

## **Translation of Immediate Report**

T460  
Public

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

Registration No. 520018078

Securities of the Corporation are listed on The Tel Aviv Stock Exchange

Abbreviated Name: Leumi

34 Yehuda Halevi Street, Tel Aviv 651316

Phone: 076-8858111, 076-889419; Facsimile: 076-8859732

Electronic Mail: David\_S@bll.co.il

Transmission Date: July 5, 2023

Reference: 2023-01-075654

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

### **Immediate Report on Meeting**

#### **Regulation 36B (a) and (d), and Regulation 36C to the Securities Regulations (Periodic and Immediate Reports), 1970**

Explanation: To the extent that one of the issues on the meeting's agenda is approval of a transaction with a controlling shareholder or approval of an extraordinary offering, one should first fill out Form T133 or Form T138, respectively, and then report using this form.

Is there an option to vote through the electronic voting system: *Yes*

Note: only foreign corporations (which are not registered in Israel) and corporations whose securities are not listed can select this field.

A link to the voting system's website that can be used to vote: [\*the voting system\*](#)

The use of the voting systems shall require the corporation to process all votes received through this system

The corporation announces: *The convening of a meeting*

Note: In case that the meeting's date is changed (postponed or brought forward), one should select "postponement of meeting" or "postponement by a court" or "postponement to unknown date".

The reference number of the last notice of meeting is: \_\_\_\_\_, that was convened for the date \_\_\_\_\_.

Reason for postponement or cancellation: \_\_\_\_\_

Explanation: please refer to the reference number of the last notice on convening or postponement of the meeting.

1. Security type: *Share*

Name of entitling security: *BLL common stock NIS 1*

Number with the stock exchange of the security entitling its holder to take part in the meeting  
*604611*

Record date for entitlement to participate and vote in the meeting *July 12, 2023*

Explanation: If a meeting is required in connection with more than one security, one should report each such security on a separate T460 form. Reports that will refer to other securities shall require sending an amending report.

2. On *July 5, 2023*

It was decided to convene an *annual meeting* \_\_\_\_\_,

To be convened on *August 10, 2023* at: *14:00*

At: *Beit Lin, 35 Yehuda Halevi St., Tel Aviv*

3. On the agenda:

Explanation: the numbering of issues on the agenda shall correspond to the order of their appearance in the report on convening the meeting, if it is attached as a file.

Issues/resolutions that will be put for discussion in the meeting:

1.

The issue/resolution and its details:

*To approve the allocation of options to the Bank's President and CEO, Mr. Hanan Friedman, in accordance with the provisions of Section 272(C1)(1) to the Companies Law.*

*For more information, see Section 1 to the meeting summons report.*

*A transaction with the President and CEO in connection with his terms of service and employment pursuant to Section 272(C1)(1) of the Companies Law*

Attention: A value from this table determining the wording of a shareholder's statement in the online voting system. To view the conversion table, [click here](#).

Reference no. of the latest report on the approval of a private offering (T138): \_\_\_\_\_

A transaction between the Company and a controlling shareholder thereof as set out in Sections 275 and 320(F) of the Companies Law *No*

Reference no. of the latest report on this issue (T133): \_\_\_\_\_

Explanation of the section in the Companies Law or in the Securities Law or another law for approving the resolution

Explanation: In a transaction with a controlling shareholder which does not match any of the fields in the table listing the sections of the laws, one should select the field: "Statement: there is no suitable field for classification" and select "Yes" for a transaction with a controlling shareholder.

It is only in the case of a bond holders' meeting, or if the transaction is not a transaction with a controlling shareholder, and a suitable field could not be found in the table, an explanation should be provided and the relevant sections of the law by virtue of which the resolution is required should be listed.

Does the issue require the disclosure of an interest or another characteristic of the voting shareholder? \_\_\_\_\_

Attention: These values can be selected only when the option “Statement: there is no suitable field for classification” was selected in the previous table and if the transaction is not a transaction between the Company and its controlling shareholder.

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**In the case of a bondholders’ meeting**

It was decided that another issue exists: \_\_\_\_\_

Details of the other issue: \_\_\_\_\_

Attention: the details of the other issue determine the wording of a statement that will be included in the online voting system. One should word a Yes/No question. The question will appear in the voting system next to the resolution on the agenda, and the voter will have the option to select between “Yes” and “No” and will be able to add details if “Yes” was selected.

**Request for additional details from holders:**

It was decided to request additional details from the holders: *No*

Breakdown of the additional details requested from holders or the method of convening the meetings (in the case of a meeting pursuant to section 350): \_\_\_\_\_

Attention: This field determines the wording of the request for further details that will be included in the online voting system. The voter will have the option to add the details in a free-text field.

- ☐ Amending a disclosure
- ☐ A negligible change or a change that may only benefit the Company compared with the wording of a resolution described in the latest report
- ☐ Removed from the agenda
- ☐ The issue was discussed in a previous meeting.
- ☐ The issue was added to the agenda under court order
- ☐ The issue was added to the agenda pursuant to Regulation 5B of the Companies Regulations (Notice and Advertisement on General Meeting and Class Meeting in a Public Company and Adding an Item to the Agenda, 2000
- ☐ The issue was added to the agenda after the record date due to technical error, as explained:

Explanation: No amendment can be made to the resolution after the record date, except for amendment of terms of employment that works for the company’s benefit or a negligible change. Furthermore, no new issues can be added to the agenda after the record date except under court order or pursuant to Regulation 5B to the Notice and Advertisement Regulations.

The resolution on the agenda is brought forward *for voting*

The type of majority required for approval is an ordinary majority

Pursuant to the provisions of Section 272(c1)(1) of the Companies Law, and taking into consideration the fact that the bank is a corporation without a control core, the majority required in order to pass a resolution on this item is an ordinary majority out of the total voting rights of the shareholders that are entitled to vote and that vote themselves, as long as one of the following conditions is met:

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

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

Will the controlling shareholder's holdings in corporation's shares provide it with the majority required to pass a proposed resolution on the issue *No*

**2.**

The issue/resolution and its details:

*To approve an outline for the award of fixed equity compensation to Bank directors (other than the Chairman of the Board of Directors) in the form of the Bank's ordinary shares of NIS 1 par value each at the total value of NIS 25,000 per quarter (linked to the Consumer Price Index).*

*For more information see Section 2 to the meeting summons report.*

*A transaction with a director as to his/her terms of service and employment in accordance with Section 273(A) to the Companies Law.*

**Attention:** A value from this table determining the wording of a shareholder's statement in the online voting system. To view the conversion table, [click here](#).

Reference no. of the latest report on the approval of a private offering (T138): \_\_\_\_\_

A transaction between the Company and a controlling shareholder thereof as set out in Sections 275 and 320(F) of the Companies Law *No*

Reference no. of the latest report on this issue (T133): \_\_\_\_\_

Explanation of the section in the Companies Law or in the Securities Law or another law for approving the resolution \_\_\_\_\_

**Explanation:** In a transaction with a controlling shareholder which does not match any of the fields in the table listing the sections of the laws, one should select the field: "Statement: there is no suitable field for classification" and select "Yes" for a transaction with a controlling shareholder.

It is only in the case of a bond holders' meeting, or if the transaction is not a transaction with a controlling shareholder, and a suitable field could not be found in the table, an explanation should be provided and the relevant sections of the law by virtue of which the resolution is required should be listed.

Does the issue require the disclosure of an interest or another characteristic of the voting shareholder?

**Attention:** These values can be selected only when the option "Statement: there is no suitable field for classification" was selected in the previous table and if the transaction is not a transaction between the Company and its controlling shareholder.

\_\_\_\_\_

**In the case of a bondholders' meeting**

It was decided that another issue exists: \_\_\_\_\_

Details of the other issue

**Attention:** the details of the other issue determine the wording of a statement that will be included in the online voting system. One should word a Yes/No question. The question will appear in the voting system next to the resolution on the agenda, and the voter will have the option to select between "Yes" and "No" and will be able to add details if "Yes" was selected.

**Request for additional details from holders:**

It was decided to request additional details from the holders: *No*

Breakdown of the additional details requested from holders or the method of convening the meetings (in the case of a meeting pursuant to section 350):

**Attention: This field determines the wording of the request for further details that will be included in the online voting system. The voter will have the option to add the details in a free-text field.**

- ☐ Amending a disclosure
- ☐ A negligible change or a change that may only benefit the Company compared with the wording of a resolution described in the latest report
- ☐ Removed from the agenda
- ☐ The issue was discussed in a previous meeting.
- ☐ The issue was added to the agenda under court order
- ☐ The issue was added to the agenda pursuant to Regulation 5B of the Companies Regulations (Notice and Advertisement on General Meeting and Class Meeting in a Public Company and Adding an Item to the Agenda, 2000
- ☐ The issue was added to the agenda after the record date due to technical error, as explained:

**Explanation: No amendment can be made to the resolution after the record date, except for amendment of terms of employment that works for the company's benefit or a negligible change. Furthermore, no new issues can be added to the agenda after the record date except under court order or pursuant to Regulation 5B to the Notice and Advertisement Regulations.**

The resolution on the agenda is brought forward *for a vote*

The type of majority required for approval is an *ordinary majority* \_\_\_\_\_

Will the controlling shareholder's holdings in corporation's shares provide it with the majority required to pass a proposed resolution on the issue *No*

Attach the meeting summons report [Extraordinary Meeting Summons Report 2023 - 5723 isa.pdf](#)

#### 4. Attachments

4.1 Attachment of a file that includes the wording of the voting slip / position papers: [Votingslip 5723 isa.pdf](#)

*Yes* The wording of the voting slip

*No* Position papers

**Explanation: If a voting ballot and/or position paper were attached, it should be verified that they are drawn up in accordance with Companies Regulations (Voting by Ballot and Position Papers), 2005. The Company is required to include all position papers (as defined in Section 88 of the Companies Law) in a single file, which will note the date on which the position paper was published, who it was received from and a reference to the relevant page in the consolidated file.**

4.2 Attaching a file that includes candidates' statements / other related documents: \_\_\_\_\_

Statement of a candidate for serving as a director in the corporation

Statement of an independent director

Statement of an external director

Statement of appointment of a representative to represent

Amended deed of trust

Application to approve a composition of creditors in accordance with Section 350  
Other \_\_\_\_\_

5. The legal quorum for holding the meeting:

*Pursuant to the Bank's Articles of Association, the legal quorum for holding the meeting is the presence of three or more shareholders, who shall attend in person or by proxy, within half an hour of the time appointed for the opening of the meeting.*

6. In the absence of a legal quorum, the postponed meeting shall be held *on August 17, 2023 at 14:00.*

In the address: *Beit Lin, 35 Yehuda Halevi St., Tel Aviv*

In the absence of a legal quorum the meeting will not take place.

7. The place and times for viewing any proposed resolution whose text has not been presented in full in the above details of the agenda.

*The Bank's registered address, at 34 Yehuda Halevi St. (Beit Leumi), 11<sup>th</sup> floor, Tel Aviv.  
Telephone: 076-8857314, Sunday to Thursday, between 08:00 to 15:00.*

Meeting ID: \_\_\_\_\_

**Note: The meeting ID is the reference of the initial report. In the initial report on the meeting, the field is empty.**

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

	<b>Name of signatory</b>	<b>Title</b> <b>other</b>
<b>1</b>	<i>Adv. Michal Alterman</i>	<i>Chief Legal Counsel and Secretary of the Bank</i>
<b>2</b>	<i>Adv. David Sackstein</i>	<i>Head of the Bank Secretariat Department</i>

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

Reference numbers of previous documents on this subject (this reference does not constitute inclusion by way of reference):

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

*Ticker: Leumi*

*Address: Yehuda Halevi Street 34, Tel Aviv 6513616, Tel: 076-8858111,*

*Facsimile: 076-8859732*

*Electronic Mail: [David\\_S@bll.co.il](mailto:David_S@bll.co.il) company's website: [www.leumi.co.il](http://www.leumi.co.il)*

*Previous names of the reporting entity:*

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*Name of Electronic Reporter: David Raoul Sackstein, Position: Advocate, General Secretary  
34 Yehuda Halevi Street, Tel Aviv 6513616, Phone: 076-8857984, Facsimile: 076-8859732  
Electronic Mail: [David.sackstein@bankleumi.co.il](mailto:David.sackstein@bankleumi.co.il)*

**Note: English translations of Immediate Reports of Bank Leumi are for convenience purposes only. In case of any discrepancy between the English translation and the Hebrew original, the Hebrew version shall prevail.**

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

**Authority: <http://www.magna.isa.gov.il>**

**Bank Leumi le-Israel B.M. (Hereinafter - the “Bank”)**

July 5, 2023

To:

The Israel Securities Authority (ISA)

[www.tase.co.il](http://www.tase.co.il)

To:

The Tel Aviv Stock  
Exchange (TASE)

[www.isa.gov.il](http://www.isa.gov.il)

Dear Sir/Madam,

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

Pursuant to the Companies Law, 1999 (hereinafter - the “**Companies Law**”), the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter - the “**Reports Regulations**”), the Companies Regulations (Notice and Announcement of a General Meeting and a Class Meeting of a Public Company and the Addition of an Item to the Agenda), 2000 (hereinafter - the “**Notice and Advertisement Regulations**”) and the Companies Regulations (Voting by Ballot and Position Papers), 2005 (hereinafter - the “**Voting by Ballot Regulations**”), the Bank’s board of directors (hereinafter - the “**Board of Directors**”) hereby announces the convening of an extraordinary annual general meeting of the Bank (hereinafter - the “**General Meeting**” or the “**Meeting**”) to be held at 14:00 on Thursday, August 10, 2023 at the Bank’s offices at Beit Lin, 35 Yehuda Halevi St. Tel Aviv. The agenda of the Meeting will include the items and resolutions listed in this Immediate Report.

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



## **Items on the agenda**

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

### **1. Item 1 on the Agenda - Allocation of Options to Mr. Hanan Friedman, President & CEO**

#### **1.1. Background**

1.1.1. On June 28, 2023, the Bank's Board of Directors approved, after receiving the Compensation Committee's approval, the allocation, without consideration, of non-marketable options exercisable into ordinary Bank shares of NIS 1 par value each to the Bank's President & CEO and other Offerees<sup>1</sup>. See material private offering report published by the Bank on July 2, 2023 (Ref. No.: 2023-01-073005), as amended on July 5, 2023 (Ref. No. 2023-01-075615) which is incorporated into this report by way of reference (hereinafter - the "**Shelf Offering Report**").

In this framework, the Bank's Board of Directors approved, after receiving the Compensation Committee's approval, and subject to the approval of the General Meeting, the allocation of 145,794 options as stated above to the Company's President & CEO, Mr. Hanan Friedman, at a value of NIS 736,261 (hereinafter - the "**Options**").

1.1.2. The compensation policy for the Bank's officers (hereinafter - the "**Compensation Policy**") allows for the allocation of the Options. Furthermore, the allocation is in accordance with the provisions of any law, including Directive 301A to the Proper Conduct of Banking Business Directives (regarding Compensation Policy in a Banking Corporation) (hereinafter - "**Directive 301A**"), the Companies Law, 1999 (hereinafter - the "**Companies Law**"), and the Law of Officeholders Compensation in Financial Corporations (Special Permit and Non-Deductible Expenses Due to Extraordinary Compensation), 2016 (hereinafter - the "**Compensation Limitation Law**").

1.1.3. The allocation shall be executed under the capital gains track (with a trustee) in accordance with Section 102 to the Income Tax Ordinance (New Version), 1961 (hereinafter - the "**Ordinance**"), in accordance with an equity compensation plan that was adopted by the Bank and filed by the Bank to the Israel Tax Authority, and

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<sup>1</sup> Members of the Bank's management and CEO of Leumi Partners Ltd. (a wholly-owned subsidiary of the Bank).

subject to obtaining the approval of the Tel Aviv Stock Exchange for the listing of the shares that will arise from the exercise of the Options (hereinafter - the “**Exercise Shares**”).

- 1.1.4. The allocation shall be executed subject to obtaining the approval of the General Meeting for the allocation of the Options to the President & CEO, as an engagement of the Bank with the President & CEO regarding his terms of service and employment in accordance to the provisions of Section 272(C1)(1) to the Companies Law.

## **1.2. Key terms of the allocation of the Options to the President & CEO**

The Options shall be allocated to the Bank’s President & CEO at terms similar to those of the Options that will be allocated to the other Offerees as part of the private offering report. According to these terms, the Options shall be allocated to the Bank’s President & CEO, such that they will be deemed to have been have fully vested on their allocation date. However, since the award of the Options is subject to the Banking Supervision Department’s requirements regarding the award of variable compensation, their exercise will be subject to performance terms as set out in the private offering report, in addition to the restrictions that apply under Section 102 to the Income Tax Ordinance (including the lockup period restriction as per the Income Tax Ordinance).

## **1.3. Additional details regarding the allocation of the Options**

### **1.3.1. The manner of approval of the resolution on the agenda and the information brought before the organs that approved the resolution**

In order to make the resolution on the agenda, members of the Bank’s Compensation Committee and Board of Directors have taken the following into account:

- a. The compensation policy of the Bank’s officers sets out the allocation of the Options in accordance with the private offering report and the Bank’s equity compensation plan, and the provisions of the law that apply to the Bank, including the Compensation Limitation Law, the Companies Law, and Directive 301A.
- b. The allocation of the Options to the President & CEO against a compensation payable to the President & CEO by the Bank - an expense in respect of which had already been recorded in the Bank’s books of accounts - does not affect his terms of service and employment, including the compliance of those terms with

the restrictions and caps set in the compensation policy for the Bank's officers and in the Compensation Limitation Law.

1.3.2. Identity of the directors who participated in Compensation Committee and Board of Directors meetings in which the proposed terms of employment were discussed

- a. Members of the Compensation Committee: Mr. Zvika Naggan, Mr. Sasson Elya, Ms. Tamar Gottlieb, Prof. Yedidia Stern, Ms. Esther Dominissini took part in the meeting of the Compensation Committee in which the proposed terms of service were discussed and approved.
- b. Members of the Board of Directors: Dr. Samer Haj Yehia, Mr. Avi Bzura, Dr. Shmuel Ben Zvi, Mr. Dan Koller, Mr. Zvika Naggan, Mr. Sasson Elya, Ms. Tamar Gottlieb, Prof. Yedidia Stern, Ms. Esther Dominissini, Ms. Irit Shlomi took part in the meeting of the Board of Directors in which the proposed terms of service were discussed and approved.

1.3.3. Directors that have a vested interest in the approval of the proposed terms and conditions of the term of office:

The Bank's directors do not have a vested interest in the approval of the proposed terms and conditions of the term of office.

1.3.4. Summary of reasons provided by the Compensation Committee and Board of Directors for approving the allocation of the options to the President & CEO:

- a. The allocation of the Options to the President & CEO is made against a compensation payable to the President & CEO by the Bank - an expense in respect of which had already been recorded in the Bank's books of accounts; therefore, the Bank will not incur expenses in respect of the allocation of the options. This proposed arrangement allows the Bank to give the President & CEO an incentive in the form of options that will reflect the Bank's confidence in the President & CEO's ability to continue leading the Bank in achieving strong performances; such an arrangement allows the bank to create a link between the President & CEO's compensation and the Bank's share price and objectives, and accordingly enhance his engagement with the Bank and its mid and long-term objectives. This may be achieved without the said arrangement triggering an increase in the total cost of employment of the President & CEO, or impacting the extent to which his terms of service and employment comply with the

restrictions and caps set out in the Compensation Policy and the Compensation Limitation Law.

- b. The options have a ceiling for the value of the Share at the exercise date, with a restriction on the value of the monetary benefit, in a manner that creates an appropriate balance between incentives for the President & CEO and limiting of incentives to take excessive risks.
- c. The Options' details and terms, including the terms of the award of the Options which are the subject matter of this resolution, and their vesting dates and conditions, are in accordance with the provisions of the Companies Law and Directive 301A, the limitations set out in the Compensation Limitation Law, and in accordance with and subject to the Bank's risk appetite restrictions, while maintaining a strong equity basis.
- d. The terms of the Options are in accordance with the provisions of the private offering report.
- e. In view of the above, the members of the Compensation Committee and Board of Directors believed that at this time and under the circumstances of the matter the award of the Options as described above is preferable to the award of shares, that it serves the Bank's best interest and is reasonable and fair.

#### **1.4. Details regarding the President & CEO's terms of service and employment**

- 1.4.1. For information regarding the President & CEO's terms of service and employment, see Appendix C to the Bank's general meeting summons report of November 10, 2019 (Ref. No.: 2019-01-096531), and for information regarding the compensation policy of Bank's officers, see the said Appendix C and Section E to Note 23 on page 200 and thereafter (Ref No.: 2023-01-026575).
- 1.4.2. For information about the terms of the Options, see the private offering report (which, as stated above, is incorporated into this report by way of reference).
- 1.4.3. For a disclosure in a table format in accordance with the Sixth Addendum and the Reports Regulations regarding the President & CEO's terms of service and employment, see **Appendix B** below.

### 1.5. **The proposed resolution**

To approve the allocation of options to the President & CEO of the Bank, Mr. Hanan Friedman, in accordance with the provisions of Section 272(c1)(1) to the Companies Law.

### 1.6. **Majority required for passing a resolution:**

Pursuant to the provisions of Section 272(c1)(1) of the Companies Law, and taking into consideration the fact that the bank is a corporation without a control core, the majority required in order to pass a resolution on this item is an ordinary majority out of the total voting rights of the shareholders that are entitled to vote and that vote themselves, as long as one of the following conditions is met:

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

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

## 2. **Item 2 on the Agenda - Outline for Granting Fixed Equity Compensation to the Bank's Directors (other than the Chairman of the Board)**

### 2.1. **Background**

2.1.1. On August 4, 2022, the Bank's General Meeting approved the compensation policy for the Bank's officers through 2025 (inclusive) (hereinafter - the "**Compensation Policy**"). The revised Compensation Policy, which was approved subject to the approval of the Bank's competent organs and the provisions of any law, the Bank officers and key employees (including directors) may be eligible to equity compensation in form of options, shares or share-based instruments.

2.1.2. Further to the above, and in accordance with the existing Compensation Policy, equity compensation was awarded to key employees and officers. We hereby bring for approval of the Bank's General Meeting an outline for the award of a fixed equity compensation to Bank directors (other than the Chairman of the Board of Directors), who will serve from time to time in the Bank's Board of Directors (hereinafter - the "**Offeree Directors**"). In accordance with the proposed outline, the equity

compensation will be fixed and according to it, the Offeree Directors shall be allocated, on predetermined dates restricted Bank shares of NIS 1 par value each, at a quantity reflecting a fixed amount (that is to say, not a fixed number of shares), all as set out in Section 2.2 below.

- 2.1.3. The outline, which is the subject matter of this resolution, was discussed in the meeting of the Board of Directors' Compensation Committee that took place on June 28, 2023, and in a meeting of the Board of Directors' plenum, that was held on July 5, 2023. Having considered the recommendation of the Compensation Committee, the Bank's Board of Directors approved and recommended that the Bank's General Meeting approve the outline.

## **2.2. Key points of the outline for directors' fixed equity compensation**

- 2.2.1. On each of the award dates (as defined below), the Offeree Directors shall be allocated restricted Bank shares of NIS 1 par value each, at a quantity reflecting a fixed amount (that is to say, not a fixed number of shares).
- 2.2.2. The Offeree Directors' entitlement to the equity compensation as stated above, shall not be conditional, including on performance terms or on the relevant Offeree Director's continuing serving in the Bank after the date on which the equity compensation was awarded. It is clarified that the equity compensation shall only be awarded to directors who will serve in the Bank's Board of Directors on each of the award dates.
- 2.2.3. In accordance with the provisions of the Companies Regulations a first-time award of equity compensation to the Offeree Directors in accordance with this resolution may only be carried out immediately after the date on which a new external director will be next appointed to the Bank's Board of Directors in accordance with the provisions of Section 239 to the Companies Law (hereinafter - "**ED**"), or upon the reappointment of one of the serving EDs<sup>2</sup>.
- 2.2.4. The value of the fixed equity compensation that will be awarded to each of the Offeree Directors shall be identical, and will be awarded every quarter in four equal tranches per year<sup>3</sup> at the amount of NIS 25,000 each (linked to the known Consumer Price Index as of the convening date of this meeting) (hereinafter - the "**Award**

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<sup>2</sup>The next appointment and/or reappointment of an ED to the Bank's Board of Directors is expected to be approved by the 2024 annual general meeting of the Bank.

<sup>3</sup> Or once every calendar year.

**Dates**”). The number of shares that will be awarded to the Offeree Directors on each of the Award Dates shall be determined based on the average closing price of the Bank’s share in the 30 trading days prior to each award date. Each such award shall be carried out in accordance with the provisions of the law applicable on the relevant award date, including subject to the publication of a private offering report in accordance with the Securities Regulations (Private Offering of Securities in a Listed Company), 2000 (hereinafter - “**Private Offering Report**”). Furthermore, each such award shall be carried out subject to receipt from the Tel Aviv Stock Exchange (hereinafter - the “**TASE**”) of an approval for the listing of the shares that will be awarded on each award date, and subject to the provisions of the TASE Rules and Regulations, as they are worded on each of the Award Dates<sup>4</sup>.

- 2.2.5. The fixed equity compensation shall be awarded to the Offeree Directors under the capital gain track (in accordance with Section 102 to the Income Tax Ordinance [New Version], 1961 (hereinafter - the “**Income Tax Ordinance**”), and may therefore be subject to a two-year lockup period during which the restricted shares shall be deposited with a trustee that will be appointed by the Bank, and/or the award of the equity compensation to an Offeree Director in accordance with the provisions of Section 3(I) to the Income Tax Ordinance under the work income track, all in accordance with the tax laws that will apply at the time of the award and the exercise.

### 2.3. Relevant legal provisions

- 2.3.1. In connection with the award of compensation to external directors in the form of securities, the Companies Regulations (Rules Concerning Compensation and Expenses for an External Director), 2000 (hereinafter - the “**Companies Regulations**”) stipulate that such a compensation may be awarded to directors in addition to (and not instead of) the fixed annual compensation and the participation compensation to which they are entitled; the said regulations also stipulate that the award of a compensation to a serving external director in the form of securities may only be carried out upon the appointment of a new external director (including the reappointment of a serving external director).
- 2.3.2. Furthermore, the outline complies with the provisions of Directive 301A (Section 13A(a)), and with the conditions set in connection with this matter in the Q&A file

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<sup>4</sup> Including the provisions of the TASE Rules and Regulations, where under the Offeree Directors may be required to pay the par value of the allocated shares and/or a minimum share price.



published by the Banking Supervision Department in connection with the implementation of Directive 301A ((1) its award is not conditional upon performance in any way whatsoever. That is to say, the award is not subject to any condition, as in the case of a monthly salary; (2) the equity compensation is paid as a fixed amount and not in the form of a fixed number of shares; and (3) compensation in the form of shares, which is deemed a fixed compensation, shall not exceed 25% of the total fixed compensation awarded on that calendar year).

- 2.3.3. The compensation of Bank directors (other than the Chairman of the Board of Directors) is based on the provisions of the Companies Regulations where under they are entitled to an annual compensation and to a compensation in respect of participation in meetings at the “maximum amount” (as defined in the Companies Regulations) payable to an external director. For more information, see the Bank’s immediate report of May 15, 2008 (Ref. No.: 2008-01-134607) and the statements made on page 374 to the Bank’s 2022 financial statements (Ref. No.: 2023-01-026575); as to the entitlement of members of the Bank’s Board of Directors to annual compensation and to compensation in respect of participation in meetings, see the compensation policy of Bank officers as described in the general meeting summons report of June 29, 2022 (Ref. No.: 2022-01-081190).

**2.4. Additional details in connection with the outline for the award of fixed equity compensation to directors**

**2.4.1. The manner of determining the proposed terms of service and the information presented to the organs that approved the proposed terms of service**

In order to make the resolution on the agenda, members of the Bank’s Compensation Committee and Board of Directors have taken into account the following data, materials and considerations:

- a. The compensation policy of the Bank’s officers, the proposed outline for the award of a fixed equity compensation to the Offeree Directors, and the provisions of the law that apply to the Bank, including Directive 301A (and the Banking Supervision’s requirements regarding compensation in the form of shares that is classified as a fixed compensation), the Companies Law and the Companies Regulations.
- b. The amounts of the annual compensation and the compensation in respect of participation in meetings, to which the Bank’s directors are entitled in accordance



with the Compensation Policy, and in accordance with the resolutions of the Bank's competent organs.

2.4.2. Identity of the directors who participated in Compensation Committee and Board of Directors meetings in which the proposed terms of employment were discussed

- a. Members of the Compensation Committee: Zvika Naggan, Sasson Elya, Tamar Gottlieb, Prof. Yedidia Stern, Esther Dominissini took part in the meeting of the Compensation Committee in which the proposed terms of service were discussed and approved.
- b. Members of the Board of Directors: Dr. Samer Haj Yehia, Mr. Avi Bzura, Dr. Shmuel Ben Zvi, Mr. Dan Koller, Mr. Zvika Naggan, Mr. Sasson Elya, Ms. Tamar Gottlieb, Prof. Yedidia Stern, Ms. Esther Dominissini, Ms. Irit Shlomi took part in the meeting of the Board of Directors in which the proposed terms of service were discussed and approved.

2.4.3. Directors that have a vested interest in the approval of the proposed terms and conditions of the term of office:

All serving members of the Bank's Board of Directors (other than the Chairman of the Board of Directors as stated above) have a vested interest in the approval of the resolution. In accordance with the provisions of Section 278 to the Companies Law, since most of the members of the Board of Directors have a vested interest in the approval of the resolution on the agenda, the directors did not refrain from taking part in those meetings of the Compensation Committee and Board of Directors in which the resolution was discussed as stated above.

2.4.4. Reasons of the Compensation Committee and Board of Directors for approving the outline

- a. In accordance with the provisions of Regulation 8B to the Companies Regulations, the Bank may compensate the members of the Board of Directors, including external directors that were appointed in accordance with the Companies Law, by awarding them an equity compensation. Such equity compensation may also be awarded in accordance with the provisions of Directive 301A (which regulates, among other things, the compensation that the Bank may award to the Bank's serving directors), provided that such equity compensation awarded to directors shall be a fixed compensation rather than a variable compensation.
- b. The proposed outline balances up - in a reasonable, fair and appropriate manner - the wish to compensate the directors who will serve in the Bank from time to

time by way of awarding equity compensation in a manner that will adequately reflect the characteristics of the role of the members of the Board of Directors and the scope of their responsibility, and the requirements and restrictions set in the provisions of the law applicable to compensation of directors in a banking corporation, noting, among other things, that the fixed equity compensation as per the proposed outline will be awarded to the Offeree Directors by means of awarding restricted shares amounting to a fixed amount (and not a fixed number of shares), and the value of the shares that will be awarded to directors will not exceed 25% of the total annual fixed compensation paid to a director.

- c. Taking all of the above into account, the members of the Compensation Committee and Board of Directors believed that the approval of the outline as described above serves the Bank's best interest and is reasonable and fair under the circumstances of the matter.

#### **2.5. The proposed resolution**

To approve an outline for granting fixed equity compensation to the Bank's directors (other than the Chairman of the Board) in the form of ordinary shares of the Bank, at a par value of NIS 1 each, with a value of NIS 25,000 (linked to the Consumer Price Index) per quarter.

#### **2.6. Majority required for passing a resolution:**

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

**This report was signed on behalf of the Bank on July 5, 2023.**

Respectfully,

Bank Leumi le-Israel B.M.

Name and position of signatories:

Adv. Michal Alterman, Chief Legal Counsel and Bank Secretary

Adv. David Sackstein, Head of the Bank Secretariat

## Appendix A - Procedures of the General Meeting

### A. Voting in the Meeting

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

- a. The effective date for the eligibility of a shareholder in the Bank to vote at the General Meeting, as set out in Section 182 of the Companies Law and Article 3 of the Voting by Ballot Regulations, is Wednesday, July 12, 2023, by the end of trading on the Tel Aviv Stock Exchange.
- b. In accordance with the Companies Regulations (Proof of Ownership of a Share to Vote at a General Meeting), 2000 (hereinafter - the “**Proof of Ownership Regulations**”), a shareholder in whose name a share is registered at a member of the stock exchange and such share is included among the Bank’s shares registered in the shareholders’ register of the Nominee Company (hereinafter - “**Unregistered Shareholder**”), if he/she wishes to vote at the General Meeting, the Bank shall obtain an approval from a member of the stock exchange who has the record of the voting right for the share, in respect of ownership of the share, at the effective date, in accordance with Form 1 that is an addendum to the Proof of Ownership Regulations (hereinafter - “**Proof of Ownership**”).
- c. An Unregistered Shareholder is entitled to receive proof of ownership from the stock exchange member, through whom its stock is held, at a branch of the stock exchange member or by post to its address after payment of postal charges only, if so requested. Such a request shall be made in advance to a specific securities account.
- d. Similarly, an Unregistered Shareholder is entitled to give instructions to a Stock Exchange Member that its proof of ownership shall be transferred to the Bank using the Electronic Voting System. Registration on the electronic voting system operating under Article O of Chapter G2 of the Israel Securities Law, 1968 (hereinafter - the “**Electronic Voting System**”) has the same status as Proof of Ownership pursuant to the Proof of Ownership Regulations.

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

- a. In accordance with the Bank's Articles of Association, the quorum for holding the Meeting is the presence of three or more shareholders, present in person or by proxy, within half an hour of the time scheduled for opening the Meeting.

- b. In the absence of a quorum within half an hour from the time scheduled for opening the Meeting, the Meeting will be postponed to Thursday August 17, 2023, at the same venue, at 14:00.
- c. In the absence of a quorum at the adjourned meeting, two shareholders who are present in person shall constitute a quorum, and they shall be entitled to address matters for which the Meeting was convened.
- d. In determining a quorum, the votes of shareholders voting using the Electronic Voting System, as defined in Section 87 of the Companies Law, will be taken into account, and the votes of Unregistered Shareholders voting using the Electronic Voting System will also be taken into account.

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

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

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

- a. An Unregistered Shareholder wishing to attend the Meeting and vote in person shall provide Proof of Ownership in the manner set out in Section 1B above and 9 below, until the system is closed, as defined in Section 7 below. Shareholders with shares registered in their name in the Bank's register of shareholders are not required to present Proof of Ownership.
- b. Shareholders entitled to attend and vote at the General Meeting may appoint a proxy or proxies to attend and vote in their stead. The proxy is not required to be a shareholder in the Bank. For the appointment of a proxy to be valid, the letter of appointment and the power of appointment according to which the letter of appointment was signed (if the letter of appointment was signed according to a power of appointment) must be

submitted at the Bank's registered office at least 48 hours before the time of the General Meeting. In the case of an Unregistered Shareholder, Proof of Ownership from a TASE member must be attached to the letter of appointment, as set out in Section 1 above, unless the Proof of Ownership was submitted to the Bank through the Electronic Voting System.

- c. A shareholder or proxy seeking to attend and/or vote at the General Meeting will be required to identify themselves upon arrival at the General Meeting by presenting identification (ID card, passport, or valid driver's license). An Unregistered Shareholder (or proxy) will also be required to present Proof of Ownership, as described above, unless the Proof of Ownership was submitted to the Bank through the Electronic Voting System. Proxies of shareholders with shares registered in their name in the Bank's register of shareholders are not required to present Proof of Ownership.
- d. Anyone who is not a shareholder or proxy, or a shareholder or proxy who fails to present an ID document and proof of ownership at the General Meeting, valid as at Wednesday, July 12, 2023, shall not be allowed to attend or vote at the General Meeting.
- e. The letter of appointment shall also be valid for an adjourned meeting of the Meeting to which the letter of appointment applies, unless otherwise specified in the letter of appointment, provided that the adjourned meeting convenes on the date set out in Section 2B above.

## 5. **Voting slip**

- a. Shareholders (including Unregistered Shareholders) of the Bank who wish to vote at the Meeting without attending it and without sending a proxy, may vote on the items on the agenda using a voting slip.
- b. A shareholder (including an Unregistered Shareholder), who is entitled to attend and vote at the Meeting, may vote on all items on the agenda of the Meeting by using a voting slip, in accordance with the Companies Law and the Voting by Ballot Regulations.
- c. A vote using a voting slip shall be cast on the second part of the voting slip as published on the Israel Securities Authority website.
- d. The wording of the voting slip can be reviewed on the publication site of the Israel Securities Authority and the TASE website:
  - The Israel Securities Authority's publication website: <http://www.magna.isa.gov.il>.

Publication website of the Tel Aviv Stock Exchange: <http://maya.tase.co.il>.

- e. A shareholder may contact the Bank directly and receive the wording of the voting slip.
- f. The vote of a shareholder using a voting slip shall be deemed as if the shareholder was present at and participated in the General Meeting, both for the purpose of the quorum required for the Meeting and for the purpose of calculating the results of the vote.

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

- a. A shareholder (including an Unregistered Shareholder), who wishes to vote using a voting slip, shall deliver the voting slip to the Bank as set out in Section 3A above, no later than 4 hours prior to the convening of the Meeting (namely, by 10:00 on Thursday, August 10, 2023). For an Unregistered Shareholder, the voting slip will only be valid if the shareholder attaches to it the Proof of Ownership that was sent before the system was closed (or if the Proof of Ownership was sent through the Electronic Voting System); and for a shareholder registered in the Bank's register of shareholders, only if the shareholder attaches to it a photocopy of his or her ID card, passport, or certificate of incorporation.
- b. A member of the stock exchange shall be sent, free of charge and by email, a link to the wording of the voting slip and position notices on the ISA's distribution website, to every shareholder not registered on the shareholders register and whose shares are registered at this stock exchange member, unless the shareholder announces that he is not interested, on condition that such notice be given for a specific shares account and at a date prior to the Effective Date.
- c. A shareholder may contact the registered office of the Bank – no later than 24 hours before the date on which the General Meeting is to convene, and after proof of identity, withdraw the voting slip and Proof of Ownership. Subsequently, the shareholder will only be able to vote during the course of the General Meeting itself (regardless of whether the shareholder is registered in the Bank's register of shareholders or the shareholder is an Unregistered Shareholder) and through the Electronic Voting System, and the provisions set out in Section 3 B above shall apply, with the required changes, and the latest vote cast shall be counted.

## 7. The electronic voting system

- a. Unregistered shareholders may also vote with respect to all of the items on the agenda of the General Meeting via an electronic voting slip that will be sent through the Electronic Voting System.
- b. Unregistered Shareholders may send the TASE member, no later than 12:00 PM on the effective date, a written notice that they do not wish to be included in the list of shareholders entitled vote using the Electronic Voting System. The TASE member will deliver the written notice to the Bank through the Electronic Voting System.
- c. The TASE member will deliver to each of the Unregistered Shareholders the details required for voting through the Electronic Voting System, including an access and identification code for voting through the Electronic Voting System.
- d. As from the end of the effective date and up to 6 hours before the General Meeting is convened (namely, until 08:00 on Monday morning, Thursday August 10, 2023) (hereinafter – the “**Closing Time of the System**”), Unregistered Shareholders will be able to access the Electronic Voting System by identifying themselves and using the unique access code issued by the TASE member, and vote or change or cancel their previous votes in respect of the General Meeting, which is convened according to the Notice to the General Meeting.
- e. The electronic vote can be changed or canceled until the Closing Time of the System for the General Meeting convened according to the Notice of the General Meeting, after which changes cannot be made through the system. The aforesaid does not derogate from the right of Unregistered Shareholders to change their vote by participating and voting in the Meeting (including by proxy) and in such a case the provisions of Section 3B above shall apply, with the required changes, and the latest vote they cast shall be counted.
- f. Where a meeting was discontinued after certain topics were discussed, and a subsequent meeting was scheduled, the electronic voting system will be reactivated in the subsequent meeting, and it will be possible to vote through that system only on topics that have not yet been discussed in the original meeting. Where a meeting was adjourned (since no legal quorum was in attendance), the electronic voting system will be reactivated in the adjourned meeting, and it will be possible to vote through that system on all topics.



- g. An unregistered shareholder who sent the Company a Proof of Ownership via the Electronic Voting System and wishes to vote by other voting methods, is not required to send the Company a new Proof of Ownership in order to vote at the adjourned meeting or subsequent meeting.
- h. Votes made on the Electronic Voting System up until the time of closing the system will be counted (as long as not changed later by the voter) as part of the results of the meeting (including the adjourned or subsequent meeting), both in respect of the quorum required at the Meeting and for calculation of the results of the voting.

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

- a. The deadline for submission of position notices to the Bank, as defined in Section 88 to the Companies Law, is Sunday, July 30, 2023 (inclusive). A position statement that includes the response of the Bank's Board of Directors shall be published (if a decision is made to publish it) by Friday, August 4, 2023 (inclusive).
- b. A shareholder may contact the Bank directly to receive the position notices (if any).
- c. The position notices can be reviewed on the publication website of the Israel Securities Authority and on the publications website of the TASE, as set out in Section 5 above.

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

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

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

- a. Anyone with a vested interest in the passing of Resolution 1 on the agenda will be subject to the provisions of Section 276 to the Companies Law, as amended. Section 276 to the Companies Law stipulates that: "If a shareholder participates in a vote under Section 275, then he shall inform the company before the vote – and if the vote is by voting slip, on the voting slip – whether or not he has a vested interest in the approval of the transaction; if the shareholder failed to inform as aforesaid, then he shall not vote and his vote shall not be counted."
- b. It is hereby clarified that Section 1 to the Companies Law stipulates that a vested interest is also "a vested interest of a person who votes according to a power of



appointment given to him by another person, even if that other person has no vested interest, and the vote of a person who was given a power of attorney to vote on behalf of a person with a vested interest shall also be considered as the vote of a person with a vested interest, regardless of whether the voter can exercise discretion regarding the vote or not.”

- c. Therefore, a shareholder participating in a vote, is required to inform the Bank before casting his vote in the Meeting or, if he votes via a voting ballot, on the voting ballot (if he so votes), if he has vested interest in the approval of the resolutions regarding Item 1 on the agenda of the General Meeting. **A shareholder who fails to give such notice shall not be regarded as having voted on that item, and his vote shall not be counted.**
- d. Furthermore, and in accordance with Regulation 36D to the Reports Regulations and in accordance with the Voting in Writing Regulations, a shareholder participating in a vote is required to inform the Bank before casting his vote in the Meeting or, if he votes via a voting slip, on the voting slip, if he is an interested party of the bank (as the term “interested party” is defined in Section 1 of the Securities Law, 1968), a senior officer in the Bank (as the term “senior officer” is defined in Section 37(d) of the said law), an institutional investor as defined in Regulation 1 to the Supervision of Financial Services Law Regulations (Provident Funds) (Participation of a Management Company in a General Meeting), 2009, or a mutual fund manager (as defined in the Joint Investments in Trust Law, 1994). If the participating shareholder is an interested party, senior officer, institutional entity or mutual fund manager, he is required to provide details regarding other relationships he has with the Bank or senior officers of the Banks and regarding the nature of those relationships. If the vote is cast under power of attorney, such details shall also be given to the grantor and the recipient of the power of appointment.

#### 11. **Review of documents**

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

## Appendix B

### **1. Additional details - the Bank's President & CEO**

Set forth below are additional details regarding the expected compensation to which the President & CEO will be entitled in respect of 2023 and 2024 (in thousands of shekels and in terms of cost to the Bank, assuming employment over a period of an entire calendar year):

	Appointment percentage	% of the Bank's equity <sup>(1)</sup>	Salary <sup>(2)</sup>	Bonuses <sup>(4)</sup>	Social benefit contributions <sup>(3)</sup>	Value of the benefits <sup>(5)</sup>	Share-based bonus / options <sup>(6)</sup>	Total	Value of interest	Social benefit contributions according to law
<b>2023</b>	100%	0.01%	3,137	-	554	64	- <sup>(6)</sup>	<b>3,755</b>	-	444
<b>2024</b>	100%	0.01%	3,163	-	558	64	-	<b>3,785</b>	-	474

(1) 78,384 shares as of June 28, 2023.

(2) The calculation presented in this table regarding the 2023 salary was made based on the President & CEO's actual salary as from January 2023 through July 2023 plus 5 months worth of salary equal to the salary paid to him in respect of July 2023. The calculation presented in this table regarding the 2024 salary is 12 times the President & CEO's salary in respect of July 2023.

(3) Social benefits include provisions for severance pay, retirement benefits, advanced education fund up to the ceiling amount and national insurance contributions.

(4) The President & CEO is not entitled to variable bonuses.

(5) The value of the benefits was calculated in accordance with the proportionate share that was paid so far in 2023.

(6) Subject to the approval of this general meeting, the President & CEO shall be entitled to options totaling NIS 736,261 against an existing liability in respect of the President & CEO which is recorded in the Bank's books of account.