

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 (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 Series 179 Bonds offered by way of a series expansion

- 1.1.1 Up to NIS 550,000,000 PV of Series 179 registered bonds of the Bank of NIS 1 PV each, bearing fixed annual interest of 0.83% (hereinafter – the “**Series 179 Bonds**”), offered to the public by way of an expansion of a traded series that was first listed for trading on the TASE under a Shelf Offering Report dated June 19, 2018 (hereinafter – the “**First Offering Report of Bonds 179**”). The Series 179 Bonds are offered by way of a tender on the unit price, as detailed in Section 2.1 below.
- 1.1.2 The principal of the Series 179 Bonds will be repaid in two equal installments on June 30, 2024 and on June 30, 2026, such that each of the payments will be at a rate of 50% of the Bond principal.
- 1.1.3 The principal and interest of the Series 179 Bonds shall be linked to the Consumer Price Index published on June 15 2018 in respect of May 2018 (hereinafter - the “**Basic Index for Bonds 179**”). 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 for Bonds 179, 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 for Bonds 179. 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 Series 179 Bonds.

1.1.4 The interest is paid to Series 179 Bond Holders annually, on June 30 of each of the years 2019 through 2026 (inclusive), in respect of the twelve-month period ended on the day preceding the payment date so that the first interest payment was paid on June 30, 2019 and the last payment will be paid together with the last principal payment on June 30, 2026.

1.1.5 The interest payments in respect of the Series 179 Bonds that were paid to the Bond Holders up to the date of the Shelf Offering Report will not be paid in respect of the Series 179 Bonds that will be issued according to this Shelf Offering Report.

Accordingly, the purchasers of the bonds offered under the Shelf Offering Report will be entitled to a first interest payment in respect of the Series 179 Bonds on June 30, 2022 at a rate of 0.83%.

1.1.6 For more information regarding the rating of the Series 179 Bonds, please see Section 9 below.

1.1.7 For more information regarding the terms and conditions of the Series 179 Bonds, please see Section 5.1 below.

1.1.8 The Series 179 Bonds shall be registered in the name of Bank Leumi le-Israel B.M. Nominee Company Ltd.

1.1.9 The terms and conditions of the Series 179 Bonds offered under the Shelf Offering Report are the same as the terms and conditions of the Series 179 Bonds, as described in the First Offering Report of Bonds 179. The Series 179 Bonds issued under the Shelf Offering Report will constitute, starting from the date of their listing on the TASE, one series for all intents and purposes together with the Series 179 Bonds, that were registered for trading and offered by the Bank to the public in the past.

1.2 Series 183 Bonds offered by way of a series expansion

1.2.1 Up to NIS 300,000,000 PV of Series 183 registered bonds of the Bank of NIS 1 PV each, bearing annual interest of 0.1% (hereinafter – the “Series

183 Bonds”), offered to the public by way of an expansion of a traded series that was first listed for trading on the TASE under a Shelf Offering Report dated November 25, 2021 (hereinafter – the “**First Offering Report of Bonds 183**”). The Series 183 Bonds are offered by way of a tender on the unit price, as detailed in Section 0 below.

- 1.2.2 The principal of the Series 183 Bonds will be repaid in one lump sum on November 25, 2029.
- 1.2.3 The principal and interest of the Series 183 Bonds shall be linked to the Consumer Price Index published on November 15 2021 in respect of October 2021 (hereinafter - the “**Basic Index for Bonds 183**”). 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 for Bonds 183, 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 for Bonds 183. 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 Series 183 Bonds.
- 1.2.4 The interest is paid to the Series 183 Bond Holders annually, on November 25 of each of the years 2022 to 2029 in respect of the twelve-month period ended on the day preceding the payment date, so that the first interest payment will be paid on November 25, 2022 and the last payment will be paid together with the last principal payment on November 25, 2029.
- 1.2.5 The date of the first interest payment in respect of the Series 183 Bonds has not yet come to pass and accordingly, the purchasers of the bonds offered under the Shelf Offering Report will be entitled to a first interest payment in respect of the Series 183 Bonds, as outlined in the First Offering Report of Bonds 183, which shall be at a rate of 0.0989%.
- 1.2.6 For more information regarding the rating of the Series 183 Bonds, please see Section 9 below.
- 1.2.7 For more information regarding the terms and conditions of the Series 183 Bonds, please see Section 5.2 below.

- 1.2.8 The Series 183 Bonds shall be registered in the name of Bank Leumi le-Israel B.M. Nominee Company Ltd.
- 1.2.9 The terms and conditions of the Series 183 Bonds offered under the Shelf Offering Report are the same as the terms and conditions of the Series 183 Bonds, as described in the First Offering Report of Bonds 183. The Series 183 Bonds issued under the Shelf Offering Report will constitute, starting from the date of their listing on the TASE, one series for all intents and purposes together with the Series 183 Bonds, that were registered for trading and offered by the Bank to the public in the past.
- 1.3 Commercial Securities (Series 2)
 - 1.3.1 Up to NIS 1,200,000,000 par value of registered Commercial Securities (Series 2) 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 5.3.3 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 0.29% per year (hereinafter - "**CSs (Series 2)**").
 - 1.3.2 The principal of CSs (Series 2) and the interest payable thereon shall be repayable in a single installment on May 28 2023.
 - 1.3.3 The principal and interest for the CSs (Series 2) 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 2), please see Section 9 below.
 - 1.3.5 For more information regarding the terms and conditions of the Series 2 CSs, please see Section 5.3 below.
 - 1.3.6 CSs (Series 2) shall be registered in the name of the Nominee Company in accordance with the provisions set out in Section 2.3 below.
- 1.4 The Series 179 Bonds, Series 183 Bonds and CSs (Series 2) offered under this Shelf Offering Report will also be called hereinafter, jointly, the "**Offered Securities**".

2. Manner of offering the securities

It is hereby clarified that the tender for the purchase of Series 179 Bonds, the tender for the purchase of Series 183 Bonds and the tender for the purchase of the CSs (Series 2) 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 as part of 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.

2.1 Series 179 Bonds – uniform offering by way of tender on the unit price (Tender No.: 6040588):

Up to NIS 550,000,000 p.v. of Series 179 Bonds are offered to the public by way of a uniform offering as defined in the Securities Regulations (Manner of Offering Securities to the Public), 2007 (hereinafter - the “**Uniform Offering**” and the “**Public Offering Regulations**”, respectively), in 550,000 units, with each unit comprising NIS 1,000 p.v. of Series 179 Bonds (hereinafter - the “**179 Bonds Units**” or the “**Bond Units (Series 179)**”), by way of unit price tender (hereinafter - the “**179 Bonds Tender**”) at a minimum price per unit of NIS 1,077 (hereinafter - the “**Minimum Unit Price of Series 179 Bonds**”).

The applicant shall state on his application the number of Bonds 179 Units he wishes to purchase in the Tender and the Unit Price offered, which shall not be less than the Minimum Unit Price of Series 179 Bonds.

A bid for the purchase of Units that will be submitted as part of the Tender, with the unit price stated therein being lower than the Minimum Unit Price, shall be deemed not to have been submitted.

As part of the Tender, each bidder may submit up to three (3) subscriptions with different unit prices, non of which shall be lower than the Minimum Unit Price of the Series 179 Bonds, and denominated in increments of NIS 0.5, i.e. - NIS 1,077, NIS 1,077.5, NIS 1,078, etc. A unit price in the bid that is not in accordance with the price increments will be rounded downwards to the nearest price increment.

2.2 Series 183 Bonds – uniform offering by way of tender on the unit price (Tender No.: 6040596)

Up to NIS 300,000,000 p.v. of Series 183 Bonds are offered to the public by way of a Uniform Offering as defined in the Public Offering Regulations, in 300,000 units, with each unit comprising NIS 1,000 p.v. of Series 183 Bonds (hereinafter - the “**183 Bonds Units**” or the “**Bond Units**”), by way of a unit price tender (hereinafter - the “**183 Bonds Tender**”) at a minimum price per unit of NIS 952 (hereinafter - the “**Minimum Unit Price of Series 183 Bonds**”).

The applicant shall state on his application the number of Bonds 183 units he wishes to purchase in the Tender and the Unit Price offered, which shall not be less than the Minimum Unit Price of Series 183 Bonds.

A bid for the purchase of Units that will be submitted as part of the Tender, with the unit price stated therein being lower than the Minimum Unit Price, shall be deemed not to have been submitted.

As part of the Tender, each bidder may submit up to three (3) subscriptions with different unit prices, non of which shall be lower than the Minimum Unit Price of the Series 183 Bonds, and denominated in increments of NIS 0.5, i.e. - NIS 952, NIS 952.5, NIS 953, etc. A unit price in the bid that is not in accordance with the price increments will be rounded downwards to the nearest price increment.

2.3 CSs (Series 2) – uniform offering by way of tender on the rate of the annual spread above the Bank of Israel Interest (Tender No.: 6040638)

Up to NIS 1,200,000,000 p.v. of CSs (Series 2) are offered to the public by way of a uniform offering as defined in the Public Offering Regulations in 1,200,000 units, with each unit comprising NIS 1,000 p.v. of CSs (Series 2), at a unit price of NIS 1,000 (hereinafter the “**CSs 2 Units**” or “**CSs Units (Series 2)**”), by way of a tender on the rate of the annual spread above the Bank of Israel Interest (hereinafter - the “**Benchmark Interest**”), that the CSs (Series 2) will bear (hereinafter - the “**CSs 2 Tender**”); the interest rate to be set in the Tender shall not exceed 0.29% per year (hereinafter - the “**Maximum Spread Rate**”).

Every bidder taking part in the Tender will note in his bid the number of CSs 2 Units he wishes to purchase in the Tender, as well as the spread above the Benchmark Interest rate he offers, which will not exceed the Maximum Spread Rate.

As part of the Tender, each bidder is allowed to submit up to three (3) bids at different spread rates, none of which will exceed the Maximum Spread Rate, and which will be denoted in positive spread levels of 0.01%, i.e., 0.29%, 0.28%, 0.27%, 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 2.5 below) to the nearest spread level.

In accordance with the guidance set in the Third Part of the TASE Rules and Regulations, the trading unit of a commercial security is NIS 10 par value. Accordingly, concurrently with the transfer of the CSs (Series 2) certificates to the Nominee Company, the latter will receive a request to the effect that the allocation of the said CSs to bidders whose bids were accepted shall be carried out in trading units of NIS 10 p.v. as stated above. It is clarified that trading in the CSs (Series 2) shall be subject to the above directives of the TASE, as updated from time to time, including in the event that the size of the CSs trading units is changed, and/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 2) offered pursuant to the Shelf Offering Report.

- 2.4 The period for submitting bids for the Units being offered to the public pursuant to the Shelf Offering Report will commence on Wednesday, May 29 2022 (hereinafter – the “**Tender Date**”) at 09:30 AM (hereinafter – the “**Commencement of the Period for Submitting of Bids**”) and will end on the same day at 04:30 PM (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.
- 2.5 Each bid for the purchase of the Units being offered in the Tender is to be submitted to the Bank through Israeli Securities Department of Bank Leumi le-Israel B.M., whose address is 35 Yehuda Halevi Street, Tel Aviv (hereinafter - the “**Offering Coordinator**”), or through branches of the Bank or other members of the Stock Exchange. (hereinafter - the “**Parties Authorized to Receive Bids**”), no later than the Time of Closing the Subscriptions List, using forms that can be obtained from the Parties Authorized to Receive Bids.

- 2.6 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.
- 2.7 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 Latest Time for Submitting to the Coordinator shall not be accepted by the Bank.
- 2.8 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 their results, the payment of consideration in respect of the Offered Securities, the manner of determining the unit prices in the Tenders, the allocation of the units and the listing of the Offered Securities, please see Section 0 (hereinafter - “Submitting bids in the Tender stage”), Section 1.4 (hereinafter - “The Tender procedures”), Section 1.5 (hereinafter - “Determining the unit price and allocating the 179 Bonds Units and/or 183 Bonds Units to bidders”), Section 1.6 (hereinafter - “Determining the spread on the benchmark interest and the manner of allocating the CSs (Series 2) to bidders”), Section 2 (hereinafter - “Notice regarding the results of the offering”), Section 0 (hereinafter - the “special account and allocation of the units”) and Section 0 (hereinafter - “Approval of listing of the Offered Securities”), respectively to **Appendix B** to this Shelf Offering Report.

3. **Qualified investors**¹

3.1 **Series 179 Bonds**

3.1.1 Of the Bonds 179 Units being offered to the public under this Shelf Offering Report, regarding 433,780 Units of Series 179 Bonds, constituting approximately 78.86% of the total Units of Series 179 Bonds being offered to the public in accordance with the Shelf Offering Report, advance purchase undertakings were given to the Bank by Qualified Investors, as defined in Regulation 1 of the Public Offering Regulations; the names of these Qualified Investors are listed in Section 3.1.3 below, whereby the Qualified Investors will submit bids for the purchase of Units as set forth in Section 3.1.3 below.

3.1.2 In Section 3.1.2, the terms listed below shall have the meaning set out opposite them:

“Balance Remaining for Distribution” - the number of units offered in the Tender net of the number of units for which bids were submitted with a unit price higher than the unit price to be set in the Tender.

“Oversubscription” – the ratio between the number of securities in respect of which bids were made at the unit price determined in the Tender and the Balance Remaining 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 Balance Remaining for Distribution is insufficient to make the aforesaid allocation, then the Balance Remaining for Distribution will

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

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 price per unit. For the purpose of determining the unit price 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 unit price 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.

3.1.3 Each of the Qualified Investors listed below has undertaken - under advance undertaking to purchase Bonds 179 Units offered in accordance with this Shelf Offering Report - to submit bids for the purchase Series 179 Bonds at a unit price that will not be lower than the unit price set out in the table below:

	Name of qualified investor	How it meets the definition of a qualified investor	Price per unit (NIS)	No. of units - Series 179 Bonds
1.	Arbitrage Global LP	Corporation with capital of NIS 50 million	1,085.0	10,000
2.	Arbitrage Global LP	Corporation with capital of NIS 50 million	1,079.0	4,000
3.	Arbitrage Global LP	Corporation with capital of NIS 50 million	1,077.0	4,000
4.	HAZAVIM BOND LP.	Corporation with capital of NIS 50 million	1,077.0	1,400
5.	A-To-Z Finance Ltd.	Corporation with capital of NIS 50 million	1,080.0	4,200
6.	A-To-Z Finance Ltd.	Corporation with capital of NIS 50 million	1,078.0	5,800
7.	Orcom Strategies Ltd.	Corporation with capital of NIS 50 million	1,085.0	5,000
8.	IBI Amban Investment Management Ltd.	Portfolio manager	1,079.0	23,795

	Name of qualified investor	How it meets the definition of a qualified investor	Price per unit (NIS)	No. of units - Series 179 Bonds
9.	Ayalon Mutual Funds Ltd.	Mutual fund	1,079.0	20,430
10.	Aloha Global Opportunities LP	Corporation with capital of NIS 50 million	1,081.0	21,600
11.	Ametrine Limited Partnership	Corporation with capital of NIS 50 million	1,081.0	7,000
12.	Ametrine Limited Partnership	Corporation with capital of NIS 50 million	1,077.0	1,000
13.	GFC Green Fields Capital Ltd.	Corporation with capital of NIS 50 million	1,078.0	5,000
14.	Hazavim Long Limited Partnership	Corporation with capital of NIS 50 million	1,077.0	11,000
15.	Hazavim Limited Partnership	Corporation with capital of NIS 50 million	1,077.0	4,000
16.	Yelin Lapidot Provident Funds Management Ltd.	Provident fund	1,077.0	50,000
17.	Yelin Lapidot Portfolio Management Ltd.	Portfolio manager	1,077.0	2,000
18.	Clal Insurance Company Ltd. - nostro**	Insurance company	1,082.5	34,000
19.	Clal Insurance Company Ltd. - nostro**	Insurance company	1,082.0	34,000
20.	Masterplan Delta Opportunities L.P.	Corporation with capital of NIS 50 million	1,077.0	2,400
21.	Migdal Market Making Ltd.	Corporation with capital of NIS 50 million	1,120.0	2,200
22.	More Mutual Funds Management (2013) Ltd.	Mutual fund	1,079.0	23,780
23.	Mahog - Israel Electricity Company Pension Fund Management Ltd.	Provident fund	1,077.0	1,000
24.	Milestone Capital Limited Partnership	Corporation with capital of NIS 50 million	1,086.0	15,000
25.	Milestone Capital Limited Partnership	Corporation with capital of NIS 50 million	1,081.0	8,675
26.	Menora Mivtachim Insurance Ltd.	Insurance company	1,079.0	10,000
27.	Menora Mivtachim Holdings Ltd.	Insurance company	1,079.0	2,000

	Name of qualified investor	How it meets the definition of a qualified investor	Price per unit (NIS)	No. of units - Series 179 Bonds
28.	Menora Mivtachim Pension and Provident Funds Ltd.	Insurance company	1,079.0	1,000
29.	Amitim Veteran Pension Funds	Provident fund / pension fund	1,081.0	100,000
30.	Etzioni Value-Based Portfolio Management Ltd.	Portfolio manager	1,079.0	1,000
31.	Proxima Investment Management Ltd.	Portfolio manager	1,081.0	7,000
32.	Proxima Investment Management Ltd.	Portfolio manager	1,078.5	2,000
33.	KSM Financial Instruments Trade Ltd.	Corporation with capital of NIS 50 million	1,085.0	2,000
34.	KSM Financial Instruments Trade Ltd.	Corporation with capital of NIS 50 million	1,077.0	1,000
35.	Masterplan Hedge Fund Limited Partnership	Corporation with capital of NIS 50 million	1,077.0	5,000
36.	RIL Spirit Management & Investments Ltd.	Corporation with capital of NIS 50 million	1,086.0	1,500
	<u>Total</u>			433,780

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

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

3.1.4 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.

3.1.5 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.

3.1.6 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 day of trading after the Tender Date, by 12:30 PM, and will be deposited by the Offering Coordinator in a special account as defined in Section 0 to **Appendix B** of this Shelf Offering Report.

- 3.1.7 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 Series 179 Bonds Units in relation to which the Qualified Investors have undertaken to submit bids as part of the advance undertaking.
- 3.1.8 On the Tender Date (through the end of the period for submitting the bids), a Qualified Investor may raise the price per unit, which he specified in the advance undertaking to purchase the offered Bonds 179 Units in price increments of 0.5%, by giving written notice to the Offering Coordinator, which is to be delivered to him by the Time of Closing the Subscriptions List).

3.2 Series 183 Bonds

- 3.2.1 Of the Bonds Units 183 being offered to the public under this Shelf Offering Report, regarding 184,343 Units of Series 183 Bonds, constituting approximately 61.44% of the total Units of Series 183 Bonds being offered to the public in accordance with the Shelf Offering Report, advance purchase undertakings were given to the Bank by Qualified Investors, as defined in Regulation 1 of the Public Offering Regulations; the names of these Qualified Investors are listed in Section 3.2.3 below, whereby the Qualified Investors will submit bids for the purchase of Units as set forth in Section 3.2.3 below.
- 3.2.2 In Section 3.2.2, the terms listed below shall have the meaning set out opposite them:

“Balance Remaining for Distribution” - the number of units offered in the Tender net of the number of units for which bids were submitted with a unit price higher than the unit price to be set in the Tender.

“Oversubscription” – the ratio between the number of securities in respect of which bids were made at the unit price determined in the Tender and the Balance Remaining 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 Balance Remaining for Distribution is insufficient to make the aforesaid allocation, then the Balance Remaining 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 price per unit. For the purpose of determining the unit price 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 unit price 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.

3.2.3 Each of the Qualified Investors listed below has undertaken - under advance undertaking to purchase Bonds 183 Units offered in accordance with this Shelf Offering Report - to submit bids for the purchase Series 183 Bonds at a unit price that will not be lower than the unit price set out in the table below:

	Name of qualified investor	How it meets the definition of a qualified investor	Price per unit (NIS)	No. of units - Series 183 Bonds
1.	Arbitrage Global LP	Corporation with capital of NIS 50 million	955.0	11,400
2.	Vertical Long LP 108190	Corporation with capital of NIS 50 million	954.0	5,000
3.	Vertical LP co-89181 Cayman Islands	Corporation with capital of NIS 50 million	954.0	15,000
4.	A-To-Z Finance Ltd.	Corporation with capital of NIS 50 million	952.0	58,000

	Name of qualified investor	How it meets the definition of a qualified investor	Price per unit (NIS)	No. of units - Series 183 Bonds
5.	Oporto Distribution of Securities Ltd.	Corporation with capital of NIS 50 million	956.0	850
6.	Aloha Global Opportunities LP	Corporation with capital of NIS 50 million	954.0	16,850
7.	Migdal Market Making Ltd.	Corporation with capital of NIS 50 million	1000.0	2,700
8.	Milestone Capital Limited Partnership	Corporation with capital of NIS 50 million	957.0	30,000
9.	Milestone Capital Limited Partnership	Corporation with capital of NIS 50 million	953.0	1,843
10.	Menora Mivtachim Insurance Ltd.	Insurance company	956.0	20,000
11.	Proxima Investment Management Ltd.	Portfolio manager	953.0	19,200
12.	RIL Spirit Management & Investments Ltd.	Corporation with capital of NIS 50 million	953.0	1,500
13.	Tachlit Composite Structures Ltd.	Corporation with capital of NIS 50 million	960.0	2,000
	<u>Total</u>			184,343

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

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

3.2.4 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.

3.2.5 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.

3.2.6 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 day of trading after the Tender Date, by 12:30 PM, and will be deposited by the Offering Coordinator in a special account as defined in Section 0 to **Appendix B** of this Shelf Offering Report.

- 3.2.7 The Qualified Investors will be entitled to receive an advance undertaking fee at a rate of 0.75% of the total consideration that will be received in respect of the Series 183 Bonds Units in relation to which the Qualified Investors have undertaken to submit bids as part of the advance undertaking.
- 3.2.8 On the Tender Date (through the end of the period for submitting the bids), a Qualified Investor may raise the price per unit, which he specified in the advance undertaking to purchase the offered Bonds 183 Units in price increments of 0.5%, by giving written notice to the Offering Coordinator, which is to be delivered to him by the Time of Closing the Subscriptions List).

3.3 Commercial Securities (Series 2)

- 3.3.1 Of the Units being offered to the public under this Shelf Offering Report, regarding 897,885 Units of CS 2, constituting approximately 74.82% of the total Units of CS 2 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 2 of the Public Offering Regulations; the names of these Qualified Investors are listed in Section 3.3.3 below, whereby the Qualified Investors will submit bids for the purchase of Units as set forth in Section 3.3.3 below.
- 3.3.2 In Section 3.3.2, the terms listed below shall have the meaning set out opposite them:

“Balance Remaining 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 annual spread which is lower than the annual spread that will be determined in the Tender.

“Oversubscription” – the ratio between the number of securities in respect of which bids were made at the annual spread determined in the Tender and the Balance Remaining 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 Balance Remaining for Distribution is insufficient to make the aforesaid allocation, then the Balance Remaining 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 annual spread. For the purpose of determining the annual spread rate 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 annual spread 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.

3.3.3 Each of the Qualified Investors listed below has undertaken - under advance undertaking to purchase CS 2 Units offered in accordance with this Shelf Offering Report - to submit bids for the purchase CS 2 Units at an annual spread rate that will not be higher than the annual spread rate set out in the table below:

	Name of qualified investor	How it meets the definition of a qualified investor	The annual spread rate above the Bank of Israel interest	Number of CSs (Series 2) Units
1.	A-To-Z Finance Ltd.	Corporation with capital of NIS 50 million	0.25	50,000
2.	A-To-Z Finance Ltd.	Corporation with capital of NIS 50 million	0.29	50,000

	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 2) Units
3.	IBI Mutual Funds Management (1978) Ltd.	Mutual fund	0.25	3,340
4.	Aloha Global Opportunities LP	Corporation with capital of NIS 50 million	0.23	70,000
5.	Aloha Global Opportunities LP	Corporation with capital of NIS 50 million	0.29	78,000
6.	Analyst IMS Mutual Funds Management (1986) Ltd.	Mutual fund	0.24	10,200
7.	Analyst IMS Mutual Funds Management (1986) Ltd.	Mutual fund	0.29	10,200
8.	Analyst Provident Funds Ltd.	Provident fund	0.24	1,506
9.	Harel Mutual Funds Ltd.**	Mutual fund	0.17	30,000
10.	Harel Mutual Funds Ltd.**	Mutual fund	0.19	30,000
11.	Harel Mutual Funds Ltd.**	Mutual fund	0.25	118,000
12.	Yelin Lapidot Provident Funds Management Ltd.	Provident fund	0.24	40,000
13.	Migdal Mutual Funds Ltd.	Mutual fund	0.23	134,700
14.	Migdal Mutual Funds Ltd.	Mutual fund	0.25	99,700
15.	More Mutual Funds Management (2013) Ltd.	Mutual fund	0.25	18,900
16.	Meitav Dash Mutual Funds Ltd.**	Mutual fund	0.09	89,339
17.	Psagot Mutual Funds Ltd.	Mutual fund	0.15	64,000
	<u>Total</u>			897,885

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

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

3.3.4 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.

- 3.3.5 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.
- 3.3.6 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 day of trading after the Tender Date, by 12:30 PM, and will be deposited by the Offering Coordinator in a special account as defined in Section 0 to **Appendix B** of this Shelf Offering Report.
- 3.3.7 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 2) in relation to which the Qualified Investors have undertaken to submit bids as part of the advance undertaking.
- 3.3.8 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 2 Units in spread levels of 0.01%, by giving written notice to the Offering Coordinator (until Time of Closing the Subscriptions List).

4. **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.

5. **Additional terms of Offered Securities**

5.1 **Series 179 Bonds**

- 5.1.1 For information regarding the Series 179 Bonds offered under the Shelf Offering Report, see the First Offering Report of Bonds 179 and the Deed of Trust dated June 19, 2018, which was attached as Appendix A to the First Offering Report of Bonds 179 (hereinafter - the "**Deed of Trust for Series 179**").

- 5.1.2 The Trustee for the Series 179 Bonds with whom the Bank has engaged in the Deed of Trust for Series 179 is Strauss, Lazer Trustees (1992) Ltd.²
- 5.1.3 The Series 179 Bonds are not secured by a lien or by any other collateral.
- 5.1.4 As part of the Series 179 Deed of Trust, it was determined that the Bank will not be entitled to initiate early redemption of the Series 179 Bonds. For details, see Section 7 of the terms and conditions overleaf.
- 5.1.5 The Deed of Trust to Series 179 includes grounds for immediate repayment. For more information, please see Section 7 to the Deed of Trust for Series 179.

5.2 Series 183 Bonds

- 5.2.1 For information regarding the Series 183 Bonds offered under the Shelf Offering Report, see the First Offering Report of Bonds 183 and the Deed of Trust dated November 24, 2021, which was attached as Appendix B to the First Offering Report of Bonds 183 (hereinafter - the "**Deed of Trust for Series 183**").
- 5.2.2 The Trustee for the Series 183 Bonds with whom the Bank has engaged in the Deed of Trust for Series 183 is Strauss, Lazer Trustees (1992) Ltd.³
- 5.2.3 The Series 183 Bonds are not secured by a lien or by any other collateral.
- 5.2.4 As part of the Series 183 Deed of Trust, it was determined that the Bank will not be entitled to initiate early redemption of the Series 183 Bonds. For details, see Section 7 of the terms and conditions overleaf.
- 5.2.5 The Deed of Trust to Series 183 includes grounds for immediate repayment. For more information, please see Section 7 to the Deed of Trust for Series 183.

5.3 Commercial Securities (Series 2)

- 5.3.1 The principal and interest in respect of CSs (Series 2) shall be repaid together and paid in a single installment on May 28 2023. The offered CSs (Series 2) will be issued at 100% of their par value. The CSs (Series 2) 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 A** to the Shelf Offering Report.

² Following are the details of the contact person with the Trustee: Ori Lazar, tel.: +972-3-6237777, email: ori@slcpa.co.il.

³ See Footnote 2 above.

- 5.3.2 The principal of CSs (Series 2) 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 5.3.3 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, payable in a single installment together with the principal as described above. The interest rate shall be calculated as set out in Section 5.3.3 below. The Bank shall publish the rate of the annual margin to be determined in the Tender, in an immediate report on the results of the offering underlying the Shelf Offering Report, which shall be published on the trading day following the Tender Date.
- 5.3.3 The interest will be paid on May 28 2023 together with the single installment of the principal of CSs (Series 2), in respect of the period starting on the settlement date (i.e., on May 30 2022) and ending on the last day prior to the payment day as aforesaid (i.e., May 27 2023) (above and below in this Section 5.3: 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.
- 5.3.4 Four trading days prior to the Interest Payment Date, as described in Section 5.3.3 above, the Bank shall publish (in an immediate report) the interest rate that will be paid. The interest rate shall be calculated on the basis of a weighted average (according to the number of days in the interest period) of Bank of Israel interest rates in effect on each day in the Interest Period, plus a fixed margin to be determined in the Tender.

It should be clarified that if there are changes to the Bank of Israel interest rate subsequent to the publication date of the immediate report on the interest rate and up to the payment date of the interest, the interest for the days from the publication date of the immediate report (inclusive) until the interest date shall be calculated on the assumption that the interest is Bank of Israel interest at the rate fixed on the business day prior to publication of the immediate report, plus the margin.

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

If, in the Interest Period, there were 350 days, and for 175 of these days, the Bank of Israel interest rate was 0.1% and for 175 of these days, the

Bank of Israel interest rate was 0.3%, then the weighted average of Bank of Israel interest rate for the period shall be 0.2%, based on the following calculation:

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

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

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

- 5.3.5 The payment on account of the interest of principal of CSs (Series 2) 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 A** to the Shelf Offering Report.
- 5.3.6 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.
- 5.3.7 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 A** to the Shelf Offering Report.
- 5.3.8 CSs (Series 2) are offered pursuant to this Shelf Offering Report with no discount and no premium. For information on taxation aspects of a future issuance of additional CSs (Series 2) as part of a series expansion by discount, see Section 6 to **Appendix B** to the Shelf Offering Report.
- 5.3.9 Tax as applicable by law shall be deducted from the interest payment in respect of CSs (Series 2) - for information about tax aspects, see also Section 6 to **Appendix B** to the Shelf Offering Report.
- 5.3.10 For information about the events upon the occurrence of which, Holders of CSs (Series 2) will be allowed to call for immediate repayment of the outstanding balance of CSs (Series 2), see Section 17 to the terms overleaf attached to **Appendix A** to the Shelf Offering Report.

5.3.11 For information about the other terms of the CSs (Series 2), see the text of the Commercial Securities (Series 2), which is attached as **Appendix A** to the Shelf Offering Report.

6. **Tables summarizing relevant information in the Deeds of Trust - Series 179 Bonds**

Set forth below is a summary of information regarding the protection mechanisms set out in the deed of trust for the Bonds (Series 179) and in the deed of trust for the Bonds (Series 183), 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"):

6.1 **Contractual conditions and collateral:**

Deed of Trust for Series 179:

	Section to the Deed / N/A	Summary description	Does the breach give rise to immediate repayment
The Bonds are secured by collateral or other fixed charges	N/A		
The bonds are secured with a floating and/or current charge	N/A		
Undertaking not to create liens (negative lien)	N/A		
Obligation to meet financial covenants	N/A		
Undertaking to ensure that the Bonds are rated on issuance date: Ensuring that the Bonds are rated over their entire term	14.11	The Bank undertakes that as far as it is concerned, the Bonds will be rated by at least one Rating Agency until their final and absolute repayment.	No
Undertaking for rating of the Bonds by two rating agencies	N/A		
Undertaking not to replace the rating agency over the entire term of the Bonds	N/A		
Restrictions on the creation of additional financial debt	N/A		
Dividend distribution restriction	N/A		
Restrictions on transactions with the controlling shareholders of the Company	N/A		

Restrictions on changes in control	N/A		
Interest-adjustment mechanism in certain circumstances	N/A		

Deed of Trust for Series 183:

	Section to the Deed / N/A	Summary description	Does the breach give rise to immediate repayment
The Bonds are secured by collateral or other fixed charges	N/A		
The bonds are secured with a floating and/or current charge	N/A		
Undertaking not to create liens (negative lien)	N/A		
Obligation to meet financial covenants	N/A		
Undertaking to ensure that the Bonds are rated on issuance date: Ensuring that the Bonds are rated over their entire term	14.11	The Bank undertakes that as far as it is concerned, the Bonds will be rated by at least one Rating Agency until their final and absolute repayment. Furthermore, where the Bank replaces the rating agency or terminates its work, including where there is more than one rating agency, the Bank shall publish an immediate report in which it will list the reasons for replacing such an agency or for the termination of its work, as the case may be.	No
Undertaking for rating of the Bonds by two rating agencies	N/A		
Undertaking not to replace the rating agency over the entire term of the Bonds	N/A		
Restrictions on the creation of additional financial debt	N/A		
Dividend distribution restriction	N/A		
Restrictions on transactions with the controlling shareholders of the Company	N/A		

Restrictions on changes in control	N/A		
Interest-adjustment mechanism in certain circumstances	N/A		

6.2 Grounds for immediate repayment:

Deed of Trust for Series 179:

	Section to the Deed / N/A	Comments and explanations
Liquidation ruling/ temporary liquidation order/ appointment of a temporary or permanent liquidator	7.1.1	Subject to a 45-day cancellation period from the order's issuance date or the appointment 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, or if the Bank passed a voluntary liquidation resolution, and in respect of petitions/orders filed or handed down, as the case may be, by the Bank or with its consent.
Appointment of a receiver (temporary or permanent)	7.1.2	Subject to a 45-day cancellation period from the issuance date of the order to appoint a temporary receiver, or if a temporary receiver is appointed. Notwithstanding the foregoing, the Bank will not be given any corrective period in respect of petitions or orders obtained or handed down, as applicable, by the Bank or with its agreement.
Application for receivership or an application for the appointment of a receiver (temporary or permanent)	7.1.3	
Placement of an attachment or carrying out an execution office order	7.1.4	Subject to a 45-day cancellation period from the ruling's issuance date; (despite the above, the Bank shall not be given any remediation period in respect of petitions/ orders filed or issued, as the case may be, by the Bank or with its consent).
Fundamental breach	7.1.5	Subject to a corrective period of 14 days.
Payment default or breach of material undertaking	7.1.6	Subject to a corrective period of 14 days.

Breach of specific undertaking - non-publication of financial statements at required date	7.1.7	Unless financial statements were published within the later of 30 days of the last date on which the Bank was required to publish them.
Delisting of the Bonds	7.1.8	
The Bank discontinued its payments or announced its intention to do so.	7.1.9	
Application for an opening of proceedings order; application of the Bank for a compromise or a settlement with its creditors under Section 350 of the Companies Law and/or under the Insolvency Law.	7.1.10	Except for the purpose of merging with another company and/or restructuring of the Bank and/or a split that are not prohibited under the terms and conditions 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 and conditions 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; 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. Notwithstanding the foregoing, 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.
A merger of the Bank was carried out without first obtaining the Bond Holders' approval.	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 TASE's Rules and Regulations, and the suspension has not been canceled within 60 days.

Deed of Trust for Series 183:

	Section to the Deed / N/A	Comments and explanations
Liquidation ruling/ temporary liquidation order/ appointment of a temporary or permanent liquidator or trustee	7.1.1	Subject to a 45-day cancellation period from the order's issuance date; (despite the above, the Bank shall not be given any remediation period in respect of petitions/ orders filed or issued, as the case may be, by the Bank or with its consent. Except in cases of liquidation for the purpose of merging with another company. Notwithstanding the foregoing, the Bank will not be given any remediation period if a permanent and peremptory liquidation order is handed down by the court or if a permanent liquidator is appointed for the Bank pursuant to a permanent and peremptory order, or if the Bank passed a voluntary liquidation resolution, and in respect of petitions/orders filed or handed down, as the case may be, by the Bank or with its consent.
Appointment of a receiver (temporary or permanent)	7.1.2	Subject to a 45-day cancellation period from the issuance date of the order to appoint a temporary receiver, or if a temporary receiver is appointed. Notwithstanding the foregoing, the Bank will not be given any corrective period in respect of petitions or orders obtained or handed down, as applicable, by the Bank or with its agreement.
Application for receivership or an application for the appointment of a receiver (temporary or permanent)	7.1.3	
Placement of an attachment or carrying out an execution office order	7.1.4	Subject to a 45-day cancellation period from the ruling's issuance date; (despite the above, the Bank shall not be given any remediation period in respect of petitions/ orders filed or issued, as the case may be, by the Bank or with its consent).
Fundamental breach	7.1.5	Subject to a corrective period of 14 days.
Payment default or breach of material undertaking	7.1.6	Subject to a corrective period of 14 days.
Breach of specific undertaking - non-publication of financial statements at required date	7.1.7	Unless financial statements were published within the later of 30 days of the last date on which the Bank was required to publish them, or another date approved by a competent government agency if an extension was granted by that agency.
Delisting of the Bonds	7.1.8	

The Bank discontinued its payments or announced its intention to do so, or the Bank discontinued its banking business or announced its intention to do so	7.1.9	
Substantially all of the Bank's assets in Israel were sold	7.1.14	
Application for an opening of proceedings order; application of the Bank for a compromise or a settlement with its creditors under Section 350 of the Companies Law	7.1.10	Except for the purpose of merging with another company and/or restructuring of the Bank and/or a split that are not prohibited under the terms of the deed of trust, and except for the purpose of arrangements between the Bank and its shareholders, which are not prohibited under the terms of the deed of trust and that will not impact the Bank's ability to repay its Bonds.
An application pursuant to the Insolvency Law or an application pursuant to Section 350 to the Companies Law against the Bank (and without its consent)	7.1.10	Subject to a cancellation period of 45 days from the day on which the application was filed.
A merger of the Bank was carried out without first obtaining the Bondholders' approval by way 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 TASE's Rules and Regulations, and the suspension has not been canceled within 60 days and excluding a general suspension that is not specifically targeted at the Bank.
Discontinuation of rating	7.1.13	Discontinuation of rating for a period of more than 60 consecutive days, except in case where discontinuation of rating is the result of causes or circumstances outside the Bank's control.

Other terms and conditions of the Bonds

For a description of the other terms and conditions of the Bank's Series 179 Bonds and the terms and conditions of the Series 183 Bonds, see the Deed of Trust for Series 179 and the Deed of Trust for Series 183, respectively.

In any case of a contradiction between the provisions described in the Deed of Trust for Series 179 or the Deed of Trust for Series 183 and the provisions of the Shelf Offering Report, the provisions of the Deed of Trust will take precedence.

To the best of the Bank's knowledge, as of the date of publication of the Shelf Report there is no such contradiction.

7. Discounting and taxation

- 7.1 The Series 179 Bonds in circulation were issued for the first time under the First Offering Report of Bonds 179 at their par value, and were also issued by way of series expansion in accordance with a Shelf Offering Report of January 12 2022, at a price that was higher than their adjusted value on the said date, and therefore not discounted.
- 7.2 The Series 179 Bonds to be issued under the Shelf Offering Report will be issued without discounting since the Series 179 Bonds are offered at the minimum price that is above their adjusted value as of May 26, 2022 - NIS 105.8 per NIS 1 p.v.
- 7.3 The Series 183 Bonds in circulation were issued under the First Offering Report of Bonds 183 above their par value, and therefore not discounted.
- 7.4 The Series 183 Bonds to be issued under the Shelf Offering Report may be issued at a discount since the Series 183 Bonds are offered at the minimum price that is under their adjusted value as of May 26, 2022 - NIS 102.49 per NIS 1 p.v.
- 7.5 The Bank received the Israel Tax Authority's approval regarding the Series 183 Bonds⁴ to the effect that regarding the tax withholding from the discount fees with respect to the Series 183 Bonds, a standard discount rate will be set for the Series 183 Bonds, in accordance with a formula that takes into account the different discount rates of the Bonds (Series 183) (hereinafter - the "**Weighted Discount Rate 183**"), if any. On the Series' extension date, the Bank will calculate the Weighted Discount Rate for the entire series of bonds (Series 183), in accordance

⁴ The Israel Tax Authority granted approval under the "green track" on May 22 2022.

with the said approval, as well as for the additional number of bonds that will be issued, and will publish, in an immediate report containing the results of the issuance, the discount rate created in respect of the Series 183 Bonds that will be issued and the Weighted Discount Rate for the entire series of bonds (Series 183), and tax will be withheld on the repayment dates of the Bonds (Series 183), according to the Weighted Discount Rate 183, and in accordance with the provisions of the law. In such a case, all the other provisions concerning taxation of discounting will apply.

- 7.6 For more information regarding the tax provisions that may be relevant for an investment in the Offered Securities, as apply as of the date of publication of the Shelf Offering Report, see Section 6 of **Appendix B** of this Shelf Offering Report.

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

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

8. **Refraining from engaging in arrangements**

- 8.1 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.
- 8.2 The Bank and the directors undertake, by signing this Shelf Offering Report, to notify the Israel Securities Authority of any arrangement with a third party that, as far as they are aware of, contradicts the undertaking as set out in Section 8.1 above.
- 8.3 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 the provisions of Section 8.1 above.

9. **Rating of the Offered Securities**

- 9.1 On May 24 2022 and May 26 2022, Midroog Ltd. (hereinafter - “**Midroog**”) announced the assigning of “Aaa.il” rating to Series 179 Bonds, and the assigning of “P-1.il” rating to Series 2 Commercial Securities, respectively, to be issued by the Bank by way of expanding the Series 179 Bonds and issuing a new series of CSs (Series 2), in accordance with the Shelf Offering Report, at a total amount of up to NIS 1 billion par value of Series 179 Bonds and up to NIS 1.2 billion par value of Commercial Securities (Series 2). For further details, see the Bank’s immediate reports of May 24 2022 and May 26 2022 (Ref. Nos.: 2022-01-063295 and 2022-01-065236, respectively), the details of which are incorporated herein by way of reference (hereinafter - the “**Midroog Rating Report**”).
- 9.2 On May 24 2022 and May 26 2022, the rating agency S&P Maalot (hereinafter - “**Maalot**”) announced the assigning of “ilAAA” rating to Series 179 Bonds and Series 183 Bonds, and the assigning of “ilA-1+” rating to the Series 2 Commercial Securities, respectively, to be issued by the Bank by way of expanding the Series 179 Bonds and the Series 182 Bonds, and issuing a new series of CSs (Series 2), in accordance with the Shelf Offering Report, at a total amount of up to NIS 1.5 billion par value of Series 179 Bonds and Series 183 Bonds and up to NIS 1.2 billion par value of Commercial Securities (Series 2). For further details, see the Bank’s immediate reports of May 24 2022 and May 26 2022 (Ref. Nos.: 2022-01-063310 and 2022-01-065074, respectively), the details of which are incorporated herein by way of reference (hereinafter - the “**Maalot Rating Report**”).
- 9.3 The consent of Midroog and Maalot on May 26, 2022 for attaching the Midroog Rating Report and the Maalot Rating Report to the Shelf Offering Report are attached as **Appendix C** to this Shelf Offering Report.

10. **Permits and approvals**

- 10.1 The Bank has obtained all the permits, approvals and licenses required by any law to offer and issue the Series 179 Bonds, the Series 183 Bonds and the CSs (Series 2) offered, to issue them and to publish the Shelf Offering Report.

10.2 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.

10.3 The listing of CSs (Series 2) offered pursuant to the Shelf Offering Report is subject to the condition that the value of the public's holdings in the CSs (Series 2) immediately after the listing thereof shall not be lower than NIS 24 million.

If it transpires that the TASE's requirements as stated above have not been met, the Commercial Securities (Series 2) will not be listed, no funds will be collected from the bidders, and the Commercial Securities will not be allocated to the bidders, and the Bank will give notice to that effect in an immediate report on the First Trading Day after the Tender Date.

10.4 Whereas CSs (Series 2) offered pursuant to this Shelf Offering Report have been rated as set forth in Section 9 above, there was no need to comply with the capital requirements prescribed in the guidelines of the Second Part of the TASE's Rules and Regulations.

10.5 **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.**

11. **Market-Maker for the CSs (Series 2)**

On May 24 2022, the Bank entered into a stock exchange services agreement with Stock Exchange and Investment Services in Israel IBI Ltd. (hereinafter - "**IBI**"), whereby IBI shall serve as a market maker for the Bank's Commercial Securities (Series 2) (hereinafter - the "**Market Making Agreement**"). The Market Making Agreement came into effect on May 24, 2022, when IBI received the approval of the TASE for market making of the Bank's CSs (Series 2), 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 CSs (Series 2) 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 CSs (Series 2) for the public, until the date of final redemption of the CSs (Series 2).

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.

12. **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.

13. **The proceeds of the issuance**

13.1 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 described below:

Expected immediate proceeds, gross	NIS 2,077,950,000
Less - advance undertaking and distribution fees	NIS 4,682,725
Less – other expenses totaling	NIS 813,711
Expected immediate proceeds, net	<hr/> NIS 2,072,453,563

13.2 Pursuant to an agreement signed with Leumi Partners Underwriters Ltd. (hereinafter – “**Leumi Partners**”), Leumi Partners, Menora Mivtachim

Underwriters and Management Ltd., Apex Issuances Ltd., Hunter Capital Ltd., OMNI Capital Ltd., Extra Mile Underwriting (E.R.G.S) Ltd., Unicorn Capital Ltd., and Alpha Beta Issuances Ltd. (hereinafter, jointly - the “**Distributors**”) will receive a consulting and distribution fee in respect of issuing the securities offered pursuant to this Offering Report, at a rate of 0.1% of the (gross) proceeds of the issuance of the Series 179 Bonds and the Series 183 Bonds, and at a rate of 0.03% of the (gross) proceeds of the issuance of CSs (Series 2) plus VAT in accordance with the law (hereinafter – the “**Distribution Fee**”). Leumi Partners will be allowed, at their sole discretion, to pay fees to third parties out of the Distribution Fees, where such third parties declare that they qualify to serve as distributors pursuant to the Securities Regulations (Underwriting), 2007, for assisting in the marketing, selling and distribution of the securities offered pursuant to this Shelf Offering Report, provided that those amounts shall not be paid to an end purchaser of a security in the Shelf Offering. All of the said fees shall be divided at the sole discretion of Leumi Partners. It is hereby clarified that in no event will a distributor be entitled to a distribution fee in respect of securities that he actually purchased as a result of fulfilling advance undertakings submitted by that distributor as part of the Tender for Qualified Investors.

13.3 No minimum has been set for the amount to be raised in this offering.

13.4 The funds of the offering’s proceeds will be used by the Bank at its own discretion.

13.5 The Bank shall deem the receipt of the proceeds by the Offering Coordinator as if the proceeds has been received by it.

14. **Underwriting**

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

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

15.1 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.

15.2 Further to what is stated in the “Capital and Capital Adequacy” Chapter of the report for the first quarter of 2022, published on May 24 2022 (Ref. No.: 2022-01-062983), it should be noted that on May 25 2022, the Banking Supervision Department published a final version of the circular revising Proper Conduct of Banking Business Directive 203 (hereinafter in this section - the “**Circular**”). In accordance with the Circular, Section 79 of Proper Conduct of Banking Business Directive 203 shall be revised such that loans earmarked for purchase of land for development or construction with a LTV higher than 80%, except for certain exclusions specified in the Circular, shall be weighted at a risk rate of 150%. This revision shall come into effect starting the financial statements as of June 30 2022 (hereinafter in this section - the “**Effective Date**”), and the banks will be allowed to spread the effect of the change on equity ratios in respect of the loans as of the Effective Date at quarterly rates through June 30 2023. It should be noted that the final version of the Circular includes an expedient compared to the draft circular, which applied to loans with LTV higher than 75%, and did not include a provision allowing the spread of the effect on existing loans. The Bank is assessing the effect of the Circular. In the opinion of the Bank, the provisions of the Circular do not affect the Bank's solvency.

16. **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.

17. **Additional details about the trustee**

The Trustee is a company registered in Israel that deals with trusts, and it meets the eligibility requirements set forth in the Securities Law and regulations enacted thereunder, for a trustee for bonds. To the best of the Bank's knowledge, the Trustee has no vested interest in the Bank and the Bank has no personal interest in the Trustee. The Trustee has declared in the Deed of Trust for Series 179 and the Deed of Trust for Series 183 that it

meets all the eligibility conditions required of a trustee for deeds of trust under the Securities Law and any other law, and that it has agreed to sign the Deeds of Trust and act as Trustee for the bond holders that are the subject of this Shelf Offering Report.

18. Legal opinion

The Bank received the following legal opinion:



May 26, 2022

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

Dear Madam/Sir,

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

With regard to the shelf prospectus dated May 27 2021 (hereinafter – the “**Shelf Prospectus**”) and the Shelf Offering Report that is about to be published by virtue thereof (hereinafter – the “**Shelf Offering Report**”), regarding an offering to the public of Series 179 Bonds and Series 183 Bonds of the Bank by way of series expansion, and regarding an offering to the public of a new series of Commercial Securities (Series 2) of the Bank (hereinafter jointly – the “**Offered Securities**”), we hereby express our opinion as follows:

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

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

Respectfully,

Ran Shalom, Adv. Marom Bouznah, Adv.

**Agmon & Co., Rosenberg Hacohen &
Co. Law Firm**



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19. **Signatures****The Bank:**

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

Haj Yehia Samer, PhD

Edelman Yitzhak

Gottlieb Tamar

Irit Shlomi

Elya Sasson

Dominissini Esther

Koller Dan Alexander

Ben Zvi Shmuel, PhD

Avi Bzura

Prof. Yedidia Z. Stern

Appendix A to the Shelf Offering Report

Terms and conditions of the Commercial Securities (Series 2)

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 May 28, 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.

- 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 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.

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

The provisions of this appendix apply separately to the Series 179 Bonds, Series 183 Bonds and CSs (Series 2) offered pursuant to the Shelf Offering Report, as the case may be. Accordingly, in this Appendix, the term “**Units**” relates to units each of which comprises NIS 1,000 p.v. Series 179 Bonds or NIS 1,000 p.v. Series 183 Bonds, or NIS 1,000 p.v. CSs (Series 2), as the case may be, that are offered pursuant to the Shelf Offering Report. In addition, it is clarified that the three Tenders for the purchase of the Series 179 Bonds, the Series 183 Bonds and CSs (Series 2) are separate and independent tenders and that the bids for each of the Tenders shall be submitted separately, and the results of the offering shall be determined separately in respect of each of the Tenders. Accordingly, should one of the aforementioned Tenders be canceled, the securities offered as part of this Tender shall not be allocated or listed for trading on the Stock Exchange, but this shall not result in the cancellation of the other tender in accordance with the Shelf Offering Report.

1. **Manner of offering the Subordinated Bonds to the public**

The Series 179 Bonds, Units Series 182 Bonds Units and CSs (Series 2) Units are offered to the public in a Uniform Offering by way of unit price tender (regarding the bonds), and by way of tender on the rate of the annual spread above the Bank of Israel Interest (regarding the SCs (Series 2)), at a price that will not be lower than the Minimum Unit Price and will not exceed the maximum spread, as the case may be, all as stated in the Shelf Offering Report (hereinafter - the “**Tender**”).

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**”).

1.2 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.

1.3 Submitting the bids in the tender stage

- 1.3.1** The bids for the purchase of the Offered Securities (hereinafter – “the **“Bids”**”) will be submitted to the Bank on the forms used for this purpose, through the Offering Coordinator (as defined in the Shelf Offering Report), directly or through banks or through other members of the Stock Exchange (hereinafter - the **“Parties Authorized to Accept Bids”**), no later than the Time of Closing the Subscriptions List.
- 1.3.2** 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 a unit price 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 downwards to the nearest price level and/or upwards to the nearest annual spread rate level, as the case may be.
- 1.3.3** Each bidder shall state in its application the number of Units it wishes to purchase and the Unit Price and/or the annual spread rate it offers, as the case may be, which shall not be less than the Minimum Unit Price and will not be higher than the Maximum Spread Rate as set in the Shelf Offering Report. A bid that will specify a Unit Price that is lower than the Minimum Unit Price and/or a bid that will specify an annual spread rate, which is higher than the Maximum Spread Rate, as the case may be, shall be deemed to have not been submitted.
- 1.3.4** 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.

- 1.3.5** 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.
- 1.3.6** 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.
- 1.3.7** 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.

1.4 Tender's procedures

- 1.4.1** 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.
- 1.4.2** On the Tender Date, immediately after the Deadline for Submission to the Coordinator, the Bids in the safes will be presented, including Bids that were submitted directly to the Offering Coordinator, in the presence of the Bank's representatives and its independent auditor, who will oversee the proper implementation of the tender procedures and the tender's results will be summarized and processed at the same time.

1.5 Determining the Uniform Price for Series 179 Bonds Units and/or Series 183 Bonds Units and the manner of allocating the units to bidders as a stated above

All Series 179 Bonds and/or Series 183 Bonds, the Bids for the purchase of which will be accepted as part of the 179 Bonds Tender and/or the 183 Bonds Tender, will be issued at a uniform price (hereinafter - the "**Uniform Price**"), which will be the

highest price such that the Bids which stated it as the Unit Price, together with the Bids which stated higher Unit Prices, will suffice to allocate all Series 179 Bonds Units and/or Series 183 Bonds Units (hereinafter jointly in this Section 1.5: the “**Units**” and/or the “**Offered Units**”), as the case may be, that are offered to the public (including to Qualified Investors) pursuant to the Shelf Offering Report.

Allocation of the Units will be carried out as follows:

- 1.5.1 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 equal to or lower than the total number of Units offered pursuant to the Shelf Offering Report, all Bids will be accepted in full, subject to compliance with the relevant Stock Exchange guidelines as set out below, in which case the Uniform Price will be the Minimum price prescribed in the Shelf Offering Report. The remaining units, for which no Bids were received, will not be issued.
- 1.5.2 If the total number of Units included in the Bids received (including Units the Bids in respect of which were received from Qualified Investors), is higher than the total number of Units offered to the public, the following provisions shall apply:
 - (a) Bids submitted at a unit price below the standard price shall not be accepted.
 - (b) All Bids at a unit price that is higher than the standard price will be accepted.
 - (c) Bids (excluding undertakings received from Qualified Investors) which state an price which equals the Uniform Price – will be proportionally accepted, such that each bidder will receive, out of the total number of offered Units outstanding for distribution after the acceptance of Bids stating a price which is higher than the Uniform Price Rate (less the accepted Bids of the Qualified Investors who have undertaken to purchase Units at the Uniform Price), a share which equals the ratio of the number of Units which the bidder ordered in the bid in which he had stated the Uniform price, to the total number of Units included in all the Bids submitted to the Bank that stated the

Uniform price (less the share of the Qualified Investors, as mentioned above).

1.5.3 The allocation of units to Qualified Investors will be made as prescribed in Section 0 to the Shelf Offering Report.

1.5.4 If an allocation as aforesaid in Section 1.5.2 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:

- (a) Bids submitted at a unit price below the standard price shall not be accepted.
- (b) All Bids at a unit price that is higher than the standard price will be accepted.
- (c) Bids (including undertakings received from Qualified Investors) which state a Unit Price which is equal to the Uniform Price – will be proportionally accepted, such that each bidder will receive, out of the total number of offered Units outstanding for distribution after the acceptance of Bids stating an Unit Price which is higher than the Uniform Price, a share which is equal to the ratio between the number of Units which the bidder ordered in the bid in which it had stated the Uniform Price, and the total number of Units included in all the Bids submitted to the Bank that stated the Uniform Price (including Units in respect of which undertakings were received from Qualified Investors).

1.5.5 If an allocation as aforesaid in Section 1.5.3 above does not lead to the fulfillment of the minimum spread requirements of the Offered Units, then the offered Units will be allocated at the Uniform Price as follows:

- (a) Applications submitted at a price below the standard price shall not be fulfilled.
- (b) Bids (including undertakings received from Qualified Investors) which state the Uniform Price and/or a higher price – will be proportionally accepted, such that each bidder will receive, out of

the total number of offered Units a share which is equal to the ratio between the number of Units which the bidder ordered in the bid in which he had stated the Uniform Price and/or a higher Unit Price, and the total number of Units included in all the Bids submitted to the Bank that stated the Uniform Price and/or a higher Unit Price (including Units in respect of which undertakings were received from Qualified Investors).

- 1.5.6** If an allocation as aforesaid in 1.5.5 above does not lead to the fulfillment of the minimum spread requirements of the Offered Units, a reallocation will be made to determine a new Uniform Price, which will not exceed the Maximum price, and this price will be the highest Unit Price at which the offered Units may be allocated such that the requirements for minimum spread will be complied with, provided that a bidder will not be allocated a number of Units which is higher than the number ordered or at a price higher than the price it has stated in its bid (hereinafter - the “**New Uniform Price**”).

Where a New Uniform Price is set, as referred to in this paragraph, the allocation will be made as provided in Section 1.5.5 above, and instead of the “Uniform Price” it shall be deemed to have referred to the “New Uniform Price”.

- 1.5.7** If the allocation pursuant to Section 1.5.6 above also fails to lead to the fulfillment of the minimum spread requirements of the Offered Units, then Section 4.4 below shall apply.
- 1.5.8** 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.

1.6 Determining the spread on the Benchmark Interest and the manner of allocating the CSs (Series 2) to bidders

All CSs (Series 2), bids for the purchase of which will be accepted as part of the Tender, shall bear a uniform annual spread above the benchmark interest; the spread will be set in accordance with the Tender’s results (hereinafter - the “**Uniform Spread Rate**”), and the CSs (Series 2) shall be allocated in the Tender as follows:

- 1.6.1** If the total number of units of CSs (Series 2) for which bids were submitted (including bids from Qualified Investors, shall be lower than the number of units of CSs (Series 2) offered to the public, then all bids shall be accepted in full, subject to compliance with the Stock Exchange requirements as described in Section 10.3 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.
- 1.6.2** If the total number of units of CSs (Series 2) for which bids were submitted (including bids from Qualified Investors), shall be equal or higher than the total number of units of CSs (Series 2) 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 CSs (Series 2) offered to the public (including bids submitted by Qualified Investors) in accordance with the Offering Report.
- 1.6.3** The Bank will accept bids to purchase units of CSs (Series 2) offered to the public with the CSs (Series 2) bearing the Uniform Spread Rate, and each bidder shall be deemed to have undertaken in its bid to purchase all the CSs (Series 2) Units allocated to it as a result of the acceptance of its bid, with the CSs (Series 2) Units offered in the Offering Report bearing the Uniform Spread Rate in accordance with the following rules:
- (a) Bids that will state a spread rate which is lower than the Uniform Spread Rate - will be accepted in full.
 - (b) Bids that will state a spread rate which is higher than the Uniform Spread Rate - will not be accepted.
 - (c) 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 CSs (Series 2) 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 CSs (Series 2) Units to Qualified Investors who entered into advance engagement with the Company, a share which equals the ratio of the number of CSs (Series 2) Units included in the bid it

submitted, and the total number of CSs (Series 2) 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.

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

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

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

1.7.2 Treatment of fractions of Units - Should fractions of Units arise from the allocation of the Offered Securities pursuant to the acceptance in the relevant Tender, as stated above, they shall be rounded off, insofar as practicable, downwards 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 and/or the spread rate, as the case may be, that will be set in the Tender.

2. Notice of the offering's results

2.1 By 10:00 AM on the first day of trading after the Tender Date, a notice will be delivered by the Offering Coordinator and through the Parties Authorized to Receive Bids, to bidders whose Bids were accepted, in full or in part. The notice will state the number of Units allocated to each subscriber and the consideration payable in respect thereof. By 12:30 PM on the first day of trading after the Tender Date, the bidders will transfer to the Issuance Coordinator, to the special account as provided in Section 0 below, through the Parties Authorized to Receive Bids, the full consideration payable by them for the Units with respect to which their bid was accepted as provided in the said notice.

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

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

- 3.1 Immediately prior to the Tender Date the Offering Coordinator shall open a special trust account in the name of the Bank (hereinafter – the “**Special Account**”) and will submit to the Parties Authorized to Receive Bids the details of the Special Account. The Special Account shall be managed exclusively by the Offering Coordinator in the name of the Bank and on its behalf in accordance with the Securities Law.
- 3.2 Monies that accumulate in the Special Account will be invested by the Offering Coordinator in short-term, unlinked deposits bearing daily interest.
- 3.3 The Parties Authorized to Receive Bids will deposit in the Special Account all the amounts paid in respect of the Offered Securities, the Bids for the purchase of which were accepted pursuant to the terms of the Shelf Offering Report, and the Offering Coordinator will deal with such amounts and act in accordance with the terms of the Shelf Offering Report.
- 3.4 If the requirements for minimum spread and the requirements for the value of the public’s holdings as set out in the Shelf Offering Report are complied with, the Offering Coordinator will transfer to the Bank, by no later than 12:30 of the second trading day after the Bids submission date, any funds remaining in the Special Account, together with any return accrued thereon, less the amounts due to the Qualified Investors and the Parties Authorized to Receive Bids (insofar as such amounts are due pursuant to the Shelf Offering Report and as the case may be), against the transfer of the certificates with respect to the Offered Securities to the Nominee Company of Bank Leumi le-Israel B.M. (hereafter – the “**Nominee Company**”).
- 3.5 If, at the end of the Tender Date it transpires that in respect to the Offered Securities, the requirements for minimum spread and/or the requirements for the value of the public’s holdings as set forth in the Shelf Offering Report, are not complied with, the issuance of the Units to the public will be canceled and no funds will be collected from the subscribers and the provisions of Section 4.4 below shall apply.

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

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

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

Where the Bank has accepted a bid, in full or in part, the Bank will allocate certificates in respect of the securities included in the Units, the bids with respect to which were accepted, by delivering certificates in respect of the securities to the Nominee Company, against the transfer of the funds deposited in the Special Account by the Offering Coordinator as aforesaid in Section 0 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 0 above.

6. Tax implications

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

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

6.1 General

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

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

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

the tax rate payable by a substantial shareholder⁵ 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 income that exceeds the amount stated in the section. This section was updated on December 29 2016 upon publication of the Economic Efficiency Law (Legislative Amendments for Implementing Economic Policies for the 2017 and 2018 Budget Years), 2016 (hereinafter - the **“Economic Arrangements Law for the Years 2017 and 2018”**). Pursuant to the updated Section 121B, an individual whose taxable income in the tax year 2022 exceeded a total of NIS 663,240, shall be subject to additional tax at a rate of 3% in respect of that portion of his income that exceeded the said amount (hereinafter – **“Surtax”**). The taxable income includes all income types, including capital gain and real estate betterment (the sale of a right to real estate in a residential apartment will only be included if the sale amount is greater than NIS 4,911,175 million (for 2022) and the sale is not exempt from tax under any law), excluding an inflationary amount as defined in Section 88 of the Ordinance, and an inflationary amount as defined in Section 47 of the Land Taxation Law.
- 6.1.5** The Economic Arrangements Law for the years 2017-2018 reduced the corporate tax rate set in Section 126(a) of the Ordinance to 23% as from January 1 2018.
- 6.1.6** It is clarified that what is stated below refers to the manner of taxation of investors who are Israeli residents. It should be noted that an “individual that became and Israeli resident for the first time” and “a senior returning resident” as defined in the Ordinance, may be subject to tax implications

⁵ An individual who holds, whether directly or indirectly, by himself or jointly with others (as this term is defined in Section 88 of the Ordinance) at least 10% of one or more means of control in a company (as this term is defined in Section 88 of the Ordinance), at the time of the sale of the security or at any time during the 12 months that preceded such sale.

that 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”⁶ or as “substantial shareholders”,⁷ as defined in the Ordinance, may be subject to further tax implications in addition to those described below.

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

6.2 Capital gain from sale of the Offered Securities

- 6.2.1** Pursuant to Section 91 of the Ordinance, a real capital gain⁸ 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%⁹ of one or more of the company’s means of control, directly or indirectly, by himself or jointly with others,¹⁰ 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%. Capital gain in the sale of a bond or a commercial paper 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

⁶ As this term is defined in Section 3i of the Ordinance.

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

⁸ As defined in Section 88 of the Ordinance.

⁹ As this term is defined in Section 88 of the Ordinance.

¹⁰ As this term is defined in Section 88 of the Ordinance.

regarded as real capital gain. 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 rate shall not apply to an individual whose income from the sale of securities constitutes "business" income, in accordance with the provisions of Section 2(1) of the Ordinance. In this case, the individual will be charged a marginal tax rate in accordance with the provisions of Section 121 of the Ordinance.

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

6.2.2.1 The linkage differences are not partial linkage differences.

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

6.2.2.3 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.

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

6.2.4 As a rule, a foreign resident (individual or a group of persons), is exempt from capital gains tax on the sale of securities traded on the stock exchange in Israel if the capital gain is not from his own permanent enterprise in Israel and in accordance with the terms and limitations of section 97(b2) of the Ordinance. This exemption shall not apply to a foreign body of persons, if Israeli residents are the controlling shareholders or beneficiaries of such body of persons, or if Israeli residents are entitled to 25% or more of the income or profits of the foreign body of persons, directly or indirectly, as provided in Section 68A of the Ordinance.

- 6.2.5** A tax-exempt mutual fund shall be exempt from capital gains tax on the sale of such securities. Tax-exempt provident funds and entities under Section 9(2) of the Ordinance, are exempt from tax on capital gain earned on the sale of such securities. The income of a taxable mutual fund from the sale of securities as aforementioned will be liable to the tax rate applicable to the income of an individual which is not income from a "business" or "profession," unless it is expressly determined otherwise. If no special tax rate was determined in respect of the income, then the income shall be taxed at the maximum tax rate set out in Section 121 of the Ordinance.
- 6.2.6** 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).
- 6.2.7** As to withholding at source from capital gains upon the sale of the Offered Securities, tax will be withheld pursuant to the Income Tax Regulations (Withholding from Proceeds, Payment or Capital Gain on the Sale of Securities, Sale of a Mutual Fund Unit or a Future Transaction), 2002 (hereinafter - the “**Withholding from Proceeds Regulations**”). A person liable to tax (as this term is defined in aforementioned Regulations) who pays consideration for the sale of securities to a seller who is an individual is required to deduct tax at a rate of 25% from the real capital gain, and in the sale of securities, which are not linked to the CPI, such a person liable to tax shall deduct tax at the rate of 15% from the capital gain. 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) issued by the Israel Tax Authority and the offsetting of losses that the withholder may perform. Tax shall not be withheld for provident funds, mutual funds and other entities which are

exempt from withholding tax by law, as listed in the Addendum to the Income Tax Regulations (Withholding from Interest, Dividend and Certain Profits), 2005 (hereinafter - the “**Dividend and Interest Withholding Regulations**”) after the applicable certificates are provided by them. Tax will not be withheld by a bank or a stock exchange member in respect of a foreign resident if certain conditions set out in the regulations are met. It is noted that if at the time of the sale the full amount of tax was not withheld from the real capital gain, the provisions of Section 91(d) of the Ordinance and the provisions included therein regarding reporting and payment of an advance in respect of such a sale will apply.

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

6.3 Tax rate applicable to interest income from the Offered Securities

6.3.1 Pursuant to Section 125C(b) to the Ordinance, an individual shall be subject to a tax rate of no more than 25% in respect of interest or discount fees arising from bonds that are fully linked to the consumer price index,¹¹ and this income will be regarded as the highest bracket in the scale of his taxable income. Pursuant to Section 89(e) to the Ordinance, the linkage differences arising from redemption of bonds or a marketable security, where the income therefrom does not constitute an income from business or profession, shall be liable to tax pursuant to the provisions of Part E of the Ordinance. Linkage differences accrued on the interest shall be subject to the same tax rate applicable to the interest. It should be noted that the index published by the Israel Central Bureau of Statistics shall be regarded as the index for purposes of Section 125C of the Ordinance. Pursuant to

¹¹ As this term is defined in Section 125C to the Ordinance – the most recent Consumer Price Index published by Israel Central Bureau of Statistics prior to the relevant date, and in the case of an asset whose value is linked to a foreign currency or denominated in a foreign currency – the exchange rate.

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

- 6.3.2** Pursuant to Section 125c(d) of the Ordinance, tax rates as stated above shall not apply, among other things, if one of the following conditions is met: (1) the interest constitutes income from a "business" in accordance with Section 2(1) of the Ordinance or is recorded or required to be recorded in the individual's books of account; (2) the individual claimed a deduction of interest expenses and linkage differences in respect of the Bonds; (3) the individual is a substantial shareholder as defined in Section 88 to the Ordinance as aforesaid in the body of persons paying the interest; (4) the individual is an employee of the body of persons paying the interest or provides services or sells products to that body of persons, or has some other special relationship with it, unless it shall be proven to the satisfaction of the Assessing Officer that the price was set in good faith and was not influenced by the existence of such a relationship between the individual and the paying body of persons; (5) some other condition set by the Minister of Finance with the approval of the Knesset Finance Committee is fulfilled. In such cases, the individual will be subject to tax in respect of the interest or discount fees at the marginal tax rate in accordance with the provisions of Section 121 of the Ordinance as set out above.
- 6.3.3** 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.
- 6.3.4** Pursuant to Section 9(15D) of the Ordinance, as of January 1 2009, interest, discount fees or linkage differences paid to a foreign resident on bonds listed on the Stock Exchange in Israel that are issued by an Israeli-

resident body of persons are exempt from tax, provided that the income is not generated in a permanent enterprise of the foreign resident in Israel.¹²

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

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

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

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

6.3.5 A tax-exempt mutual fund shall be exempt from tax on interest paid thereto. Provident funds and bodies which are tax-exempt as per the provisions of section 9(2) to the Ordinance are tax exempt in respect of interest income or discount fees as aforesaid, in accordance with the conditions and restrictions set out in Section 9(2) to the Ordinance and subject to the provisions of Section 3(H) to the Ordinance concerning

¹² A foreign resident is a person who was a foreign resident on the date of receipt of interest, discount fees or linkage differences, as the case may be.

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.

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

- (a) As to fully linked securities - 25% in a case of an individual (including a foreign resident) who is not a substantial shareholder in the body of persons paying the interest, and subject to the provisions of Section 9(15D) to the Ordinance. In case of an individual who is a substantial shareholder or an individual who works at the body of persons that pays the interest or provides services thereto or sells products to that body of persons, the maximum tax rate set forth in Section 121 of the Ordinance will apply.
- (b) 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 (an Israeli resident and foreign resident), 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. Deduction 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 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 member of the stock exchange in lieu of the offering companies, subject to the said guidelines. The Bank will transfer to the stock exchange members (through the TASE) 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 group of persons paying the interest or to one who provides services or sells to the group of persons that pays the interest, the Bank will be responsible for completion of the deduction of tax at source at the maximum tax rate as stipulated in the Deduction from Interest and Dividends Regulations.

6.4 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 the tax withheld from the discount fees with respect to the bonds, a uniform discount rate based on a formula which weights the different discount rates for the bonds issued (hereinafter - the “**Weighted Discount Rate**”). Where the said approval is received, the Bank will calculate the Weighted Discount Rate for the Bonds immediately after the date of expansion of the series pursuant to the said approval,

and will submit an immediate report, to be posted on the Israel Securities Authority's website (MAGNA), in which it will announce the Weighted Discount Rate for the entire series, and tax will be deducted at the redemption dates of the each Bond at the Weighted Discount Rate as described above and pursuant to statutory provisions. In such a case all the other provisions concerning taxation of discounting will apply. If the said approval is not received from the Israel Tax Authority, the Bank will withhold tax from the discount fees for the series of Bonds according to the highest discount rate for this series. In this case, the Bank will submit an immediate report immediately after the expansion of the series, in which it will announce the discount rate determined for the entire series and all other applicable statutory provisions with regard to the taxation of discount fees. The Bank shall deduct tax at source as at the date of the series' redemption, according to the rate to be reported as aforesaid.

In any case of expansion of a series of bonds, 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.

6.5 Offsetting of losses

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

- 6.5.2** On August 31 2011, an Amendment to the Income Tax Regulations (Withholding from Proceeds, Payment or Capital Gain on the Sale of Securities, Sale of a Mutual Fund Unit or a Future Transaction), (Amendment) 2011 was published. Pursuant to the amendment, when calculating capital gain for purposes of withholding tax from sale of marketable securities, mutual fund units and future transactions (hereinafter – “**Marketable Securities**”), the tax payer shall offset the capital loss arising from the sale of marketable securities that were under his management, provided that the capital gain was generated in the same tax year in which the loss was generated, regardless of whether the capital gain was generated before the capital loss or after the said date. The said Amendment came into effect on January 1 2012.
- 6.5.3** 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.
- 6.5.4** A loss which cannot be so offset may be offset consecutively in the tax years subsequent to the year in which the loss was generated, only against capital gains and real estate betterment, as set forth in Section 92(b) of the Ordinance, provided that a tax filing for the tax year in which the loss was generated was filed to the Assessing Officer.

6.5.5 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 Updated Rating Reports

Maalot
S&P Global Ratings

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

May 26, 2022

To:
 Bank Leumi le-Israel B.M.

Dear Sir/Madam,

Re: Rating of Commercial Securities (Series 2), Bonds (Series 179 and Series 183)

We hereby announce that S&P Maalot has assigned a rating of iLA-1+ to commercial securities be issued to the public by way of the issuance of Series 2, for a total of up to NIS 1.2 billion par value; a rating of iLAAA to bonds to be issued by way of expansion of Series 179 and 183 for a total of up to NIS 1.5 billion par value; (hereinafter – the “**Rating**”) by Bank Leumi le-Israel B.M. (hereinafter – the “**Company**”), as published in the rating reports of May 24, 2022 and May 26, 2022 (hereinafter – the “**Rating Report**”).

In this connection, we emphasize that the Rating of the bonds and the commercial securities was determined, among other things, on the basis of the Draft Shelf Offering Report that we received on May 26, 2022 (hereinafter – the “**Draft Shelf Offering Report**”), and on the basis of the proposed structure and purpose of the issue as you informed us.

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

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

Our consent is valid for 14 days from the date of this letter, that is, until June 9, 2022. The Company will not include the Rating Report in the Shelf Offering Report subsequent to this date, without our prior written approval.

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

Sincerely,

S&P Global Ratings Ltd.
 (“S&P Maalot”)

May 26 2022

To

Bank Leumi le-Israel B.M.

Dear Sir/Madam,

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

Further to your request, we hereby approve the attachment of the report on rating action carried out for Bank Leumi le-Israel B.M. Ltd. (hereinafter – the “**Bank**”) of May 24, 2022, and the revised rating action report of May 26, 2022, to the shelf offering report on the issuance of bonds (Series 179), and commercial securities (Series 2) to be issued by Bank Leumi le-Israel B.M. (hereinafter – the “**Issuing Company**”), which is expected to be published in January 2022, provided that they are attached in full, without any omissions and/or changes; the said reports may be attached by way of reference.

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

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

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

Sincerely,

Itay Navarra, VP
Head of Financial Institutions

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

May 26, 2022

To
 Board of Directors of
 Bank Leumi le-Israel B.M.
 34 Yehuda Halevi St.
 Tel Aviv

Dear Sir/Madam

**Re: Shelf Offering Report of Bank Leumi le-Israel Ltd. (hereinafter - the “Bank”) to be
 Published in May 2022 (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:

- A. The auditors’ review report dated May 26, 2021, on the condensed consolidated financial information of the Bank as of March 31, 2021, and for the three months then ended.
- B. The auditors’ review report dated August 12, 2021, on the condensed consolidated financial information of the Bank as of June 30, 2021, and for three months and six months then ended.
- C. The auditors’ review report dated November 15, 2021, on the condensed consolidated financial information of the Bank dated September 30, 2021, and for the three months and nine months then ended.
- D. Joint auditors’ report of March 8, 2022, on the consolidated financial information of the Bank as of December 31, 2021, and 2020, and for the years then ended.
- E. Joint auditors’ report of March 8, 2022, regarding the audit of components of internal control over financial reporting of the Bank as of December 31, 2021.
- F. The auditors’ review report dated May 23, 2022, on the condensed consolidated financial information of the Bank as of March 31, 2022, and for the three months then ended.

Sincerely,

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

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

Joint Auditors

