

Bank Leumi le-Israel B.M.

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

Shelf Offering Report

Pursuant to a shelf prospectus of the Bank dated May 27 2021 (Ref. No. 2021-01-090921), which was extended on May 18, 2023 until May 26, 2024 (Ref. No.: 2023-01-053547) (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**”).

1. The offered securities

1.1 Bonds (Series 185)

- 1.1.1 Up to NIS 1,344,885,000 par value of Series 185 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 1.86% (hereinafter - the “**Bonds (Series 185)**”).
- 1.1.2 The principal of the Bonds (Series 185) will be repaid in ten (10) equal semi-annual installments on February 28 and August 31 of each of the years 2025 to 2029 (inclusive), when each such repayment will be at a rate of 10% of the original principal of the bonds.
- 1.1.3 The principal and interest of the Bonds (Series 185) shall be linked to the Consumer Price Index published on December 15, 2023 in respect of November 2023 (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 Bonds (Series 185).

- 1.1.4 The interest will be paid to the Holders of Bonds (Series 185) twice a year - on February 28 and August 31 of each of the years 2024 through 2029 (inclusive), 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 February 28, 2024 in respect of the period beginning on the First Trading Day following the Tender Date of the Bonds until February 27, 2024 (hereinafter - the **"First Interest Payment of Bonds (Series 185)"**).
- 1.1.5 The interest rate as of the date of the First Interest Payment of the Bonds (Series 185) shall be calculated in accordance with the number of days in the period starting on the first trading day following the tender for the Bonds (Series 185) and ending on February 27, 2024, on the basis of 365 days per year (hereinafter – the **"Interest Rate on the First Interest Payment of Bonds (Series 185)"**).
- 1.1.6 The rate of the Annual Interest Rate, the Semi-Annual Interest, and Interest rate for the First Interest Payment on the Bonds (Series 185) 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 Bonds (Series 185), please see Section 10 below.
- 1.1.8 For more information regarding the terms and conditions of the Bonds (Series 185), please see Section 6.1 below.
- 1.1.9 The Bonds (Series 185) shall be registered in the name of Bank Leumi le-Israel B.M. Nominee Company Ltd. (hereinafter - the **"Nominee Company"**).

1.2 Bonds (Series 186)

- 1.2.1 Up to NIS 2,285,745,000 par value of Series 186 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 2.02% (hereinafter - the **"Bonds (Series 186)"**).

- 1.2.2 The principal of the Bonds (Series 186) will be repaid in sixteen (16) equal semi-annual installments on May 31 and November 30 of each of the years 2026 to 2033 (inclusive), when each such repayment will be at a rate of 6.25% of the original principal of the bonds.
- 1.2.3 The principal and interest of the Bonds (Series 186) shall be linked to the base index (i.e., the Consumer Price Index published on December 15, 2023 in respect of November 2023. 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 Bonds.
- 1.2.4 The interest will be paid to the Bondholders (Series 186) twice a year - on May 31 and November 30 of each of the years 2024 through 2033 (inclusive), 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 May 31, 2024 in respect of the period beginning on the First Trading Day following the Tender Date of the Bonds (Series 186) until May 30, 2024 (hereinafter - the "**First Interest Payment of Bonds (Series 186)**").
- 1.2.5 The interest rate as of the date of the First Interest Payment of the Bonds (Series 186) shall be calculated in accordance with the number of days in the period starting on the first trading day following the tender for the Bonds (Series 186) and ending on May 30, 2024, on the basis of 365 days per year (hereinafter – the "**Interest Rate on the First Interest Payment of Bonds (Series 186)**").
- 1.2.6 The rate of the Annual Interest Rate, the Semi-Annual Interest, and Interest rate for the First Interest Payment on the Bonds (Series 186) were reported in the immediate report that the Bank will publish in connection with the results of the issuance.

- 1.2.7 For more information regarding the rating of the Bonds (Series 186), please see Section 10 below.
 - 1.2.8 For more information regarding the terms and conditions of the Bonds (Series 186), please see Section 6.2 below.
 - 1.2.9 The Bonds (Series 186) shall be registered in the name of the Nominee Company.
- 1.3 Commercial Securities (Series 5)
- 1.3.1 Up to NIS 1,369,370,000 par value of registered Commercial Securities (Series 5) of the Bank, bearing variable interest calculated as a weighted average (in accordance with the number of days in the interest period as this term is defined in Section 6.3.3 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 0.12% per year. (hereinafter - "**CSs (Series 5)**").
 - 1.3.2 The principal of CSs (Series 5) and the interest payable thereon shall be repayable in a single installment on December 21, 2024.
 - 1.3.3 The principal and interest for the CSs (Series 5) will not be linked to the CPI or to any other index or currency.
 - 1.3.4 For more information regarding the rating of the CSs (Series 5), please see Section 10 below.
 - 1.3.5 For more information regarding the terms and conditions of the CSs (Series 5), please see Section 6.3 below.
 - 1.3.6 CSs (Series 5) shall be registered in the name of the Nominee Company in accordance with the provisions set out in Section 3.3 below.
- 1.4 The Bonds (Series 185), Bonds (Series 186) and CSs (Series 5) will also be called hereinafter, jointly, the "**Offered Securities**".

2. **The Trustee**

- 2.1 The trustee for the Bonds (Series 185) and the Bonds (Series 186) is Strauss, Lazer Trustees (1992) Ltd.¹ (hereinafter – the “**Trustee**”).
- 2.2 On December 19, 2023, the Bank entered into a Deed of Trust for the Bonds (Series 185) and into a Deed of Trust for the Bonds (Series 186) (hereinafter, above and below - the “**Trust Deed for Series 185**” and the “**Trust Deed for Series 186**”). The full text of the Deeds of Trust as described above is attached as **Appendix A1** and as **Appendix A2**, respectively, to this Shelf Offering Report.
- It is clarified that in case the offering of the Subordinated Bonds (Series 185) and/or the offering of the Bonds (Series 186) is canceled for any reason whatsoever, the relevant deed of trust shall be null and void.
- 2.3 The Trustee has no substantial interest in the Bank and the Bank has no vested interest in the Trustee.
- 2.4 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.

3. **Manner of offering the securities**

It is hereby clarified that the tender for the purchase of Bonds (Series 185), the tender for the purchase of Bonds (Series 186) and the tender for the purchase of the CSs (Series 5) are separate and independent of each other (hereinafter 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 under the 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.

3.1 **Bonds (Series 185) – uniform offering by way of tender on the interest rate (Tender No.: 1189349)**

Up to NIS 1,344,885,000 p.v. of Bonds (Series 185) are offered to the public by way of a uniform offering as defined in the Securities Regulations (Manner of

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

Offering Securities to the Public), 2007 (hereinafter - the “**Uniform Offering**” and the “**Public Offering Regulations**”, respectively), in 1,344,885 units, with each unit comprising NIS 1,000 p.v. of the bonds at a unit price of NIS 1,000 (hereinafter - the “**Bond Units 185**” or the “**Bond Units (Series 185)**”), by way of tender on the interest rate that the Bonds (Series 185) will bear (hereinafter - the “**Bonds 185 Tender**”) that will not exceed 1.86% (hereinafter - the “**Maximum Interest Rate for Series 185**”).

Every bidder taking part in the tender will note in his bid the number of Bonds Units 185 he wishes to purchase in the tender, as well as the interest rate he offers, which will not exceed the Maximum Interest Rate for Series 185.

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 for Series 185, 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 for Series 185, and which will be denoted in interest levels of 0.01%, i.e., 1.86%, 1.85%, 1.84%, 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.

3.2 Bonds (Series 186) – uniform offering by way of tender on the interest rate (Tender No.: 1189356)

Up to NIS 2,285,745,000 p.v. of Bonds (Series 186) are offered to the public by way of a uniform offering as defined in the **Public Offering Regulations** in 2,285,745 units, with each unit comprising NIS 1,000 p.v. of the bonds at a unit price of NIS 1,000 (hereinafter - the “**Bond Units 186**” or the “**Bond Units (Series 186)**”), by way of tender on the interest rate that the Bonds (Series 186) will bear (hereinafter - the “**Bonds 186 Tender**”) that will not exceed 2.02% (hereinafter - the “**Maximum Interest Rate for Series 186**”).

Every bidder taking part in the tender will note in his bid the number of Bonds Units 186 he wishes to purchase in the tender, as well as the interest rate he offers, which will not exceed the Maximum Interest Rate for Series 186.

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 for Series 186, 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 for Series 186, and which will be denoted in interest levels of 0.01%, i.e., 2.02%, 2.01%, 2.00%, 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.

3.3 CSs (Series 5) – uniform offering by way of tender on the rate of the annual spread above the Bank of Israel Interest (Tender No.: 1201706)

Up to NIS 1,369,370,000 p.v. of CSs (Series 5) are offered to the public by way of a uniform offering as defined in the Public Offering Regulations in 1,369,370 units, with each unit comprising NIS 1,000 p.v. of CSs (Series 5), at a unit price of NIS 1,000 (hereinafter the “**CSs 5 Units**” or “**CS Units (Series 5)**”, by way of a tender on the rate of the annual spread above the Bank of Israel Interest (hereinafter - the “**Base Interest**”), that the CSs (Series 5) will bear (hereinafter - the “**CSs 5 Tender**”); the interest rate to be set in the Tender shall not exceed 0.12% per year (hereinafter - the “**Maximum Spread Rate**”).

Every bidder taking part in the Tender will note in his bid the number of CSs 5 Units he wishes to purchase in the Tender, as well as the spread above the Base 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., 0.12%, 0.11%, 0.10%, 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 3.5 below) to the nearest spread level.

In accordance with the guidance set in the Third Part of the Stock Exchange Rules and Regulations, the trading unit of a commercial security is NIS 10 par value. Accordingly, concurrently with the transfer of the CSs (Series 5) certificates to the Nominee Company, the latter will receive a request to the effect that the allocation of the said Commercial Securities 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 5) shall be subject to the above directives of the Stock Exchange, as updated from time to time, including in the event that the size of the CSs trading units is changed, and/or 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 5) offered pursuant to the Shelf Offering Report.

- 3.4 The period for submitting bids for the Units being offered to the public pursuant to the Shelf Offering Report will commence on Wednesday, December 20, 2023 (hereinafter – the **“Tenders 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 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.
- 3.5 Each bid for the purchase of the Bonds Units 185, purchase of Bonds (Series 186) and/or CS 5 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 Halevy 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 Subscriptions List, using forms that can be obtained from the Parties Authorized to Receive Bids.
- 3.6 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 Subscriptions List.
- 3.7 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 Time of Closing the 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 Time of Closing the Subscriptions List (hereinafter – the **“Deadline for Submission to the Coordinator”**). A Bid submitted to the Offering Coordinator

after the Deadline for Submission to the Coordinator shall not be accepted by the Bank.

- 3.8 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 results, the payment of consideration in respect of the Offered Securities, the manner of determining the interest rates and the annual spread rate above the Bank of Israel interest rate (as the case may be), the allocation of the units and the listing of the Offered Securities, please see Section 1.2 ("Submitting bids in the Tender stage"), Section 1.3 ("The Tender procedures"), Section 1.4.1 ("Determining the unit price for Series 185 and Series 186 and allocating the Units to bidders"), Section 1.5.1 ("Determining the spread on the Base Interest 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.

4. **Qualified investors**²

4.1 **Bonds (Series 185)**

- 4.1.1 Of the Units of Bonds 185 being offered to the public under this Shelf Offering Report, regarding 1,227,640 Units of Bonds (Series 185), constituting approximately 91.3% of the total Units of Bonds (Series 185) 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 4.1.3 below, whereby the Qualified Investors will submit bids for the purchase of Units as set forth in Section 4.1.3 below.

² A "**Qualified Investor**" is any of the following - (1) a portfolio manager, as defined in Section 8(b) of the Law Regulating the Practice of Investment Advice, Investment Marketing and Investment Portfolio Management, 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 Schedule One 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.

4.1.2 In Section 4.1.2, the terms and conditions set out below shall have the meaning appearing 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.
- (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.

- 4.1.3 Each of the Qualified Investors listed below has undertaken - under advance undertaking to purchase Bonds Units 185 offered under this Shelf Offering Report - to submit bids for the purchase of Bonds (Series 185) at an interest rate that will not exceed the interest rate and in a quantity will not be lower than that set out next to their name in the table below:

	Name of qualified investor	How it meets the definition of a qualified investor	Interest rate (%)	No. of units - Bonds (Series 185)
1.	Hazavim Bond LP. CO-107905 CAYMAN ISLANDS	A corporation with capital of NIS 50 million	1.83	15,000
2.	Vertical Bond LP CO-116406	A corporation with capital of NIS 50 million	1.86	2,000
3.	Vertical LP co-89181 Cayman Islands	A corporation with capital of NIS 50 million	1.86	11,000
4.	A-To-Z Finance Ltd.	A corporation with capital of NIS 50 million	1.78	25,000
5.	Ofiron Ltd.	A corporation with capital of NIS 50 million	1.85	1,000
6.	Orcom Strategies Ltd.	A corporation with capital of NIS 50 million	1.7	10,000
7.	Orcom Strategies Ltd.	A corporation with capital of NIS 50 million	1.8	15,000
8.	IBI Amban Investment Management Ltd.	Portfolio manager	1.81	11,337
9.	Ayalon Mutual Funds Ltd.	Mutual fund	1.84	12,990
10.	Aloha Global Opportunities LP	A corporation with capital of NIS 50 million	1.79	23,000
11.	Aloha Global Opportunities LP	A corporation with capital of NIS 50 million	1.84	20,000
12.	Aloha Global Opportunities LP	A corporation with capital of NIS 50 million	1.86	26,800
13.	Altshuler Shaham Provident Funds and Pensions Ltd. *	Provident fund / pension fund	1.8	300,000
14.	Altshuler Shaham Mutual Fund Management Ltd. *	Mutual fund	1.8	47,500
15.	GFC Green Fields Capital Ltd.	A corporation with capital of NIS 50 million	1.8	5,000
16.	GFC Green Fields Capital Ltd.	A corporation with capital of NIS 50 million	1.86	7,000
17.	Gyro HMS - Limited Partnership	A corporation with capital of NIS 50 million	1.7	30,000
18.	Danbar Finance Ltd.	A corporation with capital of NIS 50 million	1.81	1,800
19.	Danbar Finance Ltd.	A corporation with capital of NIS 50 million	1.85	1,080
20.	The Open University	Qualified corporation	1.78	2,000
21.	The Phoenix Corporate Partnership Rated AA *	Insurance company	1.86	50,000

22.	Harel Mutual Funds Ltd. *	Mutual fund	1.78	46,050
23.	Hazavim Limited Partnership	A corporation with capital of NIS 50 million	1.83	5,000
24.	Unique Investments and Fintech - Limited Partnership	A corporation with capital of NIS 50 million	1.79	2,000
25.	Unique Investments and Fintech - Limited Partnership	A corporation with capital of NIS 50 million	1.85	6,000
26.	Clal Insurance Company Ltd. for institutional investors under its control *	Insurance company	1.79	203,400
27.	Migdal Market Making Ltd.	A corporation with capital of NIS 50 million	1.2	3,000
28.	More Investment House Portfolio Management Ltd.	Portfolio manager	1.79	9,354
29.	More Provident and Pension Funds Ltd.	Provident fund / pension fund	1.8	20,000
30.	More Mutual Funds Management (2013) Ltd.	Mutual fund	1.84	25,530
31.	Meitav Dash Provident Funds and Pension Ltd. *	Provident fund / pension fund	1.84	50,695
32.	Meitav Mutual Funds Ltd. *	Mutual fund	1.4	12,150
33.	Milestone Capital (ERGS) Limited Partnership	A corporation with capital of NIS 50 million	1.8	20,000
34.	Mifal Hapais (Public Benefit Company)	A corporation with capital of NIS 50 million	1.86	1,500
35.	Forest Investment House (2007) Ltd.	Portfolio manager	1.79	1,186
36.	Forest Mutual Funds Ltd.	Mutual fund	1.79	27,113
37.	Fidelity Venture Capital Ltd.	A corporation with capital of NIS 50 million	1.8	3,555
38.	Proxima Investment Management Ltd.	Portfolio manager	1.84	56,500
39.	KSM Financial Instruments Trade Ltd. *	A corporation with capital of NIS 50 million	1.65	2,000
40.	RIL Spirit Management & Investments Ltd.	A corporation with capital of NIS 50 million	1.75	10,100
41.	RIL Spirit Management & Investments Ltd.	A corporation with capital of NIS 50 million	1.86	5,000
42.	Corporate Linked Bonds Partnership *	Provident fund / pension fund	1.83	100,000
	Total			1,227,640

(*) To the best of the Bank's knowledge, interested parties and Qualified Investors related to interested parties at the Bank. In total, interested parties and Qualified Investors related interested parties at the Bank provided advance commitments to purchase 811,795 Units constituting approx. 66.1% of the total Units in respect of which advance commitments were provided.

4.1.4 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.

- 4.1.5 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.
- 4.1.6 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 Trading Day 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.
- 4.1.7 The Qualified Investors will be entitled to receive an advance undertaking fee at a rate of 0.3% of the total consideration that will be received in respect of the Bonds Units 185 in relation to which the Qualified Investors have undertaken to submit bids as part of the advance undertaking.
- 4.1.8 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 Units 185 in interest levels of 0.01%, by giving written notice to the Offering Coordinator (until Time of Closing the List of Subscriptions).

4.2 **Bonds (Series 186)**

- 4.2.1 Of the Units of Bonds 186 being offered to the public under this Shelf Offering Report, regarding 2,121,457 Units of Bonds (Series 186), constituting approximately 92.8% of the total Units of Bonds (Series 186) 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.
- 4.2.2 Pursuant to the Public Offering Regulations, the allocation of 186 Bond Units to Qualified Investors in the event of oversubscription shall be

carried out in accordance with the provisions set out in Section 4.1.2 regarding Bonds Units 185.

- 4.2.3 Each of the Qualified Investors listed below has undertaken - under advance undertaking to purchase Bonds Units 186 offered in accordance with this Shelf Offering Report - to submit bids for the purchase of Bonds (Series 186) at an interest rate that will not exceed the interest rate and in a quantity will not be lower than that set out next to their name in the table below:

	Name of qualified investor	How it meets the definition of a qualified investor	Interest rate (%)	No. of units - Bonds (Series 186)
1.	Arbitrage Global LP	A corporation with capital of NIS 50 million	2.02	10,000
2.	Hazavim Bond LP.	A corporation with capital of NIS 50 million	1.98	20,000
3.	A-To-Z Finance Ltd.	A corporation with capital of NIS 50 million	1.93	100,000
4.	AS Tene Investments and Finances Ltd.	Company with an investment marketing license	1.96	15,000
5.	Orcom Strategies Ltd.	A corporation with capital of NIS 50 million	1.9	10,000
6.	Orcom Strategies Ltd.	A corporation with capital of NIS 50 million	2	15,000
7.	IBI Amban Investment Portfolio Management Ltd.	Portfolio manager	1.99	67,720
8.	IBI Mutual Funds Management (1978) Ltd.	Mutual fund	1.92	8,900
9.	Ayalon Insurance Company Ltd. - Participating	Insurance company	1.91	7,000
10.	Ayalon Mutual Funds Ltd.	Mutual fund	1.97	7,995
11.	Aloha Global Opportunities LP	A corporation with capital of NIS 50 million	1.96	18,000
12.	Aloha Global Opportunities LP	A corporation with capital of NIS 50 million	2.02	23,000
13.	Altshuler Shaham Provident Funds and Pensions Ltd. *	Provident fund / pension fund	2	300,000
14.	Altshuler Shaham Mutual Fund Management Ltd. *	Mutual fund	1.9	18,450
15.	Alfi Benedek Investment Portfolio Management Ltd.	Portfolio manager	1.96	8,000
16.	Ametrine 2 Limited Partnership **	A corporation with capital of NIS 50 million	2.01	4,500
17.	Ametrine Limited Partnership **	A corporation with capital of NIS 50 million	2.01	16,500
18.	Analyst IMS Mutual Funds Management (1986) Ltd.	Mutual fund	2	3,801
19.	Analyst Portfolio Management for Corporate Portfolios	Portfolio manager	1.98	4,200

	Name of qualified investor	How it meets the definition of a qualified investor	Interest rate (%)	No. of units - Bonds (Series 186)
20.	Analyst Provident Funds Ltd.	Provident fund / pension fund	1.98	35,595
21.	Epsilon Investment Portfolios Management Ltd.	Portfolio manager	1.95	3,660
22.	Barak Capital Investments 2006 Ltd. **	A corporation with capital of NIS 50 million	2.01	20,000
23.	GFC Green Fields Capital Ltd.	A corporation with capital of NIS 50 million	1.92	10,000
24.	GFC Green Fields Capital Ltd.	A corporation with capital of NIS 50 million	1.99	15,000
25.	Gyro HMS - Limited Partnership	A corporation with capital of NIS 50 million	1.9	70,000
26.	Gyro Hedge Fund Limited Partnership	A corporation with capital of NIS 50 million	1.9	5,000
27.	Danbar Finance Ltd.	A corporation with capital of NIS 50 million	1.94	1,800
28.	Danbar Finance Ltd.	A corporation with capital of NIS 50 million	2.01	1,080
29.	The Phoenix Insurance Company Ltd. *	Insurance company	2.01	10,000
30.	The Phoenix Corporate Partnership Rated AA *	Insurance company	2	100,000
31.	The Phoenix Corporate Partnership Rated AA *	Insurance company	2.01	150,000
32.	Harel Insurance Company Ltd. - nostro *	Insurance company	2.01	36,900
33.	Harel Traded Indexes Ltd. *	A corporation with capital of NIS 50 million	1.99	1,500
34.	Hazavim Limited Partnership	A corporation with capital of NIS 50 million	1.98	10,000
35.	Unique Investments and Fintech - Limited Partnership	A corporation with capital of NIS 50 million	1.96	1,000
36.	Clal Insurance Company Ltd. for institutional investors under its control *	Insurance company	1.98	203,400
37.	Migdal Market Making Ltd.	A corporation with capital of NIS 50 million	1.3	3,000
38.	Migdal Mutual Funds Ltd.	Mutual fund	2.01	3,500
39.	Migdalor Opportunities	A corporation with capital of NIS 50 million	1.98	20,000
40.	Megiddo Construction and Holdings 1996 Ltd.	Qualified corporation	2	1,000
41.	More Investment House Portfolio Management Ltd.	Portfolio manager	1.95	9,354
42.	More Provident and Pension Funds Ltd.	Provident fund / pension fund	1.95	20,000
43.	More Mutual Funds Management (2013) Ltd.	Mutual fund	2.01	32,890
44.	Meitav Dash Best Invest *	Provident fund / pension fund	1.99	10,800
45.	Meitav Dash Provident Funds and Pension Ltd. *	Provident fund / pension fund	1.96	51,390

	Name of qualified investor	How it meets the definition of a qualified investor	Interest rate (%)	No. of units - Bonds (Series 186)
46.	Meitav Dash Portfolio Management Ltd. *	Portfolio manager	2	4,233
47.	Meitav Dash Portfolio Management Ltd. for industry-specific funds *	Portfolio manager	2.01	67,501
48.	Meitav Mutual Funds Ltd. *	Mutual fund	1.5	9,750
49.	Meitav Mutual Funds Ltd. *	Mutual fund	2	3,900
50.	Milestone Capital (ERGS) Limited Partnership	A corporation with capital of NIS 50 million	1.95	20,000
51.	Menora Mivtachim Insurance Ltd. for planholders **	Insurance company	2.02	100,000
52.	Menora Mivtachim Pension and Provident Funds Ltd. **	Insurance company	2.02	25,000
53.	Marathon Investment House P.B Ltd.	Portfolio manager	1.92	2,053
54.	Amitim Veteran Pension Funds	Provident fund / pension fund	1.96	100,000
55.	Amitim Veteran Pension Funds	Provident fund / pension fund	2.01	100,000
56.	Fidelity Venture Capital Ltd.	A corporation with capital of NIS 50 million	1.97	2,755
57.	Psagot Mutual Funds Ltd.	Mutual fund	1.99	3,370
58.	Proxima Investment Management Ltd.	Portfolio manager	1.95	54,000
59.	KSM Financial Instruments Trade Ltd. *	A corporation with capital of NIS 50 million	1.55	2,000
60.	RIL Spirit Management & Investments Ltd.	A corporation with capital of NIS 50 million	1.98	9,000
61.	Corporate Linked Bonds Partnership *	Provident fund / pension fund	1.99	130,000
62.	Shekef Maof Investments Ltd.	Portfolio manager	1.85	1,660
63.	Shekef Maof Investments Ltd.	Portfolio manager	2.01	1,300
	Total			2,121,457

(*) To the best of the Bank's knowledge, Qualified Investors who are interested parties at the Bank or Qualified Investors who are related to interested parties at the Bank. In total, Qualified Investors who are interested parties at the Bank or related to interested parties at the Bank provided advance commitments to purchase 1,099,824 Units constituting approx. 51.8% of the total Units in respect of which advance commitments were provided.

(**) Distributor in the offering or a Qualified Investor related to a distributor in the offering. In total, a Qualified Investor that is a distributor in the issuance or related to a distributor in the issuance provided advance commitments for the acquisition of 166,000 Units constituting 7.8% of all the Units in respect of which advance commitments were provided.

4.2.4 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.

4.2.5 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.

- 4.2.6 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 Trading Day 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.
- 4.2.7 The Qualified Investors will be entitled to receive an advance undertaking fee at a rate of 0.5% of the total consideration that will be received in respect of the Bonds (Series 186) Units in relation to which the Qualified Investors have undertaken to submit bids as part of the advance undertaking.
- 4.2.8 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 Units 186 in interest levels of 0.01%, by giving written notice to the Offering Coordinator (until Time of Closing the List of Subscriptions).

4.3 Commercial Securities (Series 5)

- 4.3.1 Of the Units being offered to the public under this Shelf Offering Report, regarding 1,181,354 CS 5 Units, constituting approximately 86.3% of the total CS 5 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 4.3.3 below, whereby the Qualified Investors will submit bids for the purchase of Units as set forth in Section 4.3.3 below.
- 4.3.2 Pursuant to the Public Offering Regulations, the allocation of CS 5 Units to Qualified Investors in the event of oversubscription shall be carried out in accordance with the provisions set out in Section 4.1.2 regarding Bonds Units 185, *mutatis mutandis*.
- 4.3.3 Each of the Qualified Investors listed below has undertaken - under advance undertaking to purchase CS 5 Units offered in accordance with

this Shelf Offering Report - to submit bids for the purchase CS 5 Units at an annual interest rate spread that will not exceed the annual spread and a quantity that shall not be lower than detailed next to its name 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 5) Units
1.	Ayalon Mutual Funds Ltd. - Ayalon money market fund	Mutual fund	0.12	116,650
2.	Ayalon Mutual Funds Ltd. - Ayalon money market fund liquidity management	Mutual fund	0.12	20,000
3.	Aloha Global Opportunities LP	A corporation with capital of NIS 50 million	0.12	63,000
4.	Analyst IMS Mutual Funds Management (1986) Ltd. - money market fund	Mutual fund	0.11	56,000
5.	Analyst IMS Mutual Funds Management (1986) Ltd. - NIS money market fund	Mutual fund	0.11	14,000
6.	Harel Mutual Funds Ltd. - interest track money market fund *	Mutual fund	0.04	116,954
7.	Harel Mutual Funds Ltd. - Liquidity Management Money Market Fund	Mutual fund	0.04	116,954
8.	Harel Mutual Funds Ltd. - Shekel Money Market Fund	Mutual fund	0.04	36,599
9.	Harel Mutual Funds Ltd. - Kosher shekel money market fund *	Mutual fund	0.04	1,197
10.	Harel Mutual Funds Ltd. *	Mutual fund	0.08	336,000
11.	More Mutual Funds Management (2013) Ltd.	Mutual fund	0.08	100,000
12.	Mifal Hapais (Public Benefit Company)	A corporation with capital of NIS 50 million	0.11	4,000
13.	Psagot Mutual Funds Ltd.	Mutual fund	0.1	200,000
	<u>Total</u>			1,181,354

(*) To the best of the Bank's knowledge, interested parties at the Bank and Qualified Investors related to interested parties at the Bank. In total, interested parties and Qualified Investors interested parties related to interested parties at the Bank provided advance commitments to acquire 607,704 Units constituting approx. 51.4% of the total Units in respect of which advance commitments were provided.

- 4.3.4 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.
- 4.3.5 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.
- 4.3.6 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 Trading Day 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.
- 4.3.7 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 5) in relation to which the Qualified Investors have undertaken to submit bids as part of the advance undertaking.
- 4.3.8 On the Tender Date (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 5 Units in spread levels of 0.01%, by giving written notice to the Offering Coordinator (until Time of Closing the Subscriptions List).

5. **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.

6. Additional terms of Offered Securities

6.1 Bonds (Series 185)

6.1.1 Amounts payable on account of interest or principal, as the case may be, on the Bonds (Series 185) will be paid to the persons whose names will be registered in the register of the Bonds (Series 185) on February 22 and August 25 of each of the years 2024 through 2029 in respect of the payments made on February 28 and August 31, respectively. (hereinafter - the “**Effective Date for Payment of the Bonds (Series 185)**”), 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 Bonds (Series 185) certificates to the Bank on the payment date.

It is clarified that those not registered in the register of the Bonds (Series 185) on the effective date for the Bonds (Series 185) shall not be eligible for payment of interest in respect of the interest period that commenced prior to that date.

6.1.2 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 effective date for the purpose of determining entitlement to redemption or interest will not change as a result of this.

6.1.3 For more information regarding payments of principal and interest of the Subordinated Bonds (Series 185), please see Section 6 of the terms listed overleaf of the Deed of Trust for Series 185.

6.1.4 The Bonds (Series 185) have an ordinary repayment rank equal to the repayment rank of all deposits by the public deposited with the Bank from time to time.

6.1.5 The Bank's obligations under the Deed of Trust of Series 185 are not secured by any collateral.

6.1.6 If the Stock Exchange decides to delist the Bonds (Series 185) because the value of Bonds (Series 185) 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 the tax consequences resulting therefrom shall apply.

- 6.1.7 The Bank shall not be entitled to initiate early redemption of the Bonds (Series 185).
- 6.1.8 The Deed of Trust to Series 185 includes grounds for immediate repayment. For more information, please see Section 7 to the Deed of Trust for Series 185.
- 6.1.9 The Bonds (Series 185) 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 Bonds (Series 185) in the event that the Bank issues additional bonds in the future, please see Section 5 to the Series 185 Deed of Trust.
- 6.1.10 For information regarding the other terms of the Bonds (Series 185), see the deed of trust to the Bonds (Series 185) that is attached as **Appendix A1** to this Shelf Offering Report.

6.2 Bonds (Series 186)

- 6.2.1 Amounts payable on account of interest or principal, as the case may be, on the Bonds (Series 186) will be paid to the persons whose names will be registered in the register of the Bonds (Series 186) on May 25 and November 24 of each of the years 2024 to 2033 (inclusive) in respect of the payments made on May 31 and November 30, respectively. (hereinafter - the “**Effective Date for Payment of the Bonds (Series 186)**”), 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 Bonds (Series 186) certificates to the Bank on the payment date.

It is clarified that those not registered in the register of the Bonds (Series 186) on the effective date for the Bonds (Series 186) shall not be eligible for payment of interest in respect of the interest period that commenced prior to that date.

- 6.2.2 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 effective date for the purpose of determining entitlement to redemption or interest will not change as a result of this.
- 6.2.3 For more information regarding payments of principal and interest of the Subordinated Bonds (Series 186), please see Section 6 of the terms listed overleaf of the Deed of Trust for Series 186.
- 6.2.4 The Bonds (Series 186) have an ordinary repayment rank equal to the seniority of all deposits by the public deposited with the Bank from time to time.
- 6.2.5 The Bank's obligations under the Deed of Trust of Series 186 are not secured by any collateral.
- 6.2.6 If the Stock Exchange decides to delist the Bonds (Series 186) because the value of Bonds (Series 186) 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 the tax consequences resulting therefrom shall apply.
- 6.2.7 The Bank shall not be entitled to initiate early redemption of the Bonds (Series 186).
- 6.2.8 The Deed of Trust to Series 186 includes grounds for immediate repayment. For more information, please see Section 7 to the Deed of Trust for Series 186.
- 6.2.9 The Bonds (Series 186) 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 Bonds (Series 186) in the event that the Bank issues additional bonds in the future, please see Section 5 to the Series 186 Deed of Trust.
- 6.2.10 For information regarding the other terms of the Bonds (Series 186), see the deed of trust to the Bonds (Series 186) that is attached as **Appendix A2** to this Shelf Offering Report.

6.3 Commercial Securities (Series 5)

- 6.3.1 The principal and interest in respect of CSs (Series 5) shall be repaid together and paid in a single installment on December 21, 2024. The offered CSs (Series 5) will be issued at 100% of their par value. The CSs (Series 5) 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 A3** to the Shelf Offering Report.
- 6.3.2 The principal of CSs (Series 5) 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 6.3.3 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 rate, payable in a single installment together with the principal as described above. The interest rate shall be calculated as set out in Section 6.3.4 below. The Bank shall publish the rate of the annual spread 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.
- 6.3.3 The interest will be paid on December 21, 2024 together with the single installment of the principal of CSs (Series 5), in respect of the period starting on the settlement date (i.e., on December 21, 2023) and ending on the last day prior to the payment day as aforesaid (i.e., December 20, 2024) (above and below in this Section 6.3 - 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.
- 6.3.4 Four trading days prior to the payment date of the interest, as set out in Section 6.3.4 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 spread 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 spread.

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 4% and for 175 of these days, the Bank of Israel interest rate was 5%, then the weighted average of Bank of Israel interest rate for the period shall be 4.5%, based on the following calculation:

$$(175 \times 4\%) + (175 \times 5\%) / 350 = 4.5\%$$

If the spread to be fixed in the Tender is +1%, then the annual interest rate to be paid for the interest period of the above calculation shall be 5.5% and the actual interest rate for the Interest Period, reflected with an accuracy of four digits after the decimal point, shall be 5.2739%, based on the following calculation:

$$(350 / 365) \times 5.5\% = 5.2739\%$$

- 6.3.5 The payment on account of the interest of principal of CSs (Series 5) 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 A3** to the Shelf Offering Report.
- 6.3.6 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.
- 6.3.7 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 A3** to the Shelf Offering Report.

- 6.3.8 CSs (Series 5) are offered pursuant to this Shelf Offering Report with no discount and no premium. The Bank will not issue any more CSs (Series 5) in future.
- 6.3.9 Tax as applicable by law shall be deducted from the interest payment in respect of CSs (Series 5) - for information about tax aspects, see also Section 6 to **Appendix B** to the Shelf Offering Report.
- 6.3.10 For information about the events upon the occurrence of which, Holders of CSs (Series 5) will be allowed to call for immediate repayment of the outstanding balance of CSs (Series 5), see Section 17 to the terms overleaf attached to **Appendix A3** to the Shelf Offering Report.
- 6.3.11 For information about the other terms of the CSs (Series 5), see the text of the Commercial Securities (Series 5), which is attached as **Appendix A3** to the Shelf Offering Report.

7. Tables summarizing relevant information in the deeds of trust

Set forth below is a summary of information regarding the protection mechanisms set out in the deed of trust for the Bonds (Series 185) and in the deed of trust for the Bonds (Series 186), in accordance with the Israel Securities Authority's staff position of August 9 2020 ("Staff Legal Position 103-41: Summary Disclosure of Protection Mechanisms in Deeds of Trusts"):

7.1 Contractual conditions and collateral:

Deed of Trust for Series 185:

	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 pledges (negative pledge)	N/A		
Obligation to meet financial covenants	N/A		
Undertaking to ensure that the Bonds are rated on issuance date:	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	No

	Section to the Deed / N/A	Summary description	Does the breach give rise to immediate repayment
Ensuring that the Bonds are rated over their entire term		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.	
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 186:

	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 pledges (negative pledge)	N/A		
Obligation to meet financial covenants	N/A		
Undertaking to ensure that the Bonds are rated	14.11	The Bank undertakes that as far as it is concerned, the Bonds will be rated by at	No

	Section to the Deed / N/A	Summary description	Does the breach give rise to immediate repayment
on issuance date: Ensuring that the Bonds are rated over their entire term		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.	
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		

7.2 Grounds for immediate repayment:

Deed of Trust for Series 185:

	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.

	Section to the Deed / N/A	Comments and explanations
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	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

	Section to the Deed / N/A	Comments and explanations
the Bank for a compromise or a settlement with its creditors under Section 350 of the Companies Law		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 of an ordinary resolution	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.
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 Stock Exchange'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 186:

	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

	Section to the Deed / N/A	Comments and explanations
		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	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

	Section to the Deed / N/A	Comments and explanations
proceedings order; application of the Bank for a compromise or a settlement with its creditors under Section 350 of the Companies Law		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 of an ordinary resolution	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.
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 Stock Exchange'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.

8. **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 consequences 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.

9. Refraining from engaging in arrangements

- 9.1 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.
- 9.2 The Company and the directors undertake, by signing this Shelf Offering Report, to notify the Israel Securities Authority of any arrangement they are aware of with a third party that contradicts the undertaking as set out in Section 9.1 above.
- 9.3 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 what is said in Section 9.1 above.

10. Rating of the Offered Securities

- 10.1 On December 19 2023, the rating agency S&P Maalot (hereinafter - “**Maalot**”) announced the assigning of “ilAAA” rating to the issuance of Bonds (Series 185) and Bonds (Series 186) to be issued by the Bank in accordance with the Shelf Offering Report, at an aggregate amount of up to NIS 4 billion p.v. Bonds (Series 185) and Bonds (Series 186). For further details, see the Bank’s immediate report of December 19, 2023 (Ref. No.: 2023-01-137958), the details of which are included in this Offering Report by way of reference (hereinafter - the “**Rating Report of Bonds**”).
- 10.2 On December 19, 2023, Maalot announced the assigning of “ilA-1+” to the issuance of CSs (Series 5) 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. CSs (Series

5). For further details, see the Bank's immediate report of December 19, 2023 (Ref. No.: 2023-01-137958), the details of which are included herein by way of reference (hereinafter - the "**Rating Report of CSs 5**").

- 10.3 Maalot's consent, dated December 19, 2023, for attaching the Rating Report of the Bonds and the Rating Report of CSs (Series 5) to the Shelf Offering Report is attached as **Appendix C** to this Shelf Offering Report.

11. **Permits and approvals**

- 11.1 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.
- 11.2 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.
- 11.3 The listing of the Bonds (Series 185) and Subordinated Bonds (Series 186) (hereinafter jointly in this Section 11.3 - 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 1.4, and 1.5 of **Appendix B** to this Shelf Offering Report).

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.

- 11.4 The listing of Commercial Securities (Series 5) 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.

- 11.5 If it transpires that the TASE's requirements regarding the securities as described in Sections 11.3 and/or 11.4 above have not been met, the issuance of the Bonds (Series 185) and/or Bonds (Series 186) and/or the Commercial Securities (Series 5), 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 until the First Trading Day after the Tender Date.
- 11.6 Since the Subordinated Bonds offered pursuant to this Shelf Offering Report have been rated as set forth in Section 10 above, there was no need to comply with the shareholders' equity requirements prescribed in the guidelines of the Second Part of the Stock Exchange's Rules and Regulations.
- 11.7 **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.**

12. Market-Maker in relation to the Commercial Securities (Series 5)

- 12.1 On December 14, 2023, the Bank entered into an agreement with Israel Brokerage and Investments IBI. Ltd. (hereinafter - "**IBI**"), whereby IBI shall serve as a market maker for the Company's Commercial Securities (Series 5) (hereinafter - the "**Market Making Agreement**"). The Market Making Agreement came into effect on December 18, 2023, when IBI received the approval of the TASE for market making of the Bank's Commercial Securities (Series 5), 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 5) for the public, until the date of final redemption of the Commercial Securities (Series 5) (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.

13. **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.

14. **The proceeds of the issuance**

14.1 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 detailed below:

Expected immediate proceeds, gross	NIS 5,000 million
Less - advance undertaking and distribution fees totaling	Approx. NIS 17.9 million
Less – other expenses totaling	Approx. NIS 2.7 million
Expected immediate proceeds, net	Approx. NIS 4979.3 million

- 14.2 Pursuant to an agreement signed with Leumi Partners Underwriters Ltd. (hereinafter – “**Leumi Partners**”), Leumi Partners, Menora Mivtachim Underwriters and Management Ltd., Barak Capital Underwriting Ltd., Apex Issuances Ltd., Unicorn Capital Ltd., Alpha Beta Issuances Ltd., and Compass Rose Capital PA 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 rates of 0.1% of the (gross) proceeds of the issuance of Bonds (Series 185) and Bonds (Series 186), and a rate of 0.03% of the (gross) proceeds of the issuance of CSs (Series 5), 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 and commissions 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.
- 14.3 No minimum has been set for the amount to be raised in this offering.
- 14.4 The funds of the offering’s proceeds will be used by the Bank at its own discretion.
- 14.5 The Bank shall deem the receipt of the proceeds by the Offering Coordinator as if the proceeds has been received by it.

15. **Underwriting**

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

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

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.

17. 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.

18. Legal opinion

The Bank received the following legal opinion:



December 19, 2023

To:
Bank Leumi le-Israel B.M.
Leumi House, 34 Yehuda Halevy 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 that was extended on May 18, 2023 for a further 12-month term, i.e. until May 26, 2024 (hereinafter – the “**Shelf Prospectus**”) and the Shelf Offering Report that shall be published by virtue thereof (hereinafter – the “**Shelf Offering Report**”), regarding a public offering of Bonds (Series 185), Bonds (Series 186) and Commercial Securities (Series 5) of the Bank (hereinafter – the “**Offered Securities**”), we hereby express our opinion as follows:

1. The rights underlying 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 December 2023.

Respectfully,

Ran Shalom, Adv. Niv Vrubel, Adv.
Agmon with Tulchinsky Law Firm



סידיני, אוסטרליה
50 Carrington Street, Sydney NSW
2000PO Box H256, Australia
T. +61-2-90606206

באר שבע
גב ים רחוב האנרגיה 77
ט. 03-60714506
פ. 08-6155780

מגדל המוזיאון, ברקוביץ' 4
ט. 03-6075000
פ. 03-6075050

תל אביב
מגדל אלקטרה, ינאל אלון 98
ט. 03-6078607
פ. 03-6078666

ירושלים
הגן הטכנולוגי מלחה, בניין 1
ט. 02-5607607
פ. 02-5639948

19. Signatures**The Bank:**

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

Ben Zvi Shmuel, PhD

Uri Alon

Gottlieb Tamar

Irit Shlomi

Elya Sasson

Dominissini Esther

Koller Dan Alexander

Prof. Yedidia Z. Stern

Esther Deutsch

Zvika Naggan

Appendix A1 to the Shelf Offering Report
The Deed of Trust for Bonds (Series 185)

BANK LEUMI LE-ISRAEL B.M.
Deed of Trust for Bonds (Series 185)

Table of Contents:

Section to the Deed	Subject	Page
1	Preamble, Interpretation and Definitions	4
2	Issuance of Bonds	8
3	Appointment of the Trustee, His Duties and Roles	8
4	The Bank's Obligation	9
5	Lack of Collateral for the Bonds; Issuance of Additional Bonds	9
6	Purchase of Bonds by the Bank and/or by a Controlled Corporation	11
7	Right to Demand Immediate Repayment of the Bonds	11
8	Claims and Proceedings by the Trustee	15
9	Proceeds under Trust	16
10	Distribution Notice	18
11	Non-Payment for Reasons that are Not under the Bank's Control	18
12	Receipts as Evidence	19
13	Investment of Funds	19
14	The Bank's Obligations towards the Trustee	19
15	Additional Obligations	22
16	Motions filed with the courts	22
17	Proxies	23
18	Reporting by the Trustee	23
19	The Trustee's Compensation	24
20	Special Powers	25
21	The Trustee's Power to Engage Agents	26
22	The Trustee's Powers	27
23	Indemnity of the Trustee	27
24	Notices	30
25	Waiver, Settlement and Changes in the Deed of Trust	31
26	Bond Holders' Register	33
27	Replacing the Trustee and Expiry of its Tenure	33
28	Bond Holders' Meeting	34
29	Reporting to the Trustee	34
30	Addresses	35
31	MAGNA Authorization	35
32	Exercise of Rights Pursuant to the Deed and Bonds	35
33	The Trustee's Liability	35
34	Other Agreements	36
35	Governing Law and Jurisdiction	36

Section in the First Addendum	Subject	Page
1	General	38
2	Definitions	38

Section in the First Addendum	Subject	Page
3	Repayment Date of the Principal of the Bonds	39
4	Interest on the Bonds	39
5	Linkage of the Principal and Interest	40
6	Provisions Regarding the Payments	40
7	Early Redemption of the Bonds	41
8	Immediate Repayment	41
9	Bonds Certificates and their Split	42
10	Transfer of the Bonds	42
11	Replacement of the Bond Certificate	43
12	Changes in the Bonds' Terms and Conditions	43
13	Applicable Law and Jurisdiction	43
14	Notices	43
15	Bond Holders' Register	43
Second Addendum - Meetings of the Bond Holders		

Deed of Trust for Bonds (Series 185)

Executed in Tel Aviv-Yafo on December 19, 2023

BETWEEN

Bank Leumi le-Israel B.M., public company 52-001807-8
Of 34 Yehuda Halevy 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 the shelf prospectus (as defined below) by virtue of which the Bank may offer to the public and issue, among other things, series of Bonds;
- WHEREAS:** On December 18, 2023, the Bank’s Board of Directors decided to approve in principle an issuance of Bonds (Series 185), 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 ☐ rating agency S&P Maalot rated “ilAAA” the issuance of Bonds (Series 185) at the total amount of up to NIS ☐ p.v. 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 185) 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 substantial interest in the Bank and the Bank does not have a substantial interest in the Trustee;
- AND WHEREAS:** The Bank declares that he is not precluded, pursuant to any law and/or agreement, from engaging with the Trustee in this Deed of Trust and from issuing the Bonds, and that on the date of the issuance of the Bonds (Series 185), 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, which was extended on May 18, 2023 for another 12 months, i.e., until May 26, 2024;
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 185)” or the “Bonds”	Registered Bonds (Series 185) 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 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;

“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 definition or 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 or implied 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, which cannot be conditioned upon as stated above, 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 185) 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 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 Bond Holders, 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 Bond 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 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 Bond Holders’ 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 Bond Holders 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 and linkage differences 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 Bond Holders 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 185), as well as to expand each of the said bonds series, without having to obtain the approval of the Trustee and/or the Bond Holders.
- 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 Bond Holders, to expand at any time the series of Bonds (Series 185), 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 Bonds (Series 185) (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 185) and additional outstanding Bonds (Series 185) 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 shall be different than the discount rate for the outstanding Bonds (Series 185) at the time, the Bank will apply, prior to the issuance of the Additional Bonds 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 185) issued, if any. Where the said approval is received, the Bank will calculate the weighted discount rate for the Bonds (Series 185) immediately prior to the date of issuance of the Additional Bonds 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 the tax will be deducted at the redemption dates of the Bonds (Series 185) at the weighted discount rate described above and pursuant to statutory provisions. If such an approval is not granted, the Bank will notify in an immediate report regarding the results of the issuance, prior to the listing for trading, that it has not obtained the said approval and that the uniform discount rate shall be the highest discount rate generated for the Bonds (Series 185). Members of the Stock Exchange shall deduct tax at source upon repayment of the Bonds (Series 185) according to the discount rate reported as aforesaid. Therefore, cases could occur where tax is held at source with respect to the discount fees at the highest rate of the discount fees set for whoever held the Bonds (Series 185) prior to the issuance of the Additional Bonds. In such a case, an assessee who held the Bonds (Series 185) prior to the issuance of the Additional Bonds 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 Bond Holders. By entering into this Deed of Trust, and by agreeing to act as trustee for the Bond Holders, the Trustee does not express an opinion, whether explicit or implicit, as to the ability of the Bank to meet its obligations towards the Bond Holders.
- 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 185) 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 185).
- 6.2 The Bank will issue an immediate report on its purchase of Bonds as described above, to the extent it is required to do so by law. The Bonds purchased by the Bank will be automatically canceled and delisted from the Stock Exchange, and the Bank will not be permitted to reissue them. In the event that the Bonds are purchased on-floor, the Bank will, through the Nominee Company of Bank Leumi le-Israel B.M. (hereinafter - the “**Nominee Company**”), apply to the Stock Exchange’s clearing house, requesting the withdrawal of the Bonds Certificates.
- 6.3 **Subject to any law**, a corporation controlled by the Bank (hereinafter - a “**Controlled Corporation**”) may, from time to time, purchase and/or sell Bonds (Series 185), 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 Stock Exchange Rules, 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 Bond Holders’ 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 Bond Holders, 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 Bond Holders may call for immediate repayment of some or all of the Unpaid Balance of the Bonds. For the avoidance of doubt, none of the grounds for immediate repayment as aforesaid shall

derogate from any remedy and/or right of Bond Holders 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 by a permanent and final order, or if the Bank has decided on voluntary liquidation, 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 Bond Holders or has not satisfied any other material undertaking given in favor of the Bond Holders, 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 Bond Holders' approval by way of an Ordinary Resolution, unless the surviving entity issued a statement to the Bond Holders, 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 Bond Holders 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 Section 7.1.14, "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 Bond Holders' resolution to call for immediate repayment of the Bonds shall be passed by a Bond Holders' 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 effective date; the said resolution will be passed by a simple majority of Bond Holders participating in the vote, or by such a majority in an adjourned Bond Holders' meeting attended by holders of at least twenty percent (20%) of the said balance.
- 7.2.3 In case, until the scheduled convention time of the Meeting, any of the events specified in Section 7.1 above to This Deed, has not been canceled or eliminated, and a resolution in the foregoing Meeting of Bond Holders has been passed in accordance with Section 7.2.2 above taxpayer, the Trustee will be obligated, within a reasonable period of time but no later than within 14 days, to demand the immediate repayment of the entire Unpaid Balance of the Bonds.
- 7.2.4 In case a period has been specified in Section 7.1 above, during which the Bank is entitled to perform an action or reach a decision, which has caused the grounds for demanding immediate repayment, the Trustee or the Holders will be entitled to demand the immediate repayment of the Bonds, as specified in this Section 7, only if the aforementioned set period has passed, and the grounds have not been removed;

However, the Trustee will be entitled to shorten the period which was set in the Deed of Trust, if it believes that it could materially prejudice the Holders' rights.

- 7.3 Notwithstanding the provisions of Section 7.1 above, and without detracting from the provisions of Section 7.2.4 above, the Trustee or Bond Holders shall not call for immediate repayment of the Bonds, even upon the occurrence of one or more of the events listed in Section 7.1 above unless seven days have elapsed since they issued the Bank with notice of their intention to do so; however, the Trustee or the Bond Holders may shorten the said period and are not obliged to issue the Bank with such notice if there is reasonable concern that such notice will adversely affect the calling for immediate repayment of the Bonds.
- 7.4 For the avoidance of doubt, 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 Bond Holders 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 total assets of the Leumi Bank 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 Bond Holders 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 Bond Holders 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 Bond Holders 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 Bond Holders' meeting and/or the court instructions as to the desired course of action, as long as this does not have an adverse effect on Bond Holders. Notwithstanding the above, the Trustee may not delay the execution of a Bond Holders 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 Bond Holders' meetings by the Trustee shall cause material damage and/or loss to Bond Holders, the Trustee may not refrain from taking such urgent action until the convening of a Bond Holders' 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 Bond Holders), 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, the remaining balance shall be used in accordance with the following order of preference: first – to pay the Bond Holders 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 and subject to the linkage terms 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 Bond Holders the amount of interest due to them pursuant to the terms and conditions of the Bonds, *pari passu* and subject to the linkage terms of the Bonds, whether or not the principal is due; fourthly – to pay the Bond Holders the principal amounts due to them pursuant to the Bonds they hold, *pari passu* and subject to the linkage terms of the Bonds 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 Bond Holders 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 an Ordinary Resolution was passed 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 below.

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

11. Non-Payment for Reasons that Are Not under the Bank's Control

11.1 Any amount due to a Bond Holder 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 interest and linkage differences as from the date on which it was due to be paid and the Bond Holder 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.

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 Bond Holder, 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 Bond Holders 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 Bond Holders, 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 Bond Holder for whom amounts and/or funds due to the Bond Holders were deposited with the Trustee, those amounts payable to such a Bond Holder 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 Bond Holder from among the Bond Holders 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, interest, and linkage differences 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 Bond Holders 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 Bond Holders, 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 Bond Holders, 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 non-disclosure agreement for that purpose, to the Bank's satisfaction. It is hereby clarified that the delivery of information by the Trustee to the Bond Holders 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 Bond Holders 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 Section 7.1 above, all without taking into account the remediation periods referred to in Section 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 185) pursuant to the Shelf Offering Report and/or from the date of issuance of the Additional Bonds 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 35J 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 share buyback 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 Section 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. Motions filed with the courts

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 Bond Holder, 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 Bond Holders, the Bond Holders 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 Bond Holders 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 Bond Holders.
- 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 Bond Holders 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. Trustee's Fees

- 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 7,500 plus VAT as required by law for the Bonds (Series 185) 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 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 Bond Holders;
 - 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 It is clarified that the annual fee mentioned above includes an expansion of the Bond Series.
- 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 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 Bond Holders 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 deeds 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 agreement. 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 Bond Holders 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 appointment, if the identity of the holder was not specified in the power of appointment.
- 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. Indemnity 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 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 undertaking 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 Bond Holders 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 and/or competent authority law and/or under the terms of the Deed of Trust; and (2) actions that were carried out and/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 effective date (as defined in Section 23.4 below) in any case where (1) the entitlement to indemnification was established due to a demand by Bond Holders; (2) Failure by the Bank to pay the indemnification entitlement amount that applies to it in accordance with this Section 23.2.1 above. 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 Bond Holders 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 Bond Holders 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 Bond Holders on a pro-rata basis in accordance with the outstanding amounts of the par value of each series.
- 23.4 The effective 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 Bond Holders without such decision or action first being approved by a Bond Holders meeting - the effective 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 Bond Holders meeting - the effective date for the liability shall be the effective 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 Bond Holders 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 Bond 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 Bond Holders 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 Bond Holders 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 Bond Holders are convened by the Trustee shall cause material damage and/or loss to the Bond Holders, the Trustee shall not be entitled to refrain from taking urgent action as aforesaid until a meeting of the Bond Holders is convened.

24. Notices

- 24.1 Any notice to the Bond Holders 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 Bond Holder 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 Bond Holders 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, settlement and changes in 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 Bond Holders - 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 date in respect of the Bonds, 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 Bond Holders have other interests, and after obtaining the advance approval of the Bond Holders' meeting, which was attended, in person or by proxy, by Bond Holders holding at least fifty percent (50%) of the outstanding par value of the principal of the Bonds, or in a deferred meeting which was attended by the Bond Holders 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 Bond Holders and to agree with the Bank on any settlement regarding any arrangement of the rights of the Bond Holders, including waiver of any right of the Bank or right of the Bond Holders or claim of the Bank and/or the Bond Holders 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 Bond Holders. 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 date of payment of interest in respect of the Bonds, the grounds 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 Bond Holders have agreed to the proposed change by a resolution passed in a meeting of Bond Holders 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 a deferred meeting of Bond Holders 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 Bond Holders 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 Bond Holders 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. Bond Holders' Register

- 26.1 The Bank shall maintain in its office a register of the Bond Holders (Series 185) separately, pursuant to the provisions of the Securities Law, which may be reviewed by any person whatsoever.
- 26.2 The Bond Holders' Register shall serve as prima facie evidence as to the correctness of the records contained therein. In case of a discrepancy between the Bond Holders' Register and a Bonds Certificate, the evidentiary value of the Bond Holders' Register supersedes the evidentiary value of the Bonds Certificate.
- 26.3 The Bank shall not be required to record in the Bond Holders' 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 Bond 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 Bonds or in a deferred 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, 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. Each new trustee shall have the same powers, duties and powers and will be able act, for all intents and purposes, as if he was 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. Bond Holders' Meeting

Bond Holders' 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 effective 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 Bond Holders 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, the publication of a report on the MAGNA reporting system shall be viewed as having been sent to the Trustee.

30. 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.

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 Regulations (Electronic Signature and Reporting), 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 185).

Subject to the provisions of any law, the Bond Holders 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 Bond Holders, 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, Bond Holders 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 the execution of 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:

Bank Leumi le-Israel B.M.

Strauss, Lazer Trustees (1992) Ltd.

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

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 185) 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 listed overleaf) of this Bond the amounts it has undertaken to pay as set out in the terms and conditions listed overleaf and in the Deed of Trust dated December 19, 2023 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 _____, Adv. 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. General

- 1.1.** This Bond (Series 185) is issued pursuant to the Deed of Trust drawn up and signed on [_] 2023 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 Bonds (Series 185) 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 185) (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 185);
“ First Offering Report ”	- The Shelf Offering Report under which the Bonds will be initially issued;
“ 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 an 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 December 15, 2023 in respect of November 2023;
“ Known Index ”	- The last known Index;
“ Payment Index ”	- The Known Index on payment date;
“ Entitled Party ”	- A Bond Holder 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) equal semi-annual installments on February 28 and August 31 of each of the years 2025 through 2029, and each such repayment shall constitute 10% of the original Bonds’ Principal.
- 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 Bond Holders Register of the Bank on the effective date for any payment will not be entitled to that payment.
- 3.3.** The principal payment shall be made subject to the linkage terms set out in Section 5 below.

4. Interest on the Bonds

- 4.1.** The Unpaid Principal of the Bonds will bear a fixed annual interest rate at a rate to be determined in the Tender under which the Bonds (Series 185) will be offered and its rate will

be specified in an immediate report regarding the results of the offering (hereinafter - the “**Annual Interest**”).

- 4.2. The interest will be paid to the Bond Holders twice a year on February 28 and August 31 of each of the years 2024 through 2029, 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 February 28, 2024 in respect of the period beginning on the First Trading Day following the Tender Date of the Bonds until February 27, 2024 (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 February 27, 2024, on the basis of 365 days per year (hereinafter – the “**Interest Rate on the First Interest Payment**”).
- 4.4. Until the first trading day following the Tender that will be carried out in accordance with the First Offering Report, the Bank will publish the Interest Rate on the First Interest Payment as part of an immediate report as well as the annual interest rate and the semi-annual interest rate.
- 4.5. The interest payments will be made to the people whose names shall be registered at the Bond Holders Register on the dates detailed above (hereinafter - the “**Effective Date**”). Repayment of the last principal payment shall be carried out upon the repayment of the Bonds’ Principal, 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. It is clarified that those not registered in the Bonds Register on the effective 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.
- 4.7. The interest payments shall be subject to the linkage terms set out in section 5 below.

5. **Linkage of the principal and interest**

6. The Unpaid Principal of the Bonds and the interest of the Bonds shall be linked to the Basic Index as defined above, as follows: If it transpires on the effective date for 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, as the case may be, proportionately to the rate of increase or decrease of the Payment Index over the Basic Index. It should be noted that the linkage method of the principal and interest shall not change throughout the life of the Bonds. **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 185), 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 Bond (Series 185) Holder shall notify the Bank in writing of his bank details for purposes of crediting payments to that Bond Holder pursuant to the terms of Bond (Series 185) 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 Bond Holder'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 Bond Holder 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 185). 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 effective 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 185).

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 consequences 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 185), 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 Bond Holder 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 Bond Holder 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 9 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. Bond Holders' 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 Bond Holders

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

1. The Trustee will convene a Bond Holders' meeting at the request of one or more Bond 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, summon the Bond Holders to a Bond Holders' 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 Bond Holders, 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 Bond Holders 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 Bond Holders' 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 Bond Holders 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.
4. The Nominee Company shall not use the voting rights of the Bonds registered in its name in the Register of Bond Holders, 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 appointment 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 Bond Holders, or if such notice was not received by all Bond Holders. The provisions of this Section shall apply if the summons for the meeting (or for a deferred 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 Bond Holders shall be delivered in accordance with the provisions of Section 24 to the Deed of Trust.
7. A Bond Holders' 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) Bond Holders who hold or represent together at least 25% of the Unpaid Balance of the Par Value of the Bonds at that time, and in a deferred meeting – if it is attended by two (2) such Bond Holders 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 Bond Holders who hold or represent together at least 50% of the Unpaid Balance of the Par Value of the Bonds at that time, and in a deferred meeting – if it is attended by Bond Holders 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 effective 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 ordinary 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 Bond 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 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 Bond Holders’ 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 voting slips, after they have filled them out and signed them according to law. The Trustee may demand that holders declare within the voting slip whether or not they have conflicting interests. A holder who will not fill out the voting 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 voting slip and therefore as having opted not to vote on the matter(s) included in the voting slip. Accordingly, the Trustee may, at his own discretion and subject to any law, hold meetings by voting slips and without convening them, as well as to hold votes by voting slips in a deferred 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 voting slips from holders who constitute the legal quorum required to pass a resolution in an Original Meeting or in a deferred meeting, as the case may be.

- 18.** Where a Bond Holders' meeting is convened (regardless of whether it was convened by the Bank, the holders or the Trustee), the Trustee will examine whether the Bond Holders 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 **“Other Interest”**). The Trustee may demand that a holder who participates in the meeting inform the Trustee, prior to voting, of any Other 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 Bond Holder which is a controlled corporation (as defined in Section 6.3 of the Deed of Trust);
 - 18.2. A Bond Holder 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 Bond Holders in the relevant Bond Holders' 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 voting 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 Interested Party in any resolution or meeting does not, in and of itself indicate that the holder has another interest in another resolution on the agenda of the meeting or that he has Another 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 interests 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 Bond Holders' Register shall be counted.
24. An Bond Holder 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 Bond Holder himself.
29. The instrument of appointment and the power of appointment or the other certificate according to which the instrument of appointment or a certified copy of such power of appointment 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 Bond Holders, 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 Bond Holders.
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
The Deed of Trust for Bonds (Series 186)

BANK LEUMI LE-ISRAEL B.M.
Deed of Trust for Bonds (Series 186)

Table of Contents:

Section to the Deed	Subject	Page
1	Preamble, Interpretation and Definitions	4
2	Issuance of Bonds	7
3	Appointment of the Trustee, His Duties and Roles	7
4	The Bank's Obligation	8
5	Lack of Collateral for the Bonds; Issuance of Additional Bonds	8
6	Purchase of Bonds by the Bank and/or by a Controlled Corporation	9
7	Right to Demand Immediate Repayment of the Bonds	10
8	Claims and Proceedings by the Trustee	13
9	Proceeds under Trust	14
10	Distribution Notice	15
11	Non-Payment for Reasons that are Not under the Bank's Control	15
12	Receipts as Evidence	16
13	Investment of Funds	16
14	The Bank's Obligations towards the Trustee	16
15	Additional Obligations	18
16	Motions filed with the courts	18
17	Proxies	19
18	Reporting by the Trustee	19
19	The Trustee's Compensation	20
20	Special Powers	21
21	The Trustee's Power to Engage Agents	22
22	The Trustee's Powers	22
23	Indemnity of the Trustee	22
24	Notices	25
25	Waiver, Settlement and Changes in the Deed of Trust	25
26	Bond Holders' Register	27
27	Replacing the Trustee and Expiry of its Tenure	27
28	Bond Holders' Meeting	27
29	Reporting to the Trustee	27
30	Addresses	28
31	MAGNA Authorization	28
32	Exercise of Rights Pursuant to the Deed and Bonds	28
33	The Trustee's Liability	29
34	Other Agreements	29
35	Governing Law and Jurisdiction	29

Section in the First Addendum	Subject	Page
1	General	32
2	Definitions	32
3	Repayment Date of the Principal of the Bonds	33
4	Interest on the Bonds	33

Section in the First Addendum	Subject	Page
5	Linkage of the Principal and Interest	33
6	Provisions Regarding the Payments	35
7	Early Redemption of the Bonds	35
8	Immediate Repayment	35
9	Bonds Certificates and their Split	36
10	Transfer of the Bonds	36
11	Replacement of the Bond Certificate	36
12	Changes in the Bonds' Terms and Conditions	37
13	Applicable Law and Jurisdiction	37
14	Notices	37
15	Bond Holders' Register	37
Second Addendum - Meetings of the Bond Holders		

Deed of Trust for Bonds (Series 186)

Executed in Tel Aviv-Yafo on December 19, 2023

BETWEEN

Bank Leumi le-Israel B.M., public company 52-001807-8
Of 34 Yehuda Halevy 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 the shelf prospectus (as defined below) by virtue of which the Bank may offer to the public and issue, among other things, series of Bonds;
- WHEREAS:** On December 18, 2023 the Bank’s Board of Directors decided to approve in principle an issuance of Bonds (Series 186), 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 ☐ rating agency S&P Maalot rated “ilAAA” the issuance of Bonds (Series 186) at the total amount of up to NIS ☐ p.v. 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 186) 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 substantial interest in the Bank and the Bank does not have a substantial interest in the Trustee;
- AND WHEREAS:** The Bank declares that he is not precluded, pursuant to any law and/or agreement, from engaging with the Trustee in this Deed of Trust and from issuing the Bonds, and that on the date of the issuance of the Bonds (Series 186), 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, which was extended on May 18, 2023 for another 12 months, i.e., until May 26, 2024;

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 186)” or the “Bonds”

Registered Bonds (Series 186) 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 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;

“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 definition or 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 or implied 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 that cannot be conditioned upon as stated above, 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 186) 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 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 Bond Holders, 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 Bond 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 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 Bond Holders' 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 Bond Holders 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 and linkage differences 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 Bond Holders 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 186), as well as to expand each of the said bonds series, without having to obtain the approval of the Trustee and/or the Bond Holders.
- 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 Bond Holders, to expand at any time the series of Bonds (Series 186), 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 Bonds (Series 186) (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 186) and additional outstanding Bonds (Series 186) 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 shall be different than the discount rate for the outstanding Bonds (Series 186) at the time, the Bank will apply, prior to the issuance of the Additional Bonds 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 186) issued, if any. Where the said approval is received, the Bank will calculate the weighted discount rate for the Bonds (Series 186) immediately prior to the date of issuance of the Additional Bonds 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 the tax will be deducted at the redemption dates of the Bonds (Series 186) at the weighted discount rate described above and pursuant to statutory provisions. If such an approval is not granted, the Bank will notify in an immediate report regarding the results of the issuance, prior to the listing for trading, that it has not obtained the said approval and that the uniform discount rate shall be the highest discount rate generated for the Bonds (Series 186). Members of the Stock Exchange shall deduct tax at source upon repayment of the Bonds (Series 186) according to the discount rate reported as aforesaid. Therefore, cases could occur where tax is held at source with respect to the discount fees at the highest rate of the discount fees set for whoever held the Bonds (Series 186) prior to the issuance of the Additional Bonds. In such a case, an assessee who held the Bonds (Series 186) prior to the issuance of the Additional Bonds 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 Bond Holders. By entering into this Deed of Trust, and by agreeing to act as trustee for the Bond Holders, the Trustee does not express an opinion, whether explicit or implicit, as to the ability of the Bank to meet its obligations towards the Bond Holders.
- 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 186) 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 186).
- 6.2 The Bank will issue an immediate report on its purchase of Bonds as described above, to the extent it is required to do so by law. The Bonds purchased by the Bank will be automatically canceled and delisted from the Stock Exchange, and the Bank will not be permitted to reissue them. In the event that the Bonds are purchased on-floor, the Bank will, through the Nominee Company of Bank Leumi le-Israel B.M. (hereinafter - the "**Nominee Company**"), apply to the Stock Exchange's clearing house, requesting the withdrawal of the Bonds Certificates.
- 6.3 Subject to any law, a corporation controlled by the Bank (hereinafter - a "**Controlled Corporation**") may, from time to time, purchase and/or sell Bonds (Series 186), 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

Stock Exchange Rules, 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 Bond Holders' 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 Bond Holders, 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 Bond Holders may call for immediate repayment of some or all of the Unpaid Balance of the Bonds. For the avoidance of doubt, none of the grounds for immediate repayment as aforesaid shall derogate from any remedy and/or right of Bond Holders 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 by a permanent and final order, or if the Bank has decided on voluntary liquidation, 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 Bond Holders or has not satisfied any other material undertaking given in favor of the Bond Holders, 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 Bond Holders' approval by way of an ordinary resolution, unless the surviving entity issued a statement to the Bond Holders, 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 Bond Holders 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 7.1.14, "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 Bond Holders' resolution to call for immediate repayment of the Bonds shall be passed by a Bond Holders' 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 effective date; the said resolution will be passed by a simple majority of Bond Holders participating in the vote, or by such a majority in an adjourned Bond Holders' meeting attended by holders of at least twenty percent (20%) of the said balance.

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

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

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

- 7.4 For the avoidance of doubt, it should be clarified that the calling for immediate repayment in accordance with the provisions set out above in this section, do not derogate and/or prejudice any remedy and/or right available to the Bond Holders 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 total assets of the Leumi Bank 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 Bond Holders 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 Bond Holders 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 Bond Holders 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 Bond Holders' meeting and/or the court instructions as to the desired course of action, as long as this does not have an adverse effect on Bond Holders. Notwithstanding the above, the Trustee may not delay the execution of a Bond Holders 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 Bond Holders' meetings by the Trustee shall cause material damage and/or loss to Bond Holders, the

Trustee may not refrain from taking such urgent action until the convening of a Bond Holders' 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 Bond Holders), 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, the remaining balance shall be used in accordance with the following order of preference: first – to pay the Bond Holders who have borne the payments pursuant to Section 23 below; secondly – to pay the Bond Holders the past due interest owed to them pursuant to the terms and conditions of the Bonds and subject to the linkage terms 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 Bond Holders the amount of interest due to them pursuant to the terms and conditions of the Bonds, *pari passu* and subject to the linkage terms of the Bonds, whether or not the principal is due; fourthly – to pay the Bond Holders the principal amounts due to them pursuant to the Bonds they hold, *pari passu* and subject to the linkage terms of the Bonds 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 an Ordinary Resolution is passed 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 below.

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

11. Non-Payment for Reasons that Are Not under the Bank's Control

- 11.1 Any amount due to a Bond Holder 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 interest and linkage differences as from the date on which it was due to be paid and the Bond Holder 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.
- 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 Bond Holder, 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 Bond Holders 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 Bond Holders, 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 Bond Holder for whom amounts and/or funds due to the Bond Holders were deposited with the Trustee, those amounts payable to such a Bond Holder 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 Bond Holder from among the Bond Holders 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, interest, and linkage differences 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 Bond Holders 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 Bond Holders, 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 Bond Holders, 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 non-disclosure agreement for that purpose, to the Bank's satisfaction. It is hereby clarified that the delivery of information by the Trustee to the Bond Holders 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 Bond Holders 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 Section 7.1 above, all without taking into account the remediation periods referred to in Section 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 186) pursuant to the Shelf Offering Report and/or from the date of the issuance of the Additional Bonds 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 35J 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 share buyback 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 Section 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. Motions filed with the courts

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 Bond Holder, 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 Bond Holders, the Bond Holders 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 Bond Holders 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 Bond Holders.

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 Bond Holders 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. Trustee's Fees

- 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 7,500 plus VAT as required by law for the Bonds (Series 186) 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 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 Bond Holders;
- 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 It is clarified that the annual fee mentioned above includes an expansion of the Bond Series.
- 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 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 Bond Holders 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 deeds 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 agreement. 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 Bond Holders 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. Indemnity 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 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 undertaking 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 Bond Holders 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 and/or competent authority law and/or under the terms of the Deed of Trust; and (2) actions that were carried out and/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 23.2.1 above. 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 Bond Holders 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 Bond Holders 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 Bond Holders on a pro-rata basis in accordance with the outstanding amounts of the par value of each series.
- 23.4 The effective 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 Bond Holders without such decision or action first being approved by a Bond Holders meeting - the effective 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 Bond Holders meeting - the effective date for the liability shall be the effective 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 Bond Holders 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 Bond 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 Bond Holders 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 Bond Holders 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 Bond Holders are convened by the Trustee shall cause material damage and/or loss to the Bond Holders, the Trustee shall not be entitled to refrain from taking urgent action as aforesaid until a meeting of the Bond Holders is convened.

24. Notices

- 24.1 Any notice to the Bond Holders 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 Bond Holder 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 Bond Holders 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, settlement and changes in 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 Bond Holders - 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 date in respect of the Bonds, 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 Bond Holders have other interests, and after obtaining the advance approval of the Bond Holders' meeting, which was attended, in person or by proxy, by Bond Holders holding at least fifty percent (50%) of the outstanding par value of the principal of the Bonds, or in a deferred meeting which was attended by the Bond Holders 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 Bond Holders and to agree with the Bank on any settlement regarding any arrangement of the rights of the Bond Holders, including waiver of any right of the Bank or right of the Bond Holders or claim of the Bank and/or the Bond Holders 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 Bond Holders. 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 interest payment date 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 Bond Holders have agreed to the proposed change by a resolution passed in a meeting of Bond Holders 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 a deferred meeting of Bond Holders 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 Bond Holders 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 Bond Holders 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. Bond Holders' Register

- 26.1 The Bank shall maintain in its office a register of the Bond Holders (Series 186) separately, pursuant to the provisions of the Securities Law, which may be reviewed by any person whatsoever.
- 26.2 The Bond Holders' Register shall serve as prima facie evidence as to the correctness of the records contained therein. In case of a discrepancy between the Bond Holders' Register and a Bonds Certificate, the evidentiary value of the Bond Holders' Register supersedes the evidentiary value of the Bonds Certificate.
- 26.3 The Bank shall not be required to record in the Bond Holders' 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 Bond 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 Bonds or in a deferred 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, 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. Each new trustee shall have the same powers, duties and powers and will be able act, for all intents and purposes, as if he was 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. Bond Holders' Meeting

Bond Holders' 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 effective 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 Bond Holders 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 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 Regulations (Electronic Signature and Reporting), 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 186).

Subject to the provisions of any law, the Bond Holders 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 Bond Holders, 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, Bond Holders 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 the execution of 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:

Bank Leumi le-Israel B.M.

Strauss, Lazer Trustees (1992) Ltd.

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

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 186) 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 listed overleaf) of this Bond the amounts it has undertaken to pay as set out in the terms and conditions listed overleaf and in the Deed of Trust dated December 19, 2023 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 _____, Adv. 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. General

- 1.1. This Bond (Series 186) is issued pursuant to the Deed of Trust drawn up and signed on [] 2023 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 Bonds (Series 186) 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 186) (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 186);
“First Offering Report”	- The Shelf Offering Report under which the Bonds will be initially issued;
“Consumer Price Index” or “Index”	<p>- The price index known as the “Consumer Price Index” which includes vegetables and fruit and is published by the Israel Central Bureau of Statistics and including such index even if it is published by any other official entity or institution that will replace the Israel Central Bureau of Statistics, and including any other official index which shall replace the aforementioned index, whether or not based on the same data and calculations on which the existing index is based;</p> <p>If the Index is replaced by any such entity or institution, such an entity or institution shall determine the ratio between the other index and the replaced index, and where such ratio was not determined as aforesaid, it will be determined by the Israel Central Bureau of Statistics, and where that ratio is not determined as aforesaid, it will be determined by the Trustee, in consultation with economic experts he shall select and whose identity shall be approved by the Bank;</p>
“Basic Index”	- The Consumer Price Index published on December 15, 2023 in respect of November 2023;
“Known Index”	- The last known Index;

- “**Payment Index**” - The Known Index on payment date;
- “**Entitled Party**” - A Bond Holder 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 sixteen (16) equal semi-annual installments on May 31 and November 30 of each of the years 2026 to 2033, and each such repayment shall constitute 6.25% of the original principal of the Bonds.
- 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 Bond Holders Register of the Bank on the effective date for any payment will not be entitled to that payment.
- 3.3. The principal payment shall be made subject to the linkage terms set out in Section 5 below.

4. **Interest on the Bonds**

- 4.1. The Unpaid Principal of the Bonds will bear a fixed annual interest rate at a rate to be determined in the Tender under which the Bonds (Series 186) will be offered and its rate will be specified in an immediate report regarding the results of the offering (hereinafter - the “**Annual Interest**”).
- 4.2. The interest will be paid to the Bond Holders twice a year, on May 31 and November 30 of each of the years 2024 through 2033, 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 May 19, 2024 in respect of the period beginning on the First Trading Day following the Tender Date of the Bonds until May 30, 2024 (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 May 30, 2024, on the basis of 365 days per year (hereinafter – the “**Interest Rate on the First Interest Payment**”).
- 4.4. Until the first trading day following the Tender that will be carried out in accordance with the First Offering Report, the Bank will publish the Interest Rate on the First Interest Payment as part of an immediate report as well as the annual interest rate and the semi-annual interest rate.
- 4.5. The interest payments will be made to the people whose names shall be registered at the Bond Holders Register on the dates detailed above (hereinafter - the “**Effective Date**”). Repayment of the last principal payment shall be carried out upon the repayment of the Bonds’ Principal, 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. It is clarified that those not registered in the Bonds Register on the effective 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.
- 4.7. The interest payments shall be subject to the linkage terms set out in section 5 below.

5. **Linkage of the principal and interest**

6. The Unpaid Principal of the Bonds and the interest of the Bonds shall be linked to the Basic Index as defined above, as follows: If it transpires on the effective date for 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, as the case may be, proportionately to the rate of increase or decrease of the Payment Index over the Basic Index. It should be noted that the linkage method of the principal and interest shall not change throughout the life of the Bonds. **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 186), 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 Bond (Series 186) Holder shall notify the Bank in writing of his bank details for purposes of crediting payments to that Bond Holder pursuant to the terms of Bond (Series 186) 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 Bond Holder'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 Bond Holder 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 186). 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 effective 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 186).

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 consequences 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 186), 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 Bond Holder 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 Bond Holder 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 9 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. Bond Holders' 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 Bond Holders

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

1. The Trustee will convene a Bond Holders' meeting at the request of one or more Bond 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, summon the Bond Holders to a Bond Holders' 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 Bond Holders, 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 Bond Holders 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 Bond Holders' 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 Bond Holders 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.
4. The Nominee Company shall not use the voting rights of the Bonds registered in its name in the Register of Bond Holders, 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 appointment 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 Bond Holders, or if such notice was not received by all Bond Holders. The provisions of this Section shall apply if the summons for the meeting (or for a deferred 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 Bond Holders shall be delivered in accordance with the provisions of Section 24 to the Deed of Trust.
7. A Bond Holders' 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) Bond Holders who hold or represent together at least 25% of the Unpaid Balance of the Par Value of the Bonds at that time, and in a deferred meeting – if it is attended by two (2) such Bond Holders 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 Bond Holders who hold or represent together at least 50% of the Unpaid Balance of the Par Value of the Bonds at that time, and in a deferred meeting – if it is attended by Bond Holders 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 effective 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 ordinary 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 Bond 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 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 Bond Holders’ 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 voting slips, after they have filled them out and signed them according to law. The Trustee may demand that holders declare within the voting slip whether or not they have conflicting interests. A holder who will not fill out the voting 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 voting slip and therefore as having opted not to vote on the matter(s) included in the voting slip. Accordingly, the Trustee may, at his own discretion and subject to any law, hold meetings by voting slips and without convening them, as well as to hold votes by voting slips in a deferred 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 voting slips from holders who constitute the legal quorum required to pass a resolution in an Original Meeting or in a deferred meeting, as the case may be.
18. Where a Bond Holders' meeting is convened (regardless of whether it was convened by the Bank, the holders or the Trustee), the Trustee will examine whether the Bond Holders 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 **“Other Interest”**). The Trustee may demand that a holder who participates in the meeting inform the Trustee, prior to voting, of any Other 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 Bond Holder which is a controlled corporation (as defined in Section 6.3 of the Deed of Trust);
- 18.2. A Bond Holder 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 Bond Holders in the relevant Bond Holders' 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 voting 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 Interested Party in any resolution or meeting does not, in and of itself indicate that the holder has another interest in another resolution on the agenda of the meeting or that he has Another 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 Bond Holders' Register shall be counted.
24. An Bond Holder 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 Bond Holder himself.
29. The instrument of appointment and the power of appointment or the other certificate according to which the instrument of appointment or a certified copy of such power of appointment 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 Bond Holders, 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 Bond Holders.
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 A3 to the Shelf Offering Report
Terms and conditions of the Commercial Securities (Series 5)

Bank Leumi le-Israel B.M.

Commercial Securities (Series 5) NIS 1 par value each

1. This certificate is from a series of registered Commercial Securities (Series 5) repayable in a single payment on December 21, 2024.
2. Certificate number: _
3. The total par value of the Commercial Securities (Series 5) in this certificate is NIS _.
4. The registered owner of the Commercial Securities (Series 5) in this certificate is the Nominee Company of Bank Leumi le-Israel B.M. (hereinafter - the "**Nominee Company**")
5. This certificate attests that on December 21, 2024, 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 5) on the payment date.
6. The Commercial Securities (Series 5) are not linked to the CPI or to any currency.
7. The Commercial Securities (Series 5) are not secured by a lien.
8. All of the Commercial Securities (Series 5) shall rank pari passu with one another, without having any preferential right over another.
9. 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 _____, Adv. 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 5)

1. Definitions

1.1. 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 5);
"Meeting of Holders"	-	Meeting of the holders of the Commercial Securities (Series 5);
The "Offering Report" and/or the "Shelf Offering Report"	-	The shelf offering report under which the Commercial Securities (Series 5) 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 5), as set out in Section 7 below;
"Ordinary Majority"	-	A resolution adopted by a majority of holders of the par value of Commercial Securities (Series 5) represented in a vote attended by at least fifty percent (50%) of the par value of the unpaid balance of the Commercial Securities (Series 5) in circulation, or at an deferred meeting of this 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 5) attended by holders of at least fifty percent (50%) of the par value of the unpaid balance of the Commercial Securities (Series 5) in circulation, in person or by proxy, or at an deferred meeting attended by holders of at least twenty percent (20%) of the balance, in person or by proxy, which was adopted (at the Original Meeting or at the deferred 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;

2. **Repayment date of the principal of the Commercial Securities**

On December 21, 2024, the Bank shall repay the full amount of the principal and interest for the Commercial Securities.

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

3.1. The principal and interest for the Commercial Securities shall be repaid together in one single payment on December 21, 2024. 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.

3.2. The principal of the Commercial Securities shall bear annual interest 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 spread to be determined in the tender (hereinafter - the "**Tender**") and shall not exceed an annual margin of []%, which shall be paid in one single payment together with the principal as set out above. The interest rate shall be calculated as set out in Section 3.4 below. The Bank shall publish the rate of the annual spread 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 by the trading day following the Tender Date.

3.3. The interest shall be paid on December 21, 2024, 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.

3.4. 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 4% and for 175 of these days, the Bank of Israel interest

rate was 5%, then the weighted average of Bank of Israel interest rate for the period shall be 4.5%, based on the following calculation:

$$(175 \times 4\%) + (175 \times 5\%) / 350 = 4.5\%$$

If the margin to be fixed in the Tender is +1%, then the annual interest rate to be paid for the interest period of the above calculation shall be 5.5% and the actual interest rate for the Interest Period, reflected with an accuracy of four digits after the decimal point, shall be 5.2739%, based on the following calculation:

$$(350 / 365) \times 5.5\% = 5.2739\%$$

4. **Provisions regarding the Payments**

- 4.1. 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.
- 4.2. 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.
- 4.3. 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.
- 4.4. Repayment of the Commercial Securities shall be unlinked as set out in Section 3 above.
- 4.5. 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.

- 4.6. 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.
- 4.7. 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.
- 4.8. Any mandatory payment shall be deducted at source from every payment for the Commercial Securities, as required by the law.

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

- 5.1. 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 "**Impediment**"), shall cease to bear interest from that date, and the holder shall be entitled only to that amount.
- 5.2. 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 final payment date of the Commercial Securities, and they shall not be used in this period.
- 5.3. Once the Bank receives notice from the holder of the absence of the Impediment, 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.
- 5.4. 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.

6. Split and transfer of the Commercial Securities

- 6.1. 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.
- 6.2. All expenses involved in the split, including taxes and levies, if any, shall be payable by the party requesting the split.
- 6.3. 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.
- 6.4. Subject to the above, the procedural provisions included in the Bank's articles of association regarding the transfer of shares shall apply, with the necessary changes, to the manner of transfer or endorsement of the Commercial Securities.
- 6.5. 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.
- 6.6. 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.
- 6.7. 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.
- 6.8. All expenses, fees and commissions associated with the transfer of the Commercial Securities shall apply to the party requesting the transfer.

7. **Register of Holders of the Commercial Securities**

- 7.1. 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.
- 7.2. Each of the holders of the Commercial Securities may inspect the Register of Holders of the Commercial Securities at any reasonable time.
- 7.3. 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.
- 7.4. 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.

8. **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 version of the Terms Overleaf shall apply.

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

- 9.1. Subject to any law, the Bank reserves the right to purchase, on the TASE and off-floor, Commercial Securities (Series 5) 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.

- 9.2. 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 5) 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 5) 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 5) 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.
- 9.3. 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.

10. **Absence of collateral**

- 10.1. The Commercial Securities shall not be secured by collateral, attachments, or any other means.
- 10.2. The Bank may encumber all and/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.

11. **Ranking**

All Commercial Securities shall be of standard seniority, which will be the same as the seniority of all deposits deposited with the Bank from time to time and at the same seniority as the amounts due in respect thereof, *pari passu*, between them and all the Commercial Securities and notes of the Bank or other liabilities of the Bank, other than the liabilities for which it shall determine seniority that is inferior to that of the Commercial Securities, or liabilities of the Bank that have been determined or for which it shall determine preferential seniority, and with no preferential right or seniority 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 seniority over the Commercial Securities, other than in the case of securities secured by collateral.

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

12.1. The Bank undertakes to act so that until the full repayment date 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.

12.2. The Bank does not undertake to refrain from replacing 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 Commercial Securities be traded without a rating.

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

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

14. **Expansion of a series**

The Bank will not issue additional Commercial Securities (Series 5) after the first issuance of the Commercial Securities (Series 5) according to the Shelf Offering Report.

15. **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 offering or in a public offering) 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 seniority over the Commercial Securities (Series 5), other than in the case of securities secured by collateral.

16. **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 Proper Conduct of Banking Business Directive 332 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 5) 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.

17. **Immediate Repayment**

17.1. If one or more of the events listed below materialize, the holder and/or holders of the Commercial Securities (Series 5) 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 5) 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 ordinary majority (as defined above):

17.1.1. 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 aforesaid, 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.

17.1.2. 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 corrective period will apply. Notwithstanding the above, the Bank shall not be given any corrective period in respect of the applications or orders filed or issue, as the case may be, by the Bank or with its consent.

17.1.3. 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.

- 17.1.4. 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 corrective period in respect of the applications or orders filed or issue, as the case may be, by the Bank or with its consent.
- 17.1.5. There was a fundamental breach of the terms of the Commercial Securities (Series 5), and the Bank did not remedy the breach within 14 days from the date of receiving notice of such breach
- 17.1.6. The Bank did not make any of the payments 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.
- 17.1.7. 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.
- 17.1.8. The Commercial Securities were delisted.
- 17.1.9. 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.
- 17.1.10. 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 17.1.11 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 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 corrective 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.
- 17.1.11. 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.

- 17.1.12. The Stock Exchange suspended trading of the Commercial Securities, with the exception of a suspension due to uncertainty as defined in Part Four of the TASE 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.
 - 17.1.13. 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.
 - 17.1.14. 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
- 17.2. If one or more of the events listed in Section 17.1 above materialize, the Bank shall convene a meeting of the holder and/or holders of the Commercial Securities (Series 5), 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 5) (above and hereinafter - the "**Trustee**"). Without derogating from the right of the 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.
 - 17.3. 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 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 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.

- 17.4. 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 Bank Leumi Group, as reported in the Bank’s consolidated balance sheet.

18. **Amendments to the terms of the Commercial Securities**

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

18.1.1. The amendment does not affect the payment dates and repayment terms under the terms of the Commercial Securities (Series 5), the interest rate, and the grounds for immediate repayment, and it does not adversely affect the holders of the Commercial Securities.

18.1.2. The amendment is approved in a special resolution, as defined above.

- 18.2. Holders of the Commercial Securities may, under a special resolution, agree to waive any breach or failure to fulfill any of the terms in the Commercial Securities (Series 5) (excluding with respect to the subjects outlined in Section 18.1.1 above) 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.

- 18.3. In addition to the above, the terms of the Commercial Securities (Series 5) 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.

- 18.4. 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.

19. **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 Market, 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.

20. **Market making**

The Bank has contracted with a market maker for the period up to the date of the final redemption of the Commercial Securities (Series 5) as specified in Section 12 to the Shelf Offering Report. The Bank will operate, to the extent that it has control thereof, such that as from the date of listing for trading the Commercial Securities (Series 5), until the date of final redemption, a market maker will operate in these securities, as aforesaid.

21. **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 5) shall be proof of full repayment of any amount made by the Bank for the Commercial Securities.

22. **Replacement of certificates of Commercial Securities**

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 incurred in respect of the issuance of the new certificate shall apply to the person requesting the issuance of such certificate.

23. **Issuance of the Commercial Securities**

Upon completion of the issuance of the Commercial Securities (Series 5), and subject to the fulfillment of all the conditions for listing, the Bank shall act to list them on the TASE.

24. **Applicable Law and Jurisdiction**

The only court with jurisdiction to hear any dispute or matter concerning the Commercial Securities (Series 5) shall be the competent court in Tel Aviv-Yafo and the laws of the State of Israel alone shall apply to them.

25. **Notices**

Any notice by the Bank to holders of the Commercial Securities (Series 5) 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 5)

1. 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 5). In addition, the Trustee or the Bank may, if they deem it necessary, summon the holders of the Commercial Securities (Series 5) 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 5), 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 summoning 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 5) 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 meeting of the holders of the Commercial Securities (Series 5) 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 holders of the Commercial Securities (Series 5) only, shall be published at least one day before the convening of said meeting (hereinafter - "**Consultation Meeting**"). A Consultation 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 Commercial Securities (Series 5) 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 appointment 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 holders of the Commercial Securities (Series 5), 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 deferred meeting, as the case may be) was also delivered through the MAGNA system.

6. Any notice on behalf of the Bank and/or the Trustee to the holders of the Commercial Securities (Series 5) shall be made in accordance with the provisions of the Securities Law as they may be from time to time.
7. The meeting of holders of the Commercial Securities (Series 5) shall be opened once it is proven that there is a quorum for the meeting to begin, as follows:
 - 7.1. Subject to the provisions of the Securities Law and other provisions regarding a legal quorum set out in the terms of the Commercial Securities (Series 5), 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 5) holding or representing together at least 25% of the unpaid par value of the Commercial Securities (Series 5), and in an deferred meeting – if it is attended by two (2) such holders, regardless of the par value 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 holders of the Commercial Securities (Series 5) who hold or represent together at least 50% of the unpaid par value of the Commercial Securities (Series 5) at that time, and in an deferred meeting – if it is attended by holders 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 17 to the Terms Overleaf - Commercial Securities (Series 5).
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 effective 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 ordinary 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 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 5).
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 holders’ meetings of the Commercial Securities (Series 5) 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 voting slips, after they have filled them out and signed them according to law. The Trustee may demand that holders declare within the voting slip whether or not they have conflicting interests. A holder who will not fill out the voting 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 voting slip. Accordingly, the Trustee may, at his own discretion and subject to any law, hold meetings by voting slips and without convening them, as well as to hold votes by voting slips in a deferred 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 voting slips from holders who constitute the legal

quorum required to pass a resolution in an original meeting or in an deferred meeting, as the case may be.

18. Where a general meeting of the holders of Commercial Securities (Series 5) 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 5) 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:

- 18.1. A holder that is a Controlled Corporation (as this term is defined in Section 9 of the Terms Overleaf - Commercial Securities (Series 5);
 - 18.2. 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;
 - 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 vested interest that deviates from the interest of all the holders of the Commercial Securities (Series 5) 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 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 voting 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 Terms Overleaf 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 Commercial Securities (Series 5), 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 Commercial Securities (Series 5) by virtue of which he is entitled to vote.
23. Where the Commercial Securities (Series 5) are jointly held, only the vote of the person who is registered first in the holders' Register shall be counted.
24. A holder of Commercial Securities (Series 5) 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. An agent is not required to be a holder of the Commercial Securities (Series 5).
29. The power 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 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.
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 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.

32. The Trustee shall draw up minutes of the meeting of the holders of Commercial Securities (Series 5), 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 holders of the Commercial Securities.
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 B to the Shelf Offering Report **Details of manner of offering the securities**

The provisions of this appendix apply separately to the Bonds (Series 185), Bonds (Series 186) and Commercial Securities (Series 5) 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. Bonds (Series 185) or NIS 1,000 p.v. Bonds (Series 186), or NIS 1,000 p.v. Commercial Securities (Series 5), 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 Bonds (Series 185), Bonds (Series 186) and the Commercial Securities (Series 5) 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 under the 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 Date**” or the “**Bid Submission Date**”) and shall be closed on the day and time set out in the Shelf Prospectus Report (hereinafter – “**Time of Closing the Subscriptions List**”).

Through the Time of Closing 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 Receive Bids**”), no later than the Time of Closing 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, 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, 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, as the case may be, which it offers, which shall not exceed the Maximum Spread Rate and/or the Maximum Interest Rate, 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 for Bonds (Series 185) and/or Maximum Interest Rate for Bonds (Series 185) and/or the Maximum Spread Rate, 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 Time 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 Time 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 auditors, 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 **Bonds (Series 185) Units and Bonds (Series 186) Units:**

- 1.4.1 Determining the interest rate for Series 185 and Series 186 and allocating the units to bidders

In the Tender pursuant to the Shelf Offering Report, all Bonds (Series 185) and/or Bonds (Series 186) 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 1.4 - 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 Bonds Units 185 and/or Bonds (Series 186) that are offered

to the public (including to Qualified Investors) pursuant to the Shelf Offering Report.

The Bonds (Series 185) and/or Bonds (Series 186) (hereinafter jointly in this Section 1.4: the “**Units**”) will be allocated 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 4 of 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 1.4.1(d) above does not lead to the fulfillment of the minimum spread requirements of the offered securities, then 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 (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 Section 1.4 - 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(f) 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 5) units:**

1.5.1 **Determining the spread on the Base Interest Rate and the manner of allocating the units to bidders**

All Commercial Securities (Series 5), bids for the purchase of which will be accepted as part of the tender, shall bear a uniform annual spread above the Base Interest Rate; the spread will be set in accordance with the tender's results (hereinafter - the “**Uniform Spread Rate**”), and the Commercial Securities (Series 5) shall be allocated in the tender as follows:

- (a) If the total number of units of Commercial Securities (Series 5) 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 5) offered to the public, then all bids shall be accepted in full, subject to compliance with the Stock Exchange requirements as described in Section 11.4 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 5) 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 5) 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 5) 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 5) offered to the public with the Commercial Securities (Series 5) bearing the Uniform Spread Rate, and each bidder shall be deemed

to have undertaken in its bid to purchase all the Commercial Securities (Series 5) Units allocated to it as a result of the acceptance of its bid, with the Commercial Securities (Series 5) 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 5) 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 5) 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 5) Units included in the bid it submitted, and the total number of Commercial Securities (Series 5) 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 **Additional allocations subsequent to the Tender Date and treatment of fractions of Units**

1.6.1 No additional allocations of the Offered Securities will be made subsequent to the Tender to Qualified Investors and/or to all bidders.

1.6.2 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 Trading Day 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 Trading Day after the Tender Date (hereinafter - the "**Settlement Date**"), the bidders will transfer to the Offering 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 trading day 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 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 cancelled 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 Subscriptions 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 TASE Guidance, 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 cancelled, 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 Trading Day 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 consequences**

As is expected when making decisions on investments, it is necessary to consider the tax consequences 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 publication date 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 shareholder³ on dividend income and capital gain increased from 25% to 30%.
- 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 taxable income that exceeds the amount stated in the section. This section was updated on December 29 2016 upon

³ 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.

publication of the Economic Efficiency Law (Legislative Amendments for Implementing Economic Policies for the 2017 and 2018 Budget Years), 2016 (hereinafter - the “**Economic Arrangements Law for the Years 2017 and 2018**”). Pursuant to the updated Section 121B, an individual whose taxable income in the tax year 2023 exceeded a total of NIS 698,280, shall be subject to additional tax at a rate of 3% in respect of that portion of his taxable income that exceeded the said amount (hereinafter – “**Surtax**”). The provisions of the section applicable to taxable income, 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 5,220,200 million (for 2023) and the sale is not exempt from tax under any law), excluding an inflationary amount as defined in Section 88 of the Ordinance and Section 47 of the Land Taxation Law (Betterment and Purchase), 1963, all in accordance with the provisions of Section 121B of the Ordinance.

- 6.1.5 On December 22, 2016, the Knesset passed the Economic Efficiency Law (Legislative Amendments for Implementing Economic Policies for the 2017 and 2018 Budget Years), 2016 stipulating that the corporate tax rate set out in Section 126(a) of the Ordinance will be reduced by 1% from January 1, 2017 to a rate of 24% and by another 1% from January 1, 2018 to a rate of 23%.
- 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 that became and Israeli resident for the first time” and “a senior returning resident” as defined in the Ordinance, may be subject to tax consequences 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”⁴ or as “substantial shareholders”,⁵ as defined in

⁴ As this term is defined in Section 3i of the Ordinance.

⁵ As this term is defined in Section 88 of the Ordinance.

the Ordinance, may be subject to further tax consequences in addition to those described below.

- 6.1.7 Similarly, reference as brought below to taxation of a non-resident body of persons is restricted in the case where Israeli residents are controlling shareholders therein, or benefit from or are entitled to 25% or more of the revenues or profits of a non-resident, directly or indirectly, in accordance with and subject to 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 gain⁶ 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%⁷ of one or more of the company’s means of control, directly or indirectly, by himself or jointly with others,⁸ 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%.

According to Section 91(b)(3) to the Ordinance, notwithstanding the foregoing, an individual’s capital gain in the sale of a bond or a commercial paper, lender or loan which are not linked to the Consumer Price Index (or which are not denominated in foreign currency or whose value is not linked to a foreign currency) 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.

⁶ As defined in Section 88 of the Ordinance.

⁷ As this term is defined in Section 88 of the Ordinance.

⁸ As this term is defined in Section 88 of the Ordinance.

As to 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 rates 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 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 (in 2023 - 23%).
- 6.2.3 As a rule, a non-resident (individual or a body 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 prescribed in Section 97(b2) of the Ordinance. If the above exemption does not apply, the provisions of the tax treaty (if any) between Israel and the country of residence of the non-resident may apply. This exemption shall not apply to a foreign body of persons, if Israeli residents are the controlling shareholders or beneficiaries 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, according to and subject to the provisions of Section 68A of the Ordinance.
- 6.2.4 A tax-exempt mutual fund⁹ 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 gains earned

⁹ As defined in Section 88 of the Ordinance.

on the sale of such securities.¹⁰ The taxable income of a taxable mutual fund¹¹ 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, all in accordance with Section 129C of the Ordinance.

- 6.2.5 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).
- 6.2.6 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 tax payer (within its meaning in Regulation 1 of the Withholding from Proceeds Regulations), who pays a seller who is an individual proceeds as part of a sale of securities, shall withhold from the real capital gain 25% in tax. Notwithstanding the aforementioned, the Withholding from Proceeds Regulations specify that the deduction rate from the Capital Gain will be 15% when the asset is not CPI-linked¹². Furthermore, where the seller is a body of persons, the person liable to tax shall withhold from the real capital gain tax at 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)

¹⁰ In accordance with and subject to the provisions of Section 9(2) to the Ordinance.

¹¹ As defined in Section 88 of the Ordinance.

¹² As defined in the Withholding from Proceeds Regulations.

issued by the Israel Tax Authority and the offsetting of losses that the withholder may perform according to the provisions and terms and conditions outlined in the Withholding from Proceeds Regulations. 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 TASE member in respect of a non-resident if certain conditions set out in the Withholding from Proceeds 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.

6.2.7 According to Regulation 5 of the Discounting Regulations, certain 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 non-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 non-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 (including discount fees) arising from bonds that are fully linked to the consumer price index,¹³ 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

¹³ As the term is defined in Section 125c of the ordinance.

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 Consumer Price Index published by the Israel Central Bureau of Statistics shall be viewed as an index for purposes of Section 125C of the Ordinance – and as to an asset whose value is linked to or denominated in foreign currency – the exchange rate of the foreign currency shall be viewed as an index.

- 6.3.2 Notwithstanding the foregoing, and in accordance with Section 125C(c) to the Ordinance, an individual will be liable to tax at the rate of 15% on the interest (including discount fees) paid in respect of an unlinked asset, or an asset that is partially CPI-linked, in whole or in part.¹⁴
- 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 asset for which the interest is paid; (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 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

¹⁴ As detailed in Section 125C(c) to the Ordinance.

accordance with the provisions of Section 121 of the Ordinance as set out above.

6.3.4 In accordance with and subject to the provisions of Section 9(13) to the Ordinance, an individual will be exempt from linkage differences he received in respect of an asset, provided that all of the following are met:

6.3.4.1 The linkage differences are not partial linkage differences.¹⁵

6.3.4.2 The individual did not claim deduction of interest expenses or linkage differences in respect of the asset.

6.3.4.3 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.

6.3.5 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.

6.3.6 Pursuant to Section 9(15D) of the Ordinance, as of January 1, 2009, interest, discount fees or linkage differences paid to a non-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 non-resident in Israel.¹⁶

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

- (a) The non-resident is a substantial shareholder, as defined in Section 88, of the issuing company; or
- (b) The non-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

¹⁵ As defined in the Income Tax Regulations (Determination of Partial Linkage Differences), 2003.

¹⁶ A non-resident, in this context, is a person who was a non-resident on the date of receipt of interest, discount fees or linkage differences, as the case may be, except for the cases listed above.

- (c) the non-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 and agreed upon by the assessing officer that the price or discount fees are determined in good faith and without being impacted from the existence of the special relationship between the non-resident and the offering body of persons).

The above exemption shall not apply to a non-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 non-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 non-residents (individual and body of persons) arising from securities will be charged in accordance with the provisions of the Ordinance, as explained above and/or in accordance with the provision of the Double Taxation Avoidance Treaty signed between Israel and the non-resident's country of residence.

- 6.3.7 A tax-exempt mutual fund shall be exempt from tax on interest paid thereto. Provident funds and entities 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.

6.3.8 Pursuant to the provisions of the Income Tax Regulations (Withholding from Interest, Dividend and Certain Profits), 2005 (hereinafter - the **“Withholding from Interest and Dividend Regulations”**) 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),¹⁷ paid on the offered securities is as follows:

- (a) With respect to an individual: If the securities are CPI-linked in full - 25%, and if the securities are not CPI-linked in full,¹⁸ tax at the rate of 15% will be withheld. So long as the individual is not a substantial shareholder in a body of persons that pays the interest or works in that body of persons pays the interest or provides it services or sells it products, in which case, the maximum tax rate set in Section 121 to the Ordinance shall be withheld, as stated above, all subject to the provisions of Section 9(15D) to the Ordinance.
- (b) As to interest in respect of an asset, which is not linked to the CPI or a foreign currency - 15%.
- (c) For a body of persons, tax will be deducted at the corporate tax rate prescribed in Section 126(a) of the Ordinance.
- (d) It should be noted that no tax will be withheld at source from interest that is subject to the provisions of Section 9(15D) to the Ordinance as set out above.
- (e) Discounting in respect of a Bond shall be treated the same as interest that is liable to tax and withholding as stated above. Withholding of tax at source for discount fees will be at the repayment dates for principal.
- (f) The Dividend and Interest Withholding Regulations do not stipulate tax withholding at the time of 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

¹⁷ Interest – interest and linkage differences which are not tax exempt under any law, including partial linkage differences, as defined in Section 9(13) of the Ordinance and discount fees.

¹⁸ Within its meaning in the Withholding from Interest and Dividend Regulations.

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.

- (g) It is noted that in accordance with the guidelines of the Israel Tax Authority dated December 27 2010, as of January 1 2011, 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 TASE member of in lieu of the offering companies, subject to the said guidelines. The Bank will transfer to the stock exchange members (through the Stock Exchange) the gross amount of interest and the information it holds concerning the holders and the security for which the interest was paid. In the case that interest is paid to a substantial shareholder or to an individual who is an employee of a body of persons paying the interest or to one who provides services or sells to the body of persons that pays the interest, the Bank will be responsible for completion of the withholding of tax at source at the maximum tax rate as stipulated in the Deduction from Interest and Dividends Regulations.
- (h) Regulation 4 of the Withholding from Interest and Dividend Regulations specify that a bank that pays an individual interest¹⁹ will deduct tax from it at a rate of 25%, but a bank that pays an individual interest on an asset that is not CPI-linked will deduct tax at a rate of 15%; the provisions of that regulation will not apply to an interest payment that is subject to the provisions of one of the exemption orders, if the recipient filed with the bank, by the beginning of the tax year, or within 14 days of opening the account, whichever is later, a declaration according to Form 2402 or 2409, of being an individual

¹⁹ Interest, as defined in the Withholding from Interest and Dividend Regulations: "Interest" - interest, linkage differences that are not exempt under the law, including partial linkage differences as defined in Section 9(13) of the Ordinance and discount fees.

eligible to a tax benefit on interest in accordance with one of the exemption orders.

6.4 Manner of calculation of the discount

In accordance with Section 2(4) and 125C to the Ordinance, discount fees are deemed interest that is subject to tax and tax withholding as stated above. In view of the above, the aforesaid provisions applicable to interest shall also apply to discount.

In the absence of any provision to the contrary issued by the Israel Tax Authority, the discount that will arise in respect of each series of the offered bonds as stated above, shall be calculated for tax purposes in accordance with the difference between the par value of the series of bonds and that portion of the issuance proceeds that was attributed to the bonds, as stated above, so long as such difference is positive.

The Stock Exchange members shall withhold from the interest payments the tax payments that they are required to withhold, unless the relevant entity is exempt from tax withholding in accordance with the provisions of the law. On the repayment dates of the bonds' principal, the Stock Exchange members shall withhold tax in respect of the discount fees, if any, as described above and below.

6.5 Offering of additional bonds as part of a series expansion

If the discount rate to be set for additional bonds 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 withholding of tax at source 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 Series' expansion date and prior to listing the bonds for trading, 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 that it is complying with the tax arrangement under the green track, filed

with the Israel Tax Authority, and the Weighted Discount Rate for the entire series - as calculated, at that order - 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 such case, the Bank will file an immediate report shortly after expansion of the series, notifying of failure to receive such approval and therefore, the uniform discount rate will be the highest rate set in respect of the entire series, and all other provision of the law relating to taxation of discount fees will apply. The tax shall be deducted 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 Israel Tax 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.

6.6 Offsetting of losses

6.6.1 As a rule, losses - in the tax year - 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). Furthermore, a capital loss may also be offset against interest income or dividends paid in respect of that security or against interest

income or dividends in respect of other securities, provided that the tax rate applicable to the interest or dividends received does not exceed the corporate tax rate (rate of 23% from 2018 onwards) for a body of persons or 25% for an individual, all according to the provisions of Section 92 of the Ordinance. In this context, it is clarified that in the event of a substantial individual shareholder who is subject to tax on dividend income at a rate of 30%, offsetting against interest or dividends paid in respect of other securities will not be permitted.

6.6.2 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. As part of the said amendment, it was prescribed that when calculating capital gain for purposes of withholding tax at source 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 and future transactions in accordance with the provisions of Section 92 to the Ordinance, provided that the capital loss has arisen from the sale of a security that was under the management of the tax payer, and in the same tax year in which the capital gain has arisen, regardless of whether the capital gain has arisen before the capital loss or after the said date. The said Amendment came into effect on January 1 2012.

6.6.3 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.

- 6.6.4 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 incurred was filed to the Assessing Officer.

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 Attachment of the Rating Report

12 Abba Hillel Street
Ramat Gan, 5250606, Israel
Tel: 972-3-7539700
Fax: 972-3-7539710
www.maalot.co.il



December 19, 2023

To:
Bank Leumi le-Israel B.M.

Dear Sir/Madam,

Re: Rating of Bonds (Series 185 & 186) and Commercial Securities (Series 5)

We hereby announce that S&P Maalot assigned a rating of ilA-1+ to commercial securities to be issued to the public by Bank Leumi le-Israel B.M. (hereinafter: the "Company"), by way of the issuance of a new series, Series 5, for a total of up to NIS 1.5 billion par value, as published in the rating report of May 19, 2023, (hereinafter: the "Rating Report"). S&P has also assigned a rating of ilAAA to bonds to be issued by the Company by way of the issuance of two new series, Series 185 and Series 186, for a total of up to NIS 4 billion par value.

In this connection, we wish to emphasize that the rating of the commercial securities was determined, among other things, on the basis of the draft shelf offering report that we received on December 12, 2023 (hereinafter: the "**Draft Shelf Offering Report**") and on the basis of the proposed structure and purpose of the issue as you informed us.

Should the Shelf Offering Report as published (hereinafter: the "**Final Shelf Offering Report**") include modifications in the structure or purpose of the issue, 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 said 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 Final Shelf Offering Report compared with the Draft Shelf Offering Report submitted to us, as well as all other Modifications and Additions, if any. The rating and our consent below are subject to your written confirmation, **prior to** 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. The Company shall refrain from including 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 the Final Shelf Offering Report, including a description of said documents in the Draft Shelf Offering Report or in the Final Shelf Offering Report.

Sincerely,

S&P Global Ratings Maalot Ltd.
("S&P Maalot")

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



December 19, 2023

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 December 2023 (hereinafter – the “Shelf Offering”)**

We hereby advise that we consent to 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, whose validity was extended on May 18, 2023, in respect of our reports as set forth below:

- A. The auditors’ review report dated August 14, 2023, on the condensed consolidated financial information of the Bank as of June 30, 2023, and for the periods of six and three months then ended.
- B. The auditors’ review report dated November 29, 2023, on the condensed consolidated financial information of the Bank as of September 30, 2023, and for the periods of nine and three months then ended.

Sincerely,

[Signature]

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

[Signature]

Brightman, Almagor Zohar & Co.
A Firm in the Deloitte Global Network
Accountants

The Joint Auditors