

Bank Leumi le-Israel B.M.

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

Shelf Offering Report

Pursuant to the Bank’s shelf prospectus dated May 27, 2021 (the “**Shelf Prospectus**”)¹ and in accordance with the provisions of the Securities (Shelf Offering of Securities) Regulations, 5766-2005 (the “**Shelf Offering Regulations**”), the Bank hereby respectfully publishes a shelf offering report for the issue and listing on the Tel Aviv Stock Exchange Ltd. (“**TASE**”) of the securities set forth below (the “**Shelf Offering Report**” or “**Offering Report**” or “**Report**”).

Terms in this Shelf Offering Report shall have the meaning prescribed to them in the Shelf Prospectus, unless stated otherwise.

The securities offered under this Shelf Offering Report are offered by way of non-uniform offering to institutional investors (as defined in the Securities (Manner of Offering Securities to the Public) Regulations, 5767-2007 (the “**Offerees**” or “**Institutional Offerees**”; and “**Offering Manner Regulations**”, respectively), including institutional offerees incorporated outside Israel as set forth herein below (in this Report, the “**Foreign Institutional Offerees**”) (the “**Offer**”), all in accordance with regulation 11(a)(1) of the Offering Manner Regulations and as set forth below. The Offer under this Report is partially underwritten by Leader Underwriting (1993) Ltd. (the “**Lead Underwriter**” or “**Underwriter**”), as set forth in section 8 below.

The Shelf Prospectus and this Shelf Offering Report were not submitted to the Securities and Exchange Commission in the United States. The securities offered to Institutional Offerees under the Shelf Prospectus and Shelf Offering Report were not and will not be registered under the U.S. Securities Act of 1933, as amended from time to time (“Securities Act”), or under any state law in the United States, and the owners of the securities offered under the Shelf Prospectus and Shelf Offering Report are prohibited from offering, selling, pledging and/or transferring them in any way in the United States (subject to trading them on TASE, as set forth below) or to a person that is a U.S. Person (as defined in Regulation S of the Securities Act), or on his behalf, unless they are registered under the Securities Act, or if there is an exemption from registration under the Securities Act, and according to U.S. state law. It is clarified that the Bank does not undertake to list the securities offered under this Offering Report in the United States pursuant to the Securities Act.

¹ As published on 26 May 2021 (ref. no.: 2021-01-090921).

The Offer to the Foreign Institutional Offerees shall be made solely to offerees that are "Qualified Investors" (as defined below), which participate in the Offer outside Israel and outside the United States pursuant to Regulation S of the Securities Act.

A "Qualified Investor" is an investor that meets one of the following: (1) is located in a member country of the European Economic Area and is a "qualified investor" as such term is defined in section 2(e) of Regulation (EU) 2017/1129; or (2) is located in the UK and is a "qualified investor" as such term is defined in section 2(e) of the UK version of Regulation (EU) 2017/1129, which constitutes part of local law in the UK as result of the European Union (Withdrawal) Act 2018, as in effect from time to time, which: (a) has experience in matters related to investments that fall within the confines of section 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (in this section - the "Order"); (b) falls within the confines of section 49(2)(a)-(d) of the Order; or (c) a person lawfully receiving an invitation or request to engage in investment activity (as defined in section 21 of the Financial Services and Markets Act 2000 ("FSMA")) with respect to the issue and/or sale of each of the ordinary shares of the Company.

In addition, the offer to the Foreign Institutional Offerees is also limited to such offerees falling under one of the conditions set forth below, and any Foreign Institutional Offeree that purchases the securities offered in an issue outside Israel shall be deemed to have declared, when purchasing the securities offered in the issue, that it meets one of the following conditions: (1) The investor is an entity with equity exceeding NIS 50 million or an equivalent amount in a different currency, based on its latest financial statements; or (2) the investors, collectively together with any entity controlling it, in its control, or under common control, (a) manages assets of a total amount exceeding NIS 100 million or an equivalent amount in a different currency, provided that the offered securities that were purchased in the Offer shall be purchased for the assets that it manages; or (b) an owner of securities and investor in securities on a discretionary basis of issuers that are not affiliated therewith, in an aggregate amount exceeding NIS 100 million or an equivalent amount in a different currency.

The Foreign Institutional Offerees shall be deemed to have declared that they meet the following conditions: (1) they are not purchasing the offered securities for a person located in the United States or that they engaged in any agreement for transferring the offered securities or any other economic right thereto to any person in the United States; (2) they are not in the United States when submitting the request to purchase the offered securities and they shall not be in the United States upon their purchase.

The Foreign Institutional Investors that purchase the securities offered under the Shelf Offering Report shall be deemed to have declared that they meet all of the above conditions.

Pursuant to the foregoing, the Bank may offer to Foreign Institutional Offerees the securities offered under the Shelf Offering Report, list them on TASE, and the Offerees under this Offering Report may trade them on TASE.

The distributors in this Offer shall not offer the offered securities to any person located in the United States or to any U.S. Person (as defined in Regulation S of the Securities Act).

A decision to purchase the securities offered under this Offering Report shall be made based solely on the information included in this Report (including by way of reference).

1. The offered securities

- 1.1 90,909,091 ordinary shares, registered, of the Bank par value NIS 1 each (the “**Shares**,” “**Offered Shares**” or “**Offered Securities**”) are offered to the Institutional Offerees in 90,909,091 units (“**Units**”), in a non-uniform offering and at a uniform price of NIS 30.25 per Unit (“**Price Per Unit**”), while each Unit consists of 1 Share, and the price per share is NIS 30.25 (“**Price Per Share**”). All Units shall be sold to the Offerees at the Price Per Unit set forth above with no discount or benefit.
- 1.2 After their issue (assuming the entire amount of Offered Shares above is purchased) the Offered Shares shall represent approximately 5.89% of the Bank’s issued and outstanding share capital and of its voting rights,² on a non-diluted and on a fully diluted basis.³
- 1.3 Following their issue the Offered Shares shall be registered in the Bank’s shareholders register to the name of Bank Leumi le-Israel B.M. Nominee Company Ltd. (the “**Nominee Company**”), and they will have rights equal to the rights of the ordinary shares in the Bank’s share capital on the Offering Report date, and they shall entitle their owners to the full amount of dividends, bonus shares, or any other distribution (if any), where the record date for the right to receive such falls after their issue date.
- 1.4 For details about the primary rights attached to the Bank’s ordinary shares, see Chapter 3 of the Shelf Prospectus and the Bank’s articles of association (“**Articles**”), which are included in this Report by way of reference. A complete and updated version of the Articles is attached to the report regarding changes to the Articles dated November 3, 2016 (ref. no: 2016-01-072234).

2. Manner of offering the securities

- 2.1 The securities offered under the Shelf Offering Report are offered to Institutional Offerees, which are incorporated in Israel or outside Israel, by way of a non-

² The data with respect to the Bank’s issued and outstanding share capital and its voting rights do not include dormant shares held by the Bank. For more information, see footnote 8 below.

³ On a fully diluted basis means assuming the exercise of all securities convertible into shares that the Bank allocated and that have yet to be exercised, without taking into account the deferred warrants issued by the Bank. As of the date of this Shelf Offering Report, the Company’s share capital includes no securities convertible into shares except for the foregoing deferred warrants.

uniform offer, as set forth in regulation 11(a)(1) of the Offering Manner Regulations.

- 2.2 Prior to the publication date of this Report, a book building process was conducted with Institutional Offerees in Israel, through the Lead Underwriter and Leumi Partners Underwriters Ltd. ("**Leumi Partners**" or the "**Local Distributor**"), which is an entity affiliated with the Bank, serving as distributors for the purpose of distributing the Offered Securities in Israel, and with Foreign Institutional Offerees outside Israel and outside the U.S. through Citigroup Global Markets Limited, Jefferies International Limited and Barclays Bank PLC (the "**International Distributors**") pursuant to Regulation S of the Securities Act and the laws of the relevant country (the Local Distributor and International Distributors shall hereinafter jointly be referred to as the "**Distributors**"). The allocation of the Units among the Offerees in the Offer is determined according to the Bank's discretion, upon consultation with the Lead Underwriter and the Distributors.
- 2.3 Offering of the securities offered under the Shelf Offering Report is partially underwritten. For details about the primary points of the underwriting agreement (including the fees to be paid under the underwriting agreement), see section 8 of this Report below.
- 2.4 The allocation of the Units to the Offerees; special account; payment of issue proceeds
- 2.4.1 Allocation of the securities offered under the Offering Report shall be performed by sending to the Nominee Company certificates in respect of the securities allocated. All the Offered Securities shall be registered in the Bank's securities register to the name of the Nominee Company.
- 2.4.2 The Issue Coordinator (as defined below) shall open a special trust account at a banking corporation, on behalf of the Bank, which generates earnings (the "**Special Account**"), and it shall provide the Special Account's details to the Offerees whose order was fully or partially accepted. The Special Account shall be used for the funds to be received from the parties ordering the Offered Securities.
- 2.4.3 The Special Account shall be exclusively managed by the Issue Coordinator in the Bank's name and on its behalf pursuant to the provisions of section 28 of the Securities Law, 5728-1968 ("**Securities Law**"). The funds to be paid for the orders that were accepted by the Bank, in full or in part, shall be deposited in the Special Account. Funds to be accumulated in the Special Account shall be invested by the Issue Coordinator until their transfer to the Bank as set forth in this Report, in

unlinked liquid deposits, bearing interest on a daily basis, to the extent possible.

2.4.4 The Offerees, including the Foreign Institutional Offerees, whose offer will be accepted (in full or in part) shall transfer the issue proceeds to Bank Leumi le-Israel B.M., whose address is 35 Yehuda Halevi St., Tel Aviv (the “**Issue Coordinator**”), no later than two trading days after the publication date of the Offer results report.

2.4.5 At the end of the period set forth in section 2.4.4 above, the Issue Coordinator shall provide notice to the Bank regarding the issue proceeds it received, and the Bank shall allocate the securities for which the Issue Coordinator received the proceeds as foregoing, and it will concurrently publish a report on changes to the Bank’s issued and outstanding share capital.

2.4.6 The securities which will be allocated by the Bank as aforesaid for orders by the Institutional Offerees, including Foreign Institutional Offerees, which were accepted in full or in part (as applicable), shall be credited to the Issue Coordinator, which shall be responsible for transferring them to the Institutional Offerees.

The Issue Coordinator shall transfer the issue proceeds to the Bank, with accrued earnings and less the full fee amounts as set forth in section 10 below, within one trading day from the date it received them, and after the Offered Securities that the Bank allocated for the Offerees in such Offer were credited to its account for the purpose of transferring them to the Offerees whose order was accepted.

2.4.7 If for any reason the securities will not be listed, the Issue Coordinator shall refund the proceeds to the ordering parties for the Units that they paid, if any, including any earnings accrued thereon, if any, and less tax according to law, if applicable.

2.5 Until the date the Bank provided final acceptance notices to the offerees in the Offer, the Bank shall be entitled to cancel the offering of the Shares under the Offering Report. In such event, all orders provided in connection with such cancelled Offer shall be deemed void. In the event the Offer is cancelled, no securities shall be issued thereunder, they shall not be listed on TASE, and no funds shall be collected from the investors in connection with those Units.

3. **Details about the Bank’s issued and outstanding share capital**

- 3.1 As of the date of this Shelf Offering Report, the Bank's registered ordinary share capital is 3,215,000,000 ordinary shares, par value NIS 1 each, and the Bank's issued and outstanding share capital is 1,524,720,264 ordinary shares.⁴ All of the Bank's ordinary shares are fully paid-up. After the issue under this Report (assuming all of the Offered Shares are purchased), the Bank's issued and outstanding share capital shall be 1,615,629,355 ordinary shares.
- 3.2 Immediately after their issue (assuming all of the foregoing Offered Shares are purchased) the Offered Shares will represent approximately 5.89% of the Bank's issued and outstanding share capital and of its voting rights,⁵ on a non-diluted and on a fully diluted basis.⁶
- 3.3 Pursuant to the provisions of the TASE Rules and Regulations, the Shares offered under this Shelf Offering Report are to be registered in the Bank's shareholder register under the Nominee Company's name.
- 3.4 For details about holdings of interested parties in the Bank's securities prior to the issue under this Offering Report, see the Bank's immediate report dated April 7, 2022 (ref. no: 2022-01-045268).

4. Details regarding the Bank's share prices on TASE

Below are details regarding the highest and lowest (adjusted) closing price of the Bank's shares on TASE in 2020, 2021 and 2022, until immediately before the publication date of the Offering Report (in *agorot*):⁷

	2020		2021		Starting 1 January 2022 until the publication date of this Report	
	Price	Date	Price	Date	Price	Date
High	2,366.91	January 2, 2020	3,310.48	December 28, 2021	3,564.83	March 24, 2022

⁴ Including 71,824,258 shares in the Bank held by the Bank, which are dormant shares pursuant to section 308(b) of the Companies Law, 5759-1999 ("Companies Law"). As of the date of the Shelf Offering, the Bank's issued and outstanding share capital after deducting such dormant shares is 1,452,896,006 ordinary shares.

⁵ Data regarding the Bank's issued share capital and its voting rights do not include dormant shares held by the Bank. For more information, see footnote 8 above.

⁶ On a fully diluted basis means assuming the exercise of all securities convertible into shares that the Bank allocated and that have yet to be exercised, without taking into account the deferred warrants issued by the Bank. As of the date of this Shelf Offering Report, the Company's share capital includes no securities convertible into shares except for the foregoing deferred warrants.

⁷ The data is taken from TASE's website. It is noted that insofar as there is an identical high or low closing price on additional dates during the relevant period, one of the dates was chosen at random.

Low	1,400.09	September 24, 2020	1,777.08	January 4, 2021	3,023	June 13, 2022
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5. Taxation

As accepted when making decisions pertaining to investing funds, tax implications of investing in the securities offered in this Offering Report must be considered. The provisions included in this Offering Report regarding the taxation of the securities offered therein do not purport to constitute an authoritative interpretation of the provisions of the law mentioned in this Offering Report and do not replace professional consultation, according to the special data and the unique circumstances of each investor.

Pursuant to current law, the tax arrangements briefly described below apply to the securities offered to the public under this Offering Report:

5.1 General

On July 25, 2005, the Knesset passed the Amendment to the Income Tax Ordinance (No. 147) Law, 5765-2005 (the “**Amendment**”). The Amendment significantly changed the provisions of the Income Tax Ordinance [New Version], 5721-1961 (the “**Ordinance**”) relating to taxation of securities listed on TASE. In addition, on the publication date of this Shelf Offering Report, the new regulations that are expected to be published following the Amendment have not yet been published in their entirety. Furthermore, 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 tax provisions included in the Amendment.

In addition, on December 29, 2008, the Knesset approved Amendment 169 to the Ordinance, which was published in the Official Gazette on December 31, 2008 (entered into force on January 1, 2009), and brought about further changes with regard to securities taxation.

On December 6, 2011, the Knesset passed the Change of Tax Burden (Legislative Amendments) Law, 5772-2011 (“**Change of Tax Burden Law**”). According to the Change of Tax Burden Law that entered into force on January 1, 2012, the tax rate on income generated by individuals from capital gains, interest and dividends increased from 20% to 25%, and for substantial shareholders⁸ from 25% to 30% or

⁸ An individual holding, directly or indirectly, alone or jointly with another (as such term is defined in section 88 of the Ordinance), 10% at least in one or more means of control (as such term is defined in section 88 of the Ordinance) in a company, on the date of selling the security or at any time during the 12 month period preceding such sale.

to the marginal tax rate .

On August 6, 2021, the Knesset approved Amendment 195 to the Ordinance, which was published in the Official Gazette on August 13, 2012 (entered into force on January 1, 2013), which added section 121B to the Ordinance pursuant to which from 2013 an individual shall be subject to additional tax on the portion of its taxable income exceeding the amount set forth in such section. This section was updated on December 29, 2016, when the Economic Efficiency (Legislative Amendments to Achieve Budgetary Objectives for the 2017 and 2018 Budgetary Years) Law, 5777-2016, was published in the Official Gazette ("**Economic Arrangements Law 2017-2018**"). The updated section 121B sets forth that an individual whose taxable income in the 2022 tax year exceeded NIS 663,240 shall be taxed for the portion of its taxable income exceeding such amount, at an additional rate of 3% ("sur tax"). Taxable income includes all types of income including income from capital gains and land betterment (sale of real estate rights in a residential apartment shall be included only if the value of sale exceeds NIS 4,911,175 (for 2022) and the sale is not exempt from tax under applicable law), save for an inflationary amount as defined in section 88 of the Ordinance and an inflationary amount as defined in section 47 of the Land Taxation Law.

The Economic Arrangements Law 2017-2018 reduced the corporate tax rate, set forth in section 126(a) of the Ordinance, by 1% (to 24%) as of January 1, 2017 and by an additional 1% (to 23%) from January 1, 2018.

It is clarified that the foregoing refers to the taxation of investors that are residents of Israel. It is noted that an individual that is a "first-time resident of Israel" or a "returning senior resident", as defined in the Ordinance, may be subject to different tax implications than those described above, and it is recommended for such residents to seek individual advice for the purpose of examining their entitlement to tax benefits in Israel. In addition, it should be noted that with respect to investors that are deemed "controlling shareholders"⁹ or "substantial shareholders",¹⁰ as defined in the Ordinance, further tax implications may apply in addition to those described above.

In addition, reference below to taxation of a body corporate that is a foreign resident, is qualified in case residents of Israel are the controlling shareholders therein, or the beneficiaries or parties entitled to 25% or more of the revenues or profits of the foreign resident, directly or indirectly, pursuant to the provisions of

⁹ As defined in section 3(i) of the Ordinance.

¹⁰ As defined in section 88 of the Ordinance.

section 68A of the Ordinance.

5.2 Capital gain from the sale of the Offered Securities

Pursuant to section 91 of the Ordinance, real capital gain¹¹ from the sale of securities by an individual who is a resident of Israel is taxed at the marginal individual tax rate under section 121 of the Ordinance, but at a rate not exceeding twenty-five percent (25%), and the capital gain is deemed the highest level on the taxpayer's tax ladder. This is true provided the sale of the securities does not constitute income from a business of an individual and that no financing costs were claimed. With respect to the sale of securities by an individual who is a "substantial shareholder" of the Company – meaning, who directly or indirectly, alone or together with others,¹² holds at least ten percent (10%) of one or more of the Company's means of control¹³ – on the date the securities are sold or on any date in the 12 months preceding such sale, the tax rate with respect to his real capital gain shall not exceed thirty percent (30%). Notwithstanding the foregoing, with respect to an individual who claimed real interest expenses and linkage differentials due to the securities, the capital gain from the sale of the securities shall be taxed at a rate of thirty percent (30%), until provisions and terms are set forth for deducting real interest expenses under sections 101A(a)(9) or 101A(b) of the Ordinance. Such reduced tax rate shall not apply to an individual whose income from selling the securities is considered income from a "business" pursuant to the provisions of section 2(1) of the Ordinance, in which case marginal tax rates shall apply as set forth in section 121 of the Ordinance.

A body corporate shall be taxable for real capital gains from selling securities at the corporate tax rate set forth in section 126(a) of the Ordinance.

An exempt trust fund shall be exempt from capital gains tax from the sale of securities as aforesaid. Pension funds and entities that are exempt from tax under section 9(2) of the Ordinance are exempt from capital gains tax with respect to the sale of securities as aforesaid. The tax rate applicable to the income of an individual whose income does not constitute income from a "business" or "profession" applies to the income of a taxable trust fund from the sale of securities, unless explicitly set forth otherwise. If no special tax rate was determined for income, the income shall be taxed at the maximum rate set forth in section 121 of the Ordinance.

Pursuant to section 94B of the Ordinance and subject to the conditions set forth

¹¹ As defined in section 88 of the Ordinance.

¹² As such term is defined in section 88 of the Ordinance.

¹³ As such term is defined in section 88 of the Ordinance.

therein, a seller of shares that is a company or an individual and was a substantial shareholder of the company on the date of sale or at any time during the 12-months period preceding the sale, may request that the tax rate that shall apply to the portion of the real capital gains which is equal to the portion of distributable profits,¹⁴ as the ratio between the seller's part in the right to profits in the company for such shares and all rights to profits in the company, shall be the tax rate that would have applied had it been received as dividends immediately prior to the sale, according to section 125B or 126(b) of the Ordinance, as applicable.

In general, losses in the tax year, originating from sale of the Offered Securities in the tax year that had they been capital gains would have been taxable against the recipient, can be offset against capital gains and land betterment including profit from sale of securities, listed or unlisted, Israeli or foreign (excluding taxable inflationary capital gains which shall be offset at the ratio of 1 to 3.5). Furthermore, a capital loss in the tax year from the sale of the securities can also be offset against dividends paid for such offered security or against interest and dividends paid for other securities (provided the tax rate applicable to such interest or dividends does not exceed the corporate tax rate for a company or exceed the rate set forth in sections 125B(1) or 125C(b) of the Ordinance for an individual, in the same tax year). The losses shall be offset by way of offsetting capital loss against capital gains or against interest or dividends income as aforesaid.

It is noted that following the Change of Tax Burden Law, tax applicable to dividends for an individual who is a substantial shareholder is 30%. Therefore, the capital loss formed in the tax year from sale of securities shall not be offsetable against income from dividends or interest deriving from other securities held by an individual defined as a substantial shareholder.

A loss that cannot be offset as aforesaid shall only be offset against capital gains and land betterment as set forth in section 92(b) of the Ordinance in subsequent tax years, in sequence, after the year the loss was formed, provided a report for the tax year that included the loss was submitted to the assessing officer.

When a body corporate sells a share, the dividends amount received for the share during the 24 months preceding the sale, will be deducted from the capital loss resulting from the sale of such shares, except for dividends for which tax was paid (except for tax paid outside Israel) at a rate of fifteen percent (15%) or more, but no more than the loss amount.

With respect to withholding tax in respect of the real capital gains when selling the Offered Securities, tax is to be withheld pursuant to the Income Tax (Withholding

¹⁴ As defined in section 94B of the Ordinance.

from Proceeds, Payment or Capital Gains when Selling a Security, Selling a Mutual Fund Unit or Future Transaction) Regulations, 5763-2002 (hereinafter, the “**Capital Gain Withholding Regulations**”). A taxpayer (as such term is defined in the Capital Gain Withholding Regulations) who pays the seller a consideration for the sale of the securities shall withhold tax at a rate of twenty-five percent (25%) from the real capital gain if the seller is an individual, and at the corporate tax rate set forth by section 126(a) of the Ordinance from the real capital gain if the seller is a body corporate. The foregoing takes into account exemption approvals (or a reduced rate) of withholding tax that were issued by the Israel Tax Authority and takes into account offsetting losses that the tax withholder may perform. In addition, no tax shall be withheld for provident funds, mutual funds, and additional entities that are exempt from withholding tax under law, which are detailed in the schedule to the Income Tax (Withholding from Interest, Dividends and Certain Profits) Regulations, 5765-2005 (hereinafter the “**Dividends and Interest Withholding Regulations**”). If full tax on real capital gain was not withheld on the date of sale, the provisions of section 91(d) of the Ordinance shall apply, as well as the provisions thereunder regarding reporting and payment of an advance by the seller for such sale.

Insofar as the securities offered under this Offering Report are removed from trading on TASE, the withholding rate to be deducted when selling them (after the removal) shall be thirty percent (30%) of the proceeds, as long as no approval from the assessing officer was provided, which orders a different withholding tax rate (including an exemption from withholding tax).

Pursuant to the Withholding from Capital Gains Regulations, when calculating the capital gain for the purpose of withholding tax from the sale of negotiable securities, mutual fund units and future transactions (hereinafter “**Negotiable Securities**”), the taxpayer shall withhold the capital loss formed from the sale of the Negotiable Securities that were under its management, provided that the gains were formed in the same tax year that the loss was formed, whether before the formation of the loss or thereafter. The Withholding from Capital Gains Regulations shall not apply to a taxpayer that is a financial institution paying consideration or other payment to a foreign resident in respect of exempt capital gains, provided the foreign resident has submitted to the financial institution within 14 days of opening the account and once every three years, if the taxpayer is in Israel, in person or by proxy, a declaration on Form 2402 with respect to being a foreign resident and entitled to exemption.

In general, a foreign resident (individual or company) is exempt from tax on capital gains for the sale of securities that are traded on TASE, if the capital gains

are not at its permanent enterprise in Israel, and subject to section 97(b2) of the Ordinance. The foregoing shall not apply with respect to a body corporate that is a foreign resident, if residents of Israel are the controlling shareholders therein, or the beneficiaries or parties entitled to 25% or more of the revenues or profits of the body corporate that is a foreign resident, directly or indirectly, as provided in Section 68A of the Ordinance. Furthermore, no tax shall be withheld at source by a banking corporation or TASE member for a foreign resident upon the satisfaction of certain conditions.

5.3 The tax rate to apply to income from dividends for the Bank's shares

Dividends originating in the Bank's shares, shall generally be subject to tax when received by Israeli resident individuals – at a rate of twenty-five percent (25%), except with respect to an individual who is a substantial shareholder of the Bank on the date the dividends are received or on any date during the 12 months preceding it, the tax rate of which shall be thirty percent (30%). Dividends of Israeli resident companies are shall not be taken into account as the company's taxable income (provided the dividends do not originate from revenue deriving from or accruing outside Israel, nor from dividends originating from outside Israel). Taxable income of a body corporation from dividends originating from revenues deriving or accrued outside of Israel, corporate tax shall apply pursuant to the provisions of section 126(a) and section 126(c) of the Ordinance. Dividends received by a family company shall generally be taxable at the rate of 25% except with regard to a taxpayer under section 64A of the Ordinance that is a substantial shareholder, directly or indirectly, in the company that paid the dividends, in which case the tax rate shall be 30%. However, dividends paid to a foreign resident who is not a substantial shareholder, whether an individual or company, shall be taxed at twenty-five percent (25%) subject to tax treaties the State of Israel is party to. With respect to a foreign resident who is a substantial shareholder of the Company on the date the dividends are received or on any date in the 12 preceding months, the tax rate shall be thirty percent (30%), subject to the tax treaties the State of Israel is party to; and if held by a taxable trust fund – the tax rate on dividends is in accordance with the tax rates that apply to an individual, unless explicitly stated otherwise. An exempt trust fund shall be exempt from tax on dividends it receives. Provident funds and other entities that are exempt from tax pursuant to section 9(2) of the Ordinance shall be exempt from tax for such dividend in accordance with the conditions and limitations of section 9(2) of the Ordinance. Amendment 197 added section 100A1 to the Ordinance setting forth the manner of taxing "revaluation profits" as such term is defined in that section. Entrance into force of section 100A1 of the Ordinance is contingent on publishing regulations, which as of the date of publishing the Shelf Offering Report have not yet been

published. It is noted that according to the position of the Israel Tax Authority, as reflected in *Drorim Mall* (Tax Appeal 44118-10-14) and in *Oron Holdings* (Tax Appeal 38832-03-15), dividends originating from “revaluation profits” are not entitled to exemption from tax under section 126(b) of the Ordinance. Pursuant to the Dividends and Interest Withholding Regulations, the tax rate that must be withheld¹⁵ on dividends to an individual and a foreign resident for the Bank’s shares, including when distributing to such shareholder who is a substantial shareholder of the Company¹⁶ and whose shares are registered with and held by the Nominee Company, shall be 25%. With respect to an individual or foreign resident who is a substantial shareholder and whose shares are not registered with and are not held by the Nominee Company, tax shall be withheld due to income from dividends as foregoing at a rate of 30%. In addition, insofar as with respect to the dividends a limited tax rate was set pursuant to law, tax shall be withheld according to the set rate, even if the shareholder is an Israeli resident body corporate. Pursuant to these regulations, if dividends were paid to an Israeli resident individual, for whom a limited tax rate pursuant to applicable law was set, tax shall be withheld according to the set rate.

5.4 High income tax

Pursuant to section 121B of the Ordinance, an individual whose taxable income in the 2022 tax year exceeds ILS 663,240 (an amount that is adjusted annually) shall be taxed for the part of its taxable income that exceeds such amount, at an additional rate of 3%. The provisions of this section apply *inter alia* to capital gains from securities, except to the inflationary capital gain component, and to income from dividends and interest.

The above description is only general in nature and does not constitute a substitute for individual expert consultation, considering the unique circumstances of each investor. It is recommended that every person seeking to purchase securities under this Offering Report turn to professional consultation in order to clarify the tax results that shall apply to it when considering the unique circumstances of the investor and of the offered security.

6. Avoiding arrangements

6.1 The Bank and the directors undertake, with their signature on the Shelf Offering Report, to avoid making arrangements that are not written in the Shelf Prospectus

¹⁵ Starting 1 January 2013, the withholding tax from a dividend paid by an Israeli resident body corporate and whose shares are listed on TASE, due to shares held by a Nominee Company, shall be through a financial entity.

¹⁶ On the date the dividend is received or on any date in the twelve months preceding the payment.

or in the Shelf Offering Report, in connection with the offering of the securities under the Shelf Offering Report and their public distribution, and they undertake to refrain from granting a right to the buyers of the securities to be offered under the Shelf Offering Report and selling the purchased securities, all in excess of anything set forth in the Shelf Prospectus or Shelf Offering Report.

- 6.2 The Bank and directors undertake, with their signature on the Shelf Offering Report, to inform the Israel Securities Authority of any arrangement known to them with a third party in connection with the registration and offering of the securities to be offered under the Shelf Offering Report, their distribution and public circulation, which contradicts the undertaking as set forth in section 6.1 above.
- 6.3 The Bank and directors undertake, with their signature on the Shelf Offering Report, to avoid contractually engaging with any third party in connection with the securities offered under the Shelf Offering Report, with respect to the registration and offering of the securities to be offered under the Shelf Offering Report, their distribution and their public circulation, who to the best of their knowledge made arrangements contrary to anything set forth in section 6.1 above.

7. Avoiding capital dilution

In the period starting on the publication date of the Shelf Offering Report and until the allocation of the securities offered thereunder, the Bank shall not take any action that involves capital dilution under its meaning in the Prospect Details Regulations.

8. Underwriting

The issue of the Shares under this Offering Report is secured by an underwriting commitment. On June 23, 2022, the Bank, of the first part, and the Underwriter, of the second part, contractually engaged in an underwriting agreement in connection with offering the Offered Shares (the “**Underwriting Agreement**”).

The key terms of the Underwriting Agreement are as follows:

In this section 8, the “**Prospectus**” means the Shelf Prospectus and the Shelf Offering Report.

8.1 The undertaking of the underwriter:

- 8.1.1 In the framework of the Underwriting Agreement, the Underwriter committed to purchase, from the Bank, approx. 22,727,273 Units from the Units offered under the Offering Report (the “**Secured Units**”), with respect to which the Bank will announce that the Company was not paid the full price thereof for any reason on the date set forth in the Offering

Report. When calculating the number of Units that the Underwriter shall be required to purchase from the Secured Units, the number of Units ordered by buyers, the proceeds of which were received by the Issue Coordinator and/or the Bank (meaning insofar as the Bank is paid the full price of approx. 22,727,273 or more Units from the offered units, by the Institutional Offerees and/or Foreign Institutional Investors, the Underwriter shall not be required to purchase the Secured Units pursuant to the provisions of the Underwriting Agreement), shall be deducted. The undertaking as aforesaid is subject to section 8.1.2 below.

8.1.2 The secured securities shall be purchased, if and insofar as this shall be required as foregoing, at the Price Per Unit, pursuant to which the Units are offered under the Shelf Offering Report, less taxes or levies of any kind, insofar as these shall be required under law and adding the appropriate approvals as set forth in the agreement.

8.1.3 The Underwriter undertook that any sale to be made through it for purpose of marketing the securities offered in the Offering Report, shall be made at a uniform price – the Price Per Unit set forth in the Shelf Offering Report, and that it may not under any circumstances directly or indirectly pay any buyer of the securities any fee and/or grant any discount on the price to be paid by any buyer of Units for Units that it purchased and/or grant it any benefit whatsoever compared to the Price Per Unit set forth in the Shelf Offering Report, all except for the distribution fee to the distributor.

8.2 Exercise of the underwriting commitment:

In the event it shall be required to exercise its underwriting commitment and purchase Units from the Secured Units, the Underwriter shall pay the Bank, in the Bank's capacity as the Issue Coordinator, and pursuant to the terms of the Offering Report, the proceeds for those Units that it must purchase as stated in the Underwriting Agreement, no later than at 17:00 on the first trading day after the deadline set for transferring the sale proceeds, subject to all the conditions being fulfilled for listing on TASE, as such are defined in the Offering Report.

8.3 Indemnification:

The Bank shall indemnify the Underwriter for any pecuniary liability imposed on it, if any, in favor of another person or entity pursuant to a court's judgment the performance of which has not been delayed, including a judgment reached in settlement (subject to the provisions below) or an arbitral award that was approved by a court, as a result of a misstatement in the Prospectus, and for

reasonable litigation costs, including attorney fees, incurred or charged by the court in proceedings pursuant to this section 8.3 or in connection with any pecuniary liability imposed on the Underwriter in the framework of an administrative enforcement proceeding in favor of the party injured by the breach and/or due to costs incurred by the Underwriter in connection with an administrative enforcement proceeding that was conducted in our case, including reasonable litigation costs, and including attorney fees.

“Administrative enforcement proceeding” means a proceeding under chapters H3 (financial sanction imposed by the Israel Securities Authority), H4 (means of administrative enforcement imposed by the administrative enforcement committee), or I1 (arrangement for avoiding initiation of proceedings or terminating of proceedings, on conditions) of the Securities Law, and proceedings under Article IV of Chapter 4 in Part Nine of the Companies Law, and any similar proceeding, as it may be referred to, or in connection with criminal charges from which the Underwriter was acquitted or for which it was convicted of an offense that does not require mens rea or due to an investigation or proceeding conducted against them by an authority authorized to conduct an investigation or proceeding, and which ended without filing an indictment against them and without pecuniary liability being imposed on them in lieu of criminal proceeding (as defined in the Companies Law) or concluded without filing an indictment against them but with imposing pecuniary liability in lieu of criminal proceeding for an offense that does not require proof of mens rea or in connection with a financial sanction, all – as result of a misstatement in the Prospectus.

The Bank’s indemnification undertaking as described above is up to an amount equal to the immediate gross issue proceeds of the issue, linked to the increase in the Consumer Price Index starting from the index known on the date the immediate issue proceeds are received by the Bank and until the index known on the actual payment date of the indemnification (the **“Maximum Indemnification Amount”**).

Notwithstanding the foregoing, the foregoing indemnification undertaking shall not include amounts that exceeds the lower of the Maximum Indemnification Amount and an amount equal to 25% of the Bank’s equity pursuant to the latest (audited or reviewed, as applicable) consolidated financial statements of the Bank at the time of the indemnification request by the Underwriter pursuant to the Underwriting Agreement (the **“Interim Amount”**), should there be reasonable concern that payment in excess of the Interim Amount would deny the Bank the ability to fulfill its current and anticipated obligations upon the date of their fulfillment on the date the indemnification is first requested by the Underwriter

(the “**Condition**”). It is clarified and agreed that from the moment that such reasonable concern ceases to exist, the Underwriter shall be entitled to complete the indemnification up to the amount of the difference between the Maximum Indemnification Amount and the Interim Amount. It is further clarified that payment of indemnification up to the Interim Amount is not subject to the Condition, because the Condition does not derogate from the Underwriter’s rights to reliefs by the Company pursuant and subject to applicable law, and that the Condition shall not apply insofar as the Bank was issued a liquidation order or if a temporary liquidator was appointed for it in a proceeding not initiated by the Underwriter on grounds pursuant to the Underwriting Agreement.

The Underwriter or any person on its behalf shall be entitled to demand from the Bank to conduct, on the Underwriter’s behalf, any negotiations or defense against a claim, proceeding and/or demand as foregoing. Should the Bank fail to comply with the Underwriter’s demands, the Underwriter could, without requiring the Bank’s approval, settle with the claimant on any amount spent by the Underwriter when dealing with the foregoing claim, provided the Bank was given a 7-days prior written notice regarding the intention to settle as foregoing, and the Bank did not assume management of the proceedings as set forth above, all subject to the limitations on the indemnification amount described in this section above.

Indemnification shall not be paid to the Underwriter for a misstatement unless it is proven that the Underwriter believed in good faith that the Prospectus did not include any misstatement, or for any intentional or reckless act by the Underwriters.

The foregoing indemnification duty shall not apply to the Underwriter in connection with the existence of a misstatement in the Shelf Offering Report that was based on information provided to the Bank in writing, by the Underwriter, in order to use such information for the purpose of preparing the Shelf Offering Report.

It is noted that the foregoing indemnification obligation shall continue to apply towards the Underwriter even if the Underwriting Agreement is terminated and the Bank applies to the Israel Securities Authority and TASE requesting to amend the Prospectus and to carry out the issue without the Underwriters’ signature on the Shelf Offering Report.

8.4 Releasing the Underwriter from its obligations

8.4.1 Should it transpire that the Prospectus includes any misstatement or that information was omitted from the Prospectus that is required to be disclosed under law and which may be important to a reasonable investor

when considering whether to purchase the Units offered thereunder, or in the event the Israel Securities Authority issues instructions to the Bank pursuant to section 25(a) and/or section 25A(b) of the Securities Law, to publish an amendment to the Prospectus or publish an amended prospectus, or in the event the Bank requests (without obtaining the prior consent of the Underwriter) to amend the Prospectus pursuant to section 25A(a) of the aforementioned law, the Underwriter shall be entitled, by providing notice to the Company within three business days of learning about one of the events listed above as applicable, but no later than the completion date of the issue, to be released from all of its obligations towards the Bank under the Underwriting Agreement, if: (1) the misstatement or the important omission in the Prospectus as foregoing was not known to the Underwriter at the time the Underwriting Agreement was executed; or (2) if the instruction was issued or the request was submitted as a result of any matter that was unknown to the Underwriter at the time the Underwriting Agreement was executed, and who would have reasonably not engaged with the Bank under the Underwriting Agreement had it been aware of such, or who would have not engaged under the Underwriting Agreement under the same terms.

8.4.2 The Bank shall on the same day inform the Underwriter of the issuance of an order by the Israel Securities Authority to publish an amendment to the Prospectus as aforesaid, or of the Bank's request to publish an amended prospectus as foregoing.

8.4.3 Should the Underwriter exercise its right as aforesaid and be released from its obligations under the Underwriting Agreement as aforementioned, the Bank shall submit a request to the Israel Securities Authority and TASE to amend the Prospectus, so that the Underwriting Agreement shall not be included therein, and the Underwriters' signatures shall not be included therein, or it shall cancel the issue, all at its discretion. In the event the Bank decided not to cancel the issue and to carry out the issue without an underwriting commitment or with an underwriting commitment to be provided by a different lead underwriter, the Bank shall approach the institutional investors and allow anyone so desiring to retract its commitment. If for any reason no such amended prospectus is published, the issue shall be cancelled.

8.5 Circumstances for cancelling the issue

8.5.1 Subject to anything set forth in the Underwriting Agreement, it is agreed that the Underwriter shall be entitled, at its complete discretion, to

terminate all of the Underwriter's obligations under the Underwriting Agreement, in a notice to be provided to the Bank no later than the date the issue is completed, if at its sole discretion there is a material adverse change to economic conditions (including conditions in the capital market), the political situation, or the security situation in the State of Israel or the world compared to circumstances as on the date of executing the Underwriting Agreement, or if there were developments at the Bank, which may have a material adverse effect on the Bank's business, compared to the situation that existed when the Underwriting Agreement was executed.

- 8.5.2 Should the Underwriter request to revoke all obligations under the Underwriting Agreement, the Bank shall approach the Israel Securities Authority and TASE with a request to amend the Prospectus or it shall cancel the issue, all at its discretion.
- 8.5.3 A notice on the revocation of the Underwriter's obligations and termination of the Underwriting Agreement as foregoing shall be issued with the Underwriter's signature, and shall be deemed to have been delivered to the Bank on the date it arrives at the Bank's registered address or at its attorneys for the issue.
- 8.5.4 Should the Bank choose not to cancel the issue, it shall approach the Israel Securities Authority or TASE with a request to publish an amended prospectus that would not include the Underwriting Agreement and would not include the Underwriter's signature. In addition, the Bank shall approach the institutional investors and allow anyone so desiring to retract its commitment. If for any reason no such amended prospectus is published, the issue shall be cancelled.

9. Placing agreement with the International Distributor

- 9.1 For the purpose of marketing and distributing the shares to the Foreign Institutional Offerees, the Bank entered on June 23, 2022 into a placing agreement with the International Distributors (in this section 9 – the "**Distributor**" and "**Placing Agreement**," respectively), whereby the shares were offered in various countries around the world (except for Israel and the US) on the basis of Regulation S.
- 9.2 According to the Placing Agreement, the Distributor shall use reasonable efforts in offering the Shares to foreign investors outside Israel and the United States. The distribution shall only be conducted to investors that meet the requirements set forth in the introduction to this Shelf Offering Report.

- 9.3 The Placing Agreement includes representations given to the Distributor by the Bank, inter alia with respect to the offering documents of the Shares (including there being no misstatement in the Shelf Offering Report), to the Bank's businesses, the Bank's share capital, its compliance with the provisions of the law and additional representations.
- 9.4 The Bank undertook to indemnify the Distributor and anyone on its behalf for claims and damages arising from the international distribution, including those deriving from a misstatement in the offering documents of the shares, as set forth in the Placing Agreement.

The Placing Agreement sets forth that the Distributor is entitled to terminate the agreement after executing the Placing Agreement and before the completion date of the issue (as defined in the Placing Agreement), if, at the absolute discretion of the Distributor and with notice provided to the Bank and after consulting with the Bank to the extent possible, if, among other things: (1) an incorrect, imprecise or misleading representation was made in the offering documents, pursuant to the Distributor's discretion, and the representation is material to the Bank or to the Offer; or a different material matter to the Bank or Offer was revealed, which was omitted from the offer or Offering Report documents; (2) there was a material violation of one of the Bank's undertakings pursuant to the Placing Agreement; (3) an event or matter occurred when executing the Placing Agreement or thereafter, and before the completion date (as defined in the agreement), which had it occurred prior to executing the Placing Agreement, it would have made one of the representations provided to the Distributor by the Bank incorrect, imprecise or misleading; (4) the Bank failed to fulfill its material obligations under the Placing Agreement; (5) there was a Material Adverse Change (as defined below); or (5) (a) there was a change in the financial markets in the UK, Israel, the US, the European Economic Area, or the international financial markets, any outbreak or escalation of hostilities, declaration of war by, or materially influencing the UK, Israel, the US, the European Economic Area, or any other disaster or crisis, or any material adverse change or development in national or international political, financial or economic conditions, or in currency exchange rates or exchange controls, whether or not such could have been foreseen on the date of the Placing Agreement, when its effect (separately or together with any other incident mentioned in this section) would make, per the distributor's reasonable discretion, the distribution, sale of shares, or enforcement of contracts for sale of shares impossible to implement; or (b) there was halt or restrictions were imposed on trading of securities on TASE or on NYSE MKT LLC, on NYSE, on NASDAQ, or on any stock exchange in the European Economic Area, or minimum or maximum prices were set for trade, or maximum spreads are required by TASE as foregoing or by a instruction of the

U.S. Securities and Exchange Commission, the Israel Securities Authority, the Financial Industry Regulatory Authority (FINRA) or any other government, regulatory, or self-regulatory authority, or there is a material interruption to commercial banking or clearing services of securities in Israel; or (b) a general strike is announced in the provision of commercial banking services in Israel, the UK, US (federal or New York State) or in the European Economic Area or a material disruption in commercial banking or clearing services of securities in Israel, the UK, the US, or any member country of the European Economic Area, whether or not such could have been anticipated on the date of the Pricing Agreement.

“**Material Adverse Change**” means a material adverse change or development that involves a potential material adverse change (financial or otherwise), to the management, profits, business or assets of the Bank and its subsidiaries, as a whole, whether or not caused in the Bank’s ordinary course of business, or a change or development as foregoing that affect the Company’s compliance with its obligations under the Placing Agreement.

- 9.5 In the framework of the issue the Bank has undertaken not to sell, engage under transaction for sale, lend, or make any other transaction in shares of the Bank, for 180 days of the date of the Shelf Offering Report (“**Lock-Up Undertaking**”). The Lock-up Undertaking shall not apply to such transactions in connection with lawful or regulatory requirements; the issue of securities convertible into shares to employees of the Company; issue of bonds, deferred warrants and similar debt instruments; and private placements of shares or securities convertible into shares at a rate of 1% or more of the issued and paid-up share capital of the Company on the date of such issue.

10. Fees

- 10.1 Underwriting, consultation and distribution fees: An underwriting and distribution fee for the Lead Underwriter, for the International Distributors and for the Local Distributor,¹⁷ at a total rate of up to 0.7% of the total immediate gross proceeds to actually be received for all the Units, including for Units to be purchased (if any) by the Underwriter as a result of exercising its underwriting commitments. The fee is to be paid plus VAT, insofar as such applies, and pursuant to its legal rate, and it is to be distributed between the Lead Underwriter and the Distributors.

¹⁷ Including Epsilon Underwriting and Issuing Ltd. as sub-distributor, which shall be entitled to fees as set forth in this section 10.1.

- 10.2 In addition the Bank shall bear the costs of due diligence carried out by the Lead Underwriter for conducting financial due diligence.
- 10.3 The Bank shall pay the fees and amounts set forth above to entities that are “authorized dealers” under such meaning in the Value Added Tax Law, in addition to value added tax against tax invoices.
11. **Special restrictions on holding shares of the Bank and obligation to report means of control**

Pursuant to the Bank (Licensing) Law, 5741-1981 (the “**Banking Law**”), special conditions apply to those holding means of control in the Bank. Presented below are their main points:

- 11.1 It is prohibited to hold more than 5% of the means of control in a banking corporation (i.e. voting rights in a general meeting and/or the right to appoint directors and/or the right to participate in profits and/or the right to asset balance upon liquidation), other than pursuant to a permit from the Governor of the Bank of Israel.
- 11.2 In addition, a shareholder holding more than 1% of a specific type of means of control in a banking corporation without a controlling block must report its holdings to the banking corporation.
- 11.3 The banking corporation is required to report to the public regarding any shareholder holding more than 2.5% of a specific type of means of control in such banking corporation. The reporting obligation to the public shall also apply with respect to a shareholder holding between 1% and up to 2.5% of a specific type of means of control in a banking corporation if the foregoing shareholder agreed to the publication as aforesaid. If the shareholder did not agree thereto, it shall not be entitled to join a group of holders for the purpose of proposing candidates for serving as directors of the Bank (for more information on the matter of a shareholder’s right to propose candidates to serve as directors of the Bank, see section 6.4.3 of the Shelf Prospectus).¹⁸

¹⁸ With respect to additional restrictions that apply to shareholders of the Bank, it is noted that Proper Conduct of Banking Business Regulation 312 set forth provisions regarding approval of transactions with affiliated persons, while an “affiliated person” is defined, inter alia, as a person holding 5% of any type of means of control in a banking corporation who controls the banking corporation, and his relatives, except for a person who obtained a holding permit subject to the conditions set forth in the Supervisor of Banks letter dated 16 June 2016, on the matter of “Holding Permits of Banks for Entities Managing Client Money – Policy Update”, and in a banking corporation with no controlling interest, anyone who proposed (by himself or as a member of a group of holders) a candidate for serving as a director, as long as the director proposed by him serves in his role. The Proper Conduct of Banking Business Regulation 312 further sets forth a restriction on the extent of the affiliated persons’ liability, while it applies, inter alia, to an “affiliated person” under its foregoing meaning.

- 11.4 Notwithstanding all the foregoing, the Supervisor of Banks is entitled to order the Bank to publish details regarding those that hold means of control therein in excess of a rate set by the Supervisor, provided this rate is not less than 1%, even if they objected to disclosing their holdings as stated in section 11.3 above, provided such a provision shall become effective at least six months after the date on which the Bank was so ordered.
- 11.5 In addition, the Law for Promotion of Competition and Reduction of Concentration, 5774-2013 ("**Anti-Concentration Law**") requires a separation between major real corporations and major financial entities, and sets forth restrictions on a major financial entity and a major real corporation (as defined in the Anti-Concentration Law) being held by the same controlling shareholder, restrictions on a major real corporation holding a major financial entity, a restriction on a banking corporation holding a major real corporation and an insurer that is a major financial entity.
12. **Permits and approvals**
- 12.1 The Bank approached TASE with a request to list the securities offered under the Shelf Offering Report, and TASE gave its approval.
- 12.2 **Such approval of TASE should not be deemed confirmation of the details presented in the Shelf Offering Report, or of their reliability or completeness, and it does not constitute an expression of any opinion on the Bank, or the nature of the securities offered in the Report or on the price they are offered at.**
- 12.3 The trading of the securities offered under this Offering Report shall commence immediately after they are listed.
13. **Payment of fees**
- Pursuant to the provisions of regulation 4A of the Securities (Application Fee for Granting a Permit to Publish a Prospectus) Regulations, 5755-1995, the Bank shall pay the Israel Securities Authority the additional fee for the securities offered under the Shelf Offering Report.
14. **Issue proceeds**
- 14.1 Assuming all the securities offered under the Shelf Offering Report are purchased, the immediate proceeds expected to the Bank from such issue, less the costs involved therein, shall be as set forth below:¹⁹

¹⁹ The proposed costs are not including VAT. The Bank shall add the VAT to the relevant payments.

Gross immediate expected proceeds	Approximately NIS 2,750,000,000
Less underwriting, coordination, and distribution fees ²⁰	Approximately NIS 17,900,000
Less other (estimated) costs	Approximately NIS 2,300,000
	<hr/>
Net immediate anticipated proceeds	Approximately NIS 2,729,800,000

14.2 No minimum amount was set that must be reached in this issue.

14.3 The issue proceeds are designated for the Bank's discretionary use.

14.4 The Bank shall deem the proceeds being received by the Issue Coordinator as if it received the proceeds.

15. **Material changes and novelties from the publication date of the Shelf Prospectus until the publication date of the Shelf Offering Report**

Pursuant to regulation 4(a) of the Shelf Offering Regulations, all of the reports that the Bank had published after the publication date of the Shelf Prospectus are included in this Report by way of reference. The full text of the Bank's reports can be reviewed on the website of the Israel Securities Authority at: www.magna.isa.gov.il and on the TASE website at <https://maya.tase.co.il>

16. **Letter of consent from the Bank's auditors**

The Bank was issued letters of consent from the Bank's joint auditors, which include their approval to include in the Shelf Offering Report, including by way of reference, the auditor reports and the review reports, as applicable, which are included in the Shelf Offering Report by way of reference. The foregoing letters of consent are attached as **Schedule I** to the Shelf Offering Report.

²⁰ For more information regarding underwriting, concentration and distribution fees in connection with the issue, see section 10 of the Report.

17. **Legal opinion**

Presented below is a legal opinion that the Bank received from Herzog Fox & Neeman, Advocates, 6 Yitzhak Sadeh St., Tel Aviv:



June 23, 2022

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

Dear Sir/Madam,

Re: **Shelf Offering Report of Bank Leumi le-Israel B.M. (hereinafter the "Bank")**

With respect to the Shelf Prospectus dated May 27, 2021 (hereinafter the "**Shelf Prospectus**") and the Shelf Offering Report published thereunder, we hereby give our opinion as follows:

1. The rights ancillary to the Offered Securities (as defined in the Shelf Offering Report) were accurately described in the Shelf Offering Report.
2. The Bank is authorized to issue the Offered Securities in the manner described in the Shelf Offering Report.
3. The Bank's directors were duly appointed, and their names are included in the Shelf Offering Report.

We hereby consent to this opinion being included in the Shelf Offering Report.

Sincerely,

Nir Dash, Adv. Yehuda Aharoni, Adv. Shiri Cohen, Adv.

Herzog Fox & Neeman, Advocates

18. Signatures

Bank:

Bank Leumi le-Israel B.M.

Directors:

Dr. Samer Haj-Yehia

Ytzhak Edelman

Tamar Gottlieb

Irit Shlomi

Sasson Elya

Ester Dominissini

Dan Alexander Koller

Dr. Shmuel Ben Zvi

Avi Bzura

Prof. Yedidia Zvi Stern

Underwriters:

Leader Underwriting (1993) Ltd.

Annex A

Consent Letter of the Bank's Joint Auditors



June 23, 2022

To,
Board of Directors of
Bank Leumi le-Israel B.M.
34 Yehuda Halevi
Tel Aviv
Dear Sir/Madame

Re: Shelf Offering Report of Bank Leumi le-Israel B.M. (hereinafter: the "Bank") for the Issue of Shares, Meant to be Published in June 2022 (hereinafter: the "Shelf Offering")

We hereby inform you that we agree to the inclusion (including by way of reference) in the Shelf Offering Report based on the Bank's prospectus published May 27, 2021, of our reports set forth below:

- a. Auditors review report dated May 26, 2021 on consolidated condensed financial information of the Bank as of March 31, 2021 and for the three-month period ended on such date.
- b. Auditors report dated August 12, 2021 on consolidated condensed financial information of the Bank as of June 30, 2021 and for the three- and six-month periods ended on such date.
- c. Auditors report dated November 15, 2021 on consolidated condensed financial information of the Bank as of September 30, 2021 and for the three- and nine-month periods ended on such date.
- d. Joint auditors review report dated March 8, 2022 on consolidated financial information of the Bank as of December 31, 2021 and 2020 and for the years ended on such date.
- e. Auditors report dated March 8, 2022 on an internal control audit on the Bank's financial reporting as of December 31, 2021.
- f. Auditors review report dated May 23, 2022 on consolidated concise financial information of the Bank as of March 31, 2022 and for the three-month period ended on such date.

Respectfully,

Somekh Chaikin
Registered partnership in Israel and a member firm of the international organization of KPMG that is made up of independent firms affiliated with KPMG International Limited, a private limited liability UK company
CPAs

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

The Joint Auditors