



Bank Leumi le-Israel B.M.

(hereinafter - the “**Bank**”)

Shelf prospectus

By virtue of this shelf prospectus (hereinafter - the “**Prospectus**”), the Bank shall be entitled to issue ordinary registered Bank shares of NIS 1 par value each and/or other securities of the Bank, including subordinated notes with a principal loss absorption mechanism, allowing the conversion of the Bank’s subordinated notes into its ordinary shares without giving their holders the right of choice as well as a mechanism for writing off the fund’s losses without the abovementioned conversion option.

The offering of the securities in accordance with the prospectus shall be carried out in accordance with the provisions of Section 23A(i) to the Securities Law, 1968, through shelf offering reports, into which all the specific details of that offering will be entered in accordance with the provisions of any law and the Rules and Regulations and guidance of the website of the Tel Aviv Stock Exchange Ltd., as they may be at that time (each of these reports shall be named hereinafter: the “**Shelf Offering Report**”).

The risk factors to which the Bank is exposed include, among other things, the following risks, which may have a significant effect on the Bank’s businesses: Overall credit risk, including quality of borrowers and collaterals risk, information security and cybersecurity risk, and domestic macroeconomic risk.

For details about the risk factors, to which the Bank is exposed, see the Chapter on “Risk Review - Risk Exposure and Management Thereof” Chapter in the Bank’s 2023 periodic report published on March 19, 2024 (Ref. No. 2024-01-027747) (hereinafter - the “**2023 Periodic Report**”), which is included in the Prospectus by way of reference.

The Company’s ability to distribute dividends is subject to the provisions applicable to dividend distribution, including the provisions of the Companies Law and directives of the Bank of Israel and the Bank’s compliance with its capital adequacy targets after the distribution of the dividend. For further details, see Notes 25A.c and 25A.d to the Bank’s 2023 financial statements, included by way of reference in Chapter 8 of the prospectus.

The Bank is a “**Banking corporation**”, as defined in the Banking Law (Licensing), 1981 (hereinafter - the “**Banking Law (Licensing)**”). In this framework, the Bank is subject to various provisions by virtue of the laws applicable to Banking Corporations.

As of the date of this Prospectus, the Bank's notes in circulation are rated by Standard & Poor's Maalot Ltd. (hereinafter - "**Maalot**"), by Midroog Ltd. (hereinafter - "**Midroog**"), by S&P Global Ratings (hereinafter - "**P&S**") and by Fitch Ratings (hereinafter - "**Fitch**"). For further details about the rating assigned to the Bank's notes, see Chapter 1 of the Prospectus.

The Prospectus can be viewed on the Israel Securities Authority's website, at www.magna.isa.gov.il and on the website of the Tel Aviv Stock Exchange Ltd. at www.maya.tase.co.il.

Prospectus date: May 29, 2024

Table of Contents

| | <u>Prospectus chapters</u> | <u>Page</u> |
|-----------|--|--------------------|
| 1 | Introduction | A-1 |
| 2 | Offering of Securities in accordance with the Shelf Prospectus | B-1 |
| 3 | Share capital and holders thereof | C-1 |
| 4 | Proceeds of the offering and its objective | D-1 |
| 5 | Description of the Bank's businesses | E-1 |
| 6 | Management of the Bank | F-1 |
| 7 | Interested parties in the Bank | G-1 |
| 8 | Financial statements and events report | H-1 |
| 9 | Legal opinion | I-1 |
| 10 | Further details | J-1 |
| 11 | Signatures | K-1 |

Chapter 1 - Introduction

1.1 General

The Bank was incorporated in Israel in 1950 as a public company in accordance with the Companies Ordinance. The Bank is a banking corporation with a “banking” license under the provisions of the Banking Law (Licensing).

1.2 Permits and approvals

The Bank received all permits, approvals and licenses required by any law to publish this Prospectus. This Prospectus is a Shelf Prospectus as defined in Section 23A to the Securities Regulations, 1968 (hereinafter - the “**Securities Law**”) and the offering of securities thereunder shall be made in accordance with the Shelf Offering Report that will be filed in accordance with the Securities Law and Securities Regulations (Shelf Offering of Securities), 2005 into which the specific details of that offering will be entered (hereinafter - the “**Shelf Offering Report**”).

The permit to publish the Shelf Prospectus as granted by the Israel Securities Authority does not constitute a verification of the details included therein or confirmation of their reliability or completeness, nor does it constitute an opinion as to the nature of the securities to be offered thereunder.

The Tel Aviv Stock Exchange Ltd. (hereinafter - the “**Stock Exchange**”) granted the Bank a tentative approval to list securities that will be offered pursuant to this Shelf Prospectus, if any are offered, in accordance with the Shelf Offering Report (hereinafter - the “**Tentative Approval**”).

The tentative approval of the Stock Exchange should not be construed as confirming the details presented in the Shelf Prospectus, their reliability or completeness, nor should it be construed as expressing an opinion regarding the Bank or the nature of the securities being offered in accordance with this Shelf Prospectus or the price at which they will be offered in the Shelf Offering Report.

The tentative approval does not constitute confirmation of the listing of the securities, and the listing of the securities to be offered pursuant to the Shelf Prospectus shall be subject to obtaining the Stock Exchange’s approval of the listing of the said securities.

The tentative approval does not constitute an undertaking by the Stock Exchange to issue an approval for the listing of the securities to be offered in accordance with the Shelf Offering Report. An approval of an application to list securities in accordance with the Shelf Offering Report shall be subject to the provisions of the Stock Exchange's Rules and Regulations and guidance thereunder in effect on the date of filing of the application to list the securities in accordance with the Shelf Offering Report.

1.3 Share capital

1.3.1 The Bank's authorized share capital amounts to NIS 3,215,000,000 par value, which is divided into 3,215,000,000 ordinary shares of NIS 1 par value each. The Bank's issued and paid-up share capital as of the date of the Shelf Offering Report (in nominal values) is NIS 1,615,629,355, divided into 1,615,629,355 ordinary shares of NIS 1 par value each.¹ The issued and paid-up share capital of the Bank, fully diluted² is NIS 1,619,120,830, divided into 1,619,120,830 ordinary shares of NIS 1 p.v. each.

1.3.2 The Bank's equity as of December 31, 2023 (in NIS million):

| | |
|--|---------|
| Share capital | 7,111 |
| Premium | 2,250 |
| Share-based payment and other transactions | 63 |
| Accumulated other comprehensive loss | (2,647) |
| Retained earnings | 47,720 |
| Loans to employees for the purchase of Bank's shares | - |
| Non-controlling interests | 5 |
| <hr/> | |
| Total equity | 54,502 |

¹ All issued Bank shares are registered shares. The shares that were issued and those that will be issued, were converted or will be converted into ordinary stock, which is transferable in NIS 1 par value units. In this Shelf Prospectus, the words "**Shares**" and "**Shareholder**" include "Stock" and "Stockholder", respectively, and one ordinary share of NIS 1 par value means 1 NIS par value ordinary stock.

² The above data on a fully diluted basis do not include shares that will be converted from subordinated notes issued by the Bank that are convertible into shares by way of forced conversion and under certain terms and conditions, as detailed in the table in Section 1.4 to the Prospectus.

1.3.3 Ratio of equity to weighted components in the Bank Group

For details about the Bank's capital resources, capital ratios and capital adequacy, see Notes 25A and 25B to the Bank's 2023 financial statements, included by way of reference in Chapter 8 of this Prospectus.

1.4 Subordinated notes issued by the Bank and subsidiaries (under the Bank's responsibility or guarantee) and still in circulation as of the date of the Shelf Prosecutes

1.4.1 Marketable notes:

| | Series | Stock Exchange security no. | Issuance date | Repayment date ⁽¹⁾ | Par value - in NIS (unless stated otherwise) | | | Interest amount accumulated through December 31, 2023 ⁽²⁾ | Value as per the financial statements as of December 31, 2023 ⁽³⁾ | Market value (of listed series) as of December 31, 2023 | Annual interest (as of Prospectus date) ⁽⁴⁾ | Linkage (principal & interest) ⁽⁵⁾ | | Trustee |
|------------------|---------------------|-----------------------------|-------------------|-------------------------------|--|-------------------------|--|--|--|---|--|---|---------------|---------------|
| | | | | | As of issuance date ³ | As of December 31, 2023 | Revalued as of December 31, 2023 in accordance with linkage terms ⁽⁶⁾ | | | | | Type | Base | |
| Marketable bonds | 179 | 6040372 | June 21, 2018 | June 30, 2026 | 3,041,896,000 | 3,041,896,000 | 3,389,103,488 | 14,064,779 | 3,403,168,268 | 3,350,344,254 | 0.83% | CPI | May 18 | Strauss Lazer |
| | 180 | 6040422 | January 31, 2019 | February 28, 2025 | 1,689,677,000 | 844,838,500 | 844,838,500 | 14,316,258 | 859,154,758 | 837,572,889 | 2.02% | None | - | Strauss Lazer |
| | 182 | 6040539 | November 28, 2021 | November 25, 2027 | 3,137,255,000 | 3,137,255,000 | 3,409,954,149 | 331,523 | 3,410,285,672 | 3,178,353,041 | 0.1% | CPI | October 21 | Strauss Lazer |
| | 183 | 6040547 | November 28, 2021 | November 25, 2029 | 2,486,831,000 | 2,486,831,000 | 2,702,993,448 | 262,791 | 2,703,256,239 | 2,403,273,478 | 0.1% | CPI | October 21 | Strauss Lazer |
| | 184 | 6040604 | March 27, 2022 | May 5, 2030 | 1,336,302,000 | 1,336,302,000 | 1,336,302,000 | 5,634,740 | 1,341,936,740 | 1,278,173,863 | 2.76% | None | - | Strauss Lazer |
| | 185 | 1201821 | December 21, 2023 | August 31, 2029 | 1,228,060,000 | 1,228,060,000 | 1,228,060,000 | 634,498 | 1,228,694,498 | 1,225,849,492 | 1.86% | CPI | November 2023 | Strauss Lazer |
| | 186 | 1201839 | December 21, 2023 | November 30, 2033 | 2,122,722,000 | 2,122,722,000 | 2,122,722,000 | 1,174,000 | 2,123,896,000 | 2,111,471,573 | 2.02% | CPI | November 2023 | Strauss Lazer |
| Marketable | 402 ⁽⁷⁾ | 6040398 | July 8, 2018 | July 31, 2033 | 209,100,000 | 209,100,000 | 232,967,051 | 1,079,414 | 234,046,465 | 231,265,000 | 2.78% | CPI | May 18 | Strauss Lazer |
| | 403 ⁽⁸⁾ | 6040430 | January 31, 2019 | February 28, 2030 | 1,441,150,000 | 1,441,150,000 | 1,605,645,459 | 32,596,387 | 1,638,241,846 | 1,621,687,184 | 2.42% | CPI | December 18 | Strauss Lazer |
| | 404 ⁽⁹⁾ | 6040471 | July 15, 2019 | September 30, 2029 | 1,240,950,000 | 1,240,950,000 | 1,362,175,108 | 6,640,604 | 1,368,815,712 | 1,354,299,614 | 1.95% | CPI | May 19 | Mishmeret |
| | 405 ⁽¹⁰⁾ | 6040620 | March 27, 2022 | March 27, 2033 | 1,403,900,000 | 1,403,900,000 | 1,509,713,372 | 17,172,990 | 1,526,886,361 | 1,436,203,739 | 1.5% | CPI | February 22 | Strauss Lazer |
| Marketa | 4 | 1196260 | May 30, 2023 | May 28, 2024 | 2,427,602,000 | 2,427,602,000 | 2,427,602,000 | 70,639,893 | 2,498,241,893 | 2,499,361,915 | 4.8272% ⁽¹¹⁾ | None | - | - |
| | 5 | 1201847 | December 21, 2023 | December 21, 2024 | 1,369,370,000 | 1,369,370,000 | 1,369,370,000 | 1,819,574 | 1,371,189,574 | 1,372,095,046 | 2.0134% ⁽¹²⁾ | None | - | - |

³ It is clarified that the following details include the total par value of the series, both upon the initial issuance date, and on the date/s of the expansion of the series (if it was expanded). For further details see Section 1.4.2(b)(1) below.

- (1) Pursuant to the terms of Subordinated Notes (Series 402, 403, 404, 405, Leumi Dollar 2031 I and Leumi Dollar 2033 I), the Bank is entitled to execute early redemption of the Subordinated Notes. For further details, see Section 1.4.2(b)(2) below.
- (2) For CPI-linked notes, the amount of interest presented includes the linkage component in respect of the accumulated interest (subject to and in accordance with the series' linkage terms).
- (3) The value in the financial statements, as presented in the table, includes the par value revalued as of December 31, 2023 in accordance with the linkage terms plus the interest amount accrued through December 31, 2023 (as these data are stated in the two columns to the right of the value column in the financial statements in the table), plus, or net of, as applicable, the balance of the premium or discount as of December 31, 2023.
- (4) The terms and conditions of the Subordinated Notes (Series 402, 403, 404 and 405) stipulate, among other things, that if the Bank does not exercise its right to redeem the subordinated notes by way of early redemption, then the annual interest rate of the subordinated notes will be revised such that the annual interest rate will increase or decrease, as the case may be, by the amount of the difference between the benchmark interest rate (as defined in the deed of trust) on the interest change date and the benchmark interest rate on the issuance date of the said subordinated notes. The terms of the Subordinated Notes (Leumi \$ 2031 I) stipulate, among other things, that if the Bank does not exercise its right to redeem the subordinated notes in an early redemption, then the annual interest rate of the subordinated notes will be revised in accordance with the yield on five-year US treasuries as of that date plus 1.631% per year and in accordance with the terms and conditions of the Subordinated Notes (\$ 2033 I), with an added 3.466% per year. For further details, see Section 1.4.2(b)(2) below.
- (5) The word "Index" means linkage to the Consumer Price Index, with the base index being the Index in respect of the month under the "Base" subtitle. In a series that had a number of allocations, the issuance data and the correct Index as of the first allocation date are stated. For further details on the series that had more than one allocation, see Section 1.4.2(b)(1) above.
- (6) The revaluation includes all principal payments that should have been made through December 31, 2023.
- (7) NIS 209,100,000 p.v. Subordinated Notes (Series 402), which were issued in July 2018, and which were recognized by the Banking Supervision Department as equity instruments classified as Tier 2 capital, include a mechanism whereby - under certain circumstances defined by the Banking Supervision Department - the Bank will execute forced conversion of the Subordinated Notes (Series 402) into 20,906,823 ordinary shares of the Bank as of December 31, 2023. For further details see the deed of trust of the Subordinated Notes (Series 402), attached to the Bank's shelf offering report of July 5, 2018 (Ref. No.: 2018-01-060390) (hereinafter - the "**Series 402 Deed of Trust**").
- (8) NIS 1,441,150,000 p.v. Subordinated Notes (Series 403) that were issued in January 2019 and March 2019, and which were recognized by the Banking Supervision Department as equity instruments classified as Tier 2 capital, include a mechanism whereby - under certain circumstances defined by the Banking Supervision Department - the Bank will execute forced conversion of the Subordinated Notes (Series 403) into 133,533,750 ordinary shares of the Bank as of December 31, 2023. For further details see the deed of trust of the Subordinated Notes (Series 403), attached to the Bank's shelf offering report of January 30, 2019 (Ref. No.: 2019-01-010896) (hereinafter - the "**Series 403 Deed of Trust**").
- (9) NIS 1,240,950,000 p.v. in Subordinated Notes (Series 404) that were issued in July 2019, and which were recognized by the Banking Supervision Department as equity instruments classified as Tier 2 capital, include a mechanism whereby - under certain circumstances defined by the Banking Supervision Department - the Bank will execute forced conversion of Subordinated Notes (Series 404) into 105,262,612 ordinary shares of the Bank as of December 31, 2023. For further details see the deed of trust of the Subordinated Notes (Series 404) with respect to the Bank's shares, attached to the Bank's shelf offering report of July 9, 2019 (Ref. No.: 2019-01-070048) (hereinafter - the "**Series 404 Deed of Trust**").
- (10) NIS 1,403,900,000 p.v. in Subordinated Notes (Series 405), which were issued in March 2022 and September 2022 by way of a series expansion, and which were recognized by the Banking Supervision Department as equity instruments classified as Tier 2 capital, include a mechanism whereby - under certain circumstances defined by the

Banking Supervision Department - the Bank will execute forced conversion of the Subordinated Notes (Series 405) into 84,824,854 ordinary shares of the Bank as of December 31, 2023; for further details, see the deed of trust of the Subordinated Notes (Series 405), attached to the Bank's shelf offering report of March 24, 2022 (Ref. No.: 2022-01-033970) (hereinafter - the "**Series 405 Deed of Trust**").

- (11) The Commercial Securities (Series 4) bear variable interest, calculated as a weighted average (according to the number of days in the Interest Period) of the Bank of Israel interest rates in effect until the Prospectus Date, plus a fixed annual spread of 0.19%.
- (12) The Commercial Securities (Series 5) bear variable interest, calculated as a weighted average (according to the number of days in the Interest Period) of the Bank of Israel interest rates in effect until the Prospectus Date, plus a fixed annual spread of 0.1%.

1.4.2 Non-marketable notes⁴:

| | Series | Issuance date | Repayment date | Par value - in NIS (unless stated otherwise) | | | Interest amount accumulated through December 31, 2023 | Value as per the financial statements as of December 31, 2023 | Market value (of listed series) as of December 31, 2023 | Annual interest (as of Prospectus date) | Linkage (principal & interest) | | Trustee |
|----------------|------------------------------------|-------------------|-------------------|--|-------------------------|---|---|---|---|---|--------------------------------|---------------|----------------------------|
| | | | | As of issuance date | As of December 31, 2023 | Revalued as of December 31, 2023 in accordance with linkage terms | | | | | Type | Base | |
| Non-marketable | \$ 2031 I ⁽¹³⁾ | January 29, 2020 | January 29, 2031 | USD 750,000,000 | 750,000,000 US dollar | USD 750,000,000 | 37,862,480 | 2,758,112,480 | - | 3.275% | None | - | Reznick Paz Nevo |
| | \$ 2027 I | July 27, 2022 | July 27, 2027 | USD 500,000,000 | 500,000,000 | USD 500,000,000 | 40,274,813 | 1,795,700,185 | - | 5.125% | None | - | Reznick Paz Nevo |
| | \$ 2033 I ⁽¹⁴⁾ | January 18, 2023 | July 18, 2033 | USD 500,000,000 | 500,000,000 | USD 500,000,000 | 59,614,480 | 1,805,384,593 | - | 7.129% | None | - | Reznick Paz Nevo |
| | I Bonds 1 ⁽¹⁵⁾ | August 7, 2023 | December 24, 2026 | 500,000,000 | 419,578,000 | 419,578,000 | 1,428,440 | 421,006,440 | - | 6.8% | None | - | Hermetic Trust (1975) Ltd. |
| | I Bonds 2 ⁽¹⁶⁾ | April 17, 2024 | August 24, 2030 | 798,240,000 | - | - | - | - | - | 6.8% | None | - | Hermetic Trust (1975) Ltd. |
| | Non-marketable - January 15, 2008 | January 15, 2008 | January 15, 2035 | 100,000,000 | 100,000,000 | 130,941,437 | 152,168,899 | 283,110,335 | - | 4.95% | CPI | November 2007 | - |
| | Non-marketable - December 23, 2010 | December 23, 2010 | December 23, 2025 | 75,000,000 | 75,000,000 | 88,490,685 | 63,641 | 88,554,326 | - | 3.75% | CPI | November 2010 | - |
| | Non-marketable 12.2002 | 12.2002 | 01.2025-01.2027 | 152,150,000 | 29,985,520 | 40,879,139 | 2,517,168 | 43,396,306 | - | 6.60% | CPI | November 2002 | - |

(13) USD 750,000,000 par value Subordinated Notes (Leumi \$ 2031 I) include a principal loss absorption mechanism by way of forced conversion into ordinary shares of the Bank in accordance with the provisions of Proper Conduct of Banking Business Directive No. 202 into 208,055,925 ordinary shares of the Bank as of issuance date. These

⁴ The data included in the table do not include subordinated notes whose total balance as per the Bank's books of accounts is negligible.

notes are listed in the “TACT Institutionals” system of the Stock Exchange. For further details, see the Bank’s immediate reports dated January 13, 23 and 29, 2020 (Ref. Nos.: 2020-01-005175, 2020-01-008041 and 2020-01-011058, respectively), included in this Prospectus by way of reference.

- (14) USD 500,000,000 par value Subordinated Notes (Leumi \$ 2033 I) include a principal loss absorption mechanism by way of forced conversion into ordinary shares of the Bank in accordance with the provisions of Proper Conduct of Banking Business Directive No. 202 into 118,750,000 ordinary shares of the Bank as of issuance date. These notes are listed in the “TACT Institutionals” system of the Stock Exchange. For further details, see the Bank’s immediate reports dated January 12, 2023 (Ref. No.: 2023-01-006255) and January 18, 2023 (Ref. Nos. 2023-01-008694 and 2023-01-008706, included in this Prospectus by way of reference.
- (15) The Credit-Linked Notes (I 1) are recognized as a qualifying financial collateral in accordance with Proper Conduct of Banking Business Directive No. 203, as well as collateral deductible in calculating indebtedness of a customer under Proper Conduct of Banking Business Directive No. 313, include a mechanism whereby under certain circumstances related to the materialization of the credit risks embodied in loans to which the said note is linked, the payment of principal and/or interest will be reduced accordingly. For further details, see the deed of trust of I Bonds 1, which is attached to the Bank’s immediate report dated August 6, 2023 (Ref. No.: 2023-01-090219).
- (16) The Credit Linked Notes (I 2) are recognized as a qualifying financial collateral in accordance with Proper Conduct of Banking Business Directive No. 203, as well as collateral deductible in calculating indebtedness of a customer under Proper Conduct of Banking Business Directive No. 313, include a mechanism whereby under certain circumstances related to the materialization of the credit risks embodied in loans to which the said note is linked, the payment of principal and/or interest will be reduced accordingly. For further details, see the deed of trust of I Bonds 2, which is attached to the Bank’s immediate report dated April 16, 2024 (Ref. No.: 2024-01-043524).

(a) General

- (1) In accordance with the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter - the “**Reports Regulations**”) a series of notes shall be deemed material if the total amount of the Bank’s liabilities thereunder as of the reporting date constitutes five percent or more of the total amount of the Bank’s liabilities as of the reporting date. In accordance with this definition, none of the series of notes listed in the above table is material.
- (2) The Bank complies with all terms and conditions and undertakings as per the deeds of trusts, and no circumstances have arisen which establish grounds for immediate repayment of the notes listed in the table or for the realization of collaterals.
- (3) Should the Stock Exchange decide to discontinue the trading of one of the series of marketable notes listed in the table due to the value of the public’s holdings in that series being lower than the amount that is set and/or will be set in the Stock Exchange’s directives as to delisting, the Bank will take the steps set out in relation to this matter in the Prospectus and/or the Shelf Offering Report by virtue of which that series was issued, including setting early redemption date, all as detailed in the said Prospectus and/or Shelf Offering Report.
- (4) For further details about the Bank’s bonds, commercial securities, and subordinated notes, see Note 21 to the Bank’s annual financial statements as of December 31, 2023, which are included in the Bank’s 2023 periodic report.

(b) Below are additional data as to the series presented in the table:

- (1) Below are additional data as to series of notes for which more than one allocation was executed:

| Series | Number of allocations | Issuance dates | Par value on issuance date |
|--------|-----------------------|--------------------|----------------------------|
| 179 | 3 | June 21, 2018 | 1,285,970,000 |
| | | January 16, 2022 | 1,205,926,000 |
| | | May 30, 2022 | 550,000,000 |
| 183 | 3 | November 28, 2021 | 733,566,000 |
| | | May 30, 2022 | 260,843,000 |
| | | May 30, 2023 | 1,492,422,000 |
| 182 | 2 | November 28, 2021 | 1,368,123,000 |
| | | January 16, 2022 | 1,769,132,000 |
| 405 | 2 | March 27, 2022 | 631,950,000 |
| | | September 12, 2022 | 771,950,000 |
| 403 | 2 | January 31, 2019 | 664,150,000 |
| | | March 14, 2019 | 777,000,000 |

| Series | Final repayment (principal and interest) | Number of principal repayments | Breakdown of payments on account of the principal (in series for which there is more than one payment) | | | Breakdown of payments on account of interest | |
|------------------|---|--------------------------------------|---|---------------------------|-------------------|---|----------------------|
| | | | First payment | Payment frequency | Last payment | First payment | Payment frequency |
| 179 | June 30, 2026 | 2 | June 30, 2024 | Two equal payments | June 30, 2026 | June 30, 2019 | Annual |
| 180 | February 28, 2025 | 2 | February 28, 2023 | Two equal payments | February 28, 2025 | February 28, 2020 | Annual |
| 182 | November 25, 2027 | 1 | - | - | - | November 25, 2022 | Annual |
| 183 | November 25, 2029 | 1 | - | - | - | November 25, 2022 | Annual |
| 184 | May 5, 2030 | 10 | November 5, 2025 | Ten equal payments | May 5, 2030 | November 5, 2022 | Semi-annual |
| 185 | August 31, 2029 | 10 | February 28, 2025 | Ten equal payments | August 31, 2029 | February 28, 2024 | Semi-annual |
| 186 | November 30, 2033 | 16 | May 31, 2026 | Sixteen equal payments | November 30, 2033 | May 31, 2024 | Semi-annual |
| 402 | July 31, 2033 | 1 | - | - | - | October 31, 2018 | Three months |
| 403 | February 28, 2030 | 1 | - | - | - | February 28, 2020 | Annual |
| 404 | September 30, 2029 | 1 | - | - | - | September 30, 2020 | Annual |
| 405 | March 27, 2033 | 1 | - | - | - | March 27, 2023 | Annual |
| 4 | May 28, 2024 | 1 | - | - | - | May 28, 2024 | Annual |
| 5 | December 21, 2024 | 1 | - | - | - | December 21, 2024 | Annual |
| \$ 2031 I | January 29, 2031 | 1 | - | - | - | July 29, 2020 | Semi-annual |
| \$ 2027 I | July 27, 2027 | 1 | - | - | - | January 27, 2023 | Semi-annual |
| \$ 2033 I | July 18, 2033 | 1 | - | - | - | July 18, 2023 | Semi-annual |

| | | | | | | | |
|---|-------------------|----------------|--------------|--------|---------------|--------------------|---------|
| I Bonds 1 | December 24, 2026 | 1 ⁵ | - | - | - | September 24, 2023 | Monthly |
| I Bonds 2 | August 24, 2030 | 1 ⁶ | - | - | - | May 24, 2024 | Monthly |
| Non-marketable - January 15, 2008 | January 15, 2035 | 1 | - | - | - | January 15, 2035 | Bullet |
| Non-marketable - December 23, 2010 | December 23, 2025 | 1 | - | - | - | December 23, 2011 | Annual |
| Non-marketable 12.2002 | 1.2025-1.2027 | 18-20 | January 2008 | Annual | 1.2025-1.2027 | January 2004 | Annual |

⁵ If early redemption is not carried out by the Bank in accordance with the terms and conditions of the Deed of Trust, Credit Linked Notes (First Addendum "The Terms and Conditions Overleaf"). See the immediate report of August 6, 2023 (Ref. No.: 2023-01-090219). It is noted that through the Prospectus publication date a partial early redemption was carried out.

⁶ If early redemption is not carried out by the Bank in accordance with the terms and conditions of the Deed of Trust, Credit Linked Notes (First Addendum "The Terms and Conditions Overleaf"). See the immediate report dated April 16, 2024 (Ref. No. 2024-01-043524). It is noted that through the Prospectus publication date a partial early redemption was carried out.

(2) Details of the subordinated notes

Below are additional information regarding the repayment dates of the series of subordinated notes. It is hereby clarified that the information provided below is subject to the full and binding provisions regarding the repayment dates of the principal and interest, as stated in the Prospectus for the issuance of the relevant series or in the Shelf Prospectus and Shelf Offering Report relating to the relevant series, as the case may be:

A. Subordinated Notes (Series 402):

The Bank may execute early redemption of the Subordinated Notes (Series 402) from July 31, 2024 through August 31, 2028, as detailed in Section 8.2 to the Shelf Offering Report that was reported on July 5, 2018 (Ref. No. 2018-01-060390), which was included in this Prospectus by way of reference (hereinafter - the “**Series 402 Shelf Offering Report**”).

The Subordinated Bonds (Series 402) bear fixed annual interest of 2.78%. If the Bank does not exercise its right to execute early redemption as aforesaid, then on July 31, 2028 the interest rate shall be revised such that the annual interest rate of the Subordinated Notes (Series 402) will increase or decrease, as the case may be, by the amount of the difference between the benchmark interest rate⁷ on the interest change date and the benchmark interest rate on their initial issuance date. For further details see the Series 402 deed of trust.

B. Subordinated Bonds (Series 403):

The Bank may execute early redemption of the Subordinated Notes (Series 403) from January 31, 2025 through February 28, 2025, as detailed in Section 8.1 to the Shelf Offering Report that was reported on January 30, 2019 (Ref. No. 2019-01-010896), which was included in this Prospectus by way of

⁷ As defined in Section 1.1.6 to the Series 402 Shelf Offering Report.

reference (hereinafter - the “**Series 403 Shelf Offering Report**”).

The Subordinated Bonds (Series 403) bear fixed annual interest of 2.42%. If the Bank does not exercise its right to execute early redemption as aforesaid, then on February 28, 2025 the interest rate shall be revised such that the annual interest rate of the Subordinated Notes (Series 403) will increase or decrease, as the case may be, by the amount of the difference between the benchmark interest rate⁸ on the interest change date and the benchmark interest rate on their initial issuance date. For further details see the Series 403 deed of trust.

C. Subordinated Bonds (Series 404):

The Bank may execute early redemption of the Subordinated Notes (Series 404) from September 19, 2024 through September 30, 2024, as detailed in Section 18.1 to the Shelf Offering Report (that also constitutes a tender offer specification) that was reported on July 9, 2019 (Ref. No. 2019-01-070048), which was included in this Prospectus by way of reference (hereinafter - the “**Series 404 Shelf Offering Report**”).

The Subordinated Bonds (Series 404) bear fixed annual interest of 1.95%. If the Bank does not exercise its right to execute early redemption as aforesaid, then on September 30, 2024 the interest rate shall be revised such that the annual interest rate of the Subordinated Notes (Series 404) will increase or decrease, as the case may be, by the amount of the difference between the benchmark interest rate⁹ on the interest change date and the benchmark interest rate on their initial issuance date. For further details see the Series 404 Deed of Trust.

⁸ As defined in Section 1.1.6 to the Series 403 Shelf Offering Report.

⁹ As defined in Section 2.3.6 to the Series 404 Shelf Offering Report.

D. Subordinated Notes (Series 405)

The Bank may execute early redemption of the Subordinated Notes (Series 405) as from March 13, 2028 and no later than March 27, 2028, as detailed in Section 6.3.9 to the Shelf Offering Report, reported on March 24, 2022 (Ref. No. 2022-01-033970), which was included in this Prospectus by way of reference (hereinafter - the “**Series 405 Shelf Offering Report**”).

The Subordinated Notes (Series 405) bear fixed annual interest of 1.5%. If the Bank does not exercise its right to execute early redemption as aforesaid, then on March 27, 2028 the interest rate shall be revised such that the annual interest rate of the Subordinated Notes (Series 405) will increase or decrease, as the case may be, by the amount of the difference between the benchmark interest rate¹⁰ on the interest change date and the benchmark interest rate on the issuance date of the said subordinated notes for the first time. For further details see the Series 405 Deed of Trust.

Below are additional details regarding the subordinated notes traded on the TACT Institutionals system:

E. Subordinated Notes (\$ 2031 I):

Under the terms and conditions of the deed of trust for the Subordinated Notes (\$ 2031 I) as published by the Bank of January 29, 2020 (Ref. No. 2020-01-011190), the Bank may execute early redemption of Subordinated Notes (\$ 2031 I) on January 29, 2026, subject to certain terms and conditions.

Furthermore, the Bank may execute early redemption of the subordinated notes at any time upon the occurrence of a regulatory event or a taxable event as defined in the deed of trust, subject to the terms and conditions set out therein.

The Subordinated Notes (Series \$ 2031 I) bear fixed annual interest of 3.275%, which will be revised - if early redemption

¹⁰ As defined in Section 1.3.5 to the Series 405 Shelf Offering Report.

was not executed - in accordance with the yield on 5-year US treasuries as of that date plus 1.631% per year.

F. Subordinated Notes (\$ 2033 I):

Under the terms and conditions of the deed of trust for the Subordinated Notes (\$ 2033 I) as published by the Bank of January 18, 2023 (Ref. No. 2023-01-011190), the Bank may execute early redemption of the Subordinated Notes (\$ 2033 I) as from April 28, 2028 to July 28, 2028, subject to certain terms and conditions. Furthermore, the Bank may execute early redemption of the subordinated notes at any time upon the occurrence of a regulatory event or a taxable event as defined in the deed of trust, subject to the terms and conditions set out in the deed of trust.

The Subordinated Notes (Series \$ 2033 I) bear fixed annual interest of 7.129%, which will be revised - if early redemption was not executed - in accordance with the yield on 5-year US treasuries as of that date plus 3.466% per year.

(3) Details of the trustees

Below are further details regarding the trustees for the series of subordinated notes and the details of the engagement therewith:

| The Trustee | Reznick Paz Nevo Trust Ltd. (for Series \$ 2027 I, \$ 2031 I and \$ 2033 I) | Mishmeret - Trust Company Ltd. (for Series 404) | Strauss, Lazer Trustees (1992) Ltd. (for Series 179, 180, 182, 183, 184, 185, 186, 402, 403 and 405) | Hermetic Trust (1975) Ltd. (for I Bonds 1 and I Bonds 2) |
|-----------------------|--|--|---|---|
| Contact person | Yossi Reznik | Rami Sebti | Ori Lazar | Dan Avnon |
| Address | 14 Yad Harutzim St. Tel Aviv 6770007 | 46-48 Menachem Begin Road, Tel Aviv 6618001 | 94 Yigal Alon St., Tel Aviv 6789139 | 30 Sheshet Hayamim Street, Bnei Brak 5120261 |
| Tel. | +972-3-6389200 | +972-3-6374354 | +972-3-6237777 | +972-3-5544553 |
| Fax | +972-3-6389222 | +972-3-6374344 | +972-3-5613824 | +972-3-5271451 |
| Email | trust@rpn.co.il | trusts@bdo.co.il | slcpa@slcpa.co.il | Avnon@hermetic.co.il |

(4) Rating of the Bank's notes

The notes issued by the Bank are rated by Maalot, Midroog, S&P, and Fitch on their issuance date, and as part of rating reports published from time to time.

Below are details regarding the rating of the notes issued by the Bank on issuance date and as of the Prospectus date:

| | As of Prospectus publication date | | As of issuance date | |
|---|-----------------------------------|-----------------------|---------------------|--------------------|
| | Maalot | Midroog | Maalot | Midroog |
| Bonds (Series 179 and 184) | ilAAA | Aaa.il stable | ilAAA | Aaa.il stable |
| Bonds (Series 180, 182, 183, 185, and 186) | ilAAA | - | ilAAA | - |
| Subordinated Notes (Series 402, 403 and 404) | ilAA- | - | ilAA | - |
| Subordinated Notes (Series 405) | ilAA- | Aa2.il(hyb) Stable | ilAA | Aa2.il(hyb) Stable |
| Commercial Securities (Series 4 and 5) | ilA-1+ | - | ilA-1+ | - |
| | S&P | FITCH | S&P | FITCH |
| Subordinated Notes (Dollar 2031 I) | BBB | BBB | BBB | BBB |
| Bonds \$ 2027 I | -A | A (RWN) ¹¹ | A | A |

For further details about the rating of the Bank and the securities issued by the Bank by Maalot in the past three years, see the immediate report dated May 5, 2024 (Ref. No. 2024-01-043051).

For further details about the rating assigned by Midroog to the Bank and securities issued by the Bank in the last three years, see immediate report of November 1, 2023 (Ref. No. 2023-01-120792).

¹¹ Risk Watch Negative.

For further details about the rating assigned by S&P to the Bank and securities issued by the Bank, see the immediate report of May 5, 2024 (Ref. No. 2024-01-043024).

For further details about the rating assigned by Fitch to the Bank and securities issued by the Bank in the last three years, see immediate report of April 7, 2024 (Ref. No. 2024-01-033679).

Chapter 2 - Offering of Securities in accordance with the Shelf Prospectus

In accordance with the provisions of Regulation 25A(a) to the Securities Regulations (Details of a Prospectus and a Draft Prospectus - Structure and Format) 1969 (hereinafter - the “Prospectus Details Regulations”), the details, which should be included in a prospectus regarding the offering of securities, which are specified in Chapter C to the Prospectus Details Regulations, shall be included as part of a shelf offering report according to which the securities will be offered to the public, in accordance with the class of securities, which will be offered in accordance with such a report, all in accordance with the provisions of any law, the Stock Exchange’s Rules and Regulations and guidance thereunder, and the positions of the Authority’s staff, as they will be at that time.

Chapter 3 - Share Capital and Holders Thereof

5.0 The Bank's share capital as of Prospectus date

For details regarding the Bank's share capital as of the Prospectus date, see Section 1.3 to Chapter 1 of the Prospectus.

5.1 Changes in the Bank's authorized, issued and paid share capital during the last three years

5.1.1 Changes in authorized capital

No changes have taken place in the Bank's authorized share capital during the three years prior to this Prospectus' publication date.

5.1.2 Changes in the Bank's issued and paid capital

No changes have taken place in the Bank's issued and paid share capital during the three years prior to this Prospectus' publication date, except as detailed in the following table:

| Change date | Nature of change | Quantity | New balance |
|---------------|---|------------|---------------|
| June 23, 2022 | Issuance of shares in accordance with a shelf offering report | 90,909,091 | 1,615,629,355 |

A. On May 22, 2023, the Bank's Board of Directors approved a share buyback plan for a total of up to NIS 800 million, from May 24, 2023 until the earlier of May 15, 2024. The buyback plan was due to be executed in three stages. The execution of phases A and B was completed on August 1, 2023 and October 18, 2023, when 10,740,308 and 10,208,701 shares (respectively) were purchased for a total amount of NIS 300 million by virtue of each of the said stages. On the back of the Banking Supervision Department's letters on capital planning and profit-sharing policies, a decision was made not to implement the third and last part of the buyback plan. For further details, see Note 25A to the Bank's annual financial statements as of December 31, 2023, which were included in the Bank's 2023 Periodic Report and in the Bank's immediate reports of May 23, 2023, November 29, 2023 and

March 19, 2024 (Ref. Nos.: 2023-01-054705, 2023-01-129840, and 2024-01-027753, respectively).

- B. As of the Prospectus date, the Bank holds 92,773,267 treasury shares purchased as part of the buyback plans as detailed above.
- C. On May 16, 2024, the Banking Supervision Department published a letter regarding “Capital Plans and Profit Distribution Policy”, in which - in addition to noting the banking system’s financial resilience - it wished to continue making a conservative assessment of distribution decisions.

On May 27, 2024, the Bank's Board of Directors approved a share buyback plan for a total of up to NIS 1 billion (hereinafter in this subsection - the “**Plan Amount**”). The share buyback plan will be carried out in four separate and independent phases as from May 29, 2024 until May 22, 2025 or until the total buyback amount has been reached, whichever is earlier. For further details, see Note 9A to the Bank’s financial statements as of March 31, 2024, which were included in the Bank’s report for the first quarter of 2024 (as defined in Section 5.2 below), and the Bank’s immediate report of May 28, 2024 (Ref. No.: 2024-01-052720).

5.2 **Interested parties’ holdings of Bank’s securities**

For information about interested parties’ holdings of the Bank’s securities, please see the Bank's report as to the status of holdings of interested parties and senior officers dated April 7, 2024 (Ref. No.: 2024-01-034297) and the immediate report dated April 14, 2024 (Ref. No.: 2024-01-036958).

5.3 **Bank’s share price on the Stock Exchange**

Below are details regarding the highest and lowest closing price of the Bank’s share (in agorot) (adjusted to reflect dividends and benefits) in 2022 and 2023 and during 2024 (up to immediately prior to Prospectus publication date):

| | 2022 | | 2023 | | 2024 | |
|-------------------|-------|-------------------|-------|------------------|-------|-------------------|
| | Price | Date | Price | Date | Price | Date |
| The highest price | 3,635 | August 18, 2022 | 3,229 | October 1, 2023 | 3,100 | March 31, 2024 |
| The lowest price | 2,790 | December 26, 2022 | 2,451 | October 23, 2023 | 2,689 | February 11, 2024 |

5.4 **Control of the Bank**

As of March 24, 2012, Leumi is defined by law as a corporation without a controlling core, and no shareholder meets the definition of a controlling shareholder of the Bank.

5.5 **Rights attached to Bank's shares**¹²

5.5.1 The rights attached to Bank's shares are set in the Bank's Articles of Association. The full and revised text of the Articles of Association was attached to the report regarding changes in the Articles of Association of August 4, 2022 (Ref. No.: 2022-01-099367), which is included in this Prospectus by way of reference (hereinafter - the "**Articles of Association**").

Furthermore, the Bank convenes general meetings in accordance with the provisions of the Banking Ordinance, Companies Law and the regulations promulgated thereunder, including the Companies Regulations (Notice and Announcement of a General Meeting and Class Meeting in a Public Company and Adding and Item to the Agenda), 2000, the Companies Regulations (Voting in Writing and Position Notice), 2005 and in accordance with the provisions of the Articles of Association, to the extent that they do not contradict the provisions of the laws described above.

¹² In any case of discrepancies between the provisions of the Articles of Association and cogent provisions in the Companies Law, 1999 (hereinafter – the "**Companies Law**") and/or the Securities Law and/or the Banking Law (Legislative Amendments), 2012 (hereinafter - the "**Banking Law (Legislative Amendments)**") and/or the Banking Ordinance, 1941 (hereinafter - the "**Banking Ordinance**") and/or the Banking (Licensing) Law and/or the Bank Shares Law (Temporary Order), 1993 (hereinafter - the "**Bank Shares Law**") and/or a provision included in the Proper Conduct of Banking Business Directives or in any regulation promulgated thereunder, the provisions of the Articles of Association (i.e. the cogent provisions as described above) shall prevail. Special attention is drawn to the provisions of the Banking Law (Licensing) and the Banking Ordinance, which expressly give precedence for their provisions over the Bank's constitutional documents.

5.5.2 **Below is a breakdown of the provisions of the Bank's Articles of Association regarding the legal quorum in general meetings, appointment of a chairperson of a general meeting and majority in general meetings:**

Legal quorum in a general meeting:

- (a) Pursuant to Regulation 59, three shareholders present in person in the meeting shall constitute a legal quorum in a general meeting, and no matter shall be discussed in a general meeting unless the legal quorum is present when such discussion starts.
- (b) In accordance with Regulation 61, if, within half an hour from the time appointed for the opening of the meeting, a legal quorum is not present, the meeting shall stand adjourned to the same day in the following week, at the same time and at the same place, or to another date, time or place, as determined by the board of directors in a notice to the shareholders, regardless of whether the meeting was convened by the Board of Directors or otherwise. If a legal quorum is not present in the adjourned meeting as described above, the two shareholders who are present in person shall constitute a legal quorum and they will be allowed to engage in the matters in respect of which the meeting was convened.

Appointment of a chairperson to a general meeting:

- (c) According to Article 60, the Chairman of the Board, or in the absence thereof, a director appointed by the chairperson in advance shall be entitled to chair every general meeting. In the absence of a chairperson or appointed director as aforesaid, or if at any general meeting he/she shall not be present within 15 minutes after the time appointed for holding such meeting or is unwilling to act, the directors present may elect a chairperson, but if they do not do so, the shareholders shall elect one of the directors as chairperson, and if no director present is willing to assume the role, they shall elect one of them to serve as chairperson.

Voting in the general meeting:

- (d) Pursuant to Article 62 of the Articles of Association, any question submitted to the meeting shall be decided in a vote, by a count of the votes. In case of

an equality of votes, the Chairperson shall have a casting vote in addition to the vote or votes to which he/she may be entitled as a shareholder.

- (e) Pursuant to Article 63 of the Articles of Association, at every general meeting, the declaration of the chairperson that a resolution has passed by a certain majority of the votes and a record in this regard in the book of minutes of the Company shall serve as conclusive evidence of the fact, and there shall be no need to prove the number of votes or the ratio of votes recorded in favor of or against such resolution. It was also stipulated that drafting of the minutes of the general meeting shall be made subject to the provisions of the Banking Ordinance.
- (f) For details about other directives regarding the right to receive notice about the convening of general meetings of the Bank's shareholders, the right to participate and the legal quorum, see Articles 54-75 of the Articles of Association.

5.5.3 Dividend Distribution:

- (a) Articles 112-113 of the Articles of Association stipulate that the Board of Directors may declare a dividend, which is to be paid to the shareholders according to their rights and interests in the profits and may fix the time for payment. No dividend shall be payable except out of the profits of the Company, and no dividend shall carry interest as against the Company.
- (b) For further details about the terms and conditions and rates for participation in dividend distribution and the issuance of bonus shares, see Article 5 and Articles 111-124 of the Articles of Association.

5.5.4 Additional directives

- (a) For details about shareholders' right upon liquidation, see Article 5 and Articles 141-142 of the Articles of Association.
- (b) For details about the Bank's shares, increase of capital and changes in share capital, see Articles 44-50B of the Articles of Association.
- (c) For details about the transfer and reassignment of shares, see Articles 34-42 of the Articles of Association.
- (d) For details about the change of the rights attached to the shares, see Articles 6-7 of the Articles of Association.

(e) For details about the appointment of directors and their term in office, see Chapter 6 below.

5.6 Special restrictions on holding the Bank's shares and the duty to report means of controls

In accordance with the Banking Law (Licensing), holders of means of control in the Bank are subject to special provisions. Following are the main points of those provisions:

- 5.6.1 They are prohibited from holding more than 5% of any particular type of means of control in one corporation (i.e., voting rights in general meeting and/or the right to appoint directors and/or the right to participate in profits and/or the right to receive a share in the remaining assets upon liquidation), unless they first obtain a permit to do so from the Governor of the Bank of Israel following consultation in the license committee.
- 5.6.2 Furthermore, a shareholder holding more than 1% of a particular type of means of control in a banking corporation without a controlling core must report his holdings to the banking corporation.
- 5.6.3 The banking corporation must issue a report to the public regarding a shareholder holding more than 2.5% of a particular type of means of control in the banking corporation. The banking corporation should also issue a report to the public regarding a shareholder holding 1%-2.5% of a particular type of means of control in the banking corporation, if the aforesaid shareholder has given its consent to the publication of such a report. Where such consent is withheld, the aforesaid shareholder may not join a Body of Holders in order to put forward candidates for service as directors in the Bank (for details about a shareholder's right to put forward candidates for service of directors in the Bank, see Section 6.4.3 below).¹³

¹³ As to other restrictions applicable to the Bank's shareholders, it should be noted that Proper Conduct of Banking Business Directive 312 sets out provisions as to the approval of transactions with related parties, with a "related person" being defined, among other things, as the holder of 5% of any type of means of control in a banking corporation which controls the said banking corporation and his/her relative (if the holder is an individual), excluding anyone who was granted a holding permit subject to the terms and conditions set out in the Banking Supervision Department's revised policy paper published on the Bank of Israel's website, entitled "Holding Permits in Banking Corporations, Acquirers and holding Corporations thereof to Entities Managing Customers' Funds - Revised Policy", and - in a banking corporation without a controlling core - anyone who put forward (whether on its own or as a member of a Body of Holders) a candidate for service as director, as long as the director he/she puts forward serves in his/her office. Proper Conduct of Banking Business Directive No. 312 also sets out a restriction as to the amount of liabilities of related parties, and this restriction applies, among other things, to a "related person" as defined above.

- 5.6.4 Notwithstanding the above, the Banking Supervision Department may instruct a banking corporation to publish details regarding the holders of means of control therein in excess of the certain rate as shall be determined, provided that this rate is not lower than 1%, even if such holders withheld their consent as to the disclosure of their holdings as set out in Section 3.7.3 above, provided that such an instruction will come into effect at least six months from the date on which the instruction has been given to the banking corporation.
- 5.6.5 Furthermore, the Law for the Promotion of Competition and Reduction of Concentration, 2013 (hereinafter - the “**Market Concentration Law**”) requires segregation between substantial non-financial corporations and substantial financial entities and places restrictions as to the holdings by the same controlling shareholder in a substantial financial entity and a substantial non-financial corporation (as defined in the Market Concentration Law), restrictions on a substantial non-financial entity’s holdings in a substantial financial entity, and restrictions on a banking corporation’s holdings in a substantial non-financial corporation and in an insurer which is a substantial financial entity.

Chapter 4 - Proceeds of the Offering and its Objective

4.1 Proceeds of the issuance

As of the date of this Shelf Prospectus, the Bank does not offer any securities, and therefore there will not be any immediate proceeds following the publication of the Shelf Prospectus.

Chapter 5 - Description of the Bank's Businesses

5.1 General

In accordance with Regulations 6B and 44(A1) to the Prospectus Details Regulations, the 2023 periodic report is incorporated into this Prospectus by way of reference.

5.2 Material changes and developments in the Bank's business

On May 28, 2024, the Bank published its financial statements for the first quarter of 2024 (Ref. No.: 2024-01-052711) (above and hereinafter - the “**First Quarter 2024 Report**”), which include - as part of the Report of the Board of Directors and Management for the said period - a reference to material developments and changes in the Bank's business during the three months ended March 31, 2024, and subsequent to the report date. The said information included in the First Quarter 2024 Report is incorporated into this Prospectus by way of reference.

5.3 Explanations of the Board of Directors and management

For Board of Directors' explanations regarding the state of the Bank's affairs for the year ended December 31, 2023, see the Report of the Board of Directors and Management included in the 2023 periodic report.

5.4 Details regarding subsidiaries and related companies

For details about the Bank's holdings in principal subsidiaries and related companies held by the Bank as of December 31, 2023, and for condensed data of those companies, including with regard to their principal area of activity, their profits before and after provision for taxes, the dividend, interest and management fees amounts that the Bank has received or is entitled to receive from each such company in each of the years 2022 and 2023, see Note 15 to the Bank's Financial Statements as of December 31, 2022 and December 31, 2023, and the data included under Regulations 11 and 13 to the Reports Regulations, as included in the Bank's 2022 periodic report, which was published March 14, 2023 (Ref. No. 2023-01-026757), and the Bank's 2023 Periodic Report, which are included in this prospectus by way of reference.

5.5 Holders in principal subsidiaries and related companies

To the best of the Bank and its directors' knowledge, other than the Bank there are no other holders that hold more than 25% of the issued share capital or voting rights or the power to appoint directors in principal subsidiaries or related companies of the Bank.

Chapter 6 - Management of the Bank

6.1 The Bank's Board of Directors

The Bank's Board of Directors includes 10 directors, of whom 6 directors are classified as external directors in accordance with Proper Conduct of Banking Business Directive 301 (hereinafter - "**External Director**" and "**Directive 301**", respectively); of the said directors, 3 are also classified as external directors pursuant to the provisions of the Companies Law (hereinafter - "**ED**") and 4 ordinary directors, i.e., with the status of "**Other Director**" - a director who is not an External Director or ED as described above, and in Section 11D(2) to the Banking Ordinance. The legal quorum required at the Board of Directors' meetings and for passing resolutions therein is a majority of the Board members, provided that at least one third of Board members shall be External Directors. All External Directors are also classified as independent directors in accordance with the provisions of the Companies Law, excluding the Chairman of the Board, Dr. Shmuel Ben Zvi.¹⁴ For details about the Bank's directors, see details pursuant to Regulation 26 to the Reports Regulations in the 2023 periodic report, which is included in this Prospectus by way of reference.

6.2 Senior officers

For details about the Bank's senior officers who are not directors and who serve in the Bank as of the Shelf Prospectus date, see details pursuant to Regulation 26 to the Reports Regulations in the 2023 periodic report, which is included in this Prospectus by way of reference.

¹⁴ On November 16, 2023 (the appointment date of Dr. Shmuel Ben Zvi as the Bank's Chairman of the Board), he was no longer classified as an independent director by the Bank's Audit Committee. It is noted that the classification was removed in accordance with the position of the Israel Securities Authority in connection with the approval of terms and conditions of service and employment for a chairman of the board in a banking corporation with no controlling core. It should be clarified that Dr. Ben Zvi continues to serve as an external director according to Directive 301, and that the above Audit Committee resolution does not detract from or harm the other terms and conditions of eligibility, independence and lack of affiliation applicable to Dr. Ben Zvi, including those stipulated in the Banking Ordinance, which are applicable to all directors of the Bank.

6.3 **Provision of the Bank's Articles of Association regarding the Board of Directors**¹⁵

The Bank's Articles of Association include provisions relating to the Board of Directors. The full and revised text of the Articles of Association was attached to the report regarding changes in the Articles of Association of August 4, 2022 (Ref. No.: 2022-01-099367), which is included in this Prospectus by way of reference.

6.3.1 For provisions regarding the maximum and minimum number of directors, see Article 76 of the Articles of Association.

6.3.2 Details of Articles of Association provisions regarding the manner of appointment of directors, their election and term in service:

Articles 82 to 89 of the Articles of Association provide details regarding the appointment or termination of service of directors in the Bank, their term in office, and the manner of passing resolutions in the general meeting; Article 83A of the Bank's Articles of Association stipulates that as long as the Bank is deemed a bank without a controlling core, proposing and appointing candidates and terminating their service, including the maximal number of directors that can be proposed and the maximal number of directors that can be replaced in a general meeting shall be executed in accordance with the provisions of the Banking Ordinance, and in the event of contradiction between these provisions and any other provision of the Articles of Association, these provisions shall prevail. Below are the details of the articles:

(a) Bank directors' term in office

In accordance with Articles 82 and 83 of the Articles of Association, at the ordinary general meeting in each year, one-third of the directors whose term in office was extended, or if their number is not a multiple of three then the number nearest to but not exceeding one-third, shall retire from office and be eligible for re-election (according to law). As between two directors who have been in office an equal length of time the director to retire shall in default of agreement between them be determined by lottery.

The length of time a director has been in office shall be computed from

¹⁵ In any case of discrepancies between the provisions of the Articles of Association and cogent provisions in the Companies Law and/or the Securities Law and/or the Banking Law and/or the Banking Ordinance and/or the Banking (Licensing) Law and/or the Bank Shares Law and/or a provision included in the Proper Conduct of Banking Business Directives or in any regulation promulgated thereunder, the provisions of the Articles of Association (i.e. the cogent provisions as described above) shall prevail. Special attention is drawn to the provisions of the Banking Law (Licensing) and the Banking Ordinance, which expressly give precedence for their provisions over the Bank's constitutional documents.

his/her last election or appointment where he/she has previously vacated office. A retiring director shall be eligible for re-election and shall act as a director throughout the meeting at which he retires.

(b) Appointment of directors

- (1) Article 84 of the Articles of Association stipulates that subject to the provisions of the Articles of Association, the Bank may appoint new directors from time to time in a general meeting and may increase or reduce the number of directors serving at the time.
- (2) Article 84A of the Articles of Association stipulates that the resolutions of the general meeting regarding the appointment or termination of directors shall be adopted by a majority vote of the participants in the vote. The count of the participants' votes shall not take into account abstaining votes. Voting by the general meeting on the appointment and termination of directors shall be executed separately for each candidate or director.
- (3) Article 84A of the Articles of Association further stipulates that a person shall not agree with another regarding their votes for appointment of a director in the Bank, including regarding their votes for termination of a director, unless this is done in accordance with the Banking Law (Licensing) and the Banking Ordinance.
- (4) Article 85 of the Articles of Association stipulates that at any general meeting at which any directors retire by rotation the Bank may fill up the vacated office by electing a like number of persons to be directors.
- (5) In accordance with Article 85A of the Articles of Association, the term in office of a director will begin at the time of his/her appointment, unless a later date is set for the beginning of his/her term in office.
- (6) Article 85B of the Articles of Association stipulates that if the number of people being put forward for election as directors at a general meeting, and receiving an ordinary majority of the total voting rights of shareholders entitled to vote and who voted (by themselves, by their proxies or by voting slips) at a general meeting,

exceed the number of available positions for directors due to be filled pursuant to the agenda of the general meeting, the candidates receiving a higher number of supporting votes at the general meeting than the other candidates (hereinafter - the "Elected Directors") shall be elected for the available positions. Should a determination need to be made between a number of candidates who received the same number of votes, the determination as to who shall be elected as director shall be made by lottery.

- (7) Article 85C of the Articles of Association stipulates that if prior to actual commencement of office of any of the elected directors it became clear that he/she will not commence office for any reason whatsoever, the next candidate in line to be deemed elected as director by the general meeting among the remaining candidates in lieu thereof, who possesses the same type of competence (ED, External Director or other director) will be the one who has received the majority vote required for election; and where there are a number of candidates who have received the required majority as specified, then the candidate among them, who has received the highest number of supporting votes in the general meeting, will be the one deemed elected ("Next in Line"). The provisions stated in this article shall also apply the Next in Line.
- (8) Article 86 of the Articles of Association stipulates that subject to the Banking Ordinance and in the Banking Law (Licensing), and subject to Article 85C above, if at any general meeting at which an election of directors ought to take place the place of any director retiring by rotation is not filled up that director shall, if willing to do so, continue in office until the ordinary general meeting in the next year and so on from year to year until his place is filled up unless it shall be determined at such meeting to reduce the number of directors in office.
- (9) Article 87A of the Bank's Articles of Association stipulates that the Board of Directors shall not be allowed to appoint directors in the Bank and to put forward before the Directors' Appointments

Committee candidates to serve as directors. Notwithstanding the above, Article 88 stipulates that the Board of Directors may appoint directors to the Bank if a vacancy has become available in the Board of Directors after the last general meeting, or at the approval of the Supervisor of Banks, as long as the tenure in office of a director who was appointed as aforesaid will end no later than the next annual meeting, and provided that the total number of directors at any given time shall not exceed the maximal set number.

- (10) Article 89 of the Bank's Articles of Association stipulates that subject to the provisions of Article 84A above, the Bank may by a resolution of the general meeting approved by an ordinary majority remove any director from office before the expiration of his/her term in office and may appoint another qualified person in his/her stead. A person that was so appointed will remain in office only for the remaining tenure of the director who was removed from office.
- (c) As aforesaid, as long as the Bank does not have a controlling core, the provisions of Article 83A of the Articles of Association will apply, and in the event of contradiction between these provisions and any other provision of the Articles of Association, these provisions shall prevail, as follows:
 - (1) Proposing and appointing candidates and terminating their service, including the maximum number of candidates that may be put forward and the maximum number of directors that may be replaced in the general meeting shall be executed in accordance with the provisions of the Banking Ordinance.
 - (2) Without derogating from the generality of the aforesaid, an officer of the Bank, other than a director who is a member in the Directors' Appointments Committee, shall not act to appoint a certain director or to prevent his appointment; however, a director may put forward before the Directors' Appointments Committee his appointment as a director.
 - (3) The tenure in office of a director who is not an ED or an External Director shall be in accordance with the provisions of the Banking

Ordinance, and the number of tenures in office shall not exceed the number of tenures in office set in the Banking Ordinance.

- (4) Any person who does not meet the terms and conditions set out in the Banking Ordinance shall not be appointed and shall not serve as a director, and the special provisions set out in the Banking Ordinance in that respect shall apply to those who serve as directors in the Bank shortly before it becomes a banking corporation without a controlling core.
- (d) Furthermore, the provisions of the Banking Ordinance apply to the appointment of directors as follows:
- (1) The resolutions of the general meeting regarding the appointment of a director or the termination of his tenure in office shall be passed by a majority vote of the participants in the vote. Abstaining votes shall not be counted towards the total number of participating votes. The general meeting's voting on the appointment of directors and the termination of their tenure in office shall be carried out separately for each candidate or for each director, as the case may be.
 - (2) The Board of Directors may not appoint directors in the Bank or bring forward before the Directors' Appointment Committee any candidates for such office. Nevertheless, if the Bank has a controlling core, the Board of Directors may appoint directors in the Bank if a vacancy has become available in the Board of Directors after the last general meeting, or at the approval of the Supervisor of Banks, provided that the tenure in office of a director who was appointed in such a manner will end no later than the next annual meeting.
 - (3) If the number of persons who were put up for election as directors in the general meeting and who won a majority of the votes in the general meeting has exceeded the number of director vacancies, then the nominees who received a higher number of supporting votes in the general meeting than the other nominees shall be elected.
 - (4) A general meeting, the agenda of which includes the appointment or termination of service of directors, shall not convene unless the Bank

published a prior notice of the above in the way a notice about the convening of a general meeting is published, at least 21 days prior to the notice regarding the convening of the general meeting and the prior notice has been delivered to the Banking Supervision Department on that date.

- 6.3.3 For provisions regarding the termination of service of the directors, see Articles 80, 80A, 82, 83, 83A and 84A of the Bank's Articles of Association.
- 6.3.4 Regarding voting in Board of Directors' meetings, Article 97 of the Articles of Association stipulates that questions arising at any meeting of the board of directors shall be decided by a majority of votes and in case of an equality of votes the Chairperson shall have a second or casting vote.
- 6.3.5 As to the transfer of powers between the Bank's organs, Article 92 of the Articles of Association stipulates that the Board of Directors may, from time to time, entrust to and confer upon the CEO powers and/or roles, as the Board of Directors shall see fit, and may confer such powers for such period and for such objectives and purposes and under such terms and conditions and with such restrictions as they deem expedient, and may confer such powers either with or to the exclusion of and in substitution for all or any of the powers of the Board of Directors, and may from time to time revoke, withdraw, alter or alter all or any of such powers.¹⁶
- 6.3.6 For provisions regarding the Board of Directors committees and the powers conferred upon them, see Articles 99-99B of the Articles of Association and the information provided below in this chapter.
- 6.3.7 For provisions regarding directors compensation and regarding exemption, insurance and indemnification, see Articles 77 and 143 of the Articles of Association and Chapter 7 below.

6.4 **Legislative provisions regarding the Board of Directors**

- 6.4.1 The Banking Ordinance sets out provisions regarding the appointment of directors in the Bank. On March 19, 2012, the Banking Law (Legislative Amendments) (hereinafter in this Section – the “**Law**”) was published in the Official Gazette; the main purpose of the law is to make further adjustments to

¹⁶ To the extent that this is does not contradicts the provisions of the Companies Law.

the Banking Law (Licensing) and the Banking Ordinance in order for them to be aligned with the required supervisory framework required in the event that all holders of means of control in a bank are not required to obtain a permit under Section 34(b) to the Banking Law (Licensing), since the holding rate of each of those holders does not exceed 5% (hereinafter - “a **Banking Corporation without a Controlling Core**”). The Law focuses mainly on the manner of putting forward candidates for election as directors in the Bank as aforesaid, and their service, while maintaining a balance between the right of those who hold the means of control to put up candidates for election as directors and to act for their election, and the desire to prevent a situation where effective control in the Bank is achieved without the approval of the Governor of the Bank of Israel. Below are provisions relating to the appointment and tenure of directors. It should be emphasized that those provisions do not provide the full details of the provisions of the said legislation in its entirety.

6.4.2 Pursuant to Section 36a(a) of the Banking Law (Licensing), a committee was set up for the appointment of directors in Banks (hereinafter – the “**Committee**”), whose function is to appoint directors in banks upon the occurrence of the circumstances set out in Section 35A of the Banking Law (Licensing), and to put forward candidates for service as directors before the general meeting of banking corporations without a controlling core.

6.4.3 Nomination of candidates for election as directors

Pursuant to the provisions of the Banking Ordinance, in a banking corporation without a controlling core, only the following may put forward to a general meeting candidates for election as directors:

- (1) The Committee, as defined above, which will put forward a number of candidates that will be equal to the number of vacancies required to reach the maximal number of directors pursuant to the Proper Conduct of Banking Business Directives, and one further candidate for each type of directors that should be appointed: ED, External Director, and other director;
- (2) A holder of more than 2.5% of a certain class of means of control in the banking corporation (hereinafter – a “**Holder**”);

- (3) Two or three holders of means of controls in the banking corporation, each of which holds more than 1% but no more than 2.5% of a certain types of means of control in the banking corporation, and which jointly hold no less than 2.5% and no more than 5% of such means of control (hereinafter – “**Body of Holders**”), provided that each member of the Body of Holders has submitted to the banking corporation a report on its holdings as set out in Section 36(b)(1) to the Banking Law (Licensing), and during at least 3 months prior to the notice on the convening of the general meeting that member of the Body of Holders has not objected to the disclosure as stated in Section 36(b)(1)(c) to the Banking Law.¹⁷
- (4) A Holder or a Body of Holders, including any member of the Body of Holders, shall not put forward more than one candidate for the office of director in accordance with the provisions of clauses (2) and (3) above, and will not put forward any further candidates for the office of director as long as a director whom they put forward is in office, unless the Governor has given them a permit to do so after consulting the Licenses Committee. This provision shall not apply to the proposition of a candidate who will replace a serving director who was appointed at the suggestion of the Holder or Body of Holders, as the case may be.

6.4.4 Rules regarding non-existence of interest

Pursuant to the provisions of the Banking Ordinance, candidates to the office of director in a banking corporation without a controlling core shall be subject to restrictions regarding interest in the relevant banking corporation, by virtue of the provisions of the Companies Law applicable to an EDs, mutatis mutandis. Those provisions stipulate, among other things, that the following persons shall not be appointed or serve as directors in a banking corporation without a controlling core:

- (a) Any person or a relative thereof who holds any class of means of control in the banking corporation, in a corporation controlled by the banking

¹⁷ In connection with this matter, it should be noted that, under Proper Conduct of Banking Business Directive No. 312, which deals with the Bank’s business with “related persons”, the definition of the term “related person” also includes those who put forward a candidate for the office of director in a banking corporation without a controlling core (as long as the director who was put forward by him/her is in office) and if he/she who put forward such director is an individual - including a relative thereof.

corporation or in a substantial holder as defined in the Ordinance, excluding holding of negotiable shares at a rate that does not exceed a quarter of a percent of the issued and paid share capital of any of them;

- (b) Anyone who during the two years prior to the appointment or as from the appointment date and thereafter, has an interest in the banking corporation or a corporation controlled by the banking corporation, has an association with an officer in the banking corporation or with a substantial holder, or anyone who is in a close relationship therewith, and anyone who as from the date of appointment and thereafter has an association with a relative of an officer in the banking corporation, a relative of a substantial holder or a partner of a substantial holder (for that purpose, the service as director of a candidate for an additional tenure in a bank without a controlling core shall not be considered as an interest).
- (c) An individual who has a business or professional relationship with the banking corporation or with a corporation controlled by the banking corporation, or whoever is in a close relationship therewith, an officer in the banking corporation or with a substantial holder who put forward that candidate for the office of director, even if such relationships are not routine, except for negligible relationships.
- (d) Anyone whose candidacy was put forward by the Committee pursuant to Section 11d(a)(1) to the Banking Ordinance, and has an affiliation to the Committee member on appointment date;
- (e) Anyone whose candidacy was put forward by the Committee pursuant to Section 11d(a)(1) to the Banking Ordinance and is a minister, deputy minister or Knesset Member, or has a personal, business or political affiliation to a minister or a deputy minister, or is a public sector employee, or an employee of a statutory corporation.
- (f) Anyone whose candidacy was put forward by the Committee pursuant to Section 11d(a)(1) to the Banking Ordinance and was convicted of an offense, due to the nature, severity or circumstances of which, he is not fit to serve in such office, or anyone against whom there is a pending indictment relating to such an offense.
- (g) Anyone whose candidacy was put forward by the Committee pursuant to Section 11d(a)(1) to the Banking Ordinance and whose other roles or

occupations create or might create conflict of interest with his role as a director or may impair his ability to serve as a director.

6.4.5 The Banking Supervision Department may approve the appointment or service of a director who during the two years prior to the appointment or as from the appointment date and thereafter, has an affiliation with a substantial holder, or anyone who is in a close relationship therewith has an affiliation with a substantial holder, a relative of a substantial holder or a partner of a substantial holder, even if that affiliation is not negligible. Such approval shall be granted if the Banking Supervision Department concludes that under the circumstances this affiliation does not give rise to conflict of interest during the course of service as director.

6.4.6 The Banking Ordinance places further restrictions on the appointment of directors in a banking corporation and stipulates that a person who controls or who is related to a controlling shareholder of a substantial non-financial corporation, or an officer of a substantial non-financial corporation, as defined in the Market Concentration Law, may not be appointed as director or serve as director in a banking corporation which is a substantial financial entity.

6.4.7 Further provisions regarding the appointment or termination of directors under the Banking Ordinance

The Banking Ordinance sets out further special provisions regarding the appointment of directors, their tenure in office and the termination thereof, that will be applied to a banking corporation without a controlling core, notwithstanding any other provisions of the law. Among other things, the Banking Ordinance stipulates the following: (1) voting for the appointment or termination of directors shall take place only at an annual general meeting or a meeting convened according to Section 35A to the Banking (Licensing) Law, unless the Banking Supervision Department approved such a vote in a extraordinary meeting; (2) a provision prohibiting an officer in a banking corporation (other than an External Director or ED serving as a committee) from taking action to appoint or to prevent the appointment of a certain director; however, the provision allows the director to put forward his/her candidacy; (3) a director, who is not an External Director or ED shall serve for a term that is no longer than 3 years, and he/she can be re-appointed for additional terms not

exceeding three years each, provided that the aggregate number of his/her years in office does not exceed 9 (unless the Bank became a banking corporation without a controlling core, in which case a director serving at the bank prior to its becoming a banking corporation with no controlling core, shall continue serving until the next annual meeting even if his/her aggregate years in office exceeds 9 years); (4) the number of directors to be replaced every year shall not exceed half of the directors serving immediately after the previous annual meeting, unless the Banking Supervision Department has given its approval; (5) under certain circumstances, the Banking Supervision Department may give a director whose term in office has ended permission to continue serving for further 6 months or until the occurrence of certain events, as detailed in the Banking Ordinance, according to the earliest of the two.

Section 11A to the Banking Ordinance requires the banking corporation to give the Banking Supervision Department prior notice before the appointment of certain officers, including directors, and the appointment is subject to the Banking Supervision Department's approval. The Banking Supervision Department are also allowed to instruct the termination of a director's service in certain cases listed in the Banking Ordinance.

6.5 The Banking Supervision Department's directives regarding the proceedings of the Board of Directors

The Banking Supervision Department has set directives for the proceedings of a banking corporation's Board of Directors. These directives were promulgated further to the provisions of the Companies Law, the Bank's Articles of Association, relevant legislation, guidance issued by any other regulator which regulates the Bank and the Board of Directors' resolutions.

In Directive 301 the Banking Supervision Department has set provisions regarding the Board of Directors, including its functions and powers, composition, eligibility criteria for service as a director and as Chairperson of the Board of Directors, Board of Directors committees, Board of Directors meetings, practices for efficient functioning of the Board of Directors and reporting to the Banking Supervision Department.

Below is a summary of the provisions of Directive 301:

6.5.1 Functions of the Board of Directors

The Board of Directors bears the responsibility to the banking corporation's businesses and financial soundness. The Board of Directors shall take all reasonable measures required to fulfill its functions in accordance with the law and as stated in Directive 301. Listed below are the Board of Directors' principal functions:

- (a) The Board of Directors shall outline the banking corporation's strategy, including its risk strategy and appetite, and shall approve the banking corporation's policy, which will guide the banking corporation in its current activities.
- (b) The Board of Directors shall supervise the actions of management and their consistency with the Board of Directors' policy.
- (c) The Board of Directors shall ensure that clear areas of responsibility and accountability are in place in the bank.
- (d) The Board of Directors shall outline a corporate culture for the bank that requires implementation of high professional standards and integrity.
- (e) The Board of Directors shall ensure that the bank complies with the law and regulations.

6.5.2 Issues which the Board of Directors must discuss and decide on:

The Board of Directors shall discuss, decide, approve, and set guidance, as the case may be, relating to the following topics:

- (a) Overall strategy and policy
 - (1) The overall strategic targets of the banking corporation, of corporations under its control and of its foreign offices, including the principles for action, the business model and profit sources, operational efficiency, overall risk strategy, and risk appetite, as detailed in Proper Conduct of Banking Business Directive No. 310. The strategic targets will be discussed bearing in mind the macro-economic, business and regulatory environments in which the banking corporation operates. The Board of Directors of a controlled corporation must take into account the Group's overall strategic targets, as determined by the Board of Directors of the controlling

banking corporation, insofar as they are consistent with the interest of the controlled corporation and the provisions of Section 11 of the Companies Law.

- (2) Organizational structure of the banking corporation and of the Group. The Board of Directors shall assess whether the structure of the banking corporation and that of the Group are consistent with its business strategy, with reference to, among other things, the types of corporations in the Group and the manner by which they are held and controlled, and the controlling banking corporation's ability to identify, control and mitigate the risks at the group level, including excess risks stemming from complex structures. For that purpose, the Board of Directors shall ensure that the structure of the banking corporation and that of the Group include appropriate communication and reporting channels.

In this subsection, "Group" refers to the banking corporation and corporations under its control.

- (3) The risk management framework, including approval of policy and the method of risk management for each of the banking corporation's risks, including all corporations under its control and offices (credit risks, market risks, operational and technology risks, liquidity risks, compliance risks, legal risks, etc.), as detailed in Section 15 of Proper Conduct of Banking Business Directive No. 310.

The Board of Directors of a controlled corporation must take into account the Group's overall risk management framework, as determined by the Board of Directors of the controlling banking corporation, insofar as they are consistent with the interest of the controlled corporation and the provisions of Section 11 of the Companies Law.

- (4) Approval of new product policy and examination and pre-approval of significant new products prior to their operation, as detailed in Proper Conduct of Banking Business Directive No. 310.
- (5) The banking corporation's credit policy, and the targets as detailed in Proper Conduct of Banking Business Directive No. 311.

- (6) The banking corporation's IT and E-Banking policy and strategy.
 - (7) The process of assessing capital adequacy against the level determined for exposure to risks, capital policy, and capital structure and changes therein.
 - (8) Targets to be achieved during the coming year and the degree to which they are consistent with the banking corporation's policy, and approval of a work plan in accordance with these targets.
 - (9) The banking corporation's overall budget (income, expenses and investments) and monitoring its actual execution.
- (b) Supervision and control
- (1) Reports on the banking corporation's business position.
 - (2) Material departure, as defined by the Board of Directors, from the restrictions set under the policy it approved.
 - (3) Types of exceptional events that the Board of Directors should discuss, and discussion of material exceptional events.
 - (4) Supervision and control mechanisms over controlled corporations.
 - (5) The work of the audit and control functions.
 - (6) Material audit reports transferred by the Audit Committee for discussion in the Board of Directors' plenum, after consulting the Chairperson of the Board of Directors.
 - (7) Approval of the banking corporation's annual and quarterly reports to the public.
 - (8) Notices from the independent auditor: (1) Notice of failure to correct deficiencies under Section 3(b) of Proper Conduct of Banking Business Directive No. 304; (2) notice of doubts as to the banking corporation's ability to continue as a going concern under Section 6(c) of Proper Conduct of Banking Business Directive No. 302.
- (c) Human resources and compensation policy
- (1) Appointment of the general manager, his/her termination and assessment of his/her performances.
 - (2) Appointment policy and assessment of senior employees' performances.

- (3) Periodic rotation of certain officers in the banking corporation, as detailed in Proper Conduct of Banking Business Directive No. 360.
 - (4) The compensation policy (as defined in Proper Conduct of Banking Business Directive 301A) after considering the Compensation Committee's recommendations.
 - (5) The banking corporation's engagements with senior officers as to their compensation (as these terms are defined in Proper Conduct of Banking Business Directive 301A), after obtaining the Compensation Committee's approval and before the approval of the general meeting, if required. As to the banking corporation's engagement with the Chief Internal Auditor, the Board of Directors' approval shall also be in accordance with the Audit Committee's recommendation.
 - (6) Principles of compensation agreements of the banking corporation's non-executive employees.
- (d) Miscellaneous:
- (1) Share issuance (including options and convertible securities) by a controlled corporation, whether in Israel or abroad, and any other issuance by a controlled corporation guaranteed by the banking corporation, other than an issuance by a corporation in which the parent corporation holds all the means of control, and the issuance is made to the banking corporation itself or a corporation controlled by the banking corporation.
 - (2) Making changes in the structure of the banking corporation's control of a controlled corporation whose activity is material for the banking corporation's activity.
 - (3) Making and disposing of permanent investments, including an investment in a controlled corporation, whether based in Israel or abroad, according to criteria to be set by the Board of Directors, with the investment amount being one of the criteria; the criteria shall be determined such that the Board of Directors is not involved in ongoing management of the banking corporation.

- (4) A code of ethics for the banking corporation.
- (5) Policy for preventing conflicts of interest and controls in respect thereof.
- (6) A policy on “non-transparent activities”.
- (7) Any other matter of significance to the banking corporation’s activity, or to supervision and control of its conduct.

(e) Meetings without management’s presence

The Board of Directors shall hold a discussion at least once a year without the presence of management; the following subjects shall be discussed in this discussion:

- (1) Assessment of the general manager’s performance and management’s functioning.
- (2) Assessment of the quality of the information received from management at Board of Directors’ meetings, including: the amount and type of information and its frequency.
- (3) Salaries and compensation paid to senior employees.
- (4) Assessment of the audit and control functions and of the effectiveness of controls in the banking corporation.
- (5) Other issues relating to the relationship between management and the Board of Directors.

Every two years the Board of Directors shall hold a discussion to assess the effectiveness of the Board of Directors’ work, as detailed in Directive 301.

- (f) Directive 301 includes various other issues as detailed therein, among other things - the required frequency of discussions by the Board of Directors of the issues listed in that Directive.

6.5.3 Composition of the Board of Directors

- (a) The Board of Directors shall comprise a number of directors that will encourage efficiency and significant strategic discussion, provided that the number of directors will not be lower than 7 or higher than 10. A banking corporation that believes that a larger number of directors are needed for its Board of Directors’ proper functioning may appoint a larger number of

directors to the Board of Directors, subject to approval by the Banking Supervision Department.

- (b) Employees of the banking corporation shall not be appointed as members of the Board of Directors.
- (c) At least one-third of the members of the Board of Directors shall be External Directors.
- (d) Notwithstanding the provisions of Section 245(b) to the Companies Law, the Banking Supervision Department may discontinue the service of an External Director who is not an ED in accordance with Section 11a(e) to the Banking Ordinance, and to give a banking corporation permission to add to the agenda of the general meeting a shareholder's proposal to discontinue the service of such External Director, if the shareholder is entitled to do so according to the Companies Law and the banking corporation's Articles of Association.
- (e) In exceptional cases, the Banking Supervision Department may approve a candidate for the position of External Director, even if not all the terms and conditions listed in Directive 301 are met, provided that if the person in question is an ED or an Independent Director appointed in accordance with the Companies Law, all the terms and conditions set in connection therewith in the Companies Law are met.

6.5.4 Board of Directors eligibility

In addition to the eligibility criteria applicable to each of the directors, as detailed below, the Board of Directors shall collectively possess proper knowledge, qualifications, skills and experience that are in line with the banking corporation's strategy and the characteristics of its activity, provided that the following terms and conditions are met:

- (a) At least one-third of the directors shall have "Banking Experience" as this term is defined in Directive 301, or someone whom the Banking Supervision Department authorized as having equivalent experience.
- (b) At least one-fifth of the directors shall have accounting and financial expertise, as this term is defined in Section 240 to the Companies Law.
- (c) At least half of the directors shall have professional qualifications as defined in Directive 301.

- (d) At least one director shall have knowledge and proven experience in the field of IT.
- (e) For the avoidance of doubt, a director possessing a number of competences, as required in this section, may be counted as one of the directors required by those sections.
- (f) For details about the policy regarding the desired composition of the Board of Directors, see Appendix A to the Bank's immediate report dealing with the convening of a general meeting of June 6, 2023 (Ref. No.: 2023-01-062175).

6.5.5 Knowledge of the Hebrew language:

The directors shall be fluent in the Hebrew language, at least in terms of reading and speaking, such that they will be able to read background material for meetings and to actively participate in discussions. In exceptional cases the Banking Supervision Department may exempt a director from this requirement.

6.5.6 Chairman of the Board:

The Board of Directors shall be chaired by a Chairperson. The Chairperson of the Board of Directors is charged with the proper functioning of the Board of Directors and for the fulfillment of the duties imposed on it. The Chairperson makes a significant contribution to maintaining the checks and balances in a banking corporation's corporate governance between the Board of Directors, senior management, controlling shareholders, and other interested parties. The Chairperson of the Board of Directors is required to have appropriate experience, capabilities and personal traits in order to fulfill the role.

- (1) All duties of a director shall apply to the Chairperson of the Board of Directors.
- (2) The Chairperson is to encourage the holding of open discussions that allow the expression of differing opinions and ensure that decisions are made on the basis of adequate information.
- (3) With the absence of the Chairperson of the Board of Director, one of the directors shall take his/her place.
- (4) A controlling shareholder or his relative shall not serve as the Chairperson of the Board of Directors.

- (5) An External Director shall not serve as the Chairperson of the Board of Directors of a banking corporation with a controlling core.
- (6) A person shall only serve as the Chairperson of the Board of Directors if he/she participates in Board meetings on a regular basis.
- (7) The Board of Directors shall set a policy as to the maximal term in office of a Chairperson of the Board of Directors.

6.5.7 Director's eligibility criteria:

- (a) A director in a banking corporation shall be an individual.
- (b) Each of the directors shall possess the qualifications necessary to serve in his/her role and, specifically: possess the education, knowledge, experience or expertise in one or more of the following areas: banking, finance, economic or business activity, law, finance, accounting, risk management, regulatory compliance, information technology, information security (including cybersecurity) or another area approved by the Banking Supervision Department.
- (c) A person shall not serve as a director if his/her other occupations do not leave him with sufficient time to fulfil his/her duties in that capacity.

6.5.8 Permanent conflict of interest

Directive 301 sets rules to prevent permanent conflicts of interest of directors, including: prohibiting serving at the same time as a director / member of the Investment Committee/ member of the Credit Committee/ an employee of another banking corporation which is not part of the same banking group or its controlling shareholders, in a corporation controlled by the banking corporation, and in a financial entity or a corporation controlling the financial entity, if the banking corporation is large or the financial entity is large, as detailed in Directive 301. Furthermore, in accordance with Directive 301, the Board of Directors shall set guidelines for cases where a director may potentially have a permanent conflict of interest, and guidelines for cases in which directors have personal interest.

In that regard, it should be noted that Proper Conduct of Banking Business Directive No. 312 adds guidance on a banking corporation's business with "related parties", restricts the amount of "related parties" liabilities to the

banking corporation, and requires that transactions between the banking corporation and “related parties” shall be carried out in accordance with strict corporate governance rules and in accordance with business considerations and at terms and conditions that are not preferential to similar transactions of the banking corporation with unrelated parties.

6.5.9 Board of Directors meetings

- (a) Directive 301 sets rules regarding the frequency of Board of Directors meetings, attendance in those meetings, notices and background material for meetings, legal quorum and voting, agenda, minutes, Chief Internal Auditor’s participation in meetings, holding meetings via means of communication and passing decisions without convening.
- (b) The Directive also prohibits the appointment of an alternate director or observer to the Board of Directors of a banking corporation. Nevertheless, a director may take part in a meeting of a Board of Directors committee he/she is not a member of, provided that he/she does not participate in those meetings on a regular basis.

6.5.10 Practices for efficient functioning of the Board of Directors

Directive 301 sets rules as to practices for efficient functioning of the Board of Directors, including work procedures, requirements from directors, directors’ right to receive information, professional assistance to the Board of Directors, signatory rights, sectoral conflict of interest, personal interest, relations with the banking corporation’s employees outside of meetings, professional training, and expertise and assessment of the effectiveness of the Board of Directors’ work. Furthermore, Directive 301 sets rules regarding reporting to the Banking Supervision Department.

For information about the proceedings of the Board of Directors, see Articles 94 to 101A of the Articles of Association.

6.6 Board of Directors’ Committees

The Bank’s Board of Directors operates, among other things, through sub-committees. Generally, the committees are permanent committees; some of the committees were set up in accordance with the requirements of the relevant legislation, some were set up by virtue of the provisions issued by the Banking Supervision Department (Proper Conduct of Banking Business Directives), and some were set out in accordance with Board of

Directors' resolutions in view of the Bank's needs and activity. Furthermore, committees are set up on an ad-hoc basis from time to time to deal with certain issues. The composition of the committees, their roles and work methods are determined in accordance with the relevant legislation, the provisions of the banking procedures and the Bank's internal procedure as to the work of the Board of Directors and its committees. In accordance with the Board of Directors procedure, subject to the Companies Law and the Directives of the Banking Supervision Department, the Chairperson of the Board of Directors may present any matter for discussion in and resolution by the Board of Directors' plenum, even if the Board of Directors procedure requires that this matter shall be discussed by a certain committee. The Chairperson of the Board of Directors may also decide, based on the circumstances of the matter, that subjects that should be brought for discussion in and/or resolution by a certain committee will be brought for discussion in and/or resolution by another Board of Directors committee.

The Board of Directors may not delegate its powers to a Board of Directors committee with regard to certain subjects as set out in the Companies Law and in Directive 301. The above does not apply to issues regarding which a decision in the framework of a committee is required under any law, or to issues regarding which the Board of Directors has obtained advance written approval from the Banking Supervision Department.

Following is a list of the Bank's committees, their roles and purviews:

6.6.1 Audit Committee¹⁸

Below is a summary of the principal issues which the Audit Committee is authorized to discuss and/or make recommendations about to the Board of Directors:

- (a) To identify deficiencies in the business management of the Bank and the Group, while consulting, among other things, the Chief Internal Auditor or the independent auditor, and suggest ways to rectify those deficiencies. In this framework, the committee shall discuss, among other things, the findings of internal and external audit reports submitted to it, and

¹⁸ As of January 1, 2013 and pursuant to the directives of the Banking Supervision Department, the Audit Committee serves as the Financial Statements Review Committee. As of January 1, 2018 and in accordance with the Directives of the Banking Supervision Department and pursuant to the provisions of Section 118A(d) to the Companies Law, the Audit Committee and Compensation Committee were merged, such that the Audit Committee shall also serve as the Compensation Committee. On July 22, 2020, the Board of Directors approved the separation of the Compensation Committee from the Audit Committee.

after consulting the Chairperson of the Board of Directors bring material audit reports for discussion before the Board of Directors' plenum. The committee shall also ensure that management has taken appropriate action on a timely manner in order to rectify the deficiencies stated in the audit reports, and discuss periodic reports to be submitted by the Chief Internal Auditor.

- (b) Supervising the Bank's Chief Internal Auditor, including giving the Board of Directors recommendations as to appointment, suspension or removal from office of the Chief Internal Auditor, at the recommendation of the Chairperson of the Board of Directors in coordination with the President and CEO. The committee shall give the Compensation Committee recommendations as to the salary and compensation of the Chief Internal Auditor and his/her promotion and will give the Board of Directors' plenum recommendations on the approval of the Chief Internal Auditor's annual work plan including the scope and frequency of the audits. The committee may require the internal audit function to conduct special examinations in addition to those set in the Chief Internal Auditor's work plan and will ensure the competency of the audit and control function and the allocation of appropriate resources for their work.
- (c) To discuss the independent review of the internal audit function on ICAAP.
- (d) To oversee the work of the Bank's independent auditors, including giving the general meeting a recommendation as to their appointment. Every three years, the committee shall discuss the potential replacement of the independent auditors and give the general meeting and/or the Board of Directors a recommendation as to the compensation thereto.
- (e) To assess the Bank's annual and quarterly reports to the public, discuss and give the Board of Directors a recommendation as to their approval, including discussing and giving the Board of Directors recommendations on various issues such as issues pertaining to internal control over financial reporting, loan loss provision and provision for legal claims, the appropriateness of provisions and classification of debts, the appropriateness of the disclosure in the financial statements, the accounting policies and appraisals.

- (f) To determine arrangements as to the way of handling complaints of the Bank's employees regarding deficiency in the management of its business and as to the protection provided to the employees so complaining.
- (g) To use the work of the internal audit function in order to assess the effectiveness of key internal controls in the Bank.
- (h) To discuss transactions with “related parties” as required under Proper Conduct of Banking Business Directive No. 312 and discuss actions and transactions requiring the Audit Committee’s approval under the Companies Law, and set criteria for extraordinary transactions with an officer, or transactions in which an officer has a personal interest and criteria for an extraordinary action by officers. The committee shall assess the need to revise the said criteria at least once a year.
- (i) To discuss the Group's policy for management of the compliance risks, which includes the policy for management of money laundering and terrorism financing risks and the Bank’s internal compliance policy, while taking into account the Bank’s risk assessment; to discuss and approve the multi-year work plan of the compliance function, and monitor its performance on a semi-annual basis, and discuss the periodic reports of the Compliance Officer.
- (j) To discuss the annual report of the Bank’s ombudsman and the public inquiries policy.
- (k) To discuss the policy for preventing conflicts of interests and the controls in place in respect thereof, and to assess - from time to time - the disclosure provided by the directors as to their service in roles outside the Bank, and potential concerns for conflict of interest in connection with their service in the Bank.
- (l) To hold a separate annual discussion with each of the audit and control functions, and with the Bank’s President and CEO, the independent auditor, the Chief Accounting Officer, and the Head of the Accounting Department; such discussions will be attended solely by the committee’s members and the relevant officer.
- (m) To work in collaboration with the Risk Management Committee on material issues, which are relevant to its areas of responsibility through the Gatekeepers Interface Committee.

The procedure for the work of the Bank's Board of Directors sets out additional roles of the Audit Committee.

6.6.2 Composition of the Audit Committee:

- (1) The Chairperson of the Audit Committee shall be an ED. Most committee members shall be External Directors; all of the Bank's EDs shall be committee members. All Audit Committee members will be able to read and understand financial statements. At least three directors from among the committee's members shall possess accounting and financial expertise, and at least one of them will be an ED. The Chairperson of the Board of Directors may not be a member of the Audit Committee; however, they may participate as an observer in meetings of the Audit Committee which discuss topics relating to the financial statements, or topics related to compensation and internal auditor assessment, work plan of the Internal Audit Division, external assessment report, the risk management culture, organizational structure of the gatekeepers, and assessment of the effectiveness of the control environment.
- (2) The legal quorum for holding meetings and decision-making by the Audit Committee is a majority of its members, provided that the majority of those present are External Directors and at least one is an ED.
- (3) As of the date of this Shelf Prospectus, the members of the committee are: the Chairperson of the committee, Ms. Tamar Gottlieb - ED, Mr. Sasson Elya - ED, Mr. Zvika Naggan - ED, Prof. Yedidia Stern - External Director, Ms. Irit Shlomi - other director and Ms. Esther Deutsch - other director.

6.6.3 Compensation Committee¹⁹

Below is a summary of the key issues which the Compensation Committee is authorized to discuss and/or recommend on to the Board of Directors:

- (a) To discuss the Bank's compensation policy for its employees and officers, including criteria for assessment and measurement of performance. The

¹⁹ As of January 1, 2018 and in accordance with the Directives of the Banking Supervision Department and pursuant to the provisions of Section 118A(d) to the Companies Law, the Audit Committee and Compensation Committee were merged, such that the Audit Committee shall also serve as the Compensation Committee. On July 22, 2020, the Board of Directors approved the separation of the Compensation Committee from the Audit Committee.

compensation policy shall be implemented on a multi-year basis and shall be consistent with the Bank and the Group's organizational and managerial culture, the Bank and the Group's long-term targets and strategy and the control environment. The Compensation Committee shall ensure that the compensation policy promotes compliance with the Bank and Group's targets, established and effective risk management, does not encourage taking exceptional risks or risks beyond the Bank and Group's risk appetite, does not contradict the Bank and Group's credit management strategy and enables maintaining a sound capital base.

- (b) To discuss the effectiveness of the compensation policy and the existing compensation mechanisms, and their compliance with regulatory requirements (including the requirements set in the Companies Law, Directive 301A, Proper Conduct of Banking Business Directives and in the Officer Compensation in Financial Corporations Law (Special Approval and Non-Authorization of Expense for Tax Purposes due to Extraordinary Compensation), 2016).
- (c) To discuss the need to make changes to the compensation policy (such as if a material change occurs in the circumstances compared to the circumstances at the time the policy was formulated).
- (d) To discuss the principles of the compensation agreements of Bank employees who are non-executive officers.
- (e) To discuss and approve the terms of the Bank's engagement with its senior officers with regard to their terms of service and employment.
- (f) To discuss the application of personal employment contracts on certain types or certain levels of Bank employees and the general terms and conditions of those contracts.
- (g) To Discuss the framework for granting bonuses and the granting of bonuses to Bank employees, who are subject to the labor code in accordance with the compensation policy applicable to Bank employees, taking into account, among other things, the targets of the work plan for the forthcoming year.
- (h) To discuss the framework for granting bonuses and the granting of bonuses to non-executive key employees in accordance with the compensation

policy, taking into account, among other things, the targets of the work plan for the forthcoming year.

- (i) To discuss granting a bonus to additional senior officers and its amount, in accordance with the Bank's officer compensation policy.
- (j) Furthermore, the committee is authorized to discuss and make recommendations (through the President and CEO) to the competent organs of subsidiaries about the compensation of their directors who do not work for the Bank, if their compensation is not in line with the Companies Regulations (Rules Concerning Compensation and Expenses for an External Director), 2000, as updated from time to time, and discuss the employment terms of the CEOs of the material subsidiaries, including bonuses.
- (k) The procedure for the work of the Bank's Board of Directors sets out additional roles of the Compensation Committee. For additional information on the roles of the Board of Directors and the Compensation Committee with regard to the compensation policy of a banking corporation, see Proper Conduct of Banking Business Directive 301A on compensation policy in the Report of the Board of Directors included in the Bank's 2020 periodic report.

Composition of the Compensation Committee

- (1) Most Compensation Committee members shall be External Directors; all of the Bank's EDs shall be members of the Compensation Committee. All other Compensation Committee members shall be directors whose terms of service and employment are in accordance with the provisions set pursuant to Section 244 to the Companies Law (Rules Concerning Compensation and Expense Reimbursement for an ED). At least one of its members shall possess expertise and experience in risk management and control activities.
- (2) The legal quorum for discussion and decision-making by the Compensation Committee shall be a majority of its members, provided that most of the participants are external directors.
- (3) As of the date of this Shelf Prospectus, the members of the committee are: the Chairperson of the committee, Mr. Zvika Naggan - ED, Ms. Tamar Gottlieb - ED, Mr. Sasson Elya - ED, Prof. Yedidia Stern - External Director, and Ms. Esther Dominissini - other director.

6.6.4 Risk Management Committee

Below is a summary of the principal issues which the Risk Management Committee is authorized to discuss and/or make recommendations about to the Board of Directors:

- (a) To discuss the overall risks strategy, including the current and future risk appetite and the overall risk management framework, which is based on the ICAAP document and on policy papers describing the internal exposure limits and the manner of risk management for each of the Bank's types of risk, including all corporations under its control and its offices (such as: credit risks, market risks, operational risks, liquidity risks, compliance risks, legal risks, reputational risks, models risks, strategic risk, etc.), in accordance with the Bank and the Group's overall risk appetite.
- (b) To discuss the Bank and the Group's overall risk appetite and the process of assessing capital adequacy, as per the ICAAP document.
- (c) The Bank's credit management strategy and credit policy;
- (d) To discuss the document dealing with exposure to the risks implied in the Bank and the Group's activity, which includes a reference to new or emerging risks, and ensuring that those risks are mitigated appropriately and that the Bank's management allocated appropriate resources for that purpose.
- (e) To discuss the Group's new product policy, which regulates the required review and approval processes prior to such products' operation.
- (f) Holding an annual discussion on the Bank and the Group's organizational preparedness for management of and control over the overall exposure to the different risks and the assessment of qualitative tools in the Bank and the Group (including managerial information) for management of and control over all risk types in all areas of activity.
- (g) To discuss the assessment of the effectiveness of the mitigation - by the Bank - of compliance risk and money laundering and terrorism financing risk.
- (h) To discuss the findings of the risk surveys (including operational risk surveys) carried out by Bank's management as to the different risks implied in the Bank's activity; this will include discussing the findings of the mapping of areas vulnerable for embezzlement and fraud risks and the

control mechanisms relating to those areas; the Bank is required to hold such a discussion at least once every three years.

- (i) To discuss, where needed, the purchase of a banker's insurance policy.

Furthermore, the committee collaborates with the Audit Committee on material issues which are relevant to its areas of responsibility, through the Gatekeepers Interface Committee, and liaises on an ongoing basis with the Chief Risk Management Officer and other audit and control functions, in order to ensure that it is up-to-date with the revised risk profile, risk appetite, limits and the exceeding of those limits and plans for mitigating risks, as detailed in the procedure for the work of the Bank's Board of Directors.

The procedure for the work of the Bank's Board of Directors sets out additional roles of the Risk Management Committee.

Composition of the Risk Management Committee

As of the date of this Shelf Prospectus, the members of the committee are: the Chairperson of the committee, Mr. Dan Koller - External Director, Mr. Sasson Elya - ED, Prof. Yedidia Stern - External Director, Ms. Esther Dominissini - other director and Ms. Irit Shlomi - other director.

6.6.5 Credit, Business and Strategy Committee

Below is a summary of the principal issues which the Credit, Business and Strategy Committee is authorized to discuss and/or make recommendations about to the Board of Directors:

- (a) To discuss the Bank and the Group's strategy and credit policy.
- (b) To discuss the provision of credit to a borrower or a group of borrowers within its purview and is authorized to approve credit applications brought before its.
- (c) The committee is authorized to oversee and monitor the provision of credit by the Bank, the status of credit, as well as the credit portfolios of the Bank's largest groups of borrowers, by receiving credit-related immediate and periodic reports; the committee makes recommendations to the Board of Directors as to the policy for collection of debts from private customers and small businesses.

- (d) The committee discussed additional issues, such as advertising and marketing and customer service.

The procedure for the work of the Bank's Board of Directors sets out additional roles of the Committee.

Composition of the Credit, Business and Strategy Committee

As of the date of this Shelf Prospectus, the members of the committee are: the Chairperson of the committee, Dr. Shmuel Ben Zvi - other director, Ms. Tamar Gottlieb - ED, Mr. Dan Koller - External Director, Ms. Esther Dominissini - other director, Ms. Irit Shlomi - other director and Mr. Uri Alon - other director.

6.6.6 IT and Technological Innovation Committee

Below is a summary of the principal issues which the IT and Technological Innovation Committee is authorized to discuss and/or make recommendations about to the Board of Directors:

- (a) IT strategy and policy and management thereof, including information security and cybersecurity, the Bank's technological infrastructures, management and use of databases, technological innovation supporting business innovation, and use of cloud computing technologies in line with the Bank's overall strategy and policy. As part of the abovementioned discussion, the committee will formulate recommendations to the Board of Directors regarding the approval of a framework for management of technology risks and innovation risks.
- (b) To discuss targets and annual and multi-year work plan (including budgets) regarding IT.
- (c) To discuss the Bank-wide cyber strategy and policy, effective framework for management of IT and cyber risks.
- (d) To discuss an open banking policy, which includes all of the risks embodied in open banking, service provided to the customer by the source of information, level of service to third-party suppliers and e-banking, information security and cybersecurity risks, embezzlement and fraud risks, legal risks and compliance risks.
- (e) To discuss the risk management policy and controls in the field of business continuity; as part of this role, the committee will discuss and recommend to

the Board of Directors the approval of a disaster recovery plan and the extent to which it complies with the principles of the working framework for management of business continuity.

- (f) The committee shall support key projects and efforts in the fields of IT, cyber security, business continuity and E-banking.
- (g) To hold an annual discussion with the Head of Information Security and Cyber Security, the officer in charge of innovation, and the Head of IT; such a discussion will be attended solely by the committee's members and the relevant officer.
- (h) The procedure for the work of the Bank's Board of Directors sets out additional roles of the IT and Technological Innovation Committee.

Composition of the IT and Technological Innovation Committee

As of the date of this Shelf Prospectus, the members of the committee are: the Chairperson of the committee, Mr. Sasson Elya - ED, Mr. Mr. Zvika Naggan - ED, Ms. Esther Dominissini - other director, Mr. Uri Alon - other director, and Ms. Esther Deutsch - other director.

6.6.7 Resources Committee

Below is a summary of the principal issues which the Resources Committee is authorized to discuss and/or make recommendations about to the Board of Directors:

- (a) To discuss the Bank and the Group's Human Resources strategy, including the workforce mix, training programs and management succession.
- (b) To discuss the Bank and the Group's environment, social and governance (ESG) strategy.
- (c) To discuss the Code of Ethics, including determining values and defining standards for professional conduct, which is based on risk management and compliance with regulation, ensuring appropriate control, and implementation and distribution to all Bank employees.
- (d) To discuss the appointment policy and assessment of senior employees' performances.
- (e) To discuss the Bank and the Group's organizational structure.

- (f) To hold an annual discussion with the Head of the Human Resources Division; such a discussion will be attended solely by the committee's members and the relevant officer.

Composition of the Resources Committee

As of the date of this Shelf Prospectus, the members of the committee are: the Chairperson of the committee, Ms. Esther Dominissini - other director, Ms. Tamar Gottlieb - ED, Mr. Dan Koller - External Director, Mr. Uri Alon - other director, and Ms. Esther Deutsch - other director.

6.6.8 Gatekeepers Interface Committee

Below is a summary of the principal issues which the Gatekeepers Interface Committee is authorized to discuss and/or make recommendations about to the Board of Directors:

- (a) To work in collaboration with gatekeepers on material issues.
- (b) Updates regarding topics and resolutions passed by the Risk Management Committee and the Audit Committee, which are required for effective execution of the work of the Audit Committee and the Risk Management Committee.

Composition of the Gatekeepers Interface Committee

As of the date of this Shelf Prospectus, the members of the committee are: the Chairperson of the committee, Dr. Shmuel Ben Zvi - other director, Ms. Tamar Gottlieb - ED, and Mr. Dan Koller - External Director.

6.6.9 Other committees and ad-hoc committees

In addition to the above committees, the Bank has a Procedure Committee, which convenes where necessary. Furthermore, from time to time the Board of Directors sets up ad-hoc committees for specific purposes.

6.7 The Corporation's Authorized Signatories

The corporation does not have an independent authorized signatory as this term is defined in Section 37(d) to the Securities Law.

6.8 Further details

6.8.1 The Bank's independent auditors:

Somekh Chaikin, 17 Ha'arba'a Street, Millennium Tower, Tel Aviv.

Brightman Almagor Zohar & Co., 132 Menachem Begin Avenue, Tel Aviv.

6.8.2 The Bank's registered office:

Abba Hillel Silver 3 St., Lod.

Chapter 7 - Interested Parties in the Bank

7.1. As stated in Section 3.5 abovementioned, as from March 24, 2012, Leumi is defined by law as a banking corporation without a controlling core, and no shareholder meets the definition of a controlling shareholder of the Bank.

7.2. **Compensation of senior officers**

For details regarding the compensation paid in respect of 2022 and 2023 to the five most highly compensated senior officers in the Bank or a corporation controlled thereby and to each of the three highest-paid senior officers in the Bank in connection with their service in the Bank itself, including a description of their key terms of employment, see the chapter “Senior Officers Pay” in the Corporate Governance Report included in the 2023 periodic report, and in Note 23 to the financial statements included in the 2023 periodic report.

7.3. **Indemnification, exemption and insurance**

For details regarding indemnification, exemption from liability and Bank directors and officers’ insurance, see Note 26G to the Financial Statements and the information in accordance with Regulation 29A to the Reports Regulations in the 2023 periodic report.

As to exemption of officers, it should be noted that Article 143 to the Articles of Association stipulates that the Bank may give an exemption in advance to an officer thereof in respect of his/her liability, in whole or in part, in respect of damage caused due to his/her breach of the duty of care towards the Bank. Notwithstanding the above, the Bank may not give an exemption in advance to a director in respect of his/her liability towards the Bank due to breach of his/her duty of care in the case of “distribution” (as this term is defined in the Companies Law).

7.4. **Directors’ pay**

For details regarding the total amount of directors’ pay (except for the Chairperson of the Board of Directors, details in respect of the pay of whom are included, as aforesaid, in Section 7.2 above) and the expenses reimbursed to them, or which they were entitled to receive from the Bank in respect of 2023, which do not exceed the amounts normally accepted, see information in accordance with Regulation 21 to the Reports Regulations in the 2023 periodic report.

For further details about directors' pay, see Article 77 to the Bank's Articles of Association.

The compensation paid to all of the Bank's directors, except for the Chairman of the Board, is annual and constitutes compensation for participating in meetings, at the "maximum amount" for an External Director or an expert External Director, as the case may be, pursuant to the Companies Regulations (Rules Concerning Compensation and Expenses for an External Director), 2000, as its version shall be from time to time.

For further details regarding the framework for equity compensation to Bank directors, see Regulation 21 in the 2023 periodic report, Note 25 to the 2023 financial statements, the Bank's immediate report on convening of an extraordinary general meeting dated July 5, 2023 and immediate report on the results of the meeting dated August 10, 2023 (Ref. Nos.: 2023-01-075654 and 2023-01-092568, respectively).

7.5. Holdings of interested parties and senior officers

For details about interested parties and senior officers' holdings in the Bank's securities or in securities of subsidiaries or related parties thereof whose activity is material to that of the Bank as of the Prospectus date and 12 months prior to the Prospectus' publication date, see Section 3.3 to the Prospectus and the Bank's immediate report dated of April 4, 2023 (Ref. No.: 2023-01-039015), which are included in this prospectus by way of reference.

For details about the holdings of holders of material means of control in the Bank as of the Prospectus date and 12 months prior to the Prospectus' publication date, see the Bank's immediate reports of April 7, 2024 and April 10, 2023, respectively (Ref. Nos.: 2024-01-034303 and 2023-01-035011, respectively), which are included in this prospectus by way of reference.

Chapter 8 - Financial Statements and Events Report

8.1 Financial Statements

Pursuant to the provisions of Sections 6B and 60 to the Prospectus Details Regulations, the Bank's annual financial statements as of December 31, 2023, which were included in the Bank's 2023 periodic report, and the Bank's financial statements as of March 31, 2024, which were included in the First Quarter 2024 Report, are incorporated into this Prospectus by way of reference.

8.2 Statement of the President and CEO and the Most Senior Financial Officer in the Bank

Pursuant to the provisions of Sections 6B and 60E to the Prospectus Details Regulations, the statements of the President and CEO and the most senior financial officer in the Bank, as required under Regulation 9B(g) to the Reports Regulations, and which were included in the 2023 periodic Report, are included in this Prospectus by way of reference.

8.3 Consent letters from the Bank's independent auditors

The consent letters of the Bank's independent auditors, in which they consent to include in the Shelf Prospectus - including by way of reference - the independent auditors' report regarding the Bank's 2023 financial statements, the independent auditors' report regarding internal controls, as well as the independent auditors' report regarding the Bank's financial statements as of the first quarter of 2024, are attached to this Prospectus.

8.4 Actuary's consent letter to include an actuarial opinion regarding the pension benefits, grants and special holidays of the Bank's employees

Attached as an appendix to this chapter is the actuary's consent letter to include in this Prospectus his/her actuarial opinions regarding pension benefits, bonuses and special holidays of the Bank's employees as of December 31, 2023 and March 31, 2024, which were attached to the Bank's 2023 financial statements published on March 19, 2024 (Ref. No.: 2024-01-027747) and to the financial statements for the first quarter of 2024 (which were published on May 28, 2024, Ref. No.: 2024-01-052711), respectively.

8.5 Events report

Pursuant to Regulation 60B(b) to the Prospectus Details Regulations, the Bank attaches to this Prospectus an events report as defined in Section 56A to the Prospectus Details Regulations, regarding significant events subsequent to the signing of the Bank's Financial Statements as of March 31, 2024 (which were signed on May 27, 2024), and through immediately prior to the date of granting the permit for this Prospectus.

Events report

Pursuant to Regulation 60B(b) to the Prospectus Details Regulations, below is a report of significant events, which lists significant events as defined in generally accepted accounting principles in the period subsequent to the signing of the Bank's financial statements as of March 31, 2024, which were signed on May 27, 2024 and published on May 28, 2024 (hereinafter - the "**Financial Statements**"), which are included in the First Quarter 2024 Report and through immediately prior to the date of the Shelf Prospectus.

As of the Prospectus date, no significant events occurred subsequent to the signing of the financial statements as of March 31, 2024.

Ben Zvi Shmuel, PhD

Chairman of the Board

Friedman Hanan

President & Chief
Executive Officer

Argov Hagit

Head of the Finance and
Accounting Division

Date of approval of events report: May 27, 2024.



May 27, 2024

To:

The Board of Directors of

Bank Leumi le-Israel B.M. (the “**Bank**”)

Abba Hillel Silver 3

Lod

Dear Madam/Sir,

Re: Shelf Prospectus of the Bank Dated May 2024

This is to inform you that we agree to the inclusion (including by way of reference) of our reports listed below in the Shelf Prospectus referred to above:

1. Independent Auditors' Report dated March 18, 2024 regarding the Bank's Consolidated Financial Statements dated December 31, 2022 and 2023 and for each of the three years in the period ended December 31, 2023.
2. Report of the Independent Auditors dated March 18, 2024 regarding Audit of Components of Internal Control over Financial Reporting of the Bank as at December 31, 2023.
3. Independent Auditors' Review Report dated May 27, 2024, on the Condensed Consolidated Financial Information of the Bank as of March 31, 2024 and for the three-month period then ended.

Respectfully,

Somekh Chaikin

A registered partnership in Israel and a partner firm in the global KPMG network, which is comprised of independent firms affiliated with KPMG International Limited a privately-owned limited liability British company

Certified Public Accountants

Brightman Almagor Zohar & Co.

A Firm in the Deloitte Global Network

Certified Public Accountants



אלן דובין פ.ס.א. בע"מ
ACTUARIAL CONSULTING יעוץ אקטוארי

May 27, 2024

Bank Leumi le-Israel B.M. 3 Abba Hillel Silver St.

Lod

Dear Madam/Sir,

Re: **Shelf Prospectus of Bank Leumi le-Israel B.M. (hereinafter - the "Bank") from May 2024 (hereinafter - the "Shelf Prospectus")**

I, the undersigned, hereby give my consent for the inclusion (including by way of reference) of the opinions, which I signed on March 4, 2024 and May 15, 2024 regarding an actuarial valuation of the pension benefits, bonuses and special leave of the Bank's employees as of December 31, 2023 and March 31, 2024, which were attached to the Bank's financial statements as of December 31, 2023 and March 31, 2024, respectively, in the Bank's Shelf Prospectus of May 2024.

Respectfully,

Alan Dubin, FSA, FILA

Actuarial Advisor

רחוב שאולסון 16
ת.ד. 43102 ירושלים 91430
P.O.B. 43102 Jerusalem, Israel 91430

טל. 02-6519034
טל. 02-6529358
טל/פקס. 02-6529077

dubin@netvision.net.il

Chapter 9 - Legal Opinion



May 28, 2024

To:
Bank Leumi le-Israel B.M.
Abba Hillel Silver 3
Lod

Dear Madam/Sir,

Re: **Shelf Prospectus of Bank Leumi le-Israel B.M.**

At your request, we hereby confirm that the directors of the Bank have been duly appointed and their names are included in the Shelf Prospectus.

We consent to this opinion being included in the Shelf Prospectus of May 2024.

Respectfully,

Adv. Ran Shalom

Marom Bouznah, Adv.

סידני, אוסטרליה
50 Carrington St, NSW 2000
T. +61-2-90606206

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

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

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

WWW.AGMON-LAW.CO.IL

אגמון עם טולצ'ינסקי, משרד עורכי דין

Chapter 10 - Further Details

10.1. **Issuance expenses**

On a raising date as per a shelf offering report by virtue of the Prospectus, if it is published, the Bank shall incur additional expenses, which are related to the offering of the securities, which will be offered in accordance with the Shelf Offering Report. In accordance with Regulation 4A of the Securities Regulations (Application Fee for the Grant of a Permit to Publish a Prospectus), 2005, the Bank paid the Israel Securities Authority an application fee for the grant of a permit to publish a shelf prospectus; however, the additional fee in respect of the securities, which will be offered in accordance with the Shelf Prospectus, if they are, indeed, offered, shall be paid on the publication date of the Shelf Offering Report at amounts and on the dates set in the said regulations.

10.2. **Allocation of the Bank's securities other than for a full cash consideration**

In the two years prior to the Prospectus date, the Bank has not allocated nor has it undertaken to allocate securities other than for a cash consideration, except for:

- 10.2.1. Private allocations to Bank and subsidiaries' officers and employees, as detailed in reports of March 14, 2023, June 29, 2023, and July 5, 2023 (Ref. No.: 2023-01-026811, 2023-01-072042 and 2023-01-075615, respectively).
- 10.2.2. Allocation of unlisted option warrants to Bank and subsidiaries' officers and employees in accordance with an outline for a securities offering to officers (other than directors or the President and CEO) and employees of the Bank group published by the Bank on August 16, 2022, all as detailed in Note 24A to the Bank's financial statements as of December 31, 2022, which are included in the Bank's 2022 periodic report.

10.3. **Perusal of documents**

A copy of the Prospectus, the permit for the publication thereof and a copy of each approval, report or opinion included or referred to in the Shelf Prospectus may be perused at the Bank's offices during normal office hours. Furthermore, a copy of the Prospectus is published on the Israel Securities Authority's website, at www.magna.isa.gov.il and on the TASE's website at www.maya.tase.co.il.

Chapter 11 - Signatures

The Bank:

Bank Leumi le-Israel B.M.

Directors:

Ben Zvi Shmuel, PhD

Gottlieb Tamar

Elya Sasson

Naggan Zvika

Stern Yedidia Zvi, Prof.

Koller Dan Alexander

Dominissini Esther

Shlomi Irit

Alon Uri

Deutsch Esther