

Translation of Immediate Report

T121
Public

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

May 24 2022
Reference: 2022-01-063001

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

Immediate Report

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

Reference number of previous reports on the matter: _____
_____.

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

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

Date and time at which the corporation first became aware of the event or matter: *May 23 2022, at 15:10.*

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

Name of signatory	Title	other
Bosmat Ben Zvi	Head of Capital Markets Division	

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

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

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

Ticker: Leumi

Address: Yehuda Halevi Street 34, Tel Aviv 6513616, Tel: 076-8858111, 076-8859419 Facsimile: 076-8859732 Electronic Mail: David_S@bll.co.il company's website: www.leumi.co.il

Previous names of the reporting entity:

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

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

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

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



May 24 2022

To

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

To

The Israel Securities Authority
2 Kanfei Nesharim St.
Jerusalem 95464

Dear Sir/Madam,

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

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

1. The Bank is considering the option of carrying out an issuance of Bank ordinary bonds, by way of expanding Series 179 Bonds and/or Series 183 Bonds, which are traded on the Tel Aviv Stock Exchange (hereinafter jointly – the “**TASE**”). In addition, the Bank is considering the option of carrying out an issuance of a new series of marketable securities (Series 2) and listing them on the TASE (hereinafter jointly – the “**Securities**”). To the extent that it is executed, the issuance of the Securities by the Bank (hereinafter – the “**Issuance**”) shall be carried out in accordance with a shelf offering report to be published by the Bank by virtue of its shelf prospectus.
2. Attached hereby is a draft of the terms of the Series 2 marketable securities and a summary of the Issuance terms and conditions. It should be clarified that the wording of the attached terms of the Series 2 marketable securities and summary of the terms and conditions is merely a draft wording. The binding wording of the issuance’s documents shall be included in the shelf offering report, should such a report be published.
3. It should be emphasized that the execution of the issuance, its structure, scope, terms and timing have not yet been determined and are subject to the Bank’s discretion and to the existence, among other things, of suitable market conditions and receipt of all approvals required by law, including the approval of the Bank’s competent organs and the Stock Exchange’s approval of the listing of the Securities as stated above; as of the date of this report such approvals have not yet been received.
4. It is hereby clarified that this report does not create any obligation by the Bank to execute the Issuance, and nothing stated therein constitutes an offering to the public or an invitation to purchase the Bank’s securities.

Sincerely,

Bank Leumi le-Israel B.M.

Bosmat Ben Zvi, Head of the Capital Markets Division



Bank Leumi le-Israel B.M.

Commercial Securities (Series 2) NIS 1 par value each

1. This certificate is from a series of registered Commercial Securities (Series 2) repayable in a single payment on May 28, 2023.
2. Certificate number: _
3. The total par value of the Commercial Securities (Series 2) in this certificate is NIS _.
4. The registered owner of the Commercial Securities (Series 2) in this certificate is the Nominee Company of Bank Leumi le-Israel B.M. (hereinafter - the "**Nominee Company**")
5. This certificate attests that on May 28, 2023, Bank Leumi le-Israel B.M. (hereinafter - the "**Bank**") shall pay 100% of the par value of this certificate to the Nominee Company, or to whoever shall be the registered holder (as defined in the Terms Overleaf) of the Commercial Securities (Series 2) on the payment date.
6. The Commercial Securities (Series 2) are not linked to the CPI or to any currency.
7. The Commercial Securities (Series 2) are not secured by a lien.
8. All of the Commercial Securities (Series 2) 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 _____, 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 2)

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 2);
The "General Meeting of Holders"	-	General meeting of the holders of the Commercial Securities (Series 2);
The "Offering Report" and/or the "Shelf Offering Report"	-	The shelf offering report under which the Commercial Securities (Series 2) 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 2), as set out in Section 7 below;
"Simple Majority"	-	A resolution adopted by a majority of holders of the par value of Commercial Securities (Series 2) represented in a vote attended by at least fifty percent (50%) of the par value of the unpaid balance of the Commercial Securities (Series 2) in circulation, or at an adjourned meeting of this general meeting attended by holders of at least twenty percent (20%) of the balance, in person or by proxy.
"Special Resolution"	-	A resolution adopted at a General Meeting of Holders of the Commercial Securities (Series 2) attended by holders of at least fifty percent (50%) of the par value of the unpaid balance of the Commercial Securities (Series 2) in circulation, in person or by proxy, or at an adjourned meeting attended by holders of at least twenty percent (20%) of the balance, in person or by proxy, which was adopted (at the original general meeting or at the adjourned meeting) by a majority of at least seventy five percent (75%) of all voters participating in the vote, without abstentions;
The "Interest Period"	-	As defined in Section 3.3 below;

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

On May28, 2023, 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 May 28, 2023. The offered Commercial Securities shall be issued at 100% of their par value. The Commercial Securities shall not be linked (principal and/or interest) to the CPI or to any other index or currency.
- 3.2. The principal of the Commercial Securities shall bear annual interest calculated as a weighted average (based on the number of days in the Interest Period as this term is defined in Section 3.3 below) of Bank of Israel interest rates, which were in effect in the Interest Period, plus a fixed annual margin to be determined in the tender (hereinafter - the "**Tender**") and shall not exceed an annual margin of [__%], which shall be paid in one single payment together with the principal as set out above. The interest rate shall be calculated as set out in Section 3.4 below. The Bank shall publish the rate of the annual margin to be determined in the Tender, in an immediate report on the results of the offering underlying the Shelf Offering Report, which shall be published on the trading day following the Tender Date.
- 3.3. The interest shall be paid on May 28, 2023, together with the single payment of the principal of the Commercial Securities, for the period starting on the settlement date (as defined in the Shelf Offering Report) and ending on the last day prior to the payment date (hereinafter - the "**Interest Period**"). The interest shall be calculated on the basis of the actual number of days in that period, for a 365-day year.
- 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 0.1% and for 175 of these days, the Bank of Israel interest rate was 0.3%, then the weighted average of Bank of Israel interest rate for the period shall be 0.2%, based on the following calculation:

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

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

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

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

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 required 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. **General meetings of holders of the Commercial Securities**
- In respect of convening and managing the general meetings of the holders of the Commercial Securities, the provisions attached to this wording of the Terms Overleaf shall apply.
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 2) 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 2) 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 2) 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 2) 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 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 the Commercial Securities shall be of standard repayment ranking, pari passu to the repayment of all the deposits deposited at the Bank from time to time and pari passu with one another, and all the Commercial Securities and certificates of liability of the Bank or other liabilities of the Bank, other than the liabilities for which it shall determine repayment ranking inferior to that of the Commercial Securities, or liabilities of the Bank that have been determined or for which it shall determine preferential repayment ranking, and with no preferential right or priority over another. It should be clarified that notwithstanding the above, the Bank shall not issue securities of a different class or other series of commercial securities or other securities of any class and type that have preferential ranking over the Commercial Securities, other than in the case of securities secured by collateral.

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

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

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

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

14. **Expansion of a series**

- 14.1. The Bank may issue, in any way and at any time and from time to time, at its sole discretion without the consent of the holders of the Commercial Series (Series 2) or without giving notice to any of them, including a Controlled Corporation as defined in



Section 9.2 above, in accordance with the provisions of any law, Commercial Securities (Series 2), which shall have the same terms as the terms of Commercial Securities (Series 2), at any price and in any manner it deems fit, and all provisions of the terms of the Commercial Securities applicable to the Commercial Securities (Series 2) in circulation shall also apply to the additional Commercial Securities (Series 2) issued by the Bank. Notwithstanding the above, expansion of the series is subject to receipt of prior approval from the rating agency that the expansion of the series will not impair the rating of the Commercial Securities as they may be at that time and subject to there being no grounds for immediate repayment of Commercial Securities (Series 2).

- 14.2. The Bank shall submit an application to the TASE to list the additional Commercial Securities (Series 2), when they are offered.
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 offer or in a public offer) at its sole discretion and without the consent of the holders of the Commercial Securities or without giving notice to any of them, including a Controlled Corporation as defined in Section 9.2 above, securities of a different class or a different series of commercial securities of any class of type, with or without attaching rights to purchase the Bank's shares under interest terms, linkage, collateral, repayment as the Bank deems fit, and other terms, whether they have preferential ranking over the Commercial Securities, are equal, or subordinate to them. It should be clarified that notwithstanding the above, the Bank shall not issue securities of a different class or other series of commercial securities or other securities of any class and type that have preferential ranking over the Commercial Securities (Series 2), 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 Directive 332 of Proper Conduct of Banking Business of the Banking Supervision Department, a banking corporation and a corporation controlled by it are prohibited from purchasing securities issued by it (the definition of "Securities" in Directive No. 332 above - "Shares of the banking corporation or securities which may be converted into shares of the banking corporation or which may be exercised for shares of the banking corporation"). It should be clarified that other than the above, the wording of the terms of the Commercial Securities (Series 2) 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 2) 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 2) with an agenda that shall include a resolution on the immediate repayment of the amount due to the holders under the terms of the Commercial Securities, for which the majority required to pass the resolution on the immediate repayment shall be a simple majority (as defined above):

- 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 foregoing, the Bank will not be given any remediation period if a permanent and final liquidation order is handed down by the court or if a permanent liquidator is appointed for the Bank, and in respect of petitions or orders filed or handed down, as applicable, by the Bank or with its consent. For the purpose of this section, a “**Trustee**” – as defined in Section 4 of the Insolvency Law.
- 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 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.
- 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 remedial 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 2), 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 a payment due to holders of the Commercial Securities or has not satisfied any other material undertaking given in favor of the holders, and the Bank did not remedy this breach within 14 days from the date of receiving notice of such breach.
- 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 17.10 below and/or a change in the Bank’s structure, including a split and with the exception of arrangements between the Bank and its shareholders that do not affect the Bank’s ability to repay the Commercial Securities), or if an application pursuant to Section 350 of the Companies Law is filed against the Bank (and without its consent) or if an order to open proceedings was handed down against the Bank pursuant with

the Insolvency Law (and without its consent), which were not rejected or canceled within 45 days from the day on which the application was filed or the order was handed down, as the case may be. The Bank will not be given a remedial period in relation to an application to issue an order to open proceedings, where such application was filed by the Bank or with its consent.

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 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.

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 general meeting of the holders of the Commercial Securities (Series 2), 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 2) (above and hereinafter - the "Trustee"). Without derogating from the right of the general meeting of the holders to appoint a Trustee, if the holders fail to reach an agreement regarding the identity of the Trustee, the Bank may appoint a trustee at its discretion. It is further clarified that the costs of the Trustee's appointment and activity shall be covered by the Bank, and until these amounts are repaid, they shall be covered by the holders.

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 general meeting of the holders of the Commercial Securities, or, if a trustee for the Commercial Securities has been appointed, the Trustee has given prior written notice to the Bank of the intent to act, and the Bank failed to comply with the warning within thirty (30) days of its receipt. In the aforesaid notice, the Bank shall be required to ensure the cancellation and/or discontinuation of any of the occurrences listed in Section 17.1 above, for which the notice was given. Notwithstanding the above, if the Trustee or the general meeting of the holders of the Commercial Securities, as the case may be, believes that there is reasonable concern that delivery of the notice would impair the possibility of calling for the immediate repayment of the Commercial Securities, they



may shorten the notice time, insofar as they deem necessary to prevent such impairment, provided that they notify the Bank in writing.

- 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 the Leumi Group, as reported in the Bank’s consolidated balance sheet.
18. **Amendments to the terms of the Commercial Papers**
- 18.1. Subject to the provisions of the Securities Law, the Bank may, whether before or after the principal of the Commercial Papers is repayable, amend the terms of the Commercial Securities, in the event of one of the following:
- 18.1.1. The amendment does not affect the payment dates and repayment terms under the terms of the Commercial Securities (Series 2), 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 an extraordinary resolution, as defined above.
- 18.2. Holders of the Commercial Securities may, under an extraordinary resolution, agree to waive any breach or failure to fulfill any of the terms in the Commercial Securities (Series 2) 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 2) 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 Markets, Insurance and Savings at the Ministry of Finance, as amended from time to time. Notwithstanding the aforesaid, where it will be possible to continue publishing the said reports through the MAGNA system and/or the MAYA system, such reports will be published through those systems, instead of delivering those reports to the Trustee as described above.
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 2) as specified in Section 11 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 2), 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 2) shall be proof of full payment of any amount made by the Bank for the Commercial Securities.
22. **Replacement of certificates of Commercial Papers**



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

23. **Issuance of the Commercial Securities**

Upon completion of the issuance of the Commercial Securities (Series 2), 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 2) 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 2) 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 2)

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 2). In addition, the Trustee or the Bank may, if they deem it necessary, summon the holders of the Commercial Securities (Series 2) 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 2), the Trustee may demand from those who requested the convening of the meeting indemnification for the reasonable costs involved therein.

It is clarified that an indemnification demand by the Trustee will not have an adverse effect on the convening of a meeting convened for the purpose of carrying out an action which is intended to prevent the infringement of the rights of the holders of the Commercial Securities (Series 2) 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 2) 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 2) 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 Commercial Securities (Series 2) registered in its name in the Register of holders the Commercial Securities, and such voting rights shall be conferred upon the Holder or any person named by him, provided that the holder received from the Nominee Company a power of attorney empowering him to vote.
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 2), or if such notice was not received by all holders of the Commercial Securities. The provisions of this Section shall apply if the summons for the meeting (or for an adjourned meeting, as the case may be) was also delivered through the MAGNA system.
6. Any notice on behalf of the Bank and/or the Trustee to the holders of the Commercial Securities (Series 2) shall be made in accordance with the provisions of the Securities Law as they may be from time to time.
7. The general meeting of holders of the Commercial Securities (Series 2) 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 quorum set out in the terms of the Commercial Securities (Series 2), 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 2) holding or representing together at least 25% of the unpaid par value of the Commercial Securities (Series 2), and in an adjourned 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 2) who hold or represent together at least 50% of the unpaid par value of the Commercial Securities (Series 2) at that time, and in an adjourned meeting – if it is attended by holders who hold or represent at least twenty (20%) of the par value of the said balance.
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 2).
9. A holder who is a controlling shareholder of the Bank, a relative thereof or any corporation controlled by any of them (hereinafter – a “**Related Holder**”) shall not be taken into account for the purpose of determining the legal quorum at a meeting of holders, and their votes shall not be counted in the number of votes cast in such a meeting.
10. If, within half an hour from the time designated for the commencement of such meeting, no legal quorum is present, the meeting shall be adjourned to another date no sooner than two Business Days after the date set for the original meeting, or one Business Day, if the Trustee believes this is required to protect the rights of the holders; if the meeting was adjourned, the Trustee shall give the reasons for the adjournment in the report regarding the convening of the meeting and it may do so in the notice of convening the original meeting.
11. In the event that a legal quorum is not present in a Deferred Holders’ Meeting, as specified in Section 10 above, one half hour after the time scheduled for it, the meeting will be held with any number of participants whatsoever, unless another requirement has been prescribed in the Securities Law.



12. The Trustee or a resolution passed by a simple majority of voters during a meeting attended by a legal quorum may, from time to time, decide to postpone the continuation of the meeting (hereinafter - the “**Original Meeting**”), the discussion or the passing of a resolution on a topic listed on the agenda to another date and place as decided by the Trustee or the meeting (hereinafter - “**Subsequent Meeting**”). Only topics which were on the agenda and in respect of which no resolution was passed will be discussed in a Subsequent Meeting.
13. The Trustee may declare that the Original Meeting and/or the Subsequent Meeting will be split into class meetings for discussion purposes. The classes shall be determined at the Trustee's sole discretion.
14. Where a 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 2).
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 2) without any voting rights. If, at the Trustee's discretion, a discussion in part of the meeting should be held without the presence of the Bank's representatives, the Bank's representatives or anyone acting on its behalf shall not attend that part of the meeting. Notwithstanding the provisions of Section 15, the Bank may attend the opening of the meeting in any event in order to express its position regarding any topic on the agenda of the meeting, and/or in order to present a particular issue (as the case may be).
16. Any resolution will be passed by counting the votes cast.
17. At every meeting of holders, the Trustee or anyone appointed by the Trustee shall serve as the chairman of that meeting. The chairman may determine that votes will be cast by using voting slips or by voting during the course of the meeting. Where the chairman determined that votes will be cast using voting slips, the Trustee will ensure that the text of the voting slip shall be posted on the MAGNA system and will set the time at which the vote will be closed and by which the holders should send to the Trustee their slips, after they have filled them out and signed them according to law. The Trustee may demand that holders declare within the slip whether or not they have conflicting interests. A holder who will not fill out the slip in full and/or will not prove his entitlement to participate and vote in the meeting in accordance with provisions and dates set by the chairman of the meeting shall be considered as not having delivered a slip and therefore as having opted not to vote on the matter(s) included in the slip. Accordingly, the Trustee may, at his own discretion and subject to any law, hold meetings by slips and without convening them, as well as to hold votes by slips in an adjourned meeting not attended by the legal quorum required to pass a resolution, provided that through the date set for that purpose in a notice on convening the meeting or on holding a vote, as the case may be, the Trustee will receive slips from holders who constitute the legal quorum required to pass a resolution in an original meeting or in an adjourned meeting, as the case may be.
18. Where a general meeting of the holders of Commercial Securities (Series 2) 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 2) 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 2);

- 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 personal interest that deviates from the interest of all the holders of the Commercial Securities (Series 2) in the relevant holders’ meeting of the Commercial Securities. A holder who shall not provide such a written statement after he has been asked to do so by the Trustee, shall be considered as someone who has declared that he has such a personal interest and the relevant trustee shall determine in respect of them that they have a conflicting interest. Without derogating from the provisions of Section 18, the Trustee shall examine whether a holder has a “conflicting interest” after considering the holder’s holdings in other securities of the company and/or securities of any other corporation which is relevant to the resolution presented for the approval of the meeting (as described in the slip), in accordance with that holder’s statement.
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 2), 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 2) by virtue of which he is entitled to vote.
23. Where the Commercial Securities (Series 2) are jointly held, only the vote of the person who is registered first in the holders’ Register shall be counted.
24. An holder of Commercial Securities (Series 2) 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 2).
29. The instrument of appointment and the power of attorney or the other certificate according to which the instrument of appointment or a certified copy of such power of attorney shall be delivered to the Trustee by the time of opening of the meeting, unless otherwise determined in the notice regarding the convening of the meeting.
30. A vote cast pursuant to the terms set out in the document that appoints an agent shall be valid even if the appointer has passed away, or was declared legally incompetent prior to the vote, or if the instrument of appointment was revoked, or if the 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 2), 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.

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



Bank Leumi le-Israel B.M.

Date: May 24, 2022

Summary of Terms and Conditions of the Issuance

Further to the draft of the wording of the terms of the marketable securities (Series 2) (hereinafter - the "**Commercial Securities**") published by Bank Leumi le-Israel B.M. (hereinafter - the "**Bank**" or the "**Company**") in an immediate report dated May 24, 2022 (hereinafter - the "**Terms of the Commercial Securities**"), below is a summary of the terms and conditions of the issuance.

General

- a. The offering of the Commercial Securities by the Bank will be carried out, if carried out, based on a Shelf Offering Report that the Bank will publish pursuant to the Bank's Shelf Prospectus. It should be emphasized that changes may occur in the wording of the terms of the Commercial Securities and that the binding wording will be the final wording of the terms of the Commercial Securities, which will be attached as stated to the Shelf Offering Report.
- b. It should be emphasized that, as of the date of this document, there is no certainty regarding the issuance, its timing, its scope and its final terms and conditions, which are subject, among other things, to obtaining all approvals required by law, including the decision of the Bank's Board of Directors and Tel Aviv Stock Exchange Ltd. (hereinafter - the "**Stock Exchange**") for listing the Commercial Securities for trading, as well as for appropriate market conditions. Nothing in this document shall be deemed an offering to the public and/or an invitation to purchase the Bank's securities.
- c. This document summarizes in general terms only some of the terms of the offering documents for the Commercial Securities. It is not complete and is not an alternative for a full reading of the binding documents.
- d. To the extent that there is a conflict between the wording of the provisions of the terms of the Commercial Securities and this document, the provisions of the terms of the Commercial Securities shall prevail.

Status of the Commercial Securities

- The Commercial Securities are secured with collaterals.

Summary details of the collaterals:

_____.

In the Company's case, the order of “seniority” between the series is as follows:

- The Commercial Securities include provisions conferring upon them seniority in relation to other series of Company’s commercial securities:

Seniority in respect of: _____.

Summary terms of seniority:

_____.

- The Commercial Securities include provisions making them subordinate to other series of Company’s marketable securities:

_____.

Lower seniority compared with:

_____.

Summary of lower seniority provisions:

_____.

- The Commercial Securities are unsecured and their terms do not include provisions creating a rank of “seniority” between series.

Listing for trading

- There is an explicit stipulation in respect of listing the Commercial Securities for trading on Stock Exchange or on the TACT Institutional system operated by the Stock Exchange (hereinafter - the “**TACT Institutionals**”). [Section 23 of the terms and conditions of the Commercial Securities]

Limitations on “dilution”

- There are limitations on taking on additional financial debt:

_____.

- There is an undertaking not to create liens (negative lien):

_____.

Financial covenants

- There are undertakings for compliance with financial covenants:
_____.

Limitations on a “distribution”

- There is an explicit stipulation if limitations exist on the Company to distribute a dividend or buy back shares. [Section 16 of the terms and conditions of the Commercial Securities]
- There are limitations on a “distribution”:
- Existence of limitations on the repayment of shareholder loans:
_____.

Limitations on “transactions with controlling shareholders”

- Existence of limitations on “transactions with controlling shareholders”:
_____.

Structural change

- Existence of limitations on change of control:
_____.
- Existence of limitations on mergers and acquisitions: see in the table titled “Grounds for immediate repayment”. [Section 17.1 of the terms and conditions of the Commercial Securities]

Rating

- The Commercial Securities will be rated by a rating agency. The initial rating report has not yet been published.
- There is an undertaking to maintain the rating process. Comments: The Bank undertakes that as far as it is concerned, the Commercial Securities will be rated by at least one rating agency until their final and absolute repayment. [Section 12.1 of the terms and conditions of the Commercial Securities]
- Provisions are in place to adjust the terms of the Commercial Securities in the event of a rating downgrade: _____.
- There is an explicit stipulation if the Company is obliged not to change a rating company and if it did change, if it is obliged to publicize the reasons for the



change. Comment: The Bank does not guarantee that it will not replace a Rating Agency throughout the life of the Commercial Securities. Should the Bank replace the rating agency, it shall issue an immediate report describing the circumstances underlying the replacement, as soon as possible under the circumstances. In addition, the Bank undertakes that if a rating agency is replaced for any reason, the Bank shall take steps to ensure that there is an overlap between the ratings of the agencies, so that to the extent it is under its control, at no point in time shall the securities be traded without a rating. [Section 12.2 of the terms and conditions of the Commercial Securities]

Grounds for immediate repayment

Grounds	Yes (section no.) / No	Comments
Non-payment	<u>Yes</u> [Section 17.1.6 of the terms and conditions of the Commercial Securities]	A corrective period of 14 days is provided.
Fundamental breach or breach of material undertakings	<u>Yes</u> [Sections 17.1.5 and 17.1.6 of the terms and conditions of the Commercial Securities]	A corrective period of 14 days is provided.
Incorrectness of representations	<u>N/A</u>	
Breach of specific undertakings - limitations on raising additional debt including limitations on extension of series	<u>N/A</u>	
Breach of a specific obligation - failure to provide liens (negative liens)	<u>N/A</u>	
Breach of specific undertaking - limitations on a distribution	<u>N/A</u>	
Breach of specific commitment - limitations on transactions with controlling shareholders	<u>N/A</u>	
Breach of specific undertaking - non-publication of financial	<u>Yes</u> [Section 17.1.7 of the terms and conditions of the Commercial Securities]	A corrective period of 30 days is provided.

statements at required date		
Breach of specific undertaking - financial covenants	<u>N/A</u>	
Liquidation, permanent, final liquidation order	<u>Yes</u> [Section 17.1.1 of the terms and conditions of the Commercial Securities]	A corrective period of 45 days was granted, except in the case where the Bank receives a liquidation decision (except for liquidation for merger purposes), and except in the case of a permanent and final liquidation order or appointment of a permanent liquidator in accordance with a permanent and final order. In addition, 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.
Temporary liquidation order, appointment of a temporary liquidator or any other similar legal ruling	<u>Yes</u> [Section 17.1.1 of the terms and conditions of the Commercial Securities]	Section 17.1.1 provides grounds for immediate repayment in case a liquidator or temporary or permanent trustee is appointed to the Bank by a court of law. For this purpose, "Trustee" - as defined in Section 4 to the Insolvency Law. The Bank was given a corrective period of 45 days. 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. There is no ground for "any judicial decision of a similar nature".
Placement of an attachment or carrying out an execution office order	<u>Yes</u> [Section 17.1.4 of the terms and conditions of the Commercial Securities]	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 canceled within 45 days. 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.
Petition for a receiver or appointment of a temporary receiver, order for appointment of permanent receiver	<u>Yes</u> [Sections 17.1.2 -17.1.3 of the terms and conditions of the Commercial Securities]	Section 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, and the appointment is not canceled within 45 days, with the exception of a case where a permanent receiver is appointed, no corrective period will apply. Section 17.1.3 - In case an application for receivership or an application for the appointment of a receiver (temporary or permanent) has been submitted for all or a material portion of the Bank's assets.
Application for stay of proceedings order, stay of proceedings order, application of the Company for a compromise or a settlement with its creditors under Section 350 of the Companies Law	<u>Yes</u> [Section 17.1.10 of the terms and conditions of the Commercial Securities]	Section 17.1.10 stipulates a cause for immediate repayment 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/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 granted a corrective period with respect to a

		request to hand down an order to open proceedings, where such application was submitted by the Bank or with its consent.
If the Company ceases or announces its intention to cease to manage its affairs or announces its intention to cease its payments	<u>Yes</u> [Section 17.1.9 of the terms and conditions of the Commercial Securities]	Exists in respect to the Bank's discontinuing its payments or announcing its intention to do so, or the Bank's discontinuing of its banking business or announcing its intention to do so.
Substantially all assets of the Company have been sold	<u>Yes</u> [Section 17.1.14 of the terms and conditions of the Commercial Securities]	Pertains to the sale of the substantially all assets of the Bank in Israel are sold, except in the case of reorganization or merger.
The Company's affairs have been materially adversely affected and there is a real risk that Company will not be able to repay its debts to the holders of the Commercial Securities	<u>N/A</u>	
A real risk that the Company will not meet its material obligations towards the holders of the Commercial Securities	<u>N/A</u>	
Suspension or delisting from the Stock Exchange	<u>Yes</u> [Sections 17.1.8 and 17.1.12 of the terms and conditions of the Commercial Securities]	Regarding suspension - unless the suspension is on the grounds of the creation of uncertainty, as stated in Part Four of the Stock Exchange 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.
Cross Default/Cross Acceleration: Cross default (in cases of non-payment of other debts or cases of immediate repayment due to other debts)	<u>N/A</u>	
Discontinuation of rating	<u>Yes</u> [Section 17.1.13 of the terms and conditions of the Commercial Securities]	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

		<p>circumstances outside the Bank's control.</p> <p>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.</p>
Rating downgrade	<u>N/A</u>	
Change of Control	<u>N/A</u>	
Breach of undertakings in respect of structural changes, mergers and acquisitions	[Section 17.1.11 of the terms and conditions of the Commercial Securities]	<p>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.</p>

In Section 17 to the of the terms and conditions of the Commercial Securities, the terms "material assets" "material portion" of the Bank's assets, etc., mean assets whose value exceeds 50% of the assets of the Leumi Group, as reported in the Bank's consolidated balance sheet. In addition, regarding the "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.

Emergency Committee

- There are provisions for the appointment of an Emergency Committee.

Comments:

_____.

Applicable law and jurisdiction

- The applicable law is: the Israeli law. [Section 24 of the terms and conditions of the Commercial Securities]



- Jurisdiction has been determined: the competent court in Tel Aviv-Yafo.
[Section 24 of the terms and conditions of the Commercial Securities]

Linkage of the Bonds

The outstanding balance of Commercial Securities (Series 2) and interest in respect of those securities will not be linked to the Consumer Price Index or to any index or currency.

Bank Leumi le-Israel B.M.