef Maof Investments Ltd.	Portfolio manager	52,300	62
57.	Shekef Maof Investments Ltd.	Portfolio manager	52,100	42
	<u>Total</u>			<u>12,158</u>

(*) Distributor in the offering or a Qualified Investor related to a distributor in the offering.

(**) Qualified investors related to the Company's interested parties.

- 1.19.4 Receipt of advance undertakings from the Qualified Investors prior to the publication of the Shelf Offering Report was carried out in accordance with the rules prescribed in the Public Offering Regulations.
- 1.19.5 The Qualified Investors may bid for a number of Units that exceeds the number of Units specified in their advance undertaking; however, bids for surplus Units will not be considered as bids submitted by Qualified Investors for the purpose of the Shelf Offering Report, but rather as bids submitted by the public for all intents and purposes.
- 1.19.6 The consideration to be paid by the Qualified Investors will be transferred to the Offering Coordinator through members of the Stock Exchange on the first day of trading after the Tender Date, by 12:30 PM, and will be deposited by the Offering Coordinator in a special account as defined in Section 3 to **Appendix B** of this Shelf Offering Report.
- 1.19.7 The Qualified Investors will be entitled to receive an advance undertaking fee at a rate of 0.6% of the total consideration that will be received in

respect of the Series 405 Units in relation to which the Qualified Investors have undertaken to submit bids as part of the advance undertaking.

- 1.19.8 On the Tender Day (through the end of the period for submitting the bids), a Qualified Investor may raise the price per unit, which he specified in the advance undertaking to purchase the offered Bonds 405 Units in price increments of NIS 50, by giving written notice to the Offering Coordinator, which is to be delivered to him by the Time of Closing the Subscriptions List.

Additional allocations subsequent to the tender

No additional allocations of the securities, which are offered pursuant to the Shelf Offering Report, will be made subsequent to the tender to qualified investors and/or to all bidders.

Additional terms of Offered Securities

1.20 Series 184 Bonds

- 1.20.1 Amounts payable on account of interest on the Series 184 Bonds will be paid to the persons whose names will be registered in the register of the Series 184 Bonds on October 30 and April 29 of each of the years 2022 through 2030 in respect of the payments made on November 5 and May 5, respectively. (hereinafter - the “**Effective Date for Payment of the Series 184 Bonds**”), except for the last principal and interest payment, which will be paid to the persons whose names will be registered in the register on the payment date; payment will be made against delivery of the Series 184 Bonds certificates to the Bank on the payment date.

It is clarified that those not registered in the register of the Series 184 Bonds on the record date for the Series 184 Bonds shall not be eligible for payment of interest in respect of the interest period that commenced prior to that date.

- 1.20.2 If the date on which payment on account of principal and/or interest is due on a day which is not a business day, the payment date will be postponed to the next business day thereafter, without any payment being added, and the record date for the purpose of determining entitlement to redemption or interest will not change as a result of this.

- 1.20.3 For more information regarding payments of principal and interest of the Subordinated Series 184 Bonds, please see Section 6 of the terms listed overleaf of the Deed of Trust for Series 184.
 - 1.20.4 The Series 184 Bonds have an ordinary repayment rank equal to the repayment rank of all deposits by the public deposited with the Bank from time to time.
 - 1.20.5 The Bank's obligations under the Deed of Trust for the Subordinated Bonds Series 184 are not secured by any collateral.
 - 1.20.6 If the Stock Exchange decides to delist the Series 184 Bonds because the value of Series 184 Bonds is less than the amount stipulated in the Stock Exchange's Rules and Regulations regarding the delisting of bonds, the Bank shall not exercise early redemption. The Bonds shall be delisted and all tax consequences arising therefrom will apply to the Bonds.
 - 1.20.7 The Bank shall not be entitled to initiate early redemption of the Series 184 Bonds.
 - 1.20.8 The Deed of Trust to Series 184 includes grounds for immediate repayment. For more information, please see Section 7 to the Deed of Trust for Series 184.
 - 1.20.9 The Series 184 Bonds offered pursuant to this Shelf Offering Report are issued for the first time at par value, and therefore at no discount. For more information regarding the discount rate for the Series 184 Bonds in the event that the Bank issues additional bonds in the future, please see Section 5 to the Series 184 Deed of Trust.
 - 1.20.10 For information regarding the other terms of the Series 184 Bonds, see the deed of trust to the Series 184 Bonds that is attached as **Appendix A** to this Shelf Offering Report.
- 1.21 Commercial Securities (Series 1)
- 1.21.1 The principal and interest in respect of CSs (Series 1) shall be repaid together and paid in a single installment on March 23 2023. The offered CSs (Series 1) will be issued at 100% of their par value. The CSs (Series 1) will not be linked to the CPI or to any currency as set out in Section 3.1

to the terms overleaf included in **Appendix A2** to the Shelf Offering Report.

- 1.21.2 The principal of CSs (Series 1) shall bear an annual interest calculated as a weighted average (in accordance with the number of days in the interest period as this term is defined in Section **Error! Reference source not found.** below) of the Bank of Israel's interest rates that were applicable during the interest period, plus a fixed annual spread that will be set in a tender, and which will not exceed the maximum spread, payable in a single installment together with the principal as described above. The interest rate shall be calculated as set out in Section 6.2.3 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.
- 1.21.3 The interest will be paid on March 23 2023 together with the single installment of the principal of CSs (Series 1), in respect of the period starting on the settlement date (i.e., on March 27 2022) and ending on the last day prior to the payment day as aforesaid (i.e., March 22 2023) (above and below in this Section 6.2: 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.
- 1.21.4 Four trading days prior to the Interest Payment Date, as described in Section **Error! Reference source not found.** above, the Bank shall publish (in an immediate report) the interest rate that will be paid. 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.

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.

Below is an example of the interest calculation for the Interest Period:

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:

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

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:

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

- 1.21.5 The payment on account of the interest of principal of CSs (Series 1) will be paid by bank transfer to the bank account of the Holders in accordance with the provisions of Section 4.5 in the terms overleaf included in **Appendix A2** to the Shelf Offering Report.
- 1.21.6 If the date on which payment on account of principal and/or interest is due on a day which is not a business day, the payment date will be postponed to the next business day thereafter, without any payment being added.
- 1.21.7 For information regarding interest on arrears and non-payment for a reason that does not depend on the Bank, see Sections 4.3 and 5, respectively, to the terms overleaf included in **Appendix A2** to the Shelf Offering Report.
- 1.21.8 CSs (Series 1) are offered pursuant to this Shelf Offering Report with no discount and no premium. For information on taxation aspects of a future issuance of additional CSs (Series 1) as part of a series expansion by discount, see Section 6 to **Appendix B** to the Shelf Offering Report.
- 1.21.9 Tax as applicable by law shall be deducted from the interest payment in respect of CSs (Series 1) - for information about tax aspects, see also Section 6 to **Appendix B** to the Shelf Offering Report.

- 1.21.10 For information about the events upon the occurrence of which, Holders of CSs (Series 1) will be allowed to call for immediate repayment of the outstanding balance of CSs (Series 1), see Section 17 to the terms overleaf attached to **Appendix A2** to the Shelf Offering Report.
- 1.21.11 For information about the other terms of the CSs (Series 1), see the text of the Commercial Securities (Series 1), which is attached as **Appendix A2** to the Shelf Offering Report.
- 1.22 **Subordinated Bonds (Series 405)**
- 1.22.1 The payments on account of the interest on the Subordinated Bonds (Series 405) will be registered in the Subordinated Bonds register on March 21 of each of the years 2023 through 2033, except for the last interest payment, which will be made in March 27 2033 upon repayment of the principal of the Subordinated Bonds (Series 405) and against delivery to the Bank of the certificates of the Subordinated Bonds (Series 405) to the Bank; the last interest payment will be paid to beneficiaries in the Subordinated Bonds register (Series 405) as of the payment date.
- 1.22.2 It is clarified that those not registered in the Subordinated Bonds' register on the Record Date for payment of interest shall not be eligible for payment of interest in respect of the interest period that commenced prior to that date.
- 1.22.3 If the date on which payment on account of principal and/or interest is due on a day which is not a business day, the payment date shall be postponed to the next business day thereafter, without any interest being added, and the record date for the purpose of determining entitlement to redemption or interest shall not change as a result.
- 1.22.4 For more information regarding payments of principal and interest for the Subordinated Bonds, please see Sections 3, 4 and 7 of the terms listed overleaf of the Series 405 Trust Deed.
- 1.22.5 The Series 405 Subordinated Bonds offered pursuant to this Shelf Offering Report will be issued for the first time at a price that is not lower than their par value, and therefore at no discount.

- 1.22.6 It is clarified that the Bank's obligations under the Series 405 Trust Deed are not secured by any collateral. For more information about the Seniority of the Subordinated Bonds (Series 405), see Section 1.22.10 below.
- 1.22.7 Pursuant to the guidelines to Part Three of the Rules and Regulations of the Stock Exchange, the Subordinated Bonds (Series 405) constitute "CoCo Bonds". These guidelines stipulates, among other things, that the trading unit of the CoCo Bond is NIS 50,000 p.v., and that the minimum size of a trading order in CoCo Bonds shall be one trading unit. It is clarified that trading in the Subordinated Bonds shall be subject to the Stock Exchange's directives and to the aforementioned limits in regard to a trading unit of a CoCo bond, as updated or changed from time to time, including in the event of other or additional restrictions being placed with regard to a trading unit of CoCo bonds and/or in the event of restrictions being placed with regard to the trading order (buy and/or sell) that may be carried out in relation the Subordinated Bonds and/or in the event of the size of the trading unit of the CoCo bond being changed, should any such changes, revisions and updates be made in relation to the Subordinated Bonds offered pursuant to the Shelf Offering Report.
- 1.22.8 Conversion into shares of the Subordinated Bonds (Series 405) into the Bank's Shares under Certain Circumstances

In Section 1.22.8, the terms listed below shall have the meaning set out opposite them:

- "The Bank's Common Equity Tier 1 Capital Ratio"** - The Bank's Common Equity Tier 1 capital ratio pursuant to PCB 202 and the transitional provisions set out in PCB 299 which are attached as Appendix A and Appendix B to the Deed of Trust of Series 405, and pursuant to the provisions of PCB 201;
- "Trigger Event for Principal Loss Absorption"** - The Bank's Common Equity Tier 1 Capital Ratio drops below 5%;³

³ 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 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.

“Trigger Event for Non-Viability”

- The earlier of the following two events:
 - (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;⁴ or
 - (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.

“Trigger Event”

- A trigger event for principal loss absorption or a trigger event for non-viability.

(a) When circumstances occur that constitute a trigger event, the Bank shall publish an immediate report and shall convert the Subordinated Bonds into Bank’s shares (hereinafter - **“Conversion”**), in accordance with the following provisions:

- (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

⁴ 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 occurrences in which the Banking Supervision Department may use its discretion and 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 does not meet commitments whose repayment date is due or there is a real concern that it will be unable to meet such commitments; (c) The bank’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 Bank’s liquidity position, which is reflected, among other things, in a difficulty to obtain short-term financing or in a concern that the liquidity ratios will not be met.

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 according to Section 1.22.8(a)(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.

- (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 16.66 (1.666 agorot),⁵ subject to adjustments as detailed in Section 1.22.8(b) below (hereinafter - the "**Floor Price**"). The Floor Price will be linked to the CPI according to the mechanism for linkage of the principal and interest of the Subordinated Bonds as set out in Section 1.3.2 above, mutatis mutandis.
- (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.

⁵ The abovementioned 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).

- (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.
- (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) 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.
- (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 Bonds will be maintained. It is clarified that nothing in the aforesaid detracts from the provisions of Section 1.22.8(a)(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 1.22.8 will be renewed.

- (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.
- (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.

- (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 7 of the Series 405 Deed of Trust.
- (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.⁶
- (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

⁶ 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.

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.

- (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.
- (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.
- (15) Notwithstanding the provisions of 1.22.8(a), 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%.
- (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.

(b) Reconciliations:

- (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.
- (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.
- (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.
- (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".
- (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) The Bank shall publish an immediate report in respect of each adjustment carried out as described above.

- (c) For more information about the conversion of the Subordinated Bonds into Bank's shares, please see Section 6 of the First Addendum to the Series 405 Trust Deed.
- (d) As of the Date of the Shelf Offering Report, the Bank's authorized share capital amounts to NIS 3,215,000,000 par value, which is divided into 3,215,000,000 ordinary shares of NIS 1 par value each. As of the Date of the Shelf Offering Report, the Bank's authorized and issued and paid up share capital amounts to NIS 1,524,720,264 par value, which is divided into 1,524,720,264 ordinary shares of NIS 1 par value each. If all Series 405 Subordinated Bonds offered in accordance with the Shelf Offering Report shall be allotted, then as a result of the conversion of all Series 405 Subordinated Bonds at the Floor Price (assuming that no adjustments will be made in accordance with Section 1.22.8(b) above, and the relevant CPI at the Conversion Date will not be lower than the Basic Index) up to 41,458,583 ordinary shares of the Bank will be allotted, that will constitute approximately 2% of the issued and paid up share capital of the Bank as of the date of the publication of the Shelf Offering Report, with the addition of the shares that will arise from the conversion of the Subordinated Bonds⁷, and approximately 2%, fully diluted⁸.

1.22.9 Early redemption of the Subordinated Bonds (Series 405) 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 discretion⁹ and

⁷ In the above calculation, the issued and paid up share capital of the Bank includes the shares that will arise from the conversion of the Subordinated Bonds (Series 401), Subordinated Bonds (Series 402), Subordinated Bonds (Series 403), Subordinated Bonds (Series 404) and the Subordinated Bonds (2031-I) of the Bank, which have a conversion mechanism that is similar to the one included in Subordinated Bonds (Series 405), offered in accordance with the Shelf Offering Report, as part of which conversion will take place upon the occurrence of a "Trigger Event" that is defined in the same manner in the Deed of Trust of each of the said series.

⁸It should also be noted that the dormant shares held by the Bank as detailed in the Bank's financial statements were also taken into account in calculating the dilution.

⁹ It should be noted that, in accordance with the provisions of PCB 202, the Bank may not exercise an option for early redemption unless one of the following conditions has been met: (a) The Subordinated Bonds are exchanged for capital of identical or higher quality and the conversion shall be carried out under terms and conditions that the Bank is capable of meeting on all matters relating to the capacity of its revenues (alternative offerings may be carried out at the same time but not after the instrument has been redeemed); or (b) The Bank

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:

- (a) The Bank shall be entitled to perform a single Early Redemption only.
- (b) The Early Redemption shall not be exercised before March 13 2028 or after March 27 2028.¹⁰
- (c) 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.
- (d) The Bank shall obtain advance written approval for the execution of the Early Redemption from the Banking Supervision Department.
- (e) It is emphasized and clarified that the right to decide on the exercise of early redemption, as detailed above, is an exclusive right of the Bank, subject to the restrictions set out in this section, and that the holders of the Subordinated Bonds (Series 405) shall have no right to demand early redemption, under any circumstances whatsoever. Nothing in the aforesaid derogates from the rights of the holders to demand immediate repayment of the Subordinated Bonds Series 405 in the event of liquidation in accordance with Section 7.1 to the Series 405 Trust Deed.
- (f) In the event that the Stock Exchange decides to delist the Subordinated Bonds (Series 405), pursuant to the provisions of the Rules and Regulations of the Stock Exchange and the directives thereunder, the Bank will not exercise early redemption of the Subordinated Bonds (Series 405) following a notice to that effect by the Stock Exchange. The Subordinated Bonds (Series 405) shall be delisted from the Stock

has proven that its capital ratio is significantly higher than the minimum capital ratio requirements, as stated in PCB 201, Introduction, Scope of Application and Calculation of Requirements, after the exercise of the early redemption.

¹⁰ If full early redemption is not executed by the Bank by March 27 2028, the annual interest of the subordinated bonds shall be updated in accordance with the provisions of Section 1.3.5 above.

Exchange and shall be subject, among other things, to the tax implications arising therefrom.

- (g) For more information regarding early redemption of the Subordinated Bonds (Series 405) at the initiative of the Bank, including in respect of the amounts that the Bank shall repay to holders of the Subordinated Bonds (Series 405), please see Section 8 of the terms and conditions listed overleaf of the Series 405 Trust Deed.

1.22.10 The Seniority of the Subordinated Bonds (Series 405)

- (a) The rights of the holders of the Subordinated Bonds (Series 405) to the payment of principal, linkage differences and interest, as well as the other rights and claims deriving 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, shall be inferior 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 shall exist in the future, whether or not they are collateralized, except for the rights of other creditors of the Bank in respect of which it shall be expressly determined (in accordance with the law or by some other means) that these shall have the same seniority as that of the Subordinated Bonds or shall be inferior 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;¹¹ and (b) The Subordinated Bonds (Series 405)

¹¹ 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 614 million, 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

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. It is clarified that the seniority of the Subordinated Bonds (Series 405) will be of significance only in the event that the Subordinated Bonds have not been converted into the Bank's shares in accordance with the terms and conditions set forth in the Bonds 405 Deed of Trust.

- (b) All the Subordinated Bonds (Series 405) will have the same seniority (pari passu) as well as the same seniority as all of the Bank's other subordinated bonds or other commitments, which will have the same seniority as that of the Subordinated Bonds (Series 405), without any series having a right of seniority or preference over another.

Tables summarizing relevant information in the deeds of trust

Set forth below is a summary of information regarding the defense mechanisms set out in the deed of trust for the Bonds (Series 184) and in the deed of trust for the Subordinated Bonds (Series 405), in accordance with the Israel Securities Authority's staff position of August 9 2020 ("Staff Legal Position 103-41: Summary Disclosure of Defense Mechanisms in Deeds of Trust"):

1.23 Contractual conditions and collateral:

Deed of Trust for Series 184:

	Section to the Deed / N/A	Summary description	Does the breach give rise to immediate repayment
The Bonds are secured by collateral or other fixed charges.	N/A		
The bonds are secured with a floating and/or current charge	N/A		
Undertaking not to create liens (negative lien)	N/A		
Obligation to meet financial covenants	N/A		

accordance with the terms and conditions set forth in the Deed of Trust attached to the Shelf Offering Report as Appendix A3.

Undertaking to ensure that the Bonds are rated on issuance date: Ensuring that the Bonds are rated over their entire term	14.11	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. Furthermore, where the Bank replaces the rating agency or terminates its work, 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.	No
Undertaking for rating of the Bonds by two rating agencies	N/A		
Undertaking not to replace the rating agency over the entire term of the Bonds	N/A		
Restrictions on the creation of additional financial debt	N/A		
Dividend distribution restriction	N/A		
Restrictions on transactions with the controlling shareholders of the Company	N/A		
Restrictions on changes in control	N/A		
Interest-adjustment mechanism in certain circumstances	N/A		

Deed of Trust for Series 405:

	Section to the Deed / N/A	Summary description	Does the breach give rise to immediate repayment
The Subordinated Bonds are secured by collaterals or other fixed charges	N/A		
The Subordinated Bonds are secured with a floating and/or current charge	N/A		
Undertaking not to create liens (negative lien)	N/A		
Obligation to meet financial covenants	N/A		
Undertaking to ensure that the Subordinated Bonds are rated on issuance date; ensuring that the Subordinated Bonds are rated over their entire term	N/A		
Undertaking that the Subordinated Bonds will be rated by two rating agencies	N/A		
Undertaking not to replace the rating agency over the entire term of the Subordinated Bonds	N/A		

Restrictions on the creation of additional financial debt	N/A		
Dividend distribution restriction	N/A		
Restrictions on transactions with the controlling shareholders of the Company	N/A		
Restrictions on changes in control	N/A		
Interest-adjustment mechanism in certain circumstances	Section 4.3 to the terms overleaf	If the Bank does not exercise its right to redeem the Subordinated Bonds in an early redemption in accordance with Section 8 to the terms listed overleaf, then the Annual Interest Rate of the Subordinated Bonds will be updated in accordance with what is stated in Section 4.3 to the terms listed overleaf.	No

1.24 Grounds for immediate repayment:

Deed of Trust for Series 184:

	Section to the Deed / N/A	Comments and explanations
Liquidation ruling/ temporary liquidation order/ appointment of a temporary or permanent liquidator or trustee	7.1.1	Subject to a 45-day cancellation period from the order's issuance date; (despite the above, the Bank shall not be given any remediation period in respect of petitions/ orders filed or issued, as the case may be, by the Bank or with its consent. Except in cases of liquidation for the purpose of merging with another company. Notwithstanding the foregoing, the Bank will not be given any remediation period if a permanent and peremptory liquidation order is handed down by the court or if a permanent liquidator is appointed for the Bank pursuant to a permanent and peremptory order, or if the Bank passed a voluntary liquidation resolution, and in respect of petitions/orders filed or handed down, as the case may be, by the Bank or with its consent.
Appointment of a receiver (temporary or permanent)	7.1.2	Subject to a 45-day cancellation period from the issuance date of the order to appoint a temporary receiver, or if a temporary receiver is appointed. Notwithstanding the foregoing, the Bank will not be given any corrective period in respect of petitions or orders obtained or handed down, as applicable, by the Bank or with its agreement.
Application for receivership or an application for the appointment of a receiver (temporary or permanent)	7.1.3	
Placement of an attachment or carrying out an execution office order	7.1.4	Subject to a 45-day cancellation period from the ruling's issuance date; (despite the above, the Bank shall not be given any remediation period in respect of petitions/ orders filed or issued, as the case may be, by the Bank or with its consent).
Fundamental breach	7.1.5	Subject to a corrective period of 14 days.

Payment default or breach of material undertaking	7.1.6	Subject to a corrective period of 14 days.
Breach of specific undertaking - non-publication of financial statements at required date	7.1.7	Unless financial statements were published within the later of 30 days of the last date on which the Bank was required to publish them, or another date approved by a competent government agency if an extension was granted by that agency.
Delisting of the Bonds	7.1.8	
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;	7.1.9	
Substantially all of the Bank's assets in Israel were sold	7.1.14	
Application for an opening of proceedings order; application of the Bank for a compromise or a settlement with its creditors under Section 350 of the Companies Law.	7.1.10	Except for the purpose of merging with another company and/or restructuring of the Bank and/or a split that are not prohibited under the terms of the deed of trust, and except for the purpose of arrangements between the Bank and its shareholders, which are not prohibited under the terms of the deed of trust and that will not impact the Bank's ability to repay its Bonds.
An application pursuant to the Insolvency Law or an application pursuant to Section 350 to the Companies Law against the Bank (and without its consent).	7.1.10	Subject to a cancellation period of 45 days from the day on which the application was filed.
A merger of the Bank was carried out without first obtaining the Bondholders' approval by way	7.1.11	Unless the surviving entity issued a statement to the Bondholders, including through the Trustee and at least ten business days prior to the merger date, to the effect that there is no reasonable concern that the surviving entity will not be able to meet its obligations to the Holders.

of an ordinary resolution.		
The Stock Exchange suspended trading of the Bonds;	7.1.12	Unless the suspension is on the grounds of the creation of uncertainty, as stated in Part Four of the TASE's Rules and Regulations, and the suspension has not been canceled within 60 days and excluding a general suspension that is not specifically targeted at the Bank.
Discontinuation of rating	7.1.13	Discontinuation of rating for a period of more than 60 consecutive days, except in case where discontinuation of rating is the result of causes or circumstances outside the Bank's control.

Deed of Trust for Series 405:

	Section to the Deed / N/A	Comments and explanations
Liquidation order/ appointment of a liquidator	7.1	Subject to a cancellation period of 30 days from the day on which the order was handed down or from the appointment. It is clarified that the right to call for the immediate repayment of the Subordinated Bonds will apply only in the event that the Subordinated Bonds have not been converted into the Bank's shares in accordance with the terms and conditions set forth in the Deed of Trust of Series 405. Without detracting from the aforesaid, it should be noted that the calling for the immediate repayment of the Subordinated Bonds is subject to obtaining advance written approval from the Banking Supervision Department.

Taxation

For more information regarding the tax implications in respect of the Offered Securities, please see Section 6 of **Appendix B** of this Shelf Offering Report.

As is expected when making decisions on investments, it is necessary to consider the tax implications of an investment in the securities offered pursuant to the Shelf Offering Report. The provisions included in this Shelf Offering Report regarding taxation of the Offered Securities do not purport to constitute an authoritative interpretation of the provisions of the law, and do not purport to substitute expert advice, based on the special and the unique circumstances of each investor. Anyone who wishes to purchase the Offered Securities should seek professional advice in order to clarify the tax consequences that will apply to that investor bearing in mind the unique circumstances of the investor and the Offered Securities.

Furthermore, it is clarified that the Shelf Offering Report reflects the provisions of the law as of the date of that report; those provisions may change in the future.

Refraining from engaging in arrangements

- 1.25 The Bank and the directors undertake, by signing the Shelf Offering Report, to refrain from engaging in arrangements which are not set out in the Shelf Offering Report, in connection with the offering of the securities pursuant with the Shelf Offering Report and their distribution and public spread, and undertake to refrain from granting the purchasers of the securities pursuant to the Shelf Offering Report the right to sell the securities they shall have purchased, other than as set forth in the Shelf Offering Report.
- 1.26 The Bank and the directors undertake, by signing this Shelf Offering Report, to notify the Israel Securities Authority of any arrangement with a third party that, as far as they are aware of, contradicts the undertaking as set out in Section 1.25 above.
- 1.27 The Bank and the directors undertake, by signing the Shelf Offering Report, to refrain from entering into engagements in connection with the securities offered

pursuant to the Shelf Offering Report with any third party, which, to the best of their knowledge, engaged in arrangements contrary to the provisions of Section 1.25 above.

Rating of the Offered Securities

- 1.28 On March 23 2022, the rating agencies - S&P Maalot (hereinafter - “**Maalot**”) and Midroog Ltd. (hereinafter - “**Midroog**”) - announced the assigning of “ilAAA” and “Aaa.il” rating, respectively, to the issuance of Series 184 Bonds to be issued by the Bank in accordance with the Shelf Offering Report, at an aggregate amount of up to NIS 1.5 billion p.v. Series 184 Bonds. For further details, see the Bank’s immediate reports of March 23, 2022 (Ref. Nos.: 2022-01-033655 and 2022-01-033652, respectively), the details of which are incorporated herein by way of reference (hereinafter - the “**Series 184 Bonds Rating Report**”).
- 1.29 On March 23 2022, Maalot and Midroog announced the assigning of “ilA-1+” and “P-1.il” rating, respectively, to the issuance of CSs (Series 1) to be issued by the Bank in accordance with the Shelf Offering Report, at an aggregate amount of up to NIS 800 billion p.v. CSs (Series 1). For further details, see the Bank’s immediate reports of March 23, 2022 (Ref. Nos.: 2022-01-033655 and 2022-01-033652, respectively), the details of which are incorporated herein by way of reference (hereinafter - the “**CS 1 Rating Report**”).
- 1.30 On March 23 2022, Maalot and Midroog announced the assigning of “ilAA” and “Aa2.il(hyb)” rating, respectively, to the issuance of Subordinated Bonds (Series 405) at an aggregate amount of up to NIS 750 billion p.v. For further details, see the Bank’s immediate reports of March 23, 2022 (Ref. Nos.: 2022-01-033655 and 2022-01-033652, respectively), the details of which are incorporated herein by way of reference (hereinafter - the “**Series 405 Rating Report**”).
- 1.31 Maalot and Midroog’s consent of March 23 2022 for attaching the Series 184 Bonds Rating Report, the CS 1 Rating Report and the Series 405 Rating Report to the Shelf Offering Report is attached as **Appendix C** to this Shelf Offering Report.

Permits and approvals

- 1.32 The Bank has obtained all the permits, approvals and licenses required by any law to offer and issue all the Offered Securities and publish the Shelf Offering Report.

- 1.33 The Bank has applied to the Stock Exchange requesting that it list the securities offered pursuant to the Shelf Offering Report and the Stock Exchange has given its approval thereto.
- 1.34 The listing of the Bonds (Series 184) and Subordinated Bonds (Series 405) (hereinafter jointly in this Section 1.34 - the “**Series**”) being offered pursuant to the Shelf Offering Report is subject to fulfillment of the terms and conditions set forth below:
- a. The value of the public’s holdings in each of the Series separately shall not be lower than NIS 36 million.
 - b. The minimum distribution required for each of the Series separately is at least 35 holders, with each of the holders holding a minimum of at least NIS 200,000 of the relevant series (for more information regarding the manner of allocation for the purpose of achieving minimum distribution, please see Sections 01.5 and 1.6 of **Appendix B** to this Shelf Offering Report).
 - c. For the purposes of this section, a “**Holder**” is one holder the value of whose holdings exceeds the minimum holding value for a Holder required under this section, or a Holder the value of whose holdings together with others exceeds the minimum holding value for such Holder as aforesaid.
- 1.35 The listing of CSs (Series 1) offered pursuant to the Shelf Offering Report is subject to the condition that the value of the public’s holdings in the Commercial Securities immediately after the listing thereof shall not be lower than NIS 24 million.
- 1.36 If it transpires that the TASE’s requirements regarding the securities as described in Sections 1.34 and/or 1.35 above have not been met, the issuance of the Bonds (Series 184) and/or Commercial Securities (Series 1) and/or the Subordinated Bonds (Series 405), as the case may be, will be canceled, the securities will not be listed, no funds will be collected from the bidders, the said securities will not be allocated thereto, and the Bank will give notice to that effect in an immediate report on the First Trading Day after the Tender Date.
- 1.37 Whereas the securities offered pursuant to this Shelf Offering Report have been rated as set forth in Section 0 above, there was no need to comply with the capital requirements prescribed in the guidelines of the Second Part of the TASE’s Rules and Regulations.

1.38 The aforesaid approval by the Stock Exchange should not be construed as confirming the details presented in the Shelf Offering Report, their reliability or integrity, nor should it be construed as expressing an opinion regarding the Bank or the quality of the securities being offered in the report or the price at which they are being offered.

Market-Maker in relation to the Commercial Securities (Series 1)

1.39 On March 21 2022, the Bank entered into a stock exchange services agreement with Stock Exchange and Investment Services in Israel 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 21, 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 rules 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.

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.

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**").

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.

1.40 In accordance with the provisions of the TASE Rules and Regulations and guidelines, since the securities offered pursuant to this Shelf Offering Report have been rated as set forth in Section 0 above, there was no need to comply with the capital requirements prescribed in the Second Part of the TASE's Rules and Regulations and guidelines.

Payment of a fee

In accordance with the provisions of Regulation 4A of the Securities Regulations (Application Fee for the Grant of Permission to Publish a Prospectus), 1995, the Bank will pay the Israel Securities Authority the additional fee for the securities being offered as part of the Shelf Offering Report.

The proceeds of the issuance

1.41 The proceeds expected to be received by the Bank from this offering, assuming that all securities offered pursuant to the Shelf Offering Report will be purchased, net of associated issuance expenses, shall be as described below:

Expected immediate proceeds, gross	NIS 2,955,937,200
Less - advance undertaking and distribution fees	NIS 13,694,260
Less – other expenses totaling	NIS 1,500,291
Expected immediate proceeds, net	<hr/> NIS 2,940,742,649

1.42 Pursuant to an agreement signed with Leumi Partners Underwriters Ltd. (hereinafter – “**Leumi Partners**”), Leumi Partners, Apex Issuances Ltd., Menora Mivtachim Underwriters & Management Ltd., Hunter Capital Ltd., Yair Capital Issuing and Finance Ltd., Unicorn Capital Ltd., Alpha Beta Issuances Ltd., and YAZ Investments & Assets Ltd. (hereinafter, jointly - the “**Distributors**”) will receive a consulting and distribution fee in respect of issuing the securities offered pursuant to this Offering Report, at a rate of 0.1% of the (gross) proceeds of the issuance of the Series 184 Bonds and the Series 405 Subordinated Bonds, and at a

rate of 0.03% of the (gross) proceeds of the issuance of CSs (Series 1) plus VAT in accordance with the law (hereinafter – the “**Distribution Fee**”). Leumi Partners will be allowed, at their sole discretion, to pay fees to third parties out of the Distribution Fees, where such third parties declare that they qualify to serve as distributors pursuant to the Securities Regulations (Underwriting), 2007, for assisting in the marketing, selling and distribution of the securities offered pursuant to this Shelf Offering Report, provided that those amounts shall not be paid to an end purchaser of a security in the Shelf Offering. All of the said fees shall be divided at the sole discretion of Leumi Partners. It is hereby clarified that in no event will a distributor be entitled to a distribution fee in respect of securities that he actually purchased as a result of fulfilling advance undertakings submitted by that distributor as part of the tender for Qualified Investors.

- 1.43 No minimum has been set for the amount to be raised in this offering.
- 1.44 The funds of the offering’s proceeds will be used by the Bank at its own discretion.
- 1.45 The Bank shall deem the receipt of the proceeds by the Offering Coordinator as if the proceeds has been received by it.

Underwriting

This offering of securities pursuant to this Shelf Offering Report is not secured by being underwritten.

Material changes and developments from the date of publication of the Shelf Prospectus through the date of publication of the Shelf Offering Report

- 1.46 Pursuant to the provisions of Section 4(a) to the Shelf Offering Regulations, any reports issued by the Bank subsequent to the publication of the Shelf Prospectus are included in this Report by way of reference. The full text of the Bank’s reports can be viewed on the Israel Securities Authority’s distribution website, at www.magna.isa.gov.il and on the Stock Exchange’s website at www.maya.tase.co.il.

- 1.47 The letter published by the Banking Supervision Department and draft update to Proper Conduct of Banking Business Directive No. 203 regarding the increase in the credit risk in the construction and real estate sector:

The letter was published on March 20 2022. In its letter, the Banking Supervision Department clarifies that in view of the continued increase in the credit risk in the construction and real estate sector, it decided to take further oversight measures, whose objective is to enhance the risk management, transparency, and consistency of oversight activities, and the ability to monitor the risk in the portfolio. The additional measures include, among other things: (1) A requirement for additional capital allocation in respect of funding of land at high leveraging rates - banks will be required to increase the risk weight of loans that were extended and that will be extended for the purpose of purchasing land for development or construction with a LTV higher than 75%; (2) demonstrating the process of analysis of the audit teams of the Banking Supervision Department in relation to credit extended to the construction and real estate sector, in order to assist in the management of underwriting and classification procedures of credit in banks; (3) Expanding the requirements regarding reporting to the Banking Supervision Department on the construction and real estate sector.

These measures shall be discussed as part of the normal consultation procedures.

Concurrently, on March 20 2022, The Banking Supervision Department published a draft update to Proper Conduct of Banking Business Directive No. 203 “Measurement and Capital Adequacy – Credit Risk — the Standardized Approach”, in which it is suggested to stipulate that loans earmarked for purchase of land for development or construction with LTV higher than 75% (excluding loans used to purchase agricultural land regarding which there is no intention to develop or apply for change of designation) will be added to the list of debts that will be risk weighted at 150%.

The Bank is assessing the issues arising from the said publications and accordingly, their potential effect.

- 1.48 As stated in Note 36I to the Bank’s financial statements, as included in the Bank’s Periodic Report as of December 31 2021 (Ref. No. 2022-01-027658), subsequent to the balance sheet date, there were significant declines in the markets, inter alia

on the back of the interest rate increase and the military conflict between Ukraine and Russia.

Those trends reduced the value of the available for sale bonds, including the bonds purchased against the interest exposure in pension liabilities, and at the same time led to a decrease in pension liabilities. Immediately before the Shelf Offering Report date, the effect on the available for sale bonds is estimated at a NIS 1 billion decrease in capital reserve, net of tax. Immediately before the Shelf Offering Report date, the decrease in pension liabilities is estimated at a NIS 1.3 billion increase in capital reserve, net of tax. It should be emphasized that this is merely an estimate, and that the final data will transpire at the end of the first quarter of 2022.

Letter of Consent from the Bank's Independent Auditors

The Bank received consent letters from the Bank's joint independent auditors, which feature their consent to include in the Shelf Offering Report, including by way of reference, their auditors' reports and their review reports, as the case may be, which are included in the Shelf Offering Report by way of reference. The said letters of consent are attached as **Appendix D** to the Shelf Offering Report.

Legal Opinion

The Bank received the following legal opinion



March 24 2022

To:
Bank Leumi le-Israel B.M.
Leumi House, 34 Yehuda Halevi St.
Tel Aviv

Dear Madam/Sir,

Re: **Shelf Offering Report of Bank Leumi Israel Ltd. (hereinafter – “the Bank”)**

With regard to the shelf prospectus dated May 27 2021 (hereinafter – the “**Shelf Prospectus**”) and the Shelf Offering Report that shall be published by virtue thereof (hereinafter – the “**Shelf Offering Report**”), regarding an offering to the public of Series 184 Bonds, Commercial Securities (Series 1) and Subordinated Bonds (Series 405) of the Bank (hereinafter – the “**Offered Securities**”), we hereby express our opinion as follows:

1. The rights associated with the Offered Securities are, in our opinion, correctly described in the Shelf Offering Report.
2. In our opinion, the Bank has the power to issue the Offered Securities in the manner proposed in the Shelf Offering Report.
3. The directors of the Bank have been duly appointed and their names are included in the Shelf Prospectus and in the Shelf Offering Report.

We consent to this opinion being included in the Shelf Offering Report that will be published in March 2022.

Respectfully,

Ran Shalom, Adv. Marom Bouznah, Adv.

Agmon & Co., Rosenberg Hacoeh &

Co. Law Firm



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Signatures**The Bank:**

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

Haj Yehia Samer, PhD

Edelman Yitzhak

Gottlieb Tamar

Irit Shlomi

Elya Sasson

Dominissini Esther

Koller Dan Alexander

Ben Zvi Shmuel, PhD

Avi Bzura

Prof. Yedidia Z. Stern

Appendix A1 to the Shelf Offering Report

The Deed of Trust for Series 184 Bonds

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 March, 23 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 (as outlined below) by virtue of which the Bank may offer to the public and issue, among other things, series of Bonds;

WHEREAS: On March 23, 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 March 23 2022, rating agency S&P Maalot and Midroog Ltd. announced their assigning of ratings “1AAA” and “Aaa.il”, respectively, for the issuance of Series 184 Bonds in the amount of up to NIS 1.5 billion 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 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 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 and/or agreement 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 “ Bonds (Series 184) ” or the “ Bonds ”	Registered Bonds (Series 184) that will be issued by the Bank under the terms set out in This Deed;
The “ Bonds Certificate ”	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 “ Bond Holders ”	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 “ Trustee ”	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;
“ Register ”	The register of the Bond Holders as set out in Section 26 of This Deed;
The “ Deed of Trust ” or “ This Deed ” or “ This Deed of Trust ”	This Trust Deed, including the addenda which are attached thereto, and which constitute an integral part thereof;
The “ Companies Law ”	The Companies Law, 1999 and regulations promulgated thereunder, as amended from time to time;
The “ Securities Law ” or “ Law ”	The Securities Law, 1968, and the regulations promulgated thereunder, as amended from time to time;
The “ Insolvency Law ”	The Insolvency and Economic Rehabilitation Law, 2018 and regulations promulgated thereunder, as amended from time to time;
The “ Stock Exchange ”	The Tel Aviv Stock Exchange Ltd.;
The “ Bonds’ Principal ”	The total par value of the Bonds;

- “Business Day”** Any day on which the majority of the banks in Israel are open to conduct transactions;
- “Trading Day”** Any day on which trading in securities is carried out on the Stock Exchange;
- “Special Resolution”** 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 approval has not been received, the Bank will announce in an immediate report on the issuance results and prior to the listing for trading that the aforementioned approval was not received, and that the standard discount rate will be the highest discount rate which was created with respect to the Series 184 Bonds. 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, there could be cases in which the Bank shall be deducted tax at source for the higher rate from discounting rate that was set for a holder of Bonds (Series 184) prior to extension 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. Should the Bonds be purchased during the course of trading on the Stock Exchange, the Bank shall contact - through Bank Leumi le-Israel B.M's nominee company (hereinafter - the "**Nominee Company**") the Stock Exchange Clearing House through the Nominee Company and will ask to withdraw the Bonds.
- 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 **Error! Unknown switch argument.** 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, its 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 **Error! Bookmark not defined.**below.

After the Effective Date according to the notice, the Bond Holders will be entitled to interest with respect to them, according to the rate specified in the Bonds, only with respect to the balance of the principal amount (if any) after deducting the amount which was paid.

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 notify the Trustee in writing and within two trading days after it became aware of any case in which foreclosure has been imposed on more than 50% of the Bank's assets, and any case in which a receiver and/or a special administrator and/or a liquidator and/or any other official holding similar roles and powers has been appointed with respect of more than 50% of the Bank's assets by virtue of the Insolvency Law, and to take all steps required to remove the foreclosure or cancel the receivership, liquidation, or management, as the case may be, and bear the costs incidental to those steps.
- 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.

14.14 To allow the Trustee to take part in the Bank's General Meetings (whether Annual General Meetings or Extraordinary General Meetings of the Bank's shareholders), without conferring upon the Trustee a voting right in such meetings.

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 Entitlement to indemnification:

- 23.2.1 **Will apply to the Bank** in any case where (1) the entitlement to indemnification is established under any law and/or under the terms of the Deed of Trust; and (2) actions that were carried out or are required to be carried out at the demand of the Bank.
- 23.2.2 **Shall apply to the Holders** who were deemed Holders on the record date (as defined in Section 23.4 below) in any case where (1) the entitlement to indemnification was established due to a demand by Debenture Holders; (2) Failure by the Bank to pay the indemnification entitlement amount that applies to it in accordance with this Section 23.2. It should be clarified that the payment in accordance with subsection (2) above does not detract from the Bank's obligation to bear the indemnification entitlement in accordance with the provisions of Section 23.2.1 above.
- 23.3 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.
- 23.4 The record date for determining a Holder's indemnification liability is as follows:
- 23.4.1 In any case where the indemnification liability is required due to a urgent decision or action required to prevent material adverse effect on the rights of Debenture Holders without such decision or action first being approved by a Debenture Holders meeting - the record date for the liability shall be the end of the trading day on which the action was taken or the decision was made, and if such day is not a trading day, then the trading it preceding it.
- 23.4.2 In any case where the indemnification liability is required in accordance with a resolution of a Debenture Holders meeting - the record date for the liability shall be the record date for participating in the meeting (as set in the meeting's convening notice), and such liability shall also apply to a Holder, who was not present or did not participate in the meeting.
- 23.5 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:

Strauss, Lazer Trustees (1992) Ltd.

Bank Leumi le-Israel B.M.

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.

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.

Inbar Lazer, Adv.

First Addendum to the Deed of Trust – Bond

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 March 23, 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 5 2025 to May 5 2030, on dates and rates from the original Bonds’ Principal, as follows:

Date of principal repayment	Nov. 5 2025	May 5 2026	Nov. 5 2026	May 5 2027	Nov. 5 2027	May 5 2028	Nov. 5 2028	May 5 2029	Nov. 5 2029	May 5 2030
Percentage of the original principal	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

- 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.

- 4.2. The interest will be paid to the Bondholders twice a year on November 5 and May 5 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 5 2022 in respect of the period beginning on the First Trading Day following the Tender Date of the Bonds until November 4 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 4 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 held in accordance with the First Offering Report, the Bank will publish the Interest Rate on the First Interest Payment in an immediate report on the tender's results as well as the semi-annual interest rate.
- 4.5. Interest will be paid to those persons whose names will appear in the Register of Bondholders on October 30 and on April 29 of each of the years 2022 through 2030 (inclusive) for payments due on November 5 and May 5, respectively (hereinafter - the "**Effective Date**"), 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 **Error! Reference source not found.** 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.

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

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.

Appendix A2 to the Shelf Offering Report

Terms and conditions of the Commercial Securities (Series 1)

Bank Leumi le-Israel B.M.

Commercial Securities (Series 1) NIS 1 par value each

5. This certificate is from a series of registered Commercial Securities (Series 1) repayable in a single payment on March 23, 2023.
6. Certificate number: 1
7. The total par value of the Commercial Securities (Series 1) in this certificate is NIS [_].
8. 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**")
9. 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.
10. The Commercial Securities (Series 1) are not linked to the CPI or to any currency.
11. The Commercial Securities (Series 1) are not secured by a lien.
12. All of the Commercial Securities (Series 1) shall rank pari passu with one another, without having any preferential right over another.
13. 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 "Commercial Securities"	-	Commercial Securities (Series 1);
The "General Meeting of Holders"	-	General meeting of the holders of the Commercial Securities (Series 1);
The "Offering Report" and/or the "Shelf Offering Report"	-	The shelf offering report under which the Commercial Securities (Series 1) shall be initially offered and issued;
The Securities Law	-	The Securities Law, 1968 and the regulations enacted thereunder, as amended from time to time;
The Companies Law	-	The Companies Law, 1999 and the regulations enacted thereunder, as amended from time to time;
The "Register"	-	The register of holders of the Commercial Securities (Series 1), as set out in Section 7 below;
"Simple Majority"	-	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.

“Special Resolution” - 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 **“Interest Period”** - As defined in Section 3.3 below;

17. Payment date of the principal of the Commercial Securities

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 0.25%, 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.

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.

Below is an example of the interest calculation for the Interest Period:

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:

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

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.

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**

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.

- 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

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

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.

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

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

The Bank contracted a market maker until the final redemption date of the Commercial Securities (Series 1), as outlined in Section 12 to the Shelf Offering Report. The Bank will act, as far as the matter is under its control, in order that as of the listing for trading date of the Commercial Securities (Series 1) until their final redemption date, the market maker will deal with the said securities.

36. Receipts as Evidence

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

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

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

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)

35. 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.

36. 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.
37. 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.
38. 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.
39. 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.

40. 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.
41. 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:
 - 41.1. 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.
 - 41.2. 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.
42. 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).
43. 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.
44. 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.
45. 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.
46. 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.
47. 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.
48. 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).

49. 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).
50. Any resolution will be passed by counting the votes cast.
51. 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.
52. 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:

- 52.1. A holder that is a Controlled Corporation (as this term is defined in Section 9 of the Terms Overleaf - Commercial Securities (Series 1));
- 52.2. 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;
- 52.3. 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.

- 53.** 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.
- 54.** 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.
- 55.** 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.
- 56.** 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.
- 57.** 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.
- 58.** 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.
- 59.** 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".
- 60.** 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.
- 61.** The instrument of appointment of an agent will be drawn up in any form that will be acceptable to the Trustee.

62. An agent is not required to be a holder of the Commercial Securities (Series 1).
63. 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.
64. 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.
65. 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.
66. 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.
67. 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.

Appendix A3 to the Shelf Offering Report

The Deed of Trust for Subordinated Bonds (Series 405)

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 23 in the month of March,2022

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 March 23 2022, rating agency S&P Maalot and Midroog Ltd. announced their assigning of ratings "ilAAA" and "Aaa.il", respectively of the issuance of the Subordinated Bonds (Series 405) in the amount of up to NIS 750 million 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), in accordance with the terms and conditions of this Deed, 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 and/or agreement 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 this 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:

The Prospectus or Shelf Prospectus

- The Bank’s Shelf Prospectus dated May 27 2021;

Subordinated Bonds or the Bonds

- Registered Subordinated Bonds (Series 405) that will be issued by the Bank under the terms set out in this Deed;

The Certificate of the Subordinated Bonds	- 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;
Holder of the Subordinated Bonds	- 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 “ Unregistered Holder ”); (2) anyone in whose name Subordinated Bonds are registered in the Register, other than the nominee company (hereinafter - a “ Registered Holder ”);
The Trustee	- 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;
The Register	- The register of the holders of the Subordinated Bonds as set out in Section 26 of this Deed;
This Deed or the Deed of Trust or This Deed of Trust	This Deed of Trust including the appendices and addenda attached thereto and which constitute a material and an integral part thereof;
The Companies Law	- The Companies Law, 1999 and regulations promulgated thereunder, as amended from time to time;
The Securities Law	- The Securities Law, 1968, and the regulations promulgated thereunder, as amended from time to time;
The Insolvency Law	The Insolvency and Economic Rehabilitation Law, 2018 and regulations promulgated thereunder, as amended from time to time;
Tel Aviv Stock Exchange (Stock Exchange)	- The Tel Aviv Stock Exchange Ltd.;
The Principal of the Subordinated Bonds	- The total par value of the Subordinated Bonds outstanding;
Business Day	- Any day on which the majority of the banks in Israel are open to conduct transactions;
Trading Day	- Any day on which trading is carried out on the Stock Exchange;

- The Nominee Company** - The nominee company of Bank Leumi le-Israel B.M;
- Special Resolution** - 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;
- Resolution or Ordinary Resolution** - 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;
- Banking Supervision Department** - The Banking Supervision Department of the Bank of Israel;
- PCB 202 or PCB 299** - 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:

- א. **The First Addendum** – the wording of the Certificate of the Subordinated Bonds and the terms listed on the overleaf thereof;
- ב. **The Second Addendum** – provisions regarding meetings of holders of Subordinated Bonds;
- ג. **Appendix A** – the version of PBC 202 as of the date of signing of this Deed;
- ד. **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 Trust Company (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;¹² 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.

¹² 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.

- 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, 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 trustee serving as a liquidator is appointed to the Bank in accordance with the Insolvency Law 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 351I 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 a 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 58.6 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.

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 notify the Trustee in writing and within two trading days after it became aware of any case in which foreclosure has been imposed on more than 50% of the Bank's assets, and any case in which a receiver and/or a special administrator and/or a liquidator and/or any other official holding similar roles and powers has been appointed with respect of more than 50%

- of the Bank's assets by virtue of the Insolvency Law, and to take all steps required to remove the foreclosure or cancel the receivership, liquidation, or management, as the case may be, and bear the costs incidental to those steps.
- 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.
- 50.14 To allow the Trustee to take part in the Bank's General Meetings (whether Annual General Meetings or Extraordinary General Meetings of the Bank's shareholders), without conferring upon the Trustee a voting right in such meetings.

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 his 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 **Error! Reference source not found.** 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:

The expenses that were expensed and/or that will be expensed by the Trustee are reasonable.

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 Entitlement to indemnification:
- 58.3.1 **Will apply to the Bank** in any case where (1) the entitlement to indemnification is established under any law and/or under the terms of the Deed of Trust; and (2) actions that were carried out or are required to be carried out at the demand of the Bank.
- 58.3.2 **Shall apply to the Holders** who were deemed Holders on the record date (as defined in Section 23.5 below) in any case where (1) the entitlement to indemnification was established due to a demand by Subordinated Bonds Holders; (2) Failure by the Bank to pay the indemnification entitlement amount that applies to it in accordance with this Section 23.3. It should be clarified that the payment in accordance with subsection (2) above does not detract from the Bank's obligation to bear the indemnification entitlement in accordance with the provisions of Section 23.3.1 above.
- 58.4 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.
- 58.5 The record date for determining a Holder's indemnification liability is as follows:
- 58.5.1 In any case where the indemnification liability is required due to a urgent decision or action required to prevent material adverse effect on the rights of Subordinated Bonds

without such decision or action first being approved by a meeting of the Subordinated Bonds holders - the record date for the liability shall be the end of the trading day on which the action was taken or the decision was made, and if such day is not a trading day, then the trading it preceding it.

- 58.5.2 In any case where the indemnification liability is required in accordance with a resolution of a meeting of the Subordinated Bonds holders - the record date for the liability shall be the record date for participating in the meeting (as set in the meeting's convening notice), and such liability shall also apply to a Holder, who was not present or did not participate in the meeting.
- 58.6 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) the seniority of the Subordinated Bonds and in respect of the reports that the Bank is required to provide the Trustee in accordance with the provisions of This Deed.

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) the seniority of the Subordinated Bonds 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 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.
- 61.7 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.
- 61.8 The Bank may retain the letter of transfer.
- 61.9 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.
- 61.10 All expenses involved in the transfer, including stamp duty and other levies, if any, shall be payable by the party requesting the transfer.
- 61.11 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.
- 61.12 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.
- 61.13 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.
- 61.14 All expenses involved in the split, including levies, if any, shall be payable by the party requesting the split.

61.15 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 which may not be conditioned upon 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:

Strauss, Lazer Trustees (1992) Ltd.

Bank Leumi le-Israel B.M.

I the undersigned, Ronny Cohen, the 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.

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

Einav Lazar, Adv.

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

Bank Leumi le-Israel B.M.

Registered Subordinated Bond (Series 405)

Number ___ par value _____

- 14.** 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.
- 15.** The Subordinated Bonds are not secured by any securities and/or collateral, as described in Section 5 of the Deed of Trust.
- 16.** The seniority of the Subordinated Bond shall be as set out in Section 5 of the Deed of Trust.
- 17.** 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.
- 18.** 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.
- 19.** 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.**

Terms Written Overleaf

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:

- Entitled Party** - Holder of the Subordinated Bond, who is entitled to payment of principal and/or interest, pursuant to the terms of the Subordinated Bonds;
- Government Bond** - 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;
- The First Offering Report** - The first Shelf Offering Report according to which the Subordinated Bonds (Series 405) will be offered and issued for the first time;
- Consumer Price Index or Index** - 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;

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;
- Basic Index** - The Consumer Price Index published on March 15, 2022 in respect of the month of February 2022;
- Known Index** - The last known Index;
- Payment Index** - The Known Index on payment date;
- First Trading Day** - 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 1.5% (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.¹³

¹³ 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 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

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.¹⁴

- 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.
- 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.

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.

¹⁴ 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.

- 4.7 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:

- | | |
|--|--|
| The Bank’s Common Equity Tier 1 Capital Ratio | - The Bank’s Common Equity Tier 1 capital ratio pursuant to PCB 202 and the transitional provisions set out in PCB 299 (<u>Appendix A</u> and <u>Appendix B</u> of the Deed of Trust, respectively), and pursuant to the provisions of PCB 201; |
| Trigger Event for Principal Loss Absorption | - The Bank’s Common Equity Tier 1 Capital Ratio drops below 5%; ¹⁵ |

¹⁵ 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 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.

- Trigger Event for Non-Viability** - The earlier of the following two events:
- (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;¹⁶ or
 - (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.
- Trigger Event** - A Trigger Event for Principal Loss Absorption or a Trigger Event for Non-Viability;
- The Bank's Shares** - Fully repaid ordinary shares of NIS 1 par value each of the Bank.

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 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

¹⁶ 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:

- א. The Bank's assets do not provide adequate protection to depositors and creditors;
- ב. 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;
- ג. 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;
- ד. 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.

floor price of NIS 16.66 (1.666 Agorot),¹⁷ 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 Bonds will be maintained. It is clarified that nothing in the aforesaid detracts from the provisions of Section 1.22.8(a)(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.

¹⁷ 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).

- 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.¹⁸
- 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

¹⁸ 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.

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 discretion¹⁹ 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:

¹⁹ 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:

- א. 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
- ב. 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.

- 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 2028.²⁰
- 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.
- 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

²⁰ 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.

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.

Second Addendum to the Deed of Trust

Meetings of holders of the Subordinated Bonds

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

68. 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.

69. 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.

70. 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.

71. 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.

72. 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.

73. 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.

74. 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.
75. 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.
76. 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.
77. 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).
78. Any resolution will be passed by counting the votes cast.
79. 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.
80. 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.
81. 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.

82. Without derogating from the generality of the above, any of the following shall be considered to have a conflicting interest:
 - 82.1. 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;
 - 82.2. 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.
83. 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.
84. 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.
85. 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.
86. 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.
87. Where a bond is jointly held, only the vote of the person who is registered first in the holders’ register shall be counted.

88. 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.
89. 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”.
90. 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.
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 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.
92. 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.
93. 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 reasonably 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.
94. 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.

Appendix B to the Shelf Offering Report **Details of manner of offering the securities**

The provisions of this appendix apply separately to each of the series of Bonds (Series 184), Commercial Securities (Series 1), and Subordinated Bonds (Series 405) offered pursuant to the Shelf Offering Report, as the case may be. Accordingly, in this Appendix, the term “Units” relates to units each of which comprises NIS 1,000 p.v. Series 184 Bonds or NIS 1,000 p.v. Commercial Securities (Series 1), or NIS 50,000 p.v. Series 405 Bonds, as the case may be, that are offered pursuant to the Shelf Offering Report. In addition, it is clarified that the tenders for the purchase of the Series 184 Bonds, the Commercial Securities (Series 1) and the Series 405 Bonds are separate and independent tenders, and that the bids for each of the tenders shall be submitted separately, and the results of the offering shall be determined separately in respect of each of the tenders. Accordingly, should one of the aforementioned tenders be canceled, the securities offered as part of this tender shall not be allocated or listed for trading on the Stock Exchange, but this shall not result in the cancellation of the other tender in accordance with the Shelf Offering Report.

1. Manner of offering the Subordinated Bonds to the public

1.1 The list of subscriptions

The list of subscriptions for the purchase of the Units shall be opened on the day and time set out in the Shelf Offering Report (hereinafter – the “**Tender Day**” or the “**Day of Submission of Bids**”) and shall be closed on the day and time set out in the Shelf Prospectus Report (hereinafter – “**Closing Time of the Subscriptions List**”).

Through the Closing Date of the Subscriptions List, the Bank may cancel the offering without the investors having any claim and/or right in connection therewith. In such a case, all bids that have been submitted in connection with the offering shall be considered to be void.

1.2 Submitting the bids in the tender stage

1.2.1 The bids for the purchase of the Offered Securities (hereinafter – “the **Bids**”) will be submitted to the Bank on the forms used for this purpose, through the Offering Coordinator (as defined in the Shelf Offering Report), directly or through banks or through other members of the Stock Exchange (hereinafter - the “**Parties Authorized to Accept Bids**”), no later than the Closing Time of the Subscriptions List.

1.2.2 As part of the Tender, each bidder is allowed to submit up to three Bids at the levels set out in the Shelf Offering Report. An application that will specify an interest rate and/or an annual spread rate and/or a unit price, as the case may be, that is not equal to one of the levels set in the Shelf Offering Report, will be rounded upwards to the nearest interest rate level and/or annual spread rate level, and/or downwards to the nearest price level, as the case may be.

- (a) Each bidder shall state in its application the number of Units it wishes to purchase and the interest rate and/or annual spread rate and/or Unit Price it offers, which shall not exceed the Maximum Spread Rate and/or the Maximum Interest Rate, and shall not be less than the Minimum Unit Price as set in the Shelf Offering Report. A bid that will specify an interest rate and/or an annual spread rate, which is higher than the Maximum Interest Rate and/or the Maximum Spread Rate, and/or a bid that will specify a Unit Price that is lower than the Minimum Unit Price, as the case may be, shall be deemed to have not been submitted.
- (b) A bidder that has submitted a bid to purchase Units may retract his bid up to the Date of Closing the Subscriptions List by giving written notice to a Party Authorized to Accept Bids. Each bid that was submitted and which was not retracted by the bidder through the Date of Closing the Subscriptions List shall be considered as an irrevocable obligation on behalf of the bidder to receive the securities that will be allocated to him as a result of full or partial acceptance of the bid and to pay, through the Offering Coordinator, the full price, under the Shelf

Offering Report, of the securities allocated thereto due to the acceptance of his bid pursuant to the terms of the Shelf Offering Report.

- (c) Bids may only be submitted for the purchase of whole Units. A bid submitted for any fraction of a Unit will be treated as a bid only for the number of whole Units specified in such bid, and any fraction of a Unit denoted in the bid will be treated as never having been included therein. An application in which the number of Units specified is less than one shall be deemed not to have been received.
- (d) The Parties Authorized to Receive Bids will be accountable and liable towards the Bank and towards the Offering Coordinator for the payment of the full consideration due to the Bank with respect to Bids submitted through them and which were accepted, in full or in part.
- (e) A "**bidder**" or a "**subscriber**" – together with a relative living with him and including a qualified investor that has provided an advance undertaking to purchase units and with whom the Bank entered into an advance engagement to purchase units as set forth in the Shelf Offering Report.

1.3 Tender's procedures

1.3.1 The Bids will be delivered by the Parties Authorized to Receive Bids to the Offering Coordinator by digitally transmitting the Bids to the Offering Coordinator, through a virtual safe. Furthermore, Bids that will be submitted directly to the Offering Coordinator will be delivered in sealed envelopes that will remain sealed.

1.3.2 On the Tender Date, immediately after the Deadline for Submission to the Coordinator, the Bids in the safes will be presented, including Bids that were submitted directly to the Offering Coordinator, in the presence of the Bank's representatives and its independent auditor, who will oversee the proper implementation of the tender procedures and the tender's results will be summarized and processed at the same time.

1.4 **Series 184 Bonds Units:**

1.4.1 Determining the interest rate for Series 184 and allocating the units to bidders

In the Tender pursuant to the Shelf Offering Report, all Bonds included in the Units, the Bids for the purchase of which will be accepted, will be issued at a uniform interest rate (hereinafter in this Section 0 - the “**Uniform Interest Rate**”), which will be the lowest interest rate such that the Bids which stated it as the interest rate, together with the Bids which stated lower interest rates, will suffice to allocate all Units that are offered to the public (including to Qualified Investors) pursuant to the Shelf Offering Report.

Allocation of the Units will be carried out as follows:

- (a) If the total number of Units included in the bids received (including Units the bids in respect of which were received from Qualified Investors that entered into advance engagement with the Bank) is lower than the total number of Units offered pursuant to the Shelf Offering Report, all bids will be accepted in full, subject to compliance with the relevant Stock Exchange guidelines as set out below, in which case the Uniform Interest Rate will be the Maximum Interest Rate prescribed in the Shelf Offering Report. The remaining units, for which no Bids were received, will not be issued.
- (b) If the total number of Units included in the bids received (including Units the bids in respect of which were received from Qualified Investors), is equal to or higher than the total number of Units offered to the public, the following provisions shall apply:
 - 1) Bids which state an interest rate which is higher than the Uniform Interest Rate – will not be accepted.
 - 2) Bids which state an interest rate which is lower than the Uniform Interest Rate – will be accepted in their entirety.
 - 3) Bids (excluding undertakings received from Qualified Investors) which state an interest rate which equals the Uniform Interest Rate – will be proportionally accepted, such

that each bidder will receive, out of the total number of offered Units outstanding for distribution after the acceptance of bids stating an interest rate which is lower than the Uniform Interest Rate (less the accepted bids of the Qualified Investors who have undertaken to purchase Units at the Uniform Price), a share which equals the ratio of the number of Units which the bidder ordered in the bid in which he had stated the Uniform Interest Rate, to the total number of Units included in all the bids submitted to the Bank that stated the Uniform Interest Rate (less the share of the Qualified Investors, as mentioned above).

- (c) The allocation of units to Qualified Investors will be made as prescribed in Section 0 to the Shelf Offering Report.
- (d) If an allocation as aforesaid in Section 1.4.1.(b) above does not lead to the fulfillment of the minimum spread requirements of the offered securities, as set out in the Shelf Offering Report, then the preference of the allocation to the Qualified Investors will be revoked and the offered Units will be allocated as follows:
 - 1) Bids which state an interest rate which is higher than the Uniform Interest Rate – will not be accepted.
 - 2) Bids which state an interest rate which is lower than the Uniform Interest Rate – will be accepted in their entirety.
 - 3) Bids (including undertakings received from Qualified Investors) which state an interest rate which equals the Uniform Interest Rate – will be proportionally accepted, such that each bidder will receive, out of the total number of offered Units outstanding for distribution after the acceptance of bids stating an interest rate which is lower than the Uniform Interest Rate, a share which equals the ratio of the number of Units which the bidder ordered in the bid in which he had stated the Uniform Interest Rate, to the total number of Units included in all the bids submitted to the Bank that stated the Uniform

Interest Rate (including Units in respect of which undertakings were received from Qualified Investors).

(e) If an allocation as aforesaid in Section (d) above does not lead to the fulfillment of the minimum distribution requirements of the Offered Securities, then the offered Units will be allocated at the Uniform Interest Rate as follows:

- 1) Bids which state an interest rate which is higher than the Uniform Interest Rate – will not be accepted.
- 2) Bids (including undertakings received from Qualified Investors) which state an interest rate which equals and/or lower than the Uniform Interest Rate – will be proportionally accepted, such that each bidder will receive, out of the total number of offered Units a share which equals the ratio of the number of Units which the bidder ordered in the bid in which he had stated the Uniform Interest Rate and/or a lower interest rate, to the total number of Units included in all the bids submitted to the Bank that stated the Uniform Interest Rate and/or a lower interest rate (including Units in respect of which undertakings were received from Qualified Investors).

(f) If an allocation as aforesaid in Section 1.4.1(e) above does not lead to the fulfillment of the minimum spread requirements of the offered securities, a reallocation will be made to determine a new Uniform Interest Rate, which will not exceed the Maximum Interest Rate, and this interest rate will be the lowest interest rate at which the offered Units can be allocated such that the requirements for minimum spread will be complied with, provided that a bidder will not be allocated Units in a number which is higher than the number ordered by the bidder or at a lower interest rate than the rate he has stated in his bid (hereinafter in this 0 section - the “**New Uniform Interest Rate**”).

Where a New Uniform Interest Rate is set, as referred to in this paragraph, the allocation will be made as provided in Section 1.4.1 above, and instead

of "the Uniform Interest Rate" it shall be deemed to have referred to "the New Uniform Interest Rate".

- (g) If the allocation pursuant to Section 1.4.1.**Error! Reference source not found.** above also fails to lead to the fulfillment of the minimum spread requirements of the Offered Securities, then Section 4.4 below shall apply.
- (h) A bidder shall be deemed to have undertaken in its bid to purchase all Units allocated to him as a result of the partial or full acceptance of his bid, according to the rules set out above.

1.5 Commercial Securities (Series 1) units:

1.5.1 Determining the spread on the Benchmark Interest and the manner of allocating the units to bidders

All Commercial Securities (Series 1), bids for the purchase of which will be accepted as part of the tender, shall bear a uniform annual spread above the benchmark interest; the spread will be set in accordance with the tender's results (hereinafter - the "**Uniform Spread Rate**"), and the Commercial Securities (Series 1) shall be allocated in the tender as follows:

- (a) If the total number of units of Commercial Securities (Series 1) for which bids were submitted (including bids from Qualified Investors as part of advance engagement with the Company, as these terms are defined in the Shelf Offering Report), shall be lower than the number of units of Commercial Securities (Series 1) offered to the public, then all bids shall be accepted in full, subject to compliance with the Stock Exchange requirements as described in Section 1.35 to the Offering Report. In such a case, the Uniform Spread Rate shall be the Maximum Spread Rate as set in the Shelf Offering Report. The remaining units, for which no bids were received shall not be issued.
- (b) If the total number of units of Commercial Securities (Series 1) for which bids were submitted (including bids from Qualified Investors as part of advance engagement with the Company, as these terms are

defined in the Shelf Offering Report), shall be equal or higher than the total number of units of Commercial Securities (Series 1) offered to the public, then the Uniform Spread Rate shall be equal to the lowest Spread Rate (and/or lower rates), specified in bids to purchase all the Commercial Securities (Series 1) offered to the public (including bids submitted by Qualified Investors) in accordance with the Offering Report.

(c) The Bank will accept bids to purchase units of Commercial Securities (Series 1) offered to the public with the Commercial Securities (Series 1) bearing the Uniform Spread Rate, and each bidder shall be deemed to have undertaken in its bid to purchase all the Commercial Securities (Series 1) Units allocated to it as a result of the acceptance of its bid, with the Commercial Securities (Series 1) Units offered in the Offering Report bearing the Uniform Spread Rate in accordance with the following rules:

- 1) Bids that will state a spread rate which is lower than the Uniform Spread Rate - will be accepted in full.
- 2) Bids that will state a spread rate which is higher than the Uniform Spread Rate - will not be accepted.
- 3) Bids which state the Uniform Spread Rate – will be proportionally accepted, such that each bidder will receive, out of the total number of Units of Commercial Securities (Series 1) offered to the public outstanding for distribution after the allocation in respect of bids stating a Spread Rate, which is lower than the Uniform Spread Rate, and after the allocation of Commercial Securities (Series 1) Units to Qualified Investors who entered into advance engagement with the Company, a share which equals the ratio of the number of Commercial Securities (Series 1) Units included in the bid it submitted, and the total number of Commercial Securities (Series 1) Units included in all bids in which the Uniform Spread Rate was stated (less bids that were submitted by

Qualified Investors that stated the Uniform Spread Rate) rounded downwards to the nearest whole Unit. Any fractions arising from the allocation as described above in this section, shall be purchased by the Offering Coordinator, at the Maximum Spread Rate as set in the Shelf Offering Report.

The allocation to Qualified Investors will be made as prescribed in the Shelf Offering Report.

1.6 Subordinated Bonds (Series 405) Units:

1.6.1 Determining the Unit Price for Series 405 and the allocation of units to bidders

All units of Subordinated Bonds (Series 405), the Bids for the purchase of which will be accepted as part of the tender, will be issued at a uniform price (hereinafter - the “**Uniform Price**”), which will be the highest price, such that the bids for Series 405 Units stated it as the Unit Price, together with the Bids which stated higher Unit Prices, will suffice to allocate all Series 405 Units that are offered to the public.

Allocation of the Units will be carried out as follows:

- (a) If the total number of Units (Series 405) included in the Bids received (including Units the Bids in respect of which were received from Qualified Investors that entered into advance engagement with the Bank) is equal to or lower than the total number of Units offered pursuant to the Shelf Offering Report, all Bids will be accepted in full, subject to compliance with the relevant Stock Exchange guidelines as set out below, in which case the Uniform Price will be the Minimum price prescribed in the Shelf Offering Report. The remaining units, for which no Bids were received, will not be issued.
- (b) If the total number of Units included in the Bids received (including Units the Bids in respect of which were received from Qualified Investors), is higher than the total number of Units offered to the public, the following provisions shall apply:

- (1) Bids submitted at a unit price below the standard price shall not be accepted.
 - (2) All Bids at a unit price that is higher than the standard price will be accepted.
 - (3) Bids (excluding undertakings received from Qualified Investors) which state a price per unit which equals the Uniform Price – will be proportionally accepted, such that each bidder will receive, out of the total number of offered Units outstanding for distribution after the acceptance of Bids stating a price which is higher than the Uniform Price Rate (less the accepted Bids of the Qualified Investors who have undertaken to purchase Units at the Uniform Price), a share which equals the ratio of the number of Units which the bidder ordered in the bid in which he had stated the Uniform price, to the total number of Units included in all the Bids submitted to the Bank that stated the Uniform price (less the share of the Qualified Investors, as mentioned above).
 - (4) The allocation of units to Qualified Investors will be made as prescribed in the Shelf Offering Report.
- (c) If an allocation as aforesaid in Section 1.6.1(B) above does not lead to the fulfillment of the minimum spread requirements of the offered securities, as set out in the Shelf Offering Report, then the preference of the allocation to the Qualified Investors will be revoked and the offered Units will be allocated as follows:
- (1) Applications submitted at a unit price below the standard price shall not be accepted.
 - (2) Bids stating a unit price that is higher than the Uniform Unit Price will be accepted in full.
 - (3) Bids (including undertakings received from Qualified Investors) which state a Unit Price which is equal to the Uniform Price – will be proportionally accepted, such that

each bidder will receive, out of the total number of offered Units outstanding for distribution after the acceptance of Bids stating an Unit Price which is higher than the Uniform Price, a share which is equal to the ratio between the number of Units which the bidder ordered in the bid in which it had stated the Uniform Price, and the total number of Units included in all the Bids submitted to the Bank that stated the Uniform Price (including Units in respect of which undertakings were received from Qualified Investors).

(d) If an allocation as aforesaid in Section 1.6.1(C) above does not lead to the fulfillment of the minimum spread requirements of the Offered Securities, then the offered Units will be allocated at the Uniform Price as follows:

- (1) Bids submitted at a unit price below the standard price shall not be accepted.
- (2) Bids (including undertakings received from Qualified Investors) which state the Uniform Price and/or a higher price – will be proportionally accepted, such that each bidder will receive, out of the total number of offered Units a share which is equal to the ratio between the number of Units which the bidder ordered in the bid in which he had stated the Uniform Price and/or a higher price, and the total number of Units included in all the Bids submitted to the Bank that stated the Uniform Price and/or a higher price (including Units in respect of which undertakings were received from Qualified Investors).

(e) If an allocation as aforesaid in Section 1.6.1(D) above does not lead to the fulfillment of the minimum distribution requirements of the Offered Securities, a reallocation will be made to determine a new Uniform Price, which will not be lower than the minimum price, and this price will be the highest Unit Price at which the offered Series 405 Units may be allocated such that the requirements for minimum

distribution will be complied with, provided that a bidder will not be allocated a number of Units which is higher than the number it ordered or at a price higher than the price it has stated in its bid (hereinafter in this Section 1.6 - the “**New Uniform Price**”).

Where a New Uniform Price is set, as referred to in this paragraph, the allocation will be made as provided in Section 1.6.1(D) above, and instead of the “Uniform Price” it shall be deemed to have referred to the “New Uniform Price”.

- (f) If the allocation pursuant to Section 1.6.1(E) above also fails to lead to the fulfillment of the minimum spread requirements of the Offered Securities, then Section 4.4 below shall apply.

1.7 Additional allocations subsequent to the Tender Date and treatment of fractions of Units

1.7.1 No additional allocations of the Offered Securities will be made subsequent to the tender to qualified investors and/or to all bidders.

1.7.2 Treatment of fractions of Units - Should fractions of Units arise from the allocation of the Offered Securities pursuant to the acceptance in the relevant tenders, as stated above, they shall be rounded off, insofar as practicable, to the nearest whole Unit. Surpluses of Units that shall remain as a consequence of such rounding off shall be purchased by the Offering Coordinator at the Unit price that will be set in the tender.

2. Notice of the offering’s results

2.1 By 10:00 AM on the first day of trading after the Tender Date, a notice will be delivered by the Offering Coordinator and through the Parties Authorized to Receive Bids, to bidders whose Bids were accepted, in full or in part. The notice will state the number of Units allocated to each subscriber and the consideration payable in respect thereof. By 12:30 PM on the first day of trading after the Tender Date, the bidders will transfer to the Issuance Coordinator, to the special account as provided in Section 3 below, through the Parties Authorized to Receive Bids, the full consideration payable by them for the Units with respect to which their bid was accepted as provided in the said notice.

2.2 By the end of the first day of trading after the Tender Date, the Bank will announce the tender results by way of an immediate report.

3. **The Special Account and the allocation of the Units**

3.1 Immediately prior to the Tender Date the Offering Coordinator shall open a special trust account in the name of the Bank (hereinafter – the “**Special Account**”) and will submit to the Parties Authorized to Receive Bids the details of the Special Account. The Special Account shall be managed exclusively by the Offering Coordinator in the name of the Bank and on its behalf in accordance with the Securities Law.

3.2 Monies that accumulate in the Special Account will be invested by the Offering Coordinator in short-term, unlinked deposits bearing daily interest.

3.3 The Parties Authorized to Receive Bids will deposit in the Special Account all the amounts paid in respect of the Offered Securities, the Bids for the purchase of which were accepted pursuant to the terms of the Shelf Offering Report, and the Offering Coordinator will deal with such amounts and act in accordance with the terms of the Shelf Offering Report.

3.4 If the requirements for minimum spread and the requirements for the value of the public’s holdings as set out in the Shelf Offering Report are complied with, the Offering Coordinator will transfer to the Bank, by no later than 12:30 of the second trading day after the Bids submission date, any funds remaining in the Special Account, together with any return accrued thereon, less the amounts due to the Qualified Investors and the Parties Authorized to Receive Bids (insofar as such amounts are due pursuant to the Shelf Offering Report and as the case may be), against the transfer of the certificates with respect to the Offered Securities to the Nominee Company (as defined in Section 1.1.9 to the Shelf Offering Report).

3.5 If, at the end of the Tender Date it transpires that in respect to the Offered Securities, the requirements for minimum spread and/or the requirements for the value of the public’s holdings as set forth in the Shelf Offering Report, are not complied with, the issuance of the Units to the public will be canceled and no funds will be collected from the subscribers and the provisions of Section 4.4 below shall apply.

4. **Approval of the listing of the Offered Securities**

- 4.1 After the Time of Closing the List of Subscriptions List List, the Bank will apply to the Stock Exchange within three (3) business days requesting the listing of the securities offered pursuant to the Shelf Offering Report.
- 4.2 Trading in the Offered Securities shall commence immediately after the listing thereof.
- 4.3 The listing of the Offered Securities is subject to the satisfaction of the directives of the Stock Exchange, including requirements for minimum spread and requirements for the value of the public's holdings, as set out in the Shelf Offering Report.
- 4.4 Should it transpire that the preliminary requirements for listing, as stated in Section 4.3 above, have not been satisfied, then the offering of the Units being offered shall be canceled, and the securities being offered shall not be allocated and shall not be listed and no funds shall be collected from the subscribers in respect thereof. In the event of the cancellation of the Offering as aforesaid, on the first day of trading after the Tender Date, the Bank shall give notice thereof in an immediate report (in accordance with the dates set forth by law), and within two additional trading days thereafter, the Company shall publish notice in the Hebrew language in connection therewith in two daily newspapers that are widely circulated in Israel, if it is required by law to do so. The Bank may issue the securities, the issuance of which was canceled as aforesaid, pursuant to the next Shelf Offering Reports, if such reports are published, subject to the provisions of any law, to the Stock Exchange's guidelines and to the provisions of the Shelf Prospectus.

5. **Certificates in respect of the securities**

Where the Bank has accepted a bid, in full or in part, the Bank will allocate certificates in respect of the securities included in the Units, the bids with respect to which were accepted, by delivering certificates in respect of the securities to the Nominee Company, against the transfer of the funds deposited in the Special Account by the Offering Coordinator as aforesaid in Section 3 above, provided that the allocation will not be made before the Offering Coordinator has verified that the Stock Exchange's requirements were fully met, as stated in Section 4 above.

6. **Tax implications**

As is expected when making decisions on investments, it is necessary to consider the tax implications of an investment in the Offered Securities. The provisions included in this section regarding taxation of the Offered Securities do not purport to constitute an authoritative interpretation of the provisions of the law referred to in this section, and do not purport to substitute expert advice, based on the special and the unique circumstances of each investor. Therefore, any investor who considers the purchase of the Offered Securities should seek professional advice that will suit the investor's specific needs.

Under existing laws, the securities that are offered to the public pursuant to the Shelf Offering Report, provisions of the law and tax arrangements which are described in brief below.

6.1 General

6.1.1 On July 25 2005, the Knesset passed the Law for the Amendment of the Income Tax Ordinance (No. 147), 2005 (hereinafter in this Section – the “**Amendment**”). The Amendment changed significantly the provisions of the Income Tax Ordinance [New Version], 1961 (hereinafter in this section – the “**Ordinance**”), relating to taxation of securities listed on the Stock Exchange. Furthermore, on the date of publication of this Shelf Offering Report, some new regulations that are expected to be published as a result of the Amendment have yet to be published. In addition, on the publication date of this Shelf Offering Report, there is no accepted practice regarding some of the provisions of the Amendment, and there is no case law that interprets the new tax provisions of the Amendment.

6.1.2 In addition, on December 29 2008, the Knesset approved Amendment No. 169 of the Ordinance, which was published in the Official Gazette on December 31 2008 (and came into effect on January 1 2009), and caused further changes with respect to the taxation of securities.

6.1.3 On December 6 2011, the Tax Burden Distribution Law (Legislative Amendments), 2011 was published in the Official Gazette (hereinafter - the “**Change of Tax Burden Law**”). Under the Change of Tax Burden Law, which came into effect in 2012, the tax rate payable by individuals on capital gains, interest and dividends increased from 20% to 25%, and

the tax rate payable by a substantial shareholder²¹ on dividend income and capital gain increased from 25% to 30%; the tax rate applicable to non-linked channels remained unchanged (15%).

6.1.4 On August 6, 2012 the Knesset passed Amendment 195 to the Ordinance, published in the Official Journal on August 13, 2012 (and became effective on January 1, 2013), and in it was added section 121B of the Ordinance that stipulates that an individual will be liable from 2013 for additional tax on the liable portion of his income that exceeds the amount stated in the section. This section was updated on December 29 2016 upon publication of the Economic Efficiency Law (Legislative Amendments for Implementing Economic Policies for the 2017 and 2018 Budget Years), 2016 (hereinafter - the "**Arrangements Law for the Years 2017 and 2018**"). Pursuant to the updated Section 121B, an individual whose taxable income in the tax year 2022 exceeded a total of NIS 663,240, shall be subject to additional tax at a rate of 3% in respect of that portion of his income that exceeded the said amount (hereinafter – "**Surtax**"). The taxable income includes all income types, including capital gain and real estate betterment (the sale of a right to real estate in a residential apartment will only be included if the sale amount is greater than NIS 4,911,175 million (for 2022) and the sale is not exempt from tax under any law), excluding an inflationary amount as defined in Section 88 of the Ordinance, and an inflationary amount as defined in Section 47 of the Land Taxation Law.

6.1.5 The Economic Arrangements Law for the years 2017-2018 reduced the corporate tax rate set in Section 126(a) to the Ordinance by 1% to 24% as from January 1 2017, and by further 1% (to 23%) as from January 1 2018.

6.1.6 It is clarified that what is stated below refers to the manner of taxation of investors who are Israeli residents. It should be noted that an "individual

²¹ An individual who holds, whether directly or indirectly, by himself or jointly with others (as this term is defined in Section 88 of the Ordinance) at least 10% of one or more means of control in a company (as this term is defined in Section 88 of the Ordinance), at the time of the sale of the security or at any time during the 12 months that preceded such sale.

that became and Israeli resident for the first time” and “a senior returning resident” as defined in the Ordinance, may be subject to tax implications that are different than those described below; it is suggested that such residents seek specific advice to assess their entitlement to tax benefits in Israel. It should also be noted that investors who will be considered as “controlling shareholders”²² or as “substantial shareholders”,²³ as defined in the Ordinance, may be subject to further tax implications in addition to those described below.

6.1.7 Similarly, reference as brought below to taxation of a group of foreign residents is restricted in the case where Israeli residents are controlling shareholders in it, or benefit from or are entitled to 25% or more of the revenues or profits of a foreign resident, directly or indirectly, in accordance with the provisions of section 68A of the Ordinance.

6.2 Capital gain from sale of the Offered Securities

6.2.1 Pursuant to Section 91 of the Ordinance, a real capital gain²⁴ on the sale of securities by an individual who is a resident of Israel will be subject to tax at the marginal tax rate applicable to the individual under Section 121 of the Ordinance, subject to a maximum of 25%, and the capital gain will be regarded as the highest bracket in the scale of his taxable income. The above will be applicable provided that the sale of the securities does not constitute a business income of the individual and that the individual did not deduct finance expenses. As to the sale of securities by an individual who is a “substantial shareholder” in a company, i.e., holder of at least 10% of one or more of the company’s means of control,²⁵ directly or indirectly, by himself or jointly with others,²⁶ during the 12 months that preceded such a sale - the tax rate applicable to the real capital gains earned by such an individual shall not exceed 30%. Notwithstanding the foregoing, a capital gain by an individual in the sale of a bond and an

²² As this term is defined in Section 3i of the Ordinance.

²³ As this term is defined in Section 88 of the Ordinance.

²⁴ As defined in Section 88 of the Ordinance.

²⁵ As this term is defined in Section 88 of the Ordinance.

²⁶ As this term is defined in Section 88 of the Ordinance.

unlinked commercial paper shall be taxed at a maximum rate of 15%, or 20% for a substantial shareholder, and all capital gains shall be regarded as real capital gain.²⁷ In addition, as for an individual who claimed real interest expenses and linkage differences in respect of the securities, the capital gain from the sale of the securities shall be subject to tax at the rate of 30%, until the determination of provisions and conditions for the deduction of real interest expenses under Sections 101A(a)(9) and 101A(b) of the Ordinance. The aforementioned reduced tax rate shall not apply to an individual whose income from the sale of securities constitutes "business" income, in accordance with the provisions of Section 2(1) of the Ordinance. In this case, the individual will be charged a marginal tax rate in accordance with the provisions of Section 121 of the Ordinance.

6.2.2 An individual will be exempt from linkage differences he received in respect of an asset, provided that all of the following are met:

- (a) The linkage differences are not partial linkage differences.
- (b) The individual did not claim deduction of interest expenses or linkage differences in respect of the asset.
- (c) The linkage differences do not constitute an income pursuant to Section 2(1) of the Ordinance and are not recorded in his books of accounts or require such recording.

6.2.3 A body of persons shall be liable to tax on real capital gains on the sale of securities at the corporate tax rate prescribed in Section 126 of the Ordinance.

6.2.4 As a rule, a foreign resident (individual or a group of persons), is exempt from capital gains tax on the sale of securities traded on the stock exchange in Israel if the capital gain is not from his own permanent enterprise in Israel and in accordance with the terms and limitations of section 97(b2) of the Ordinance. This exemption shall not apply to a foreign body of persons, if Israeli residents are the controlling shareholders or beneficiaries

²⁷ As the term "bond" is defined in Section 91 of the Ordinance.

of such body of persons, or if Israeli residents are entitled to 25% or more of the income or profits of the foreign body of persons, directly or indirectly, as provided in Section 68A of the Ordinance.

6.2.5 Where the shares sold are shares arising from the conversion of Subordinated Bonds into shares, the original price of those Subordinated Bonds shall be deemed the original price of those shares (the cost for the purpose of calculating the capital gain) and the payment paid upon conversion thereof into shares (if any such payment has been made) shall be regarded as betterment expenses. Furthermore, for tax purposes, the purchase date of the Subordinated Bonds shall be deemed the purchase date of such shares.

6.2.6 A tax-exempt mutual fund shall be exempt from capital gains tax on the sale of such securities. Tax-exempt provident funds and entities under Section 9(2) of the Ordinance, are exempt from tax on capital gain earned on the sale of such securities. The income of a taxable mutual fund from the sale of securities as aforementioned will be liable to the tax rate applicable to the income of an individual which is not income from a "business" or "profession," unless it is expressly determined otherwise. If no special tax rate was determined in respect of the income, then the income shall be taxed at the maximum tax rate set out in Section 121 of the Ordinance.

6.2.7 In accordance with the provisions of Section 94B to the Ordinance and the conditions set out in this section, a Company or an individual who sells a share, and who was a substantial shareholder in the Company on the sale date or on any day during the 12 months preceding the sale, may ask that the tax rate on the part of the real capital gain that equals part of the profits available for distribution²⁸, in the proportion of the seller's part of the right to profits in the Company to all rights to profits in the Company, shall be the tax rate that would have applied to them under sections 125B or 126(b),

²⁸ As defined in Section 94B of the Ordinance.

as the case may be, if they had been received as dividends immediately before the sale.

6.2.8 As a general rule, if the securities that are offered pursuant to this Shelf Offering Report are delisted, the tax rate that will be withheld at source upon the sale of those securities (after they are delisted) will be thirty percent (30%) of the proceeds, so long as no certificate is presented that was issued by the Assessing Officer according to which a different withholding tax rate applies (including tax withholding exemption).

6.2.9 As to withholding at source from capital gains upon the sale of the Offered Securities, tax will be withheld pursuant to the Income Tax Regulations (Withholding from Proceeds, Payment or Capital Gain on the Sale of Securities, Sale of a Mutual Fund Unit or a Future Transaction), 2002 (hereinafter - the “**Withholding from Proceeds Regulations**”). A person liable to tax (as this term is defined in aforementioned Regulations) who pays consideration for the sale of securities to a seller who is an individual is required to deduct tax at a rate of 25% from the real capital gain and for an unlinked security - 15% of the capital gain; if the seller is a body of person, the rate of tax to be withheld will be the corporate tax rate pursuant to Section 126(a) of the Ordinance. The above applies after taking into consideration tax withholding exemption certificates (or certificates regarding reduced rates) issued by the Israel Tax Authority and the offsetting of losses that the withholder may perform. Tax shall not be withheld for provident funds, mutual funds and other entities which are exempt from withholding tax by law, as listed in the Addendum to the Income Tax Regulations (Withholding from Interest, Dividend and Certain Profits), 2005 (hereinafter - the “**Dividend and Interest Withholding Regulations**”) after the applicable certificates are provided by them. Tax will not be withheld by a bank or a stock exchange member in respect of a foreign resident if certain conditions set out in the regulations are met. It is noted that if at the time of the sale the full amount of tax was not withheld from the real capital gain, the provisions of Section 91(d) of the Ordinance

and the provisions included therein regarding reporting and payment of an advance in respect of such a sale will apply.

6.2.10 The provisions of the Withholding from Proceeds Regulations will not apply to a taxpayer that is a financial institution paying a consideration or other payment for a tax-exempt capital gain to a seller who is a foreign resident if the seller (if he was in Israel), or his representative submits to the financial institution - within 14 days from the date of opening the account - a statement on form 2402 of his being a foreign resident and his entitlement to an exemption.

6.3 Tax rate applicable to interest income from the Offered Securities

6.3.1 Pursuant to Section 125C(b) to the Ordinance, an individual shall be subject to a tax rate of no more than 25% in respect of interest or discount fees arising from bonds that are fully linked to the consumer price index,²⁹ and this income will be regarded as the highest bracket in the scale of his taxable income. Pursuant to Section 89(e) to the Ordinance, the linkage differences arising from redemption of bonds or a marketable security, where the income therefrom does not constitute an income from business or profession, shall be liable to tax pursuant to the provisions of Part E of the Ordinance. Linkage differences accrued on the interest shall be subject to the same tax rate applicable to the interest. It should be noted that the index published by the Israel Central Bureau of Statistics shall be regarded as the index for purposes of Section 125C of the Ordinance.

6.3.2 Pursuant to Section 125c(c) of the Ordinance, an individual shall be liable at a tax rate of 15% on the interest income (including partial linkage differentials as defined in Section 3(e6) of the Ordinance) or discount fees originating in an unlinked bond, or partially linked to the CPI's increase, in whole or in part.

6.3.3 Pursuant to Section 125c(d) of the Ordinance, tax rates as stated above shall not apply, among other things, if one of the following conditions is met: (1) the interest constitutes income from a "business" in accordance with Section 2(1) of the Ordinance or is recorded or required to be recorded in the individual's books of account; (2) the individual claimed a deduction of interest expenses and linkage differences in respect of the Bonds; (3) the individual is a substantial shareholder as defined in Section 88 to the Ordinance as aforesaid in the body of persons paying the interest; (4) the individual is an employee of the body of persons paying the interest or provides services or sells products to that body of persons, or has some other special relationship with it, unless it shall be proven to the

²⁹ As this term is defined in Section 125C to the Ordinance – the most recent Consumer Price Index published by Israel Central Bureau of Statistics prior to the relevant date, and in the case of an asset whose value is linked to a foreign currency or denominated in a foreign currency – the exchange rate.

satisfaction of the Assessing Officer that the price was set in good faith and was not influenced by the existence of such a relationship between the individual and the paying body of persons; (5) some other condition set by the Minister of Finance with the approval of the Knesset Finance Committee is fulfilled. In such cases, the individual will be subject to tax in respect of the interest or discount fees at the marginal tax rate in accordance with the provisions of Section 121 of the Ordinance as set out above.

6.3.4 The tax rate applicable to interest income (including linkage differences) or discount fees of an Israeli-resident body of persons other than a body of persons regarding which the provisions of Section 9(2) of the Ordinance apply to the determination of its income, is the corporate tax rate as described above.

6.3.5 Pursuant to Section 9(15D) of the Ordinance, interest, discount fees or linkage differences paid to a foreign resident on bonds listed on the Stock Exchange in Israel that are issued by an Israeli-resident body of persons are exempt from tax, provided that the income is not generated in a permanent enterprise of the foreign resident in Israel.³⁰

The exemption will not apply to foreign residents in the following cases:

- (d) The foreign resident is a substantial shareholder of the issuing company; or
- (e) the foreign resident is a relative of the offering body of persons, as the term relative is defined in paragraph (3) in Section 88 of the Ordinance; or
- (f) the foreign resident is an employee, service provider, or seller of products to the offering body of persons or has a special relationship therewith, (unless it is proven that the price or discount fees are determined in good faith and without being impacted from the

³⁰ A foreign resident is a person who was a foreign resident on the date of receipt of interest, discount fees or linkage differences, as the case may be.

existence of the special relationship between the foreign resident and the offering body of persons).

The above exemption shall not apply to a foreign-resident company, in the event that Israeli residents are its controlling shareholders, beneficiaries, or entitled to 25% or more of the income or profits of the foreign-resident body of persons, directly or indirectly, as provided in Section 68A of the Ordinance.

In the event that the exemption as stated above does not apply, the tax rate applicable to interest income of a foreign resident (individual and body of persons) arising from securities will be charged in accordance with the provisions of the Ordinance, as explained above.

6.3.6 A tax-exempt mutual fund shall be exempt from tax on interest paid thereto. Provident funds and bodies which are tax-exempt as per the provisions of section 9(2) to the Ordinance are tax exempt in respect of interest income or discount fees as aforesaid, in accordance with the conditions and restrictions set out in Section 9(2) to the Ordinance and subject to the provisions of Section 3(H) to the Ordinance concerning interest or discount fees that have been accumulated in the period during which the Bonds were held by another person or entity. The income of a taxable mutual fund from interest or discount fees will be liable to the tax rate applicable to the income of an individual which is not income from a "business" or "profession," unless it is expressly determined otherwise. If no special tax rate was determined for the income, then the income shall be taxed at the maximum tax rate set out in Section 121 of the Ordinance.

6.3.7 Pursuant to the provisions of the Income Tax Regulations (Withholding from Interest, Dividend and Certain Profits), 2005 and the provisions of Sections 164 and 170 of the Ordinance, the tax rate that should be withheld at source from interest income (as defined in the aforesaid regulations)³¹ paid on the offered securities is as follows:

³¹ Interest - interest, linkage differences that are not exempt under any law, including partial linkage differences as defined in Section 9(13) to the Ordinance and discount fees.

- (a) As to fully linked securities - 25% in a case of an individual (including a foreign resident) who is not a substantial shareholder in the body of persons paying the interest, subject to the provisions of Section 9(15D) to the Ordinance. As to interest in respect of unlinked bonds - 15% in a case of an individual (including a foreign resident) who is not a substantial shareholder in the body of persons paying the interest. In case of an individual who is a substantial shareholder or an individual who works at the body of persons that pays the interest or provides services thereto or sells products to that body of persons, the maximum tax rate set forth in Section 121 of the Ordinance will apply.
- (b) For a body of persons (an Israeli resident and foreign resident), tax will be deducted at the corporate tax rate prescribed in Section 126(a) of the Ordinance.
- (c) It should be noted that no tax will be withheld at source from interest paid to a foreign resident, where such interest is subject to the provisions of Section 9(15D) to the Ordinance as set out above.
- (d) Discounting in respect of a Bond shall be treated the same as interest that is liable to tax and withholding as stated above. Deduction of tax at source for discount fees will be at the repayment dates for principal.
- (e) The Dividend and Interest Withholding Regulations do not stipulate tax withholding at the time of interest payment to someone who is not considered a “recipient” as defined in the Regulations, such that in respect of a body defined as a “mutual fund” under Section 88 to the Ordinance, provident funds and other bodies listed in the Addendum to the Dividend and Interest Withholding Regulations, tax will not be withheld in respect of an interest payment.
- (f) It is noted that in accordance with the guidelines of the Israel Tax Authority dated December 27 2010, tax will be withheld at source from interest paid in respect of a marketable security listed on the

Tel Aviv Stock Exchange and will be transmitted to the Israel Tax Authority by a member of the stock exchange in lieu of the offering companies, subject to the said guidelines.

6.4 Tax rate applicable to dividend income in respect of the Bank's shares

As a rule, individuals who are Israeli residents shall pay tax at a rate of 25% on dividend paid on the Bank's shares out of income that was taxed at the corporate tax rate, except for an individual shareholders who is a substantial shareholder of the Bank on the date of receipt of the dividend or at any time during the 12 months preceding that date; such substantial shareholder will pay tax at a rate of 30% in respect of such dividend. Dividend paid to a family company shall be subject to tax at the rate of 25%; however, if the assessee, as defined in Section 64A to the Ordinance, is a direct or indirect substantial shareholder of the Bank, the dividend shall be taxable at a rate of 30%. A dividend distributed to an Israeli-resident company (except for family companies), the dividend shall not be included in the company's taxable income, provided that the dividend did not originate in income that was accrued or generated outside Israel, in which case the tax rate will be in accordance with the provisions of Section 126(a) and subject to the provisions of Section 126(c) of the Ordinance. The tax rate payable by a foreign resident (an individual or a company) who is not a substantial shareholder shall be 25%, subject to the tax treaties signed by the State of Israel. As to a foreign resident who is a substantial shareholder of the Bank on the date of receipt of the dividend or at any time during the 12 months preceding that date; such substantial shareholder will pay tax of 30% in respect of the dividend. As to a taxable mutual fund, the tax rate payable on the dividend will be in accordance with the tax rates applicable to individuals, unless expressly determined otherwise. A tax-exempt mutual fund shall be exempt from tax on dividend paid thereto. Provident funds and other entities that are tax-exempt in accordance with Section 9(2) to the Ordinance, shall be exempt from tax in respect of such dividend in accordance with the conditions and restrictions of Section 9(2) to the Ordinance. As to dividend paid to a public institution or provident fund which is not tax-exempt, such dividend will be subject to tax at a rate of 25%. Amendment 197 to the Ordinance adds Section 100A1 that

determines the manner of imposing taxes on “revaluation profits” as defined in that section. The coming into force of the provisions of Section 100A1 to the Ordinance is conditional upon the promulgation of regulations pertaining to this issue; as of the prospectus publication date, such regulations have not yet been promulgated. It should be noted that in accordance with the position of the Israel Tax Authority, as reflected in the Drorim Mall case (Tax Appeal No. 44118-10-14) and in the Oron Holdings case (Tax Appeal No. 38832-03-15), a dividend arising from “revaluation profits” is not entitled to tax exemption in accordance with the provisions of Section 126(b) to the Ordinance.

In accordance with the Income Tax Regulations (Deduction from Interest, Dividend and Certain Gains), 2005, the tax rate that should be withheld - in the case of an Israeli resident individual and a foreign resident - from a dividend arising from Bank's shares, and originating in income that was subject to corporate tax, including in distribution to a substantial shareholder of the Bank, whose share are registered with and held by the nominee company, shall be 25%. The tax rate that should be deducted from an individual or a foreign resident who is a substantial shareholder of the Bank on the date of receipt of the dividend or at any time during the 12 months preceding the payment, and whose shares are not registered with and held by a nominee company shall be 30%.

No tax will be withheld at source in respect of payments to other entities which are exempt from tax withholding in Israel by law. As from January 1 2013, the withholding of tax from dividend paid by an Israeli resident body of persons whose share are listed on the stock exchange in respect of shares held by the nominee company, shall be made through a financial institution.

6.5 Conversion of the Subordinated Bonds into shares

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 this date, the position of the Israel Tax Authority is the same as detailed in the said decision.

The holders of the Bonds Certificates shall bear any tax liability that may arise, if any arises, as a result of the Conversion of the Subordinated Bonds into the Bank's shares.

6.6 Offering of additional bonds as part of a series expansion

If the discount rate to be set for additional bonds from a previous series will be issued by the Bank in the future as part of a series expansion is different from the discount rate set for such a series (including no discount), the Bank will apply, prior the expansion of the series, to the Israel Tax Authority in order to obtain its approval to set, for the purpose of the tax withheld from the discount fees with respect to the bonds, a uniform discount rate based on a formula which weights the different discount rates for the bonds issued (hereinafter - the “**Weighted Discount Rate**”). Where the said approval is received, the Bank will calculate the Weighted Discount Rate for the Bonds immediately after the date of expansion of the series pursuant to the said approval, and will submit an immediate report, to be posted on the Israel Securities Authority's website (MAGNA), in which it will announce the Weighted Discount Rate for the entire series, and tax will be deducted at the redemption dates of the each Bond at the Weighted Discount Rate as described above and pursuant to statutory provisions. In such a case all the other provisions concerning taxation of discounting will apply. If the said approval is not received from the Israel Tax Authority, the Bank will withhold tax from the discount fees for the series of Bonds according to the highest discount rate for this series. In this case, the Bank will submit an immediate report immediately after the expansion of the series, in which it will announce the discount rate determined for the entire series and all other applicable statutory provisions with regard to the taxation of discount fees. The Bank shall deduct tax at source as at the date of the series' redemption, according to the rate to be reported as aforesaid.

In any case of expansion of a series of bonds, for any reason whatsoever, if the discounting rate stipulated as part of the offering of bonds of that series will be higher than the discounting rate of the series immediately prior to expansion of the series (including in the absence of discounting), there could be cases in which the Bank will deduct tax at source for discount fees at a rate higher than the discount fees stipulated for someone holding bonds prior to expansion of the series

(hereinafter - “**Surplus Discount Fees**”), whether an approval was received from the Taxes Authority to set a standard discounting rate or not.

It should be emphasized that such approval by the Israel Tax Authority for setting a weighted discount rate is issued once for each future issuance, if such issuance takes place in connection of the series of Bonds.

6.7 Offsetting of losses

6.7.1 As a rule, losses from the sale of the Offered Securities may be offset only where the capital gains would have been taxable. Capital gain from the sale of securities by an individual or a company may be offset against real capital gain according to the principles set in Section 92 of the Ordinance, regardless of whether the loss or gain had arisen from an asset (including a marketable security) in Israel or abroad (with the exception of a taxable inflationary capital gain that will be offset at a ratio of 1 to 3.5).

6.7.2 On August 31 2011, an Amendment to the Income Tax Regulations (Withholding from Proceeds, Payment or Capital Gain on the Sale of Securities, Sale of a Mutual Fund Unit or a Future Transaction), (Amendment) 2011 was published. Pursuant to the amendment, when calculating capital gain for purposes of withholding tax from sale of marketable securities, mutual fund units and future transactions (hereinafter – “**Marketable Securities**”), the tax payer shall offset the capital loss arising from the sale of marketable securities that were under his management, provided that the capital gain was generated in the same tax year in which the loss was generated, regardless of whether the capital gain was generated before the capital loss or after the said date. The said Amendment came into effect on January 1 2012.

6.7.3 Capital loss generated in the tax year from the sale of the securities may also be offset against dividend or interest income on that security. Capital loss incurred in the tax year from the sale of the securities may also be offset against dividend or interest income from other securities, provided that the tax rate applicable to the interest or the dividend does not exceed the corporate tax rate where the tax payer is a body of persons, or the rate set in Sections 125b(1) or 125c(b) of the Ordinance, as the case may be,

where the tax payer is an individual. Set-off of losses will be carried out by way of a set-off of a capital loss against capital gains or against interest or dividend income as stated. It should be noted that as a result of the Change of Tax Burden Law, the tax rate applicable to a dividend paid to an individual who is a substantial shareholder is 30%. Therefore, a capital loss that was incurred in the tax year from sale of securities may not be offset against dividend or interest income from other securities by an individual who is defined as a substantial shareholder.

- 6.7.4** A loss which cannot be so offset may be offset consecutively in the tax years subsequent to the year in which the loss was generated, only against capital gains and real estate betterment, as set forth in Section 92(b) of the Ordinance, provided that a tax filing for the tax year in which the loss was generated was filed to the Assessing Officer.
- 6.7.5** In accordance with the provisions of Section 94C to the Ordinance, when a share is sold by a body of persons, then the amount of capital loss due to the sale of the share shall be reduced by the amount of dividends, which the body of person received in respect of the share during the 24 months before the sale, but not by more than the amount of the loss, other than a dividend for which tax was paid in Israel at a rate of 15% or more.
- 6.7.6** Regulation 4 of the Income Tax Regulations (Calculation of Capital Gain on Sale of a Security Listed on a Stock Exchange, Government Loan, or a Mutual Fund Unit), 2002 stipulates that upon redemption of bonds traded on the Stock Exchange that also involves the payment of discount fees, the consideration plus the discount fees shall be viewed as the redemption consideration, provided that all of the following conditions are met: (1) the capital gain earned from the sale of the bond is not tax-exempt; (2) a capital loss arises on redemption date; and (3) redemption is not by the controlling shareholder or by the person/entity who held the bond since the date of allocation or issuance thereof; all up to the amount of the capital loss; discount fees viewed as consideration as per those provisions shall not be deemed income under Section 2(4) to the Ordinance.

Appendix C to the Shelf Offering Report
Letter of Consent for Attaching the Updated Rating Report

March 23 2022

To

Bank Leumi le-Israel B.M.

Dear Sir/Madam,

Re: Attachment of a Rating Action Report and a Revised Rating Action Report to a Shelf Offering Report and/or Immediate Report

Further to your request, we hereby approve the attachment of the report on rating action carried out for Bank Leumi le-Israel B.M. Ltd. (hereinafter – the “**Bank**”) of March 9 2022, and the revised rating action report of March 23 2022, to the shelf offering report on the issuance of bonds (Series 184), subordinated bonds (Series 405) and commercial securities (Series 1) to be issued by Bank Leumi le-Israel B.M. (hereinafter – the “**Issuing Company**”), which is expected to be published in March 2022, provided that they are attached in full, without any omissions and/or changes; the said reports may be attached by way of reference.

Furthermore, pursuant to the provisions of the Securities Regulations (Electronic Signature and Reporting), 2003, we hereby authorize the person authorized to do so on behalf of the Issuing Company, to electronically report to the Israel Securities Authority on this attachment approval, the rating action report and the revised rating action report referred to above.

Prior to the publication of the above-mentioned shelf offering report, you are required to provide Midroog with written confirmation to the effect that the published text of the shelf offering report is identical to the text given to Midroog as part of the rating process.

Our consent for the attachment of the action report and the revised action report will be valid for 60 days from the date of this letter, and the rating action report and the revised rating action report should not be included in and/or attached to the shelf offering report after that date without first obtaining our written approval.

Sincerely,

Itay Navarra, VP

Head of Financial Institutions

**Maalot
S&P Global Ratings**

March 23 2022

To:

Bank Leumi le-Israel B.M.

Dear Sir/Madam,

Re: Rating of Commercial Securities (Series 1), Bonds (Series 184) and Subordinated Bonds with a Loss Absorption Mechanism (Series 405)

We hereby announce that S&P Maalot assigned a rating of ilA-1+ to commercial securities to be issued to the public by way of the issuance of Series 1, for a total of up to NIS 800 million par value; a rating of ilAAA to bonds to be issued to the public by way of the issuance of a new series, Series 184, for a total of up to NIS 1.5 billion par value; and a rating of ilAA to subordinated bonds with a loss absorption mechanism to be issued to the public by way of the issuance of a new series, Series 405 (hereinafter – the “**Rating**”) by Bank Leumi le-Israel B.M. (hereinafter – the “**Company**”), as published in the rating report of March 23 2022 (hereinafter – the “**Rating Report**”).

In this connection, we emphasize that the Rating of the bonds was determined, among other things, on the basis of the Draft Shelf Offering Report that we received on March 23 2022 (hereinafter – the “**Draft Shelf Offering Report**”) and on the basis of the proposed structure and purpose of the issue as you informed us.

If the Shelf Offering Report as published (hereinafter – the “**Final Shelf Offering Report**”) includes modifications in the structure or objective of the issuance, and/or other modifications compared with the wording in the Draft Shelf Offering Report, or if there is any material modification in any factor that may affect the Rating in any way, S&P Maalot reserves the right to rediscuss the matter and to amend the Rating (hereinafter - “**(the) Modifications and (the) Additions**”). Accordingly, and as a condition for our consent below, you are required to notify us and submit to us written details of all the Modifications and Additions in the Shelf Offering Report compared with the Draft Shelf Offering Report submitted to us, as well as other Modifications and Additions, if any. The Rating and our consent below are subject to your written confirmation, **before** publication of the Shelf Offering Report, to the effect that the Final Shelf Offering Report does not include any Modifications and Additions compared with the Draft Shelf Offering Report.

Subject to the above, we agree to the full inclusion of the Rating Report in the Final Shelf Offering Report as published, including by way of reference. As set out in the Rating Report, the Rating Report is correct as of the date of its publication.

Our consent is valid for 14 days from the date of this letter, that is, until April 6 2022. The Company will not include the Rating Report in the Shelf Offering Report subsequent to this date, without our prior written approval.

It is clarified that to determine the Rating, S&P Maalot reviews only aspects relevant to the Rating (based on its evaluation methods) in the Draft Shelf Offering Report, and does not review everything stated therein or in the Final Shelf Offering Report or in other documents related to the Draft Shelf Offering Report or in the Final Shelf Offering Report, including a description of documents in the Draft Shelf Offering Report or in the Final Shelf Offering Report.

Sincerely,

S&P Global Ratings Ltd.

(“S&P Maalot”)

Appendix D to the Shelf Offering Report
Independent Auditors' Consent Letters

March 23 2022

To

Board of Directors of

Bank Leumi le-Israel B.M.

34 Yehuda Halevi St.

Tel Aviv

Dear Sir/Madam

**re: Shelf Offering Report of Bank Leumi le-Israel Ltd. (hereinafter - the "Bank") to be
Published in March 2022 (hereinafter - the "Shelf Offering")**

We hereby advise that we consent having our following reports included (including by way of reference) in the Shelf Offering Report based on the Bank's prospectus published on May 27 2021:

- A. The auditors' review report dated May 26 2021 on the condensed consolidated financial information of the Bank as of March 31 2021 and for the three months then ended.
- B. The auditors' review report dated August 12 2021 on the condensed consolidated financial information of the Bank as of June 30 2021 and for three months and six months then ended.
- C. The auditors' review report dated November 15 2021 on the condensed consolidated financial information of the Bank dated September 30 2021 and for the three months and nine months then ended.
- D. Joint auditors' report of March 8 2022 on the consolidated financial information of the Bank as of December 31 2021 and 2020 and for the years then ended.
- E. Joint auditors' report of March 8 2022 regarding the audit of components of internal control over

financial reporting of the Bank as of December 31 2021

Sincerely,

Somekh Chaikin

Partnership registered in Israel and member firm of
the KPMG network of independent firms affiliated to
KPMG International Limited, a private English
company limited by guarantee

Brightman, Almagor Zohar & Co.

A Firm in the Deloitte Global
Network

Joint Auditors

Tel Aviv Stock Exchange

March 23 2022
408227

To:
Bank Leumi le-Israel Ltd.
34 Yehuda Halevi St.
Tel Aviv 6513616

Dear Sir/Madam,

Re: Approval for Listing of Securities for Trade on the Stock Exchange in accordance with a Shelf Offering Report

1. Further to our approval in principle of May 26 2021, (Ref. No. 390216), we hereby approve the listing for trade on the Stock Exchange of the following securities:
 - a. Up to NIS 1,458,995,000 par value of bonds (Series 184) issued to the public.
 - b. Up to NIS 781,377,000 par value of commercial securities (Series 1), issued to the public.
 - c. Up to NIS 690,700,000 par value of subordinated bonds (Series 405), that may be subject to forced conversion, issued to the public.
 - d. Shares of NIS 1 par value that will arise from forced conversion of the subordinated bonds (Series 405).
2. This approval will only be valid if the bonds (Series 184), commercial securities (Series 1) and subordinated bonds (Series 405) will be listed within a 60-day period starting on March 23 2022.
3. This approval is granted based on the shelf prospectus of May 27 2021, the draft shelf offering report of March 9 2022, and correction pages you submitted to us through March 23 2022. This approval is subject to the approvals required under any law, subject to minimum distribution of the public's holdings in the subordinated bonds (Series 405) and in the bonds (Series 184), provided that the value of the public's holdings in subordinated bonds (Series 405) and bonds (Series 184) shall not be less than NIS 36 million, and that the public's holdings in commercial securities (Series 1) shall not be less than NIS 24 million, subject to payment of listing fees and fulfilment of all the conditions set out in the Stock Exchange's bylaws. Furthermore, the approval is subject to Bank Leumi le-Israel B.M.'s issuing a written notice to the Banking Supervision Department, to the effect that the issuance of the subordinated bonds (Series 405) complies with the requirements of Proper Conduct of Banking Business Directive No. 202 (Measurement & Capital Adequacy - Regulatory Capital).
4. This approval of the Stock Exchange should not be construed as confirming the details presented in the shelf offer, their reliability or completeness, nor should it be construed as expressing an opinion regarding the Company or the nature of the securities being offered in accordance with this shelf offer or the price at which they are offered.
5. We kindly ask that you:
 - a. Bring to our attention any change between the draft shelf offer you provided us with and the final shelf offer.
 - b. Deliver for our approval any change you will make in the shelf offer.

- c. Upon closing of the list of subscriptions – to provide us with a detailed report regarding the breakdown of the subscriptions and allocations between the different subscribers.
 - d. Upon allocation of the securities, to contact us in order to list the securities for trade on the Stock Exchange.
6. **As part of the MAGNA reporting form in which you publish the shelf offer, you are required to fill-in the XML page appended to the form, and fill-in the tender numbers of the securities, in accordance with the following details:**

	Tender Name	Tender ID no.
Tender for bonds (Series 184)	Leumi tender 9	6040554
Tender for commercial securities (Series 1_	Leumi tender 10	6040562
Tender for subordinated bonds (Series 405)	Leumi tender 11	6040570

Sincerely,

The Tel Aviv Stock Exchange Ltd.