

**Bank Leumi le-Israel B.M.**  
(hereinafter – the “**Bank**” or the “**Company**”)

**Shelf Offering Report**

Pursuant to a shelf prospectus of the Bank dated May 27 2021 (Ref. No. 2021-01-090921), which was extended on May 18, 2023 until May 26, 2024 (Ref. No.: 2023-01-053547) (hereinafter - the “**Shelf Prospectus**”), and in accordance with the provisions of the Securities Regulations (Shelf Offering of Securities), 2005 (hereinafter – the “**Shelf Offering Regulations**”), the Bank is hereby publishing a Shelf Offering Report for the issuance and listing on the Tel Aviv Stock Exchange Ltd. (hereinafter – the “**Stock Exchange**”) of the securities set forth below (hereinafter - the “**Shelf Offering Report**”).

1. **The offered securities**

1.1 **Bonds (Series 183) offered by way of a series expansion**

- 1.1.1 Up to NIS 1,626,283,000 PV of Series 183 registered bonds of the Bank of NIS 1 PV each, bearing annual interest of 0.1% (hereinafter – the “**Bonds (Series 183)**”), offered to the public by way of an expansion of a traded series that was first listed for trading on the Stock Exchange under a Shelf Offering Report dated November 25, 2021 (hereinafter – the “**First Offering Report of Bonds 183**”) and were expanded under the series expansion in accordance with the Shelf Offering Report dated May 26, 2022 (hereinafter - the **Second Offering Report of Bonds 183**”). The Bonds (Series 183) 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 Bonds (Series 183) will be repaid in one lump sum on November 25, 2029.
- 1.1.3 The principal and interest of the Bonds (Series 183) 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 Bonds (Series 183).

- 1.1.4 The interest is paid to the holders of Bonds (Series 183) 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.

The interest payment in respect of the Bonds (Series 183) paid to the Bond Holders up to the date of the Shelf Offering Report will not be paid in respect of the Bonds (Series 183) 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 Bonds (Series 183) on November 25, 2023 at a rate of 0.1%.

- 1.1.5 For more information regarding the rating of the Bonds (Series 183), please see Section 10 below.
- 1.1.6 For more information regarding the terms and conditions of the Bonds (Series 183), please see Section 5.1 below.
- 1.1.7 The Bonds (Series 183) shall be registered in the name of Bank Leumi le-Israel B.M. Nominee Company Ltd. (hereinafter - the “**Nominee Company**”).
- 1.1.8 The terms and conditions of the Bonds (Series 183) offered under the Shelf Offering Report are the same as the terms and conditions of the Bonds (Series 183), as described in the First Offering Report of Bonds 183 and in the Second Offering Report of Bonds 183. The Bonds (Series 183) issued under the Shelf Offering Report will constitute, starting from the date of their listing on the Stock Exchange, one series for all intents and purposes

together with the Bonds (Series 183), that were registered for trading and offered by the Bank to the public in the past.

## 1.2 Commercial Securities (Series 4)

- 1.2.1 Up to NIS 2,427,602,000 par value of registered Commercial Securities (Series 4) 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 5.2.3 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 0.19% per year (hereinafter - "CSs (Series 4)").
- 1.2.2 The principal of CSs (Series 4) and the interest payable thereon shall be repayable in a single installment on May 28 2024.
- 1.2.3 The principal and interest for the CSs (Series 4) will not be linked to the CPI or to any other index or currency.
- 1.2.4 For more information regarding the rating of the CSs (Series 4), please see Section 10 below.
- 1.2.5 For more information regarding the terms and conditions of the Series 4 CSs, please see Section 5.2 below.
- 1.2.6 CSs (Series 4) will be registered in the name of the Nominee Company, as defined in Section 1.1.7 above, in accordance with the provisions of Section 2.2 below.

- 1.3 Bonds (Series 183) and CSs (Series 4) 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 the Bonds (Series 183) and the tender for the purchase of CSs (Series 4) are separate and independent of each other (hereinafter jointly or severally, as applicable: the "Tender" or the "Tenders"). The bids as part of the said Tenders shall be placed separately, and are not conditioned and dependent on each other; the results of the issuance shall be determined separately for each such Tender. Accordingly, should one of the aforementioned Tenders be canceled, the securities offered under the Tender shall not be allocated or listed for trading on the

Stock Exchange, but this shall not result in the cancellation of the other tender in accordance with the Shelf Offering Report.

2.1 Bonds (Series 183) – uniform offering by way of tender on the unit price (Tender No.: 1189059)

Up to NIS 1,626,283,000 p.v. of Bonds (Series 183) are offered to the public by way of a uniform offering as defined in the Securities Regulations (Manner of Offering Securities to the Public), 2007 (hereinafter - the “**Uniform Offering**” and the “**Public Offering Regulations**”, respectively), in 1,626,283 units, with each unit comprising NIS 1,000 p.v. of Bonds (Series 183) (hereinafter - the “**183 Bonds Units**” or the “**Bond Units (Series 183)**”), by way of unit price tender (hereinafter - the “**183 Bonds Tender**”) at a minimum price per unit of NIS 951 (hereinafter - the “**Minimum Unit Price of Bonds (Series 183)**”).

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 Bonds (Series 183).

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 Bonds (Series 183), and denominated in increments of NIS 0.5, i.e. - NIS 951, NIS 951.5, NIS 952, 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 CSs (Series 4) – uniform offering by way of tender on the rate of the annual spread above the Bank of Israel Interest (Tender No.: 1189042)

Up to NIS 2,427,602,000 p.v. of CSs (Series 4) are offered to the public by way of a uniform offering as defined in the Public Offering Regulations in 2,427,602 units, with each unit comprising NIS 1,000 p.v. of CSs (Series 4), at a unit price of NIS 1,000 (hereinafter the “**CSs 4 Units**” or “**CS Units (Series 4)**”), by way of a tender on the rate of the annual spread above the Bank of Israel Interest (hereinafter - the “**Base Interest**”), that the CSs (Series 4) will bear (hereinafter - the “**CSs 4 Tender**”); the interest rate to be set in the Tender shall not exceed 0.19% per year (hereinafter - the “**Maximum Spread Rate**”).

Every bidder taking part in the Tender will note in his bid the number of CSs 4 Units he wishes to purchase in the Tender, as well as the spread above the Base Interest rate he offers, which will not exceed the Maximum Spread Rate.

As part of the Tender, each bidder is allowed to submit up to three (3) bids at different spread rates, none of which will exceed the Maximum Spread Rate, and which will be denoted in positive spread levels of 0.01%, i.e., 0.19%, 0.18%, 0.17%, 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 2.4 below) to the nearest spread level.

In accordance with the guidance set in the Third Part of the Stock Exchange Rules and Regulations, the trading unit of a commercial security is NIS 10 par value. Accordingly, concurrently with the transfer of the CSs (Series 4) certificates to the Nominee Company, the latter will receive a request to the effect that the allocation of the said Commercial Securities to bidders whose bids were accepted shall be carried out in trading units of NIS 10 p.v. as stated above. It is clarified that trading in the CSs (Series 4) shall be subject to the above directives of the Stock Exchange, as updated from time to time, including in the event that the size of the CSs trading units is changed, and/or other or additional restrictions being placed with regard to a trading unit of CSs, should any such updates be made in relation to the CSs (Series 4) offered pursuant to the Shelf Offering Report.

- 2.3 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, 2023 (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.
- 2.4 Each bid for the purchase of the units of Bonds (Series 183) and/or CS 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.

- 2.5 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.
- 2.6 Each bid submitted to a Party Authorized to Accept Bids on the Tender Date will be considered as being submitted on the same day, if received by the Party Authorized to Accept Bids by the Time of Closing the Subscriptions List and provided that it is delivered to the Offering Coordinator by the Party Authorized to Accept Bids, and received by the Offering Coordinator, by the end of one hour from the Time of Closing the Subscriptions List (hereinafter – the “**Deadline for Submission to the Coordinator**”). A Bid submitted to the Offering Coordinator after the Deadline for Submission to the Coordinator shall not be accepted by the Bank.
- 2.7 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 and interest rate spread in the Tenders, the allocation of the units and the listing of the Offered Securities, please see Section 1.3 (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 183 Bonds Units”), Section 1.6 (hereinafter - “Determining the spread on the benchmark interest and the manner of allocating the CSs (Series 4) to bidders”), Section 2 (hereinafter - “Notice regarding the results of the offering”), Section 3 (hereinafter - the “special account and allocation of the units”) and Section 4 (hereinafter - “Approval of Listing of the Offered Securities”), respectively to **Appendix B** to this Shelf Offering Report.

### 3. Qualified investors<sup>1</sup>

#### 3.1 Bonds (Series 183)

3.1.1 Of the Units of Bonds 183 being offered to the public under this Shelf Offering Report, regarding 1,492,392 Units of Bonds (Series 183), constituting 91.7% of the total Units of Bonds (Series 183) 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 Bonds 183 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.

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

- (c) If the 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.

3.1.3 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 Bonds (Series 183) at a unit price and quantity that will not be lower than the unit price and quantity appearing next to its name, as detailed in the table below:

	<b>Name of qualified investor</b>	<b>How it meets the definition of a qualified investor</b>	<b>Price per unit (NIS)</b>	<b>No. of units - Bonds (Series 183)</b>
1.	Arbitrage Global LP	A corporation with capital of NIS 50 million	951	7,000
2.	Hazavim Bond LP.	A corporation with capital of NIS 50 million	952	6,500
3.	Vertical Bond LP CO-116406	A corporation with capital of NIS 50 million	954	13,000
4.	Vertical LP co-89181 Cayman Islands	A corporation with capital of NIS 50 million	954	50,000
5.	Vertical LP co-89181 Cayman Islands	A corporation with capital of NIS 50 million	951	25,000
6.	A-To-Z Finance Ltd.	A corporation with capital of NIS 50 million	953	77,000
7.	AS Tene Investments and Finances Ltd.	Company with an investment marketing license	954	13,000
8.	Orcom Strategies Ltd.	A corporation with capital of NIS 50 million	955	10,000

	<b>Name of qualified investor</b>	<b>How it meets the definition of a qualified investor</b>	<b>Price per unit (NIS)</b>	<b>No. of units - Bonds (Series 183)</b>
9.	Orcom Strategies Ltd.	A corporation with capital of NIS 50 million	951	10,000
10.	Ayalon Insurance Company Ltd. - Participating	Insurance company	951	20,000
11.	Ayalon Mutual Funds Ltd.	Mutual fund	951	3,800
12.	Aloha Global Opportunities LP	A corporation with capital of NIS 50 million	953	21,000
13.	Alfi Benedek Investment Portfolio Management Ltd.	Portfolio manager	954	3,000
14.	Ametrine 2 Limited Partnership*	A corporation with capital of NIS 50 million	960	14,200
15.	Ametrine 2 Limited Partnership*	A corporation with capital of NIS 50 million	951	12,000
16.	Ametrine Limited Partnership*	A corporation with capital of NIS 50 million	960	5,000
17.	Ametrine Limited Partnership*	A corporation with capital of NIS 50 million	951	15,000
18.	Excellence Investment Management and Securities Ltd.**	Portfolio manager	952	51,801
19.	Barak Capital Investments 2006 Ltd.*	A corporation with capital of NIS 50 million	960	2,000
20.	Barak Capital Investments 2006 Ltd.*	A corporation with capital of NIS 50 million	951	5,000
21.	Gyro HMS - Limited Partnership	A corporation with capital of NIS 50 million	963	55,000
22.	Gyro HMS - Limited Partnership	A corporation with capital of NIS 50 million	956	50,000
23.	Gyro Hedge Fund Limited Partnership	A corporation with capital of NIS 50 million	952	5,000
24.	Danbar Finance Ltd.	A corporation with capital of NIS 50 million	953	2,700
25.	The Phoenix Insurance Company Ltd.**	Insurance company	952	5,000
26.	Agach Konzerni Bederug Minimali (AA)**	Provident fund / pension fund	951	50,000
27.	Hazavim Limited Partnership	A corporation with capital of NIS 50 million	952	5,500
28.	Unique Investments and Fintech - Limited Partnership	A corporation with capital of NIS 50 million	955	5,000
29.	Clal Insurance Company Ltd. - nostro**	Insurance company	952	50,000
30.	Clal Insurance Company Ltd. for institutional investors under its control**	Insurance company	951	250,000
31.	Masterplan Delta Opportunities L.P.	A corporation with capital of NIS 50 million	952	1,800
32.	Migdal Insurance Company Ltd. - nostro	Insurance company	951	50,000
33.	Migdal Market Making Ltd.	A corporation with capital of NIS 50 million	980	3,000
34.	Migdal Mutual Funds Ltd.	Mutual fund	951	1,090
35.	Migdalor Opportunities	A corporation with capital of NIS 50 million	953	7,000

	<b>Name of qualified investor</b>	<b>How it meets the definition of a qualified investor</b>	<b>Price per unit (NIS)</b>	<b>No. of units - Bonds (Series 183)</b>
36.	More Provident and Pension Funds Ltd.	Provident fund / pension fund	953	30,000
37.	Meitav Dash Provident Funds and Pension Ltd.**	Provident fund / pension fund	952	50,339
38.	Meitav Dash Portfolio Management Ltd. for industry-specific funds**	Portfolio manager	953	110,667
39.	Milestone Capital (ERGS) Limited Partnership	A corporation with capital of NIS 50 million	957	38,000
40.	Milestone Capital (ERGS) Limited Partnership	A corporation with capital of NIS 50 million	951	20,000
41.	Menora Mivtachim non-government bonds basket marketable in Israel*	Insurance company	952	100,000
42.	Menora Mivtachim Pension and Provident Funds Ltd.*	Insurance company	952	5,000
43.	Sigma Mutual Fund Management Ltd.	Mutual fund	960	9,440
44.	Amitim Veteran Pension Funds	Provident fund / pension fund	951	105,000
45.	Pontifax Opportunity Fund Limited Partnership	A corporation with capital of NIS 50 million	956	58,000
46.	Fidelity Venture Capital Ltd.	A corporation with capital of NIS 50 million	954	2,555
47.	Proxima Investment Management Ltd.	Portfolio manager	956	19,000
48.	Proxima Investment Management Ltd.	Portfolio manager	954	22,000
49.	KSM Financial Instruments Trade Ltd.**	A corporation with capital of NIS 50 million	960	4,000
50.	RIL Spirit Management & Investments Ltd.	A corporation with capital of NIS 50 million	954	13,000
	<b><u>Total</u></b>			<b>1,492,392</b>

(\*) Distributor in the offering or a Qualified Investor related to a distributor in the offering. In total, a Qualified Investor that is a distributor in the issuance or related to a distributor in the issuance provided advance commitments for the acquisition of 158,200 Units of Bonds (Series 183) constituting 10.6% of the total Units of Bonds (Series 183) in respect of which advance commitments were provided.

(\*\*) Qualified Investors who are interested parties in the Bank or Qualified Investors who are related to the Bank's interested parties. In total, Qualified Investors related to interested parties at the Bank provided advance commitments for the acquisition of 571,807 Units of Bonds (Series 183) constituting 38.31% of the total Bonds (Series 183) in respect of which advance commitments were provided.

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 Trading Day after the Tender Date, by 12:30 PM, and will be deposited by the Offering Coordinator in a special account as defined in Section 3 to **Appendix B** of this Shelf Offering Report.
- 3.1.7 The Qualified Investors will be entitled to receive an advance undertaking fee at a rate of 0.65% of the total consideration that will be received in respect of the Bonds (Series 183) 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 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).

## 3.2 **Commercial Securities (Series 4)**

- 3.2.1 Of the Units being offered to the public under this Shelf Offering Report, regarding 2,256,221 Units of CS 4, constituting approximately 92.9% of the total Units of CS 4 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 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 Commercial Securities (Series 4) offered 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.

3.2.3 Each of the Qualified Investors listed below has undertaken - under advance undertaking to purchase CS 4 Units offered in accordance with this Shelf Offering Report - to submit bids for the purchase CS 4 Units at an annual interest rate spread that will not exceed the interest rate spread and a quantity that shall not be lower than detailed next to its name in the table below:

	<b>Name of qualified investor</b>	<b>How it meets the definition of a qualified investor</b>	<b>The annual spread rate above the Bank of Israel interest</b>	<b>Number of CSs (Series 4) Units</b>
1.	Hazavim Bond LP.	A corporation with capital of NIS 50 million	0.18	25,000
2.	Vertical Bond LP CO-116406	A corporation with capital of NIS 50 million	0.19	10,000
3.	Vertical LP	A corporation with capital of NIS 50 million	0.19	30,000
4.	A-To-Z Finance Ltd.	A corporation with capital of NIS 50 million	0.18	30,000
5.	IBI Mutual Funds Management (1978) Ltd.	Mutual fund	0.15	13,200
6.	Ayalon Mutual Funds Ltd.	Mutual fund	0.13	203,400
7.	Aloha Global Opportunities Ltd.	A corporation with capital of NIS 50 million	0.19	65,000
8.	Allied Holdings Ltd.	A corporation with capital of NIS 50 million	0	25,000
9.	Analyst IMS Mutual Funds Management (1986) Ltd.	Mutual fund	0.15	96,200
10.	Analyst IMS Mutual Funds Management (1986) Ltd.	Mutual fund	0.10	94,700
11.	Analyst Provident Funds Ltd.	Provident fund / pension fund	0.15	1,524
12.	Analyst Provident Funds Ltd.	Provident fund / pension fund	0.19	1,524
13.	Harel Finance Strategies Ltd.***	A corporation with capital of NIS 50 million	0.13	20,000
14.	Harel Mutual Funds Ltd.**	Mutual fund	0.12	92,000
15.	Harel Mutual Funds Ltd.**	Mutual fund	0.15	247,000
16.	Harel Mutual Funds Ltd.**	Mutual fund	0.17	247,000
17.	Hazavim Long Limited Partnership	A corporation with capital of NIS 50 million	0.18	15,000
18.	Hazavim Limited Partnership	A corporation with capital of NIS 50 million	0.18	30,000
19.	Masterplan Delta Opportunities L.P.	A corporation with capital of NIS 50 million	0.18	8,000
20.	Migdal Mutual Funds Ltd.	Mutual fund	0.19	591,200
21.	Migdal Mutual Funds Ltd.	Mutual fund	0.18	280,000
22.	Meitav Provident Funds and Pension Ltd.**	Provident fund / pension fund	0.18	9,473

	<b>Name of qualified investor</b>	<b>How it meets the definition of a qualified investor</b>	<b>The annual spread rate above the Bank of Israel interest</b>	<b>Number of CSs (Series 4) Units</b>
23.	Milestone Capital (ERGS) Limited Partnership	A corporation with capital of NIS 50 million	0.18	30,000
24.	Cybele Capital Markets Ltd.*	Underwriter / Distributor	0.15	2,000
25.	Psagot Mutual Funds Ltd.	Mutual fund	0.15	76,000
26.	KSM Mutual Funds Ltd.**	Mutual fund	0.18	13,000
	<b><u>Total</u></b>			<b>2,256,221</b>

(\*) Distributor in the offering or a Qualified Investor related to a distributor in the offering. In total, a Qualified Investor, which is a distributor in the issuance or related to a distributor in the issuance provided an advance commitment for the acquisition of 2,000 CSs Units (Series 4) constituting approx. 0.09% of the total CSs Units (Series 4) in respect of which advance commitments were provided.

(\*\*) Qualified Investors who are interested parties in the Bank or Qualified Investors who are related to the Bank's interested parties. In total, Qualified Investors related to interested parties at the Bank provided advance commitments for the acquisition of 628,473 CSs Units (Series 4) constituting 27.86% of the total CSs Units (Series 4) in respect of which advance commitments were provided.

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

3.2.7 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 4) 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 reduce the annual spread rate above the Bank of Israel Interest, which he specified in the advance undertaking to purchase the offered CSs 4 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 **Bonds (Series 183)**

- 5.1.1 For information regarding the Bonds (Series 183) offered under the Shelf Offering Report, see the First Offering Report of Bonds 183, the Second 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**").
- 5.1.2 The Trustee for the Bonds (Series 183) with whom the Bank has engaged in the Deed of Trust for Series 183 is Strauss, Lazer Trustees (1992) Ltd.<sup>2</sup>
- 5.1.3 The Bonds (Series 183) are not secured by a lien or by any other collateral.
- 5.1.4 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 Bonds (Series 183). For details, see Section 7 of the terms and conditions overleaf.
- 5.1.5 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.

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<sup>2</sup> Following are the details of the contact person with the Trustee: Ori Lazar, tel.: +972-3-6237777, email: [ori@slcpa.co.il](mailto:ori@slcpa.co.il).

## 5.2 Commercial Securities (Series 4)

- 5.2.1 The principal and interest in respect of CSs (Series 4) shall be repaid together and paid in a single installment on May 28, 2024. The offered CSs (Series 4) will be issued at 100% of their par value. The CSs (Series 4) 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.
- 5.2.2 The principal of CSs (Series 4) 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 5.2.3 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 5.2.3 below. The Bank shall publish the rate of the annual spread to be determined in the Tender, in an immediate report on the results of the offering underlying the Shelf Offering Report, which shall be published on the trading day following the Tender Date.
- 5.2.3 The interest will be paid on May 28 2024 together with the single installment of the principal of CSs (Series 4), in respect of the period starting on the settlement date (i.e., on May 30 2023) and ending on the last day prior to the payment day as aforesaid (i.e., May 27 2024) (above and below in this Section 5.2 - the **"Interest Period"**). The interest shall be calculated on the basis of the actual number of days in that period, for a 365-day year.
- 5.2.4 Four trading days prior to the Interest Payment Date, as described in Section 5.2.3 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 spread to be determined in the Tender.
- It should be clarified that if there are changes to the Bank of Israel interest rate subsequent to the publication date of the immediate report on the interest rate and up to the payment date of the interest, the interest for the days from the publication date of the immediate report (inclusive) until the

interest date shall be calculated on the assumption that the interest is Bank of Israel interest at the rate fixed on the business day prior to publication of the immediate report, plus the spread.

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

If, in the Interest Period, there were 350 days, and for 175 of these days, the Bank of Israel interest rate was 4% and for 175 of these days, the Bank of Israel interest rate was 5%, then the weighted average of Bank of Israel interest rate for the period shall be 4.5%, based on the following calculation:

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

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

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

- 5.2.5 The payment on account of the interest of principal of CSs (Series 4) 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.
- 5.2.6 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.
- 5.2.7 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.
- 5.2.8 CSs (Series 4) 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 4) as part of a series expansion by discount, see Section 6 to **Appendix B** to the Shelf Offering Report.
- 5.2.9 Tax as applicable by law shall be deducted from the interest payment in respect of CSs (Series 4) - for information about tax aspects, see also Section 6 to **Appendix B** to the Shelf Offering Report.

- 5.2.10 For information about the events upon the occurrence of which, Holders of CSs (Series 4) will be allowed to call for immediate repayment of the outstanding balance of CSs (Series 4), see Section 17 to the terms overleaf attached to **Appendix A** to the Shelf Offering Report.
- 5.2.11 For information about the other terms of the CSs (Series 4), see the text of the Commercial Securities (Series 4), which is attached as **Appendix A** to the Shelf Offering Report.

## 6. **Tables summarizing relevant information**

Set forth below is a summary of information regarding the protection mechanisms set out 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:**

	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		

	Section to the Deed / N/A	Summary description	Does the breach give rise to immediate repayment
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:

	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	7.1.9	

	Section to the Deed / N/A	Comments and explanations
Bank discontinued its banking business or announced its intention to do so		
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 Stock Exchange's Rules and Regulations, and the suspension has not been canceled within 60 days and excluding a general suspension that is not specifically targeted at the Bank.
Discontinuation of rating	7.1.13	Discontinuation of rating for a period of more than 60 consecutive days, except in case where discontinuation of rating is the result of causes or circumstances outside the Bank's control.

## 7. **Other terms and conditions of the Bonds**

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

In any case of a contradiction between the provisions described in the Deed of Trust of Series 183 and provisions of the Shelf Offering Report, the provisions of the Deed of Trust shall prevail.

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

## 8. Discounting and taxation

- 8.1 The Bonds (Series 183) in circulation were first issued under the First Offering Report of Bonds 183 above their par value, and therefore not discounted. The series was expanded by discounting as part of expansion of the series under the Second Offering Report of Bonds 183. As at the date of this Shelf Offering Report, the weighted discount rate of Bonds (Series 183) is 1.773%.
- 8.2 The Bonds (Series 183) to be issued under the Shelf Offering Report may be issued at a discount since the Bonds (Series 183) are offered at the minimum price that is under their adjusted value as of May 28, 2023 - NIS 107.61 per NIS 1 p.v.
- 8.3 The Bank received the Israel Tax Authority's approval regarding the Bonds (Series 183)<sup>3</sup> to the effect that regarding the tax withholding from the discount fees with respect to the Bonds (Series 183), a standard discount rate will be set for the Bonds (Series 183), 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' expansion date, the Bank will calculate the Weighted Discount Rate for the entire series of bonds (Series 183), in accordance 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 Bonds (Series 183) 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.
- 8.4 The Commercial Securities (Series 4) are first offered under this Shelf Offering Report at their par value and therefore, without any discount.
- 8.5 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 consequences of an investment in the securities offered**

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<sup>3</sup> The Israel Tax Authority granted approval under the "green track" on May 22 2022.

pursuant to the Shelf Offering Report. The provisions included in this Shelf Offering Report regarding taxation of the Offered Securities do not purport to constitute an authoritative interpretation of the provisions of the law, and do not purport to substitute expert advice, based on the special and the unique circumstances of each investor. Anyone who wishes to purchase the Offered Securities should seek professional advice in order to clarify the tax consequences that will apply to that investor bearing in mind the unique circumstances of the investor and the Offered Securities.

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

9. **Refraining from engaging in arrangements**

- 9.1 The Bank and the directors undertake, by signing the Shelf Offering Report, to refrain from engaging in arrangements which are not set out in the Shelf Offering Report, in connection with the offering of the securities pursuant with the Shelf Offering Report and their distribution and public spread, and undertake to refrain from granting the purchasers of the securities pursuant to the Shelf Offering Report the right to sell the securities they shall have purchased, other than as set forth in the Shelf Offering Report.
- 9.2 The 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 9.1 above.
- 9.3 The Bank and the directors undertake, by signing the Shelf Offering Report, to refrain from entering into engagements in connection with the securities offered pursuant to the Shelf Offering Report with any third party, which, to the best of their knowledge, engaged in arrangements contrary to the provisions of Section 9.1 above.

10. **Rating of the Offered Securities**

- 10.1 On May 28, 2023, rating agency S&P Maalot (hereinafter - “**Maalot**”) announced the assigning of “ilAAA” rating to Bonds (Series 183), and the assigning of “ilA-1+” rating to the Series 4 Commercial Securities, respectively, to be issued by the Bank by way of expanding the Bonds (Series 183) and issuing a new series of CSs

(Series 4), in accordance with the Shelf Offering Report, at an amount of up to NIS 1.63 billion par value of Bonds (Series 183) and up to NIS 2.43 billion par value of Commercial Securities (Series 4). For further details, see the Bank's immediate report of May 28, 2023 (Ref. No.: 2023-01-055119), the details of which are included in this Offering Report by way of reference (hereinafter - the "**Rating Report**").

10.2 Maalot's consent for attaching the Rating Report to the Shelf Offering Report, as issued on May 28, 2023, is attached as **Appendix C** to the Shelf Offering Report.

## 11. **Permits and approvals**

11.1 The Bank has obtained all the permits, approvals and licenses required by any law to offer and issue the Bonds (Series 183) and the CSs (Series 4) offered, to issue them and to publish the Shelf Offering Report.

11.2 The Bank has applied to the Stock Exchange requesting that it list the securities offered pursuant to the Shelf Offering Report and the Stock Exchange has given its approval thereto.

11.3 The listing of CSs (Series 4) offered pursuant to the Shelf Offering Report is subject to the condition that the value of the public's holdings in the CSs (Series 4) immediately after the listing thereof shall not be lower than NIS 24 million.

If it transpires that the Stock Exchange's requirements as stated above have not been met, the Commercial Securities (Series 4) 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.

11.4 Whereas CSs (Series 4) offered pursuant to this Shelf Offering Report have been rated as set forth in Section 10 above, there was no need to comply with the capital requirements prescribed in the guidelines of the Second Part of the Stock Exchange's Rules and Regulations.

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

12. **Market Maker for the CSs (Series 4)**

On May 23, 2023, the Bank entered into an agreement with Excellence Investment Management and Securities Ltd. (hereinafter - “**Excellence**”), whereby Excellence shall serve as a market maker for the Bank's Commercial Securities (Series 4) (hereinafter - the “**Market Making Agreement**”). The Market Making Agreement came into effect on May 23, 2023, when Excellence receive the approval of the Stock Exchange for market making of the Bank’s Securities (Series 4), according to which Excellence will serve as the market maker of the securities, in accordance with the market making rules set out in the Stock Exchange bylaws and related guidelines, the decisions of the Stock Exchange’s Board of Directors and the provisions of the law, in return for the amount set in the Market Making Agreement, which is not material to the Bank.

As part of the Market Making Agreement, Excellence undertook to purchase the CSs (Series 4) 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 Stock Exchange bylaws and the related directives, the resolutions of the Stock Exchange 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 Stock Exchange bylaws.

If there are any changes to the Stock Exchange Rules and Regulations and/or guidelines thereunder and/or resolutions of the Stock Exchange board of directors and/or another arrangement is established under the law, according to which there shall be market making, Excellence 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 4) for the public, until the date of final redemption of the CSs (Series 4).

13. **Payment of a fee**

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

#### 14. **The proceeds of the issuance**

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

Expected immediate proceeds, gross	NIS 3,974,197,133
Less - advance undertaking and distribution fees	NIS 14,143,047
Less – other expenses totaling	NIS 2,068,361
Expected immediate proceeds, net	<hr/> NIS 3,957,985,725

14.2 Pursuant to an agreement signed with Leumi Partners Underwriters Ltd. (hereinafter – “**Leumi Partners**”), Leumi Partners, Menora Mivtachim Underwriters Ltd., Apex Issuances Ltd., Barak Capital Underwriting Ltd., Active Underwriting Ltd., Cybele Capital Markets 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 rates of 0.1% of the (gross) proceeds of the issuance of the Bonds (Series 183), and a rate of 0.03% of the (gross) proceeds of the issuance of CSs (Series 4), 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.

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

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

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

15. **Underwriting**

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

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

16.1 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](http://www.magna.isa.gov.il) and on the Stock Exchange's website at [www.maya.tase.co.il](http://www.maya.tase.co.il).

17. **Letter of Consent from the Bank's Independent Auditors**

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

18. **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 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.

19. **Legal opinion**

The Bank received the following legal opinion:



March 28, 2023

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 (Ref. No: 2021-01-090921), which was extended until May 26, 2024 (Ref. No: 2023-01-053547) (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 Bonds (Series 183) of the Bank by way of series expansion, and regarding an offering to the public of a new series of Commercial Securities (Series 4) of the Bank (hereinafter jointly – the “**Offered Securities**”), we hereby express our opinion as follows:

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

We consent to this opinion being included in the Shelf Offering Report that will be published in May 2023.

Respectfully,

**Ran Shalom, Adv. Marom Bouznah, Adv.**

**Agmon with Tulchinsky Law Firm**



סידני, אוסטרליה	באר שבע	תל אביב	ירושלים
50 Carrington Street, Sydney NSW 2000PO Box H256, Australia T. +61-2-90606206	גב ים רחוב האגריה 77 ט. 03-60714506 פ. 08-6155780	מגדל אלקטרה, ינאל אלון 98 ט. 03-6078607 פ. 03-6078666	הגן הטכנולוגי מלחה, בניין 1 ט. 02-5607607 פ. 02-5639948

20. **Signatures****The Bank:**


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

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**Directors:**


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**Haj Yehia Samer, PhD**


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**Zvika Naggan**


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**Gottlieb Tamar**


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**Irit Shlomi**


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**Elya Sasson**


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**Dominissini Esther**


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**Koller Dan Alexander**


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**Ben Zvi Shmuel, PhD**


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**Avi Bzura**


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**Prof. Yedidia Z. Stern**

**Appendix A to the Shelf Offering Report - Terms of the Commercial  
Securities (Series 4)**

## **Appendix B to the Shelf Offering Report - Manner of Offering the Securities**

The provisions of this appendix apply separately to the Bonds (Series 183) and CSs (Series 4) 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. in Bonds (Series 183) or NIS 1,000 p.v. in CSs (Series 4), as the case may be, that are offered pursuant to the Shelf Offering Report. In addition, it is clarified that the two Tenders for the purchase of the Bonds (Series 183) and the CSs (Series 4) are separate and independent tenders and that the bids for each of the Tenders shall be submitted separately, and the results of the offering shall be determined separately in respect of each of the Tenders. Accordingly, should one of the aforementioned Tenders be canceled, the securities offered under the Tender shall not be allocated or listed for trading on the Stock Exchange, but this shall not result in the cancellation of the other tender in accordance with the Shelf Offering Report.

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

The Bonds Units (Series 183) and CSs Units (Series 4) are offered to the public as part of a uniform offering by way of tender for the unit price (in respect of Bonds (Series 183)), that will not be lower than the minimum price as specified in Section 2.1 of the Shelf Offering Report and by way of tender for the annual spread above the Bank of Israel interest (in respect of CSs (Series 4)), that will not exceed the maximum spread as specified in Section 2.2 of the Shelf Offering Report, all as set out in the Shelf Offering Report (hereinafter in this Appendix - 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 different prices and/or different interest rate spreads, as applicable, in accordance with the increments 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/or 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 auditors, who will oversee the proper implementation of the tender procedures and the tender's results will be summarized and processed at the same time.

#### 1.5 **Determining the Uniform Price for Bonds (Series 183) Units and the manner of allocating the units to bidders**

All units of Bonds (Series 183) the Bids for the purchase of which will be accepted as part of the 183 Bonds Tender, will be issued at a uniform price per unit (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 Bonds (Series 183) Units (hereinafter jointly in this Section 1.5: the “**Units**” and/or the “**Offered Units**”), that are offered to the public (including to Qualified Investors) pursuant to the Shelf Offering Report.

Allocation of the Units will be carried out as follows:

- 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, 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 as outlined in Section 3.1.3 to the Shelf Offering Report), 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 Uniform Price shall not be accepted.
  - B. All Bids at a unit price that is higher than the Uniform Price will be accepted.
  - C. Bids (excluding undertakings received from Qualified Investors, as stated in Section 3.1.3 to the Shelf Offering Report) 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 3 to the Shelf Offering Report.

1.5.4 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 Base Interest and the manner of allocating the CSs (Series 4) to bidders**

All CSs (Series 4), bids for the purchase of which will be accepted as part of the Tender, shall bear a uniform annual spread above the Base Interest; the spread will be set in accordance with the Tender's results (hereinafter - the "**Uniform Spread Rate**"), and the CSs (Series 4) shall be allocated in the Tender as follows:

1.6.1 If the total number of units of CSs (Series 4) for which bids were submitted (including bids from Qualified Investors, as stated in Section 3.2.3 to the Shelf Offering Report) shall be lower than the number of units of CSs (Series 4) offered to the public, then all bids shall be accepted in full, subject to compliance with the Stock Exchange requirements as described in Section 11.3 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 4) for which bids were submitted (including bids from Qualified Investors, as stated in Section 3.2.3 to the Shelf Offering Report), shall be equal or higher than the total number of units of CSs (Series 4) 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 4) 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 4) offered to the public with the CSs (Series 4) bearing the Uniform Spread Rate, and each bidder shall be deemed to have undertaken in its bid to purchase all the CSs (Series 4) Units allocated to it as a result of the acceptance of its

bid, with the CSs (Series 4) 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 4) 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 4) Units to Qualified Investors who entered into advance engagement with the Company, a share which equals the ratio of the number of CSs (Series 4) Units included in the bid it submitted, and the total number of CSs (Series 4) 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 Trading Day after the Tender Date, a notice will be delivered by the Offering Coordinator and through the Parties Authorized to Receive Bids, to bidders whose Bids were accepted, in full or in part. The notice will state the number of Units allocated to each subscriber, the Uniform Price and/or the uniform interest rate spread set in the Tender, and the consideration payable in respect thereof. By 12:30 PM on the First Trading Day after the Tender Date, the bidders will transfer to the Offering Coordinator, to the special account as provided in Section 3 below, through the Parties Authorized to Receive Bids, the full consideration payable by them for the Units with respect to which their bid was accepted as provided in the said notice.
- 2.2 By the First Trading Day after the Tender Date, the Bank will announce the Tender results by way of an immediate report.

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

- 3.1 Immediately prior to the Tender Date the Offering Coordinator shall open a special trust account in the name of the Bank (hereinafter – the “**Special Account**”) and will submit to the Parties Authorized to Receive Bids the details of the Special Account. The Special Account shall be managed exclusively by the Offering Coordinator in the name of the Bank and on its behalf in accordance with the Securities Law.
- 3.2 Monies that accumulate in the Special Account will be invested by the Offering Coordinator in short-term, unlinked deposits bearing daily interest.
- 3.3 The Parties Authorized to Receive Bids will deposit in the Special Account all the amounts paid in respect of the Offered Securities, the Bids for the purchase of which were accepted pursuant to the terms of the Shelf Offering Report, and the Offering Coordinator will deal with such amounts and act in accordance with the terms of the Shelf Offering Report.
- 3.4 If the requirements of the Stock Exchange's guidance regarding the Commercial Securities (Series 4) - as detailed in Section 11 to 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. (hereinafter – the “**Nominee Company**”).

- 3.5 If, at the end of the Tender Date it transpires that in respect to the Commercial Securities (Series 4) offered, all the requirements of the Stock Exchange’s guidance as detailed in Section 11 to 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 Commercial Securities (Series 4) for trading is subject to the fulfillment of the requirements of the Stock Exchange, as set out in Section 11 to 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, the offering of the CSs Series 4 Units being offered shall be canceled, and the Series 4 Commercial Securities being offered shall not be allocated and shall not be listed and no funds shall be collected from the subscribers in respect thereof. In the event of the cancellation of the Offering as aforesaid, on the First Trading Day after the Tender Date, the Bank shall give notice thereof in an immediate report (in accordance with the dates set forth by law), and within two additional trading days thereafter, the Company shall publish notice in the Hebrew language in connection therewith in two daily newspapers that are widely circulated in Israel, if it is required by law to do so. The Bank may issue the securities, the issuance of which was canceled as aforesaid, pursuant to the next Shelf Offering Reports, if such reports are published, subject to the provisions of

any law, to the Stock Exchange's guidelines and to the provisions of the Shelf Prospectus.

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

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

6. **tax consequences**

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

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 shareholder<sup>4</sup> 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 2023 exceeded a total of NIS 698,280, shall be subject to additional tax at a rate of 3% in respect of that portion of his income that exceeded the said amount (hereinafter – “**Surtax**”). The provisions of the section applicable to taxable income<sup>5</sup> 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 5,220,200 million (for 2023) and the sale is not exempt from tax under any law), excluding an

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<sup>4</sup> 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.

<sup>5</sup> As defined in Section 121B(e) to the Ordinance.

inflationary amount as defined in Section 88 of the Ordinance and Section 47 of the Land Taxation Law (Betterment and Purchase), 1963, all in accordance with the provisions of Section 121B of the Ordinance.

- 6.1.5 On December 22, 2016, the Knesset passed the Economic Efficiency Law (Legislative Amendments for Implementing Economic Policies for the 2017 and 2018 Budget Years), 2016 stipulating that the corporate tax rate set out in Section 126(a) of the Ordinance will be reduced by 1% from January 1, 2017 to a rate of 24% and by another 1% from January 1, 2018 onwards to a rate of 23%.
- 6.1.6 It is clarified that what is stated below refers to the manner of taxation of investors who are Israeli residents. It should be noted that an “individual that became an Israeli resident for the first time” and “a senior returning resident” as defined in the Ordinance, may be subject to tax consequences that are different than those described below; it is suggested that such residents seek specific advice to assess their entitlement to tax benefits in Israel. It should also be noted that investors who will be considered as “controlling shareholders”<sup>6</sup> or as “substantial shareholders”,<sup>7</sup> as defined in the Ordinance, may be subject to further tax consequences in addition to those described below.
- 6.1.7 Similarly, reference as brought below to taxation of a group of non-residents is restricted in the case where Israeli residents are controlling shareholders therein, or benefit from or are entitled to 25% or more of the revenues or profits of a non-resident, directly or indirectly, in accordance with and subject to the provisions of Section 68A of the Ordinance.

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:

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<sup>6</sup> As this term is defined in Section 3i of the Ordinance.

<sup>7</sup> As this term is defined in Section 88 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 gain<sup>8</sup> 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%<sup>9</sup> of one or more of the company’s means of control, directly or indirectly, by himself or jointly with others,<sup>10</sup> during the 12 months that preceded such a sale - the tax rate applicable to the real capital gains earned by such an individual shall not exceed 30%.

Notwithstanding the foregoing, an individual’s capital gain in the sale of a bond or a commercial paper, lender or loan which are not linked to the Consumer Price Index (or which are not denominated in foreign currency or whose value is not linked to a foreign currency) shall be taxed at a maximum rate of 15%, or 20% for a substantial shareholder, and all capital gains shall be regarded as real capital gain.

As to an individual who claimed real interest expenses and linkage differences in respect of the securities, the capital gain from the sale of the securities shall be subject to tax at the rate of 30%, until the determination of provisions and conditions for the deduction of real interest expenses under Sections 101A(a)(9) and 101A(b) of the Ordinance.

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

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<sup>8</sup> As defined in Section 88 of the Ordinance.

<sup>9</sup> As this term is defined in Section 88 of the Ordinance.

<sup>10</sup> As this term is defined in Section 88 of the Ordinance.

- 6.2.2 A body of persons shall be liable to tax on real capital gains on the sale of securities at the corporate tax rate prescribed in Section 126 of the Ordinance (in 2023 - 23%).
- 6.2.3 As a rule, a non-resident (individual or a 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 prescribed in 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, according to and subject to the provisions of Section 68A of the Ordinance.
- 6.2.4 A tax-exempt mutual fund<sup>11</sup> 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.<sup>12</sup> The income of a taxable mutual fund<sup>13</sup> 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.
- 6.2.5 As a general rule, if the securities that are offered pursuant to this Shelf Offering Report are delisted, the tax rate that will be withheld at source upon the sale of those securities (after they are delisted) will be thirty percent (30%) of the proceeds, so long as no certificate is presented that was issued by the Assessing Officer according to which a different withholding tax rate applies (including tax withholding exemption).

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<sup>11</sup> As defined in Section 88 of the Ordinance.

<sup>12</sup> In accordance with and subject to the provisions of Section 9(2) to the Ordinance.

<sup>13</sup> As defined in Section 88 of the Ordinance.

- 6.2.6 As to withholding at source from capital gains upon the sale of the Offered Securities, tax will be withheld pursuant to the Income Tax Regulations (Withholding from Proceeds, Payment or Capital Gain on the Sale of Securities, Sale of a Mutual Fund Unit or a Future Transaction), 2002 (hereinafter - the “**Withholding from Proceeds Regulations**”). A tax payer (within its meaning in the Withholding from Proceeds Regulations), who pays a seller who is an individual proceeds as part of a sale of securities, shall withhold from the real capital gain 25% in tax and 15% in tax where the asset in question is not CPI-linked.<sup>14</sup> 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 according to the provisions and terms and conditions outlined in the Withholding from Proceeds Regulations. Tax shall not be withheld for provident funds, mutual funds and other entities which are exempt from withholding tax by law, as listed in the Addendum to the Income Tax Regulations (Withholding from Interest, Dividend and Certain Profits), 2005 (hereinafter - the “**Dividend and Interest Withholding Regulations**”) after the applicable certificates are provided by them. Tax will not be withheld by a bank or a stock exchange member in respect of a non-resident if certain conditions set out in the Withholding from Proceeds Regulations are met. It is noted that if at the time of the sale the full amount of tax was not withheld from the real capital gain, the provisions of Section 91(d) of the Ordinance and the provisions included therein regarding reporting and payment of an advance in respect of such a sale will apply.
- 6.2.7 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

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<sup>14</sup> As defined in the Withholding from Proceeds Regulations.

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,<sup>15</sup> 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.
- 6.3.2 Notwithstanding the foregoing, and in accordance with Section 125C(c) to the Ordinance, an individual will be liable to tax at the rate of 15% on the interest, including partial linkage differences, as defined in Section 3(e6) of the Ordinance or discount fees, paid in respect of an unlinked asset<sup>16</sup>, or an asset that is partially CPI-linked, in whole or in part.
- 6.3.3 Pursuant to Section 125c(d) of the Ordinance, tax rates as stated above shall not apply, among other things, if one of the following conditions is met: (1) the interest constitutes income from a “business” in accordance with Section 2(1) of the Ordinance or is recorded or required to be recorded in the individual's books of account; (2) the individual claimed a deduction of interest expenses and linkage differences in respect of the Bonds; (3) the individual is a substantial shareholder as defined in Section 88 to the Ordinance as aforesaid in the body of persons paying the interest; (4) the individual is an employee of the body of persons paying the interest or provides services or sells products to that body of persons, or has some

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<sup>15</sup> 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.

<sup>16</sup> As detailed in Section 125C(c) to the Ordinance.

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.

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

6.3.4.1 The linkage differences are not partial linkage differences.<sup>17</sup>

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

6.3.4.3 The linkage differences do not constitute an income pursuant to Section 2(1) of the Ordinance and are not recorded in his books of accounts or require such recording.

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

6.3.6 Pursuant to Section 9(15D) of the Ordinance, as of January 1, 2009, interest, discount fees or linkage differences paid to a non-resident on bonds listed on the Stock Exchange in Israel that are issued by an Israeli-resident body of persons are exempt from tax, provided that the income is not generated in a permanent enterprise of the non-resident in Israel.<sup>18</sup>

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<sup>17</sup> As defined in the Income Tax Regulations (Determination of Partial Linkage Differences), 2003.

<sup>18</sup> A non-resident is a person who was a non-resident on the date of receipt of interest, discount fees or linkage differences, as the case may be.

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 non-resident is an employee, service provider, or seller of products to the offering body of persons or has a special relationship therewith, (unless it is proven and agreed upon by the assessing officer that the price or discount fees are determined in good faith and without being impacted from the existence of the special relationship between the non-resident and the offering body of persons).

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

- 6.3.7 A tax-exempt mutual fund shall be exempt from tax on interest paid thereto. Provident funds and entities which are tax-exempt as per the provisions of Section 9(2) to the Ordinance are tax exempt in respect of interest income or discount fees as aforesaid, in accordance with the conditions and restrictions set out in Section 9(2) to the Ordinance and subject to the provisions of Section 3(H) to the Ordinance concerning interest or discount fees that have been accumulated in the period during which the Bonds were held by another person or entity. The income of a

taxable mutual fund from interest or discount fees will be liable to the tax rate applicable to the income of an individual which is not income from a "business" or "profession," unless it is expressly determined otherwise. If no special tax rate was determined for the income, then the income shall be taxed at the maximum tax rate set out in Section 121 of the Ordinance.

6.3.8 Pursuant to the provisions of the Income Tax Regulations (Withholding from Interest, Dividend and Certain Profits), 2005 (hereinafter - the **“Withholding from Interest and Dividend Regulations”**) and the provisions of Sections 164 and 170 of the Ordinance, the tax rate that should be withheld at source from interest income (as defined in the aforesaid regulations),<sup>19</sup> paid on the offered securities is as follows:

- (a) With respect to an individual: If the securities are CPI-linked in full - 25%, and if the securities are not CPI-linked in full,<sup>20</sup> tax at the rate of 15% will be withheld. So long as the individual is not a substantial shareholder in a body of persons that pays the interest or works in that body of persons pays the interest or provides it services or sells it products, in which case, the maximum tax rate set in Section 121 to the Ordinance shall be withheld, as stated above, all subject to the provisions of Section 9(15D) to the Ordinance.
- (b) As to interest in respect of an asset, which is not linked to the CPI or a foreign currency - 15%.
- (c) For a body of persons, tax will be deducted at the corporate tax rate prescribed in Section 126(a) of the Ordinance.
- (d) It should be noted that no tax will be withheld at source from interest that is subject to the provisions of Section 9(15D) to the Ordinance as set out above.
- (e) Discounting in respect of a Bond shall be treated the same as interest that is liable to tax and withholding as stated above. Deduction of

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<sup>19</sup> Interest – interest and linkage differences which are not tax exempt under any law, including partial linkage differences, as defined in Section 9(13) of the Ordinance and discount fees.

<sup>20</sup> Within its meaning in the Withholding from Interest and Dividend Regulations.

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 Stock Exchange) the gross amount of interest and the information it holds concerning the holders and the security for which the interest was paid. In the case that interest is paid to a substantial shareholder or to an individual who is an employee of a 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 Manner of calculation of the discount

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

In the absence of any provision to the contrary issued by the Israel Tax Authority, the discount that will arise in respect of each series of offered bonds as stated above,

shall be calculated for tax purposes in accordance with the difference between the par value of the series of bonds and that portion of the issuance proceeds that was attributed to the bonds, as stated above, so long as such difference is positive.

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

#### 6.5 Offering of additional bonds as part of a series expansion

If the discount rate to be set for additional bonds will be issued by the Bank in the future as part of a series expansion is different from the discount rate set for such a series (including no discount), the Bank will apply, prior the expansion of the series, to the Israel Tax Authority in order to obtain its approval to set, for the purpose of 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 Series' expansion date and prior to listing the bonds for trading, pursuant to the said approval, and will submit an immediate report (if provided in the issuance results 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 - as calculated, at that order - and tax will be deducted at the redemption dates of the each Bond at the Weighted Discount Rate as described above and pursuant to statutory provisions. In such a case all the other provisions concerning taxation of discounting will apply. If the said approval is not received from the Israel Tax Authority, the Bank will withhold tax from the discount fees for the series of Bonds according to the highest discount rate for this series. In such case, the Bank will file an immediate report shortly after expansion of the series and before listing of the Bonds for trading, notifying of failure to receive such approval and therefore, the uniform discount rate will be the highest rate set in respect of the entire series, and all other provision of the law relating to taxation of discount fees will apply. The Bank shall deduct tax at source as at the date of the series' redemption, according to the rate to be reported as aforesaid.

In any case of expansion of a series of bonds, for any reason whatsoever, if the discount rate stipulated as part of the offering of bonds of that series will be higher than the discount 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”**).

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 with the same series of Bonds.

## 6.6 Offsetting of losses

6.6.1 As a rule, losses from the sale of the Offered Securities may be offset only where the capital gains would have been taxable. Capital loss from the sale of securities by an individual or a company may be offset against real capital gain according to the principles set in Section 92 of the Ordinance, regardless of whether the loss or gain had arisen from an asset (including a marketable security) in Israel or abroad (with the exception of a taxable inflationary capital gain that will be offset at a ratio of 1 to 3.5); Furthermore, a capital loss may also be offset against interest income or dividends paid in respect of that security or against interest income or dividends in respect of other securities, provided that the tax rate applicable to the interest or dividends received does not exceed the corporate tax rate (rate of 23% from 2018 onwards) for a body of persons or 25% for an individual, all according to the provisions of Section 92 of the Ordinance. In this context, it is clarified that in the event of a material individual shareholder who is subject to tax on dividend income at a rate of 30%, offsetting against interest or dividends paid in respect of other securities will not be permitted.

6.6.2 On August 31 2011, an Amendment to the Income Tax Regulations (Withholding from Proceeds, Payment or Capital Gain on the Sale of Securities, Sale of a Mutual Fund Unit or a Future Transaction), (Amendment) 2011 was published. As part of the said amendment, it was prescribed that when calculating capital gain for purposes of withholding

tax from sale of marketable securities, mutual fund units and future transactions (hereinafter – “**Marketable Securities**”), the tax payer shall offset the capital loss arising from the sale of marketable securities and future transactions in accordance with the provisions of Section 92 to the Ordinance, provided that the capital loss has arisen from the sale of a security that was under the management of the tax payer, and in the same tax year in which the capital gain has arisen, regardless of whether the capital gain has arisen before the capital loss or after the said date. The said Amendment came into effect on January 1 2012.

- 6.6.3 Capital loss generated in the tax year from the sale of the securities may also be offset against dividend or interest income on that security. Capital loss incurred in the tax year from the sale of the securities may also be offset against dividend or interest income from other securities, provided that the tax rate applicable to the interest or the dividend does not exceed the corporate tax rate where the tax payer is a body of persons, or the rate set in Sections 125b(1) or 125c(b) of the Ordinance, as the case may be, where the tax payer is an individual. Set-off of losses will be carried out by way of a set-off of a capital loss against capital gains or against interest or dividend income as stated. It should be noted that as a result of the Change of Tax Burden Law, the tax rate applicable to a dividend paid to an individual who is a substantial shareholder is 30%. Therefore, a capital loss that was incurred in the tax year from sale of securities may not be offset against dividend or interest income from other securities by an individual who is defined as a substantial shareholder.
- 6.6.4 A loss which cannot be so offset may be offset consecutively in the tax years subsequent to the year in which the loss was generated, only against capital gains and real estate betterment, as set forth in Section 92(b) of the Ordinance, provided that a tax filing for the tax year in which the loss was incurred was filed to the Assessing Officer.
- 6.6.5 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.

**As is customary in investment decisions, the tax consequences of the securities offered under this Shelf Offering Report should be considered. The above description regarding the taxation aspects involved in respect of the securities offered is a general description and does not purport to be in lieu of individual expert advice, which takes into account the unique circumstances of each investor. Anyone who wishes to purchase the securities offered under this Shelf Offering Report should seek professional advice in order to clarify the tax consequences applicable to that investor bearing in mind his/her unique circumstances and the circumstances of the offered securities.**

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

**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](http://www.maalot.co.il)

May 28, 2023

To:  
 Bank Leumi le-Israel B.M.

Dear Sir/Madam,

**Re: Rating of Bonds (Series 183) and Commercial Securities (Series 4)**

We hereby announce that S&P Maalot assigned a rating of ilA-1+ to commercial securities to be issued to the public by Bank Leumi le-Israel B.M. (hereinafter: the “Company”), by way of the issuance of a new series, Series 4, for a total of up to NIS 2.43 billion par value, as published in the rating report of May 28, 2023, (hereinafter: the “Rating Report”). S&P has also assigned a rating of ilAAA to bonds to be issued by the Company by way of expansion of Series 183, for a total of up to NIS 1.63 billion par value.

In this connection, we emphasize that the Rating of the commercial securities was determined, among other things, on the basis of the draft shelf offering report that we received on May 15, 2023 (hereinafter: the “**Draft Shelf Offering Report**”) and on the basis of the proposed structure and purpose of the issue as you informed us.

Should the Shelf Offering Report as published (hereinafter: the “**Final Shelf Offering Report**”) include modifications in the structure or 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 said Rating (hereinafter: “**(the) Modifications and (the) Additions**”). Accordingly, and as a condition for our consent below, you are required to notify us and submit to us written details of all the Modifications and Additions in the Final Shelf Offering Report compared with the Draft Shelf Offering Report submitted to us, as well as all other Modifications and Additions, if any. The Rating and our consent below are subject to your written confirmation, **prior to** publication of the Shelf Offering Report, to the effect that the Final Shelf Offering Report does not include any Modifications and Additions compared with the Draft Shelf Offering Report.

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

Our consent is valid for 14 days from the date of this letter. The Company shall refrain from including the Rating Report in the Shelf Offering Report subsequent to this date, without our prior written approval.

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

Sincerely,

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

**Appendix D to the Shelf Offering Report - Letters of Consent of the  
Independent Auditors**

May 28, 2023

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

Dear Sir/Madam

**Re: Shelf Offering Report of Bank Leumi le-Israel Ltd. (hereinafter: the “Bank”) to be  
 Published in May 2023 (hereinafter - the “Shelf Offering”)**

We hereby advise that we consent to having our following reports included (including by way of reference) in the Shelf Offering Report based on the Bank’s prospectus published on May 27, 2021, whose validity was extended on May 18, 2023, in respect of our reports as set forth below:

- A. The auditors’ review report dated November 28, 2022, on the condensed consolidated financial information of the Bank as of September 30, 2022, and for the periods of three and nine months then ended.
- B. The joint auditors’ report dated March 13, 2023, on the condensed consolidated financial information of the Bank as of December 31, 2022, and 2021, and for the years then ended.
- C. Auditors’ report dated March 13, 2023, regarding the audit of components of internal control over financial reporting of the Bank as of December 31, 2022.
- D. The auditors’ review report dated May 22, 2023, on the condensed consolidated financial information of the Bank as of March 31, 2023, and for the three months then ended.

Sincerely,

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

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

The Joint Auditors



**The home of the Israeli economy since 1953**

May 28, 2023  
428517

To:

Bank Leumi Le-Israel B.M.  
34 Yehuda Halevi Street  
Tel Aviv, 6513616

Dear Sir/Madam,

**Re: Approval for Listing of Securities for Trade on the Tel-Aviv Stock Exchange (TASE) under a Shelf Offering Report**

1. Further to our approval in principle dated May 26, 2021, reference 390216, and our approval for listing of securities for trade dated November 24, 2021, reference 400964, approval is hereby given for listing securities for trade, as set forth below:
  - a. Up to NIS 2,427,602,000 NIS P.V. commercial securities (Series 4), issued to the public.
  - b. Up to NIS 1,626,283,000 NIS P.V. bonds (Series 183 – of the series traded on the TASE), issued to the public.
2. This approval will only be valid if the commercial securities (Series 4) and bonds (Series 183) are listed within a 60-day period commencing on May 28, 2023.
3. This approval is granted based on the shelf prospectus dated May 27, 2021, whose validity was extended until May 26, 2024, according to the Company report dated May 18, 2023, the shelf offering report dated November 25, 2021, the draft shelf offering report dated May 15, 2021, and correction pages you submitted to us until May 28, 2023. This approval is subject to the approvals required under any law, provided that the value of the public's holdings in the commercial securities (Series 4) shall be no less than NIS 24 million and is also subject to the payment of listing fees and fulfilment of all the remaining conditions set out in the TASE Rules & Regulations.
4. This approval of the TASE should not be construed as confirming the details presented in the shelf offering report, their reliability or completeness, nor should it be construed as expressing an opinion regarding the Company or the nature of the securities being offered in this shelf offering report or the price at which they are offered.

5. We kindly ask that you:

- a. Bring to our attention any change between the draft shelf offering report you have provided us, and the final shelf offering report.
- b. Provide for our approval any change you make in the shelf offering report.
- c. On allocation of the securities, contact us in order to list the securities for trade on the TASE.

6. **As part of the MAGNA reporting form in which you publish the shelf offering report, you are required to fill in the page attached to the form, and fill in the tender numbers of the securities, as follows:**

	<b>Tender ID name</b>	<b>Tender ID no.</b>
<b>Tender for commercial securities (Series 4)</b>	<b>Leumi Tender 17</b>	<b>1189042</b>
<b>Tender for bonds (Series 183)</b>	<b>Leumi Tender 18</b>	<b>1189059</b>

Sincerely,

The Tel-Aviv Stock Exchange Ltd.