

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

Number at the Registrar: 520018078

Securities of the Corporation are listed for trading on the Tel Aviv Exchange

Short name: Leumi

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To  
**Israel Securities Authority**  
[www.isa.gov.il](http://www.isa.gov.il)

To  
**Tel Aviv Stock Exchange Ltd.**  
[www.tase.co.il](http://www.tase.co.il)

**Immediate Report**

Explanation: Do not use this form if there is a designated form for the reported event

*Result of an issuance must be reported through T20 and not this form.*

*Report on rating of bonds or ranking of a corporation must be submitted through Form T125*

Essence of the Event: Deeds of Trust Draft

Further to the Bank's immediate report dated June 11, 2015 regarding the examination of a possibility for issuance of bonds by the Bank (reference no. 2015-01-046542), and further to the Bank's immediate reports dated June 21, 2015 regarding initial rating of the bonds (reference no. 2015-01-052269, 2015-01-052416), enclosed is a deeds of trust draft for the bonds series (177 through 179) and summary of stipulations for the issuance, for each of the aforesaid series.

It is clarified that the format of the enclosed deeds is a draft only and that the binding version of the issuance documents will be the format included in the shelf offer report, if and to the extent publicized.

It is also emphasized that the structure, conditions and timing of the issuance have not yet been finally determined, and that the contents of this report do not form any obligation on part of the Bank to perform issuance of the bonds. Publication of a shelf offer report and performance of issuance of the bonds, if and to the extent performed, including its timing and scope, are subject, *inter alia*, to receipt of the approvals required according to the law, including approval of the Bank's board of directors and approval of the Stock Exchange, which have not yet been received as of this date.

The contents of this report do not constitute an offer to the public and/or invitation to purchase the Bank's securities.

File enclosed [isa.pdf\\_177178179](#)

The time at which the Corporation first learned of the event: June 21, 2015 at 14:00.

*The report is signed on behalf of the Corporation according to Regulation 5 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, by Mr. Ron Fainaro, Head of the Financial Division, and Adv. Hanan Friedman, chief legal advisor.*

Reference numbers of previous documents on this matter (the mentioning does not constitute inclusion by way of reference):

Previous names of reporting entity:

Form template last updated on: June 3, 2015

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

The original Hebrew version is available on the distribution website of the Israel Securities Authority: <http://www.magna.isa.gov.il/>

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Name of electronic reporter: Sackstein David Raoul, Position: Advocate, General Secretary, Name of employing company:

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**Bank Leumi le-Israel**  
**Trust Deed for Bonds (Series 177)**

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**Trust Deed for Bonds (Series 177)**

Made in Tel Aviv - Jaffa on June [●], 2015

**Between**

**Bank Leumi le-Israel, public company 52-001807-8**

Of 34 Yehuda Halevi Street, Tel Aviv 6513616

(hereinafter: "**the Bank**")

**Of the first part;**

**And**

**Reznik Paz Nevo Trusts Ltd., private company 51-368347-4**

Of 14 Yad Harutzim Street, Tel Aviv

(hereinafter: "**the Trustee**")

**Of the second part;**

**Whereas:** The Bank publicized a shelf prospectus dated May 28, 2015, pursuant to which the Bank can offer to the public and issue, *inter alia*, series of bonds, through shelf offer reports, according to the provisions of the Securities Law, 5728-1968, according to the regulations and guidelines of the Stock Exchange and subject to the provisions of any law, as in effect at such time;

**And whereas:** The Trustee warrants that it is a company limited by shares that was incorporated in Israel according to the Companies Law, 5759-1999, and its main objective is engagement in trust and additional actions usually performed by a trust company and that it meets all qualifications for a trustee of debentures according to the Securities Law, 5728-1968;

**And whereas:** The Bank applied to the Trustee and requested that it serves as trustee for the bondholders (series 177) to be issued by the Bank according to the manner and conditions set forth in this trust deed, and the Trustee agreed to sign this trust deeds and act as trustee for the bondholders (series 177);

**And whereas:** The Trustee warrants that there is no prevention according to the Securities Law or any other law upon its engagement with the Bank according to this trust deed;

**And whereas:** The Trustee has no material interest in the Bank and the Bank has no material interest in the Trustee;

**And whereas:** The Bank warrants that there is no prevention according to any law and/or agreement upon the Trustee's engagement according to this trust deeds and issuance of the bonds;

**Therefore, it has been agreed, warranted and conditioned by the parties as follows:**

**1. Interpretation and definitions**

1.1 The recitals of this trust deed and its appendices constitute an integral part thereof.

- 1.2 Division of this trust deed into sections, and provision of captions to the sections, were done for purposes of convenience and as references only, and may not be used for interpretation.
- 1.3 Every term or expression in this trust deed and its appendices will have the meaning provided in this Deed, unless otherwise explicitly defined in the relevant appendix.
- 1.4 In this Deed, "subject to any law" (or similar expression) shall mean subject to any law that cannot be conditioned upon, and in this Deed, "notwithstanding any law" (or similar expression) shall mean any law except law that cannot be conditioned upon.
- 1.5 Any use in this trust deed of the plural form denotes the singular form as well, and vice versa, and any use in this trust deed of masculine form denotes the feminine form as well, and vice versa, provided there is no other provision, explicit or implicit, in this Deed, and provided the content or context of matters does not warrant otherwise.
- 1.6 In this trust deed and in the Bonds, the following expressions will have the meaning alongside the same, unless another intent is warranted by the context or content of the matters, or if otherwise explicitly specified in this Deed:

<b>"Prospectus" or "Shelf Prospectus"</b>	The Bank's shelf prospectus that bears the date May 28, 2015;
<b>"Shelf Offer Report" or "Offer Report"</b>	Shelf offer report to be publicized according to the shelf prospectus, according to the provisions of the Securities Law, pursuant to which the Bonds will be offered to the public and that includes all specific details of the Bonds offering;
<b>"The Bonds (Series 177)"</b>	Registered bonds (Series 177), to be issued by the Bank according to the manner and conditions specified in this Deed;
<b>"The Bonds"</b>	The Bonds (Series 177);
<b>"Bond Certificate"</b>	The bond certificate the format of which appears in the First Schedule of this Deed, including the conditions overleaf that are enclosed to the certificate;
<b>"Bondholders"</b>	The persons named at the relevant time in the Registry, and in case of several joint holders, the first joint holder that is registered in the Registry;
<b>"The Trustee"</b>	Reznik Paz Nevo Trusts Ltd. or any trust that replaces the same according to the terms of the trust deed for the Bonds and the provisions of the law;
<b>"Registry"</b>	The registry of Bondholders pursuant to Section 25 of this Deed;
<b>"The Trust Deed" or "this Deed"</b>	This trust deed, including the schedules enclosed thereto and that constitute an integral part thereof;
<b>"Securities Law" or "the Law"</b>	Securities Law, 5728-1968, and the regulations thereof, as in effect from time to time;
<b>"The Stock Exchange"</b>	The Tel Aviv Stock Exchange Ltd.;
<b>"The Bonds Principal"</b>	The total nominal value of the Bonds;
<b>"Business Day"</b>	Any day on which most banks in Israel are open for effecting

transactions;

**"Trading Day"**

Any day on which securities are traded on the Exchange;

**"Extraordinary Resolution"**

A resolution adopted at the bondholders assembly at which there was presence, whether personally or by proxy, of holders of at least fifty percent (50%) of the balance of nominal value of the Bonds in cycle as of the determining date for the assembly, or at an adjourned assembly of this assembly, assembly at which there was presence, whether personally or by proxy, of holders of at least twenty percent (20%) of such balance, and that was adopted (whether at the original assembly or the adjourned assembly) by a majority of holders of at least three-quarters (75%) of the nominal value of the bonds represented in the voting, excluding the abstainers.

**2. Issuance of the Bonds**

The Bank will be entitled to issue, according to this trust deed, Bonds (Series 177), at regular repayment rank, equal to the repayment rank of all public deposits deposited with the Bank from time to time, at a maximal amount of [•] billion NIS.

The terms of the Bonds will be as specified in the Bonds Certificate and the conditions overleaf, as enclosed to this Deed.

Subject to all terms for listing for trading on the Exchange, upon completion of the issuance, the Bonds will be listed for trading on the Exchange.

The trust for the Bondholders and the roles of the Trustee according to the terms of this Deed will become effective upon allocation of the Bonds by the Bank.

**3. Appointment of the Trustee, obligations and role thereof**

3.1 The Bank hereby appoints Reznik Paz Nevo Trusts Ltd. as the trustee for the Bondholders, according to Section 35B of the Securities Law (hereinafter: "**the First Trustee**"). The appointment period of the First Trustee will be until the date of convention of the bondholders assembly to be convened by the First Trustee no later than 14 days following the date of submission of the second annual report regarding the trust matters, according to Section 35H1(A) of the Securities Law (hereinafter: "**the First Appointment Assembly**"). If the First Appointment Assembly approves, by regular majority, the continued term of the First Trustee, then the latter will continue serving as trustee until the end of the additional appointment period as set forth in the decision of the First Appointment Assembly (which may be until the date of final repayment of the Bonds).

3.2 If the First Appointment Assembly and/or any assembly thereafter limits the additional appointment period of the Trustee, then the appointment period thereof will conclude according to the bondholders' decision regarding continued term thereof and/or appointment of another trustee in lieu thereof.

3.3 If the Trustee is replaced by another trustee, then the other trustee will be the trustee for the Bondholders pursuant to the provisions of Chapter E1 of the Securities Law, including for persons entitled to payments by virtue of the Bonds that were not paid after the due date thereof.

3.4 The obligations of the Trustee, the authorities thereof and the manner of fulfillment of the position thereof will be according to this Deed and subject to the provisions of any law.

**4. The Bank's Obligations**

- 4.1 The Bank undertakes, towards the Trustee, to pay all amounts of principal, interest and linkage differentials that must be paid according to the terms of the Bonds, and to fulfill all other conditions and commitments imposed thereupon according to the Bonds and according to this Deed.
- 4.2 Issuance of the Bonds and engagement in the Trust Deed were approved by the Bank as required according to any law and in accordance with its documents of incorporation.
- 4.3 The Bank has not engaged in another agreement or made another commitment in contradiction to its commitments according to this Deed.
- 4.4 As of the date of this Deed, no application for appointment of receiver and/or liquidator has been submitted against it and/or by it, and no order has been rendered regarding these matters and, to the best knowledge of the Bank, no application for such appointment or order is about to be submitted.
- 4.5 Its registered and issued capital is as specified in the Prospectus.

## **5. Absence of collateral for the Bonds; Issuance of additional bonds**

- 5.1 The Bonds are not guaranteed with any collateral (as this term is defined in the Securities Law).
- 5.2 The Bank will be entitled to pledge and transfer its property and perform transactions therewith as it deems proper and without any limitation as to amount or otherwise.
- 5.3 The Bank reserves the right to undertake, at any time, additional obligations of any kind, as the Bank deems proper, including obligations the repayment level of which is preferred and/or equal and/or inferior to that of the Bonds, without receiving the Trustee's consent for performance of such actions.
- 5.4 Without derogating from the generality of the aforesaid, subject to the provisions of any law, the Bank reserves the right to issue, at any time, additional series of the Bonds, according to conditions as the Bank deems proper (whether by private placement, as part of the Shelf Prospectus or otherwise), including bonds to be offered according to the Prospectus pursuant to other conditions as the Bank deems proper, including bonds the repayment level of which is preferred and/or equal and/or inferior to that of the Bonds (Series 177), as well as to expand, from time to time, any of the aforesaid bond series, without being required to receive the approval of the Trustee and/or the Bondholders.
- 5.5 In addition to the aforesaid, the Bank reserves the right, subject to the provisions of law, without being required to receive the approval of the Trustee and/or the Bondholders, to expand, at any time, the Bonds (Series 177) and to offer, by private placement or placements, or according to an additional offer report or additional offer reports, or according to a prospectus or prospectuses, as the case may be and according to its discretion, additional bonds of Series 177 (hereinafter: "**the Additional Bonds**"). The Trustee undertakes to serve as trustee for holders of the Additional Bonds as well, if issued, and the provisions of the Trust Deed will also apply to the Additional Bonds issued as aforesaid. The Bank reserves the right to issue the Additional Bonds according to their nominal value, for premium or discount, according to its discretion. The Bank will apply to the Tel Aviv Stock Exchange Ltd. and request to list the Additional Bonds, when offered.
- 5.6 For removal of doubt, it is clarified that the Trustee is not obligated to examine, and in practice the Trustee has not examined, the need for providing collateral for securing the payments to the Bondholders. By engaging in this Trust Deed, and by the Trustee's consent to serve as the trustee for the Bondholders, the Trustee is not providing the opinion thereof, whether explicitly or implicitly, as to the Bank's ability to meet its obligations towards the Bondholders.
- 5.7 It is also clarified that the Trustee's execution of the Trust Deed does not constitute an expression of opinion on the behalf thereof as to the nature of the offered securities or the feasibility of investment therein.

## **6. Purchase of bonds by the Bank and/or by affiliated holder**

- 6.1 Subject to the provisions of any law, the Bank (including companies under its control) reserves the right to purchase the Bonds, at any time, on the free market and for any price as it deems proper,

without compromising the obligation to repay the Bonds still in cycle. In case of such purchase, the Bank will provide notice of the same through an immediate report, a copy of which will be sent to the Trustee.

- 6.2 As to the Bonds purchased directly by the Bank, the Bank will provide notice through an immediate report to the Securities Authority and the Stock Exchange, with a copy to the Trustee, regarding purchase thereof, and they will be canceled and delisted from trading on the Exchange, and the Bank will not be entitled to re-issue the same. In case the Bonds are purchased during the trading on the Exchange, the Bank will apply to the Exchange clearing house and request to withdraw the same.
- 6.3 The Bonds purchased, if purchased, by a corporation controlled by the Bank (hereinafter: "**Controlled Corporation**") will be considered as an asset of the Controlled Corporation, will not be cancelled and will not be delisted from trading on the Exchange unless subject to the Exchange rules, and they may be transferred as the other bonds (subject to the provisions of the Trust Deed and the bond). Regarding participation of such Controlled Corporation in assemblies of the Bondholders, the provisions of the Second Schedule of the Trust Deed will apply. The Bank will submit an immediate report, with a copy to the Trustee, regarding any purchase by such Controlled Corporation.

## **7. Right to immediate repayment of the Bonds**

- 7.1 Subject to Section 7.2 below, the Trustee, as well as the Bondholders, will be entitled to call immediate repayment of the amount payable to the holders according to the Bonds, only upon occurrence of one or more of the events specified below:
- 7.1.1 If a temporary or permanent liquidator has been appointed for the Bank by a court, or if an order is rendered by court or valid decision is made to liquidate the Bank (except liquidation for purposes of merger with another company) and such appointment or decision are not cancelled within 30 business days after being rendered, except in case a permanent and final liquidation order has been rendered by the court, in which case no cure period will apply.
- 7.1.2 If a temporary and/or permanent receiver has been appointed for the Bank and/or all or a material part of its assets, and the appointment is not cancelled within 30 days, except in case a permanent receiver is appointed, in which case no cure period will apply.
- 7.1.3 If attachment is imposed upon material assets of the Bank or an execution action is undertaken against all or any of the same, and the attachment is not removed and the action is not cancelled within 30 banking business days, and the Trustee considers the same as endangering such collateral.
- 7.1.4 If the Bank is removed from the Companies Registrar records.
- 7.1.5 If material breach of the terms of the Bonds and/or the Trust Deed is performed, and the Bank does not cure such breach within 14 days following the date of receipt of the notice from the Trustee regarding the breach.
- 7.1.6 The Bonds have not been repaid on time or another material obligation provided to the benefit of the holders has not been fulfilled, and the Bank has not cured this breach within 14 days following the date of receipt of the notice from the Trustee regarding the breach.
- 7.1.7 The Bank has not publicized a financial report it is obligated to publicize according to any law, within 30 days following the deadline for publication thereof.
- 7.1.8 The Bonds have been delisted from trading on the Exchange.
- 7.1.9 The Bank has ceased or announced its intention to cease its payments.
- 7.1.10 A stay of proceedings order has been provided to the Bank or an application has been submitted by the Bank to perform an arrangement with its creditors according to Section 350 of the Companies Law (except for the purpose of merger with another company and subject to Section 7.1.11 below and/or change of the Bank's structure, including split-up and except performance of arrangements between the Bank and its shareholders that do not affect the ability to repay the Bonds).



- 7.1.11 If a merger has been performed by the Bank without first receiving the approval of the Bondholders, unless the Bank or the acquiror company, as the case may be, declared towards the Bondholders, including through the Trustee, at least ten business days before the merger date, that there is no reasonable concern that due to the merger the Bank or the acquiror company, as the case may be, will not be able to fulfill the obligations towards the holders.
- 7.1.12 If the Bonds were listed for trading on the Exchange, and the Exchange suspended trading in the Bonds for a period exceeding 60 days, except suspension due to formation of ambiguity, as this cause is defined in the fourth part of the Exchange regulations.
- 7.2 Upon occurrence of any of the events in Section 7.1 of this Deed:
- 7.2.1 Before the Trustee exercises the authority thereof to call immediate repayment pursuant to the Trust Deed, the Trustee will be entitled to convene an assembly of the Bondholders and receive its instructions.
- 7.2.2 The decision of the holders to call immediate repayment as aforesaid will be adopted at an assembly of the holders having presence of at least fifty percent of the balance of the nominal value of the Bonds, by regular majority of the holders, or such majority at an adjourned assembly of the holders having presence of at least twenty percent of such balance.
- 7.2.3 In case that by the date for convention of the assembly, any of the events specified in Section 7.1 of this Deed above has not been cancelled or removed, and the resolution at the assembly of Bondholders as aforesaid has been adopted according to Section 7.2.2 above, the Trustee will be obligated, within a reasonable time, to call immediate repayment of the entire unpaid balance of the Bonds.
- 7.2.4 If any sub-section in Section 7.1 above sets forth a reasonable period during which the Bank is entitled to perform an action or adopt a resolution as a result of which the cause for immediate repayment is abolished, then the Trustee or the holders may call immediate repayment of the Bonds pursuant to Section 7 only if such period has elapsed and the cause has not been abolished; however, the Trustee is entitled to shorten the period set forth in the Trust Deed if convinced that it may materially compromise the rights of the holders.
- 7.3 Notwithstanding Section 7.1 above, and without derogating from the provisions of Section 7.2.4 above, the Trustee or the Bondholders will not call immediate repayment of the Bonds even upon occurrence of one or more of the events specified in Section 7.1 above unless having provided the Bank with a notice regarding their intention to do so, though the Trustee or the holders will not be obligated to provide the Bank with such notice even there is reasonable concern that provision of the notice will compromise the possibility to call immediate repayment of the Bonds.
- 7.4 It is clarified, for removal of doubt, that call for immediate repayment according to this Section above will not derogate and/or compromise any remedy and/or right of the Bondholders according to any law and/or provision of the Trust Deed.
- 7.5 This Trust Deed is intended for bonds that are not a capital instrument issued by a banking corporation, as specified in the Third Schedule A1 of the Securities Law, and thus the provisions of sub-Section (A)(1) of Section 351I of the Securities Law will not apply thereto.

## **8. Claims and proceedings by the Trustee**

- 8.1 Without derogating from any other provision, and subject to Section 7.2 above, the Trustee will be entitled, according to the discretion thereof, and will be obligated, through resolution by regular majority adopted at the assembly of the holders of Bonds in cycle, after provision of additional written notice to the Bank, at least 7 days in advance, to exercise the legal proceedings as deemed proper thereby for realization of the rights of the Bondholders, protection of their rights and enforcement of the execution of any other obligation of the Bank. Nevertheless, the Trustee will have the right to shorten the periods if convinced that any postponement in calling repayment of the Bank's debt endangers the rights of the Bondholders. The Trustee will be entitled to initiate legal

and/or other proceedings even if the Bonds have not been to immediate repayment, in order to protect the rights of the Bondholders and subject to any law.

- 8.2 For removal of doubt, it is clarified that none of the provisions specified in this Section 8 may compromise and/or derogate from the Trustee's right that is hereby provided thereto to apply, according to the exclusive discretion thereof and without being required to notify the Bank, to the appropriate court with a request to receive instructions at any matter regarding and/or deriving from this Deed and/or performance of the trust according thereto, at any time and even before the Bonds are called to immediate repayment.
- 8.3 The Trustee is entitled, though not obligated, to convene a general assembly of the Bondholders at any time, in order to discuss and/or receive its instructions on any matter regarding the Trust Deed, and is entitled to re-convene the assembly.
- 8.4 The Trustee is entitled, according to the exclusive discretion thereof, to suspend the performance of any action thereby according to the Trust Deed, in order to apply to the assembly of Bondholders and/or the court, until receipt of instructions from the assembly of Bondholders and/or instructions from the court as to the manner of action, provided that the same does not compromise the Bondholders. Nevertheless, the Trustee is not entitled to suspend proceeding to call immediate repayment as decided by the assembly of Bondholders. It is clarified that in circumstances in which urgent action of the Trustee is required and non-performance thereof before convention of the assemblies of Bondholders by the Trustee will cause damage and/or material loss to the Bondholders, then the Trustee will not be entitled to avoid taking such urgent action until convention of the assembly of Bondholders.

## **9. Trust over proceeds**

- 9.1 All proceeds received by the Trustee as a result of proceedings undertaken thereby, if any, against the Bank, will be held thereby in trust and will serve the purposes according to the following order of priorities: first - for discharge of the expenses, the payments, the levies and the obligations incurred by the Trustee, imposed thereupon or caused thereto due to or as a result of the activities for execution of the trust or otherwise in connection with the terms of the Trust Deed, including the wage thereof. The foregoing will be done after the Trustee instructs the Bank in writing to transfer to the Trustee any payment that the Bank owes the Trustee. It is clarified that if the Bank is obligated to bear any of the expenses, including the Trustee's wage, but does not do so, then the Trustee will pursue receipt of such amounts from the Bank, and in case the Trustee succeeds in obtaining the same, they will be held thereby in trust and will serve the purposes according to the order of priorities specified in this Section below. The aforesaid does not exempt the Bank from its obligation to bear the expenses and the wage as aforesaid in case it must do so according to this Deed or according to law and the Trustee will continue with the collection thereof from the Bank.
- The balance will serve, unless otherwise decided by extraordinary resolution at the assembly of the Bondholders, the purposes according to the following order of priorities: first - for payment to holders that bore payments according to Section 22.2 below, second - in order to pay the Bondholders the interest in arrears payable thereto according to the terms of the Bonds and subject to the linkage terms in the Bonds, *pari passu* and relatively to the amount of interest in arrears payable to each, without preference or priority regarding any thereof; third - in order to pay the Bondholders the interest payable thereto according to the terms of the Bonds and subject to the linkage terms of the Bonds; fourth - in order to pay the Bondholders the principal amounts payable thereto according to the terms of the Bonds held thereof, *pari passu* and subject to the linkage terms of the Bonds, whether or not the time of discharge of the principal amounts has arrived and relatively to the amounts payable thereto, without any preference in connection with the time of issuance of the Bonds by the Bank or otherwise, and the balance, if any, will be paid by the Trustee to the Bank or its substitutes. Payments of the amounts by the Trustee to the Bondholders is subject to the rights of

the holders of the Bonds issued by the Bank hitherto, and the rights of holders of the bonds to be issued by the Bank in the future.

9.2 Notwithstanding Section 9.1 above, if the monetary amount obtained as a result of such proceedings that is distributable at any time, pursuant to such Section, is lower than one million NIS, then the Trustee will not be obligated to distribute the same and will be entitled to distribute such amount or, alternatively, to invest such amount, entirely or partially, in investments that are permitted according to the Trust Deed and replace such investments from time to time with other permitted investments, all as the Trustee deems proper, but in case the Trustee will distribute the balance of the monies deposited therewith according to the provisions of Section 9.1 above, upon the earlier of the following dates: (1) the balance of the deposited amount is one million NIS or more; (2) along with the first payments of interest or principal to the Bondholders that is paid after receipt of the final amount received as a result of such proceedings; (3) closely after the end of the subsequent calendar year following the last date on which monies for distribution were received by the Trustee; (4) resolution has been adopted by the assembly of the Bondholders, by regular majority, to perform such payment, if convention of such assembly was required by the holders according to the provisions of the Second Schedule of the Trust Deed, subject to the instructions and regulations of the Exchange.

## **10. Notice on distribution**

The Trustee will notify the Bondholders of the date and location for performance of any payment among the payments mentioned above, by notice at least 14 days in advance, to be submitted in the manner set forth in Section 23 below. After the date set in the notice, the Bondholders will be entitled to interest for the same, according to the rate set forth in the Bonds, though only for balance of the principal amount (if any) after deduction of the amount that was paid or offered thereto as aforesaid.

## **11. Non-payment for a reason not dependent on the Bank**

- 11.1 Any amount payable to a Bondholder and not actually paid on the due date, for a reason not dependent on the Bank and while the Bank was willing to pay the same, will cease bearing interest and linkage differentials from the due date thereof, and the Bondholder will be entitled only to the amounts entitled to as of the due date for such payment on account of the principal, interest or linkage differentials.
- 11.2 If such amount is not paid within 14 days following the due date thereof, the Bank will deposit such amount with the Trustee, and such deposit will be considered as discharge of such payment, and in case of discharge of the entire amount for the Bonds, will be considered as the redemption of such security.
- 11.3 All amounts that the Trustee is entitled to invest according to this Deed will be invested thereby, in the name or to the order thereof, in securities of the State of Israel or any other securities in which that the laws of the State of Israel allow to invest trust monies, as the Trustee deems proper and subject to the provisions of any law, and subject to Section 14 below. If the Trustee does so, the Trustee will not owe the person entitled to such amount more than the consideration received from realization of the investments, after deduction of the expenses related thereto. The Trustee will retain these amounts and will invest the same in the aforesaid manner until the end of one year following the redemption date of the Bonds. After this date, the Trustee will return the amounts accumulated thereby (including proceeds, if any), after deduction of expenses, to the Bank, which will hold such amounts in trust for the Bondholders for one additional year after transfer thereof from the Trustee. The Bank will confirm to the Trustee, regarding the monies returned thereto, the return of such amounts and their receipt in trust for the Bondholders and such confirmation will absolutely release the Trustee in connection with the amounts specified in the confirmation.

- 11.4 The Trustee will transfer, to each bondholder for which amounts and/or monies payable to the Bondholders have been deposited, the amounts payable thereto from the monies deposited as aforesaid, after deduction of all expenses and mandatory payments that apply to the trust account in which the Trustee deposited such monies, against presentation of such evidence as required by the Trustee to the full satisfaction thereof.
- 11.5 If the repayment date or due date for any payment of principal and/or interest falls on a day that is not a business day, then the due date for such payment will be postponed to the subsequent business day, without any additional interest.
- 11.6 Any mandatory payment as required by law will be deducted from any payment due to the Bonds.

## **12. Receipt as proof**

- 12.1 Without derogating from any other of these terms, a receipt signed by an individual registered holder of the Bonds held by joint holders will constitute proof for full discharge of any payment performed by the Bank and/or the Trustee for the Bonds and will absolutely release the Trustee in connection with payment of the amounts specified in the receipt.
- 12.2 Receipt from the Trustee regarding deposit of principal, interest and linkage differentials amounts therewith, to the receipt of the Bondholders, pursuant to Section 11 above, will be considered as receipt from the bondholder for purposes of Section 12.1 above.

## **13. Presentation of the Bonds to the Trustee and registration in connection with partial payment**

The Bondholder will be obligated to present the Trustee, upon payment of any interest or partial payment of principal, interest and linkage differentials according to Sections 9 and 10 above, the Bonds for which the payments are made, and the Trustee will register a note on the Bonds regarding the amounts paid and the payment date thereof. The Trustee will be entitled in any special case, according to the discretion thereof, to waive presentation of the Bonds after being provided with a writ of indemnity or sufficient guarantee to the satisfaction thereof for the damages that might be caused due to non-registration of such note, as deemed proper thereby. Nevertheless, the Trustee will be entitled, according to the discretion thereof, to perform registration in another manner regarding such partial payments.

## **14. Investment of monies**

All monies that the Trustee is entitled to invest according to this Deed will be invested thereby in one of the largest banks in Israel, in the name or to the order thereof, in NIS deposits or securities of the State of Israel, as the Trustee deems proper and subject to the provisions of any law. If the Trustee does so, the Trustee will not owe the persons entitled to such amounts more than the consideration received from realization of the investments, after deduction of the expenses related thereto.

## **15. The Bank's obligations towards the Trustee**

The Bank assumes the following obligations upon itself towards the Trustee, as long as the Bonds are in cycle:

- 15.1 To maintain the Bank businesses in a routine and appropriate manner.
- 15.2 To provide the Trustee with documents and information provided by the Bank to the Bondholders, if any. Also, the Bank will provide the Trustee or authorized representative thereof that is a lawyer or accountant by profession (and notice of the appointment of whom shall be provided by the Trustee to the Bank upon the appointment thereof) additional information regarding the Bank,

within a reasonable time after the Trustee's demand, to the extent this information might be vital and/or necessary for protection of the rights of the Bondholders, provided the Trustee acted in good faith. Any information that is not part of public domain that is provided to the Trustee or authorized representative thereof, including an external authorized representative, will be retained thereby in confidentiality, will not be transferred thereby to another person and they will not use the same unless discovery or use of the information is required for fulfillment of their role according to the Securities Law, according to the Trust Deed or court order, and the external authorized representative of the Trustee will sign, for this purpose, a confidentiality agreement as specified in Section 21.3 below.

- 15.3 To maintain routine account books according to accepted accounting principles and, for account books maintained as aforesaid, to retain the books, including the documents that serve as references thereof (including pledge deeds, mortgage, and accounts and receipts) and other documents related to the businesses and offices thereof.
- 15.4 To notify the Trustee, immediately upon learning of the same, of any case in which a receiver has been appointed for all or a material part of its assets, and to immediately exercise, at its expense, all means required in order to remove such attachment or cancel the receivership.
- 15.5 In addition to Section 15.4 above, to notify the Trustee in writing of the occurrence of any of the events specified in Section 7.1 above.
- 15.6 To provide the Trustee, no later than 30 days following the issuance of the Bonds (Series 177) according to the shelf offer report and/or the date of expansion of the Bonds (Series 177), with a true copy of the original bond certificate.
- 15.7 To provide the Trustee with the documents specified in Section 35J of the Securities Law, 5728-1968, and it is clarified that for fulfillment of the provisions of this Deed, publication of a report on Magna will be considered as provision thereof to the Trustee. Financial statement and periodic statement will be provided to the Trustee by the Bank closely after publication thereof.
- 15.8 Instruction no. 332 of the Proper Banking Administration Instructions of the Banks Supervision sets forth limitations upon a banking corporation as to purchase of securities issued thereby (definition of "security" in Instruction 332 - "shares of the banking corporation or securities that can be converted into shares of the banking corporation and that may be realized into shares of the banking corporation"). It is clarified that the Bank is not subject, except for the Instruction as aforesaid, to any limitation regarding its right to distribute dividend to its shareholders and/or perform self-purchase of its shares and/or to perform any other distribution according to the Companies Law, 5759-1999.
- 15.9 The Bank does not undertake that it will not replace a rating company along the lifecycle of the Bonds. If the Bank replaces the rating company, including in case there is more than one rating company, the Bank will publicize, by immediate report, the reasons and grounds for such replacement.
- 15.10 If the Bank ceases being a reporting corporation, it will provide the Trustee and the registered holders with the reports set forth in the regulation codex and according to Chapter J in the sample instructions in the Trust Deed - appendix to the regulation codex, if any such exist from time to time, and at the times set forth thereat. Nevertheless, if such reports can still be publicized through the Magna and/or Maya System, the reports will be provided through such systems in lieu of submission of the reports to the registered holders as aforesaid.

## **16. Additional obligations**

After the Bonds are called for repayment, including due to the Trustee's decision according to Section 7.1 above, the Bank will perform, from time to time and at any time as required by the Trustee, all reasonable actions in order to allow for exercise of all authorities vested with the Trustee, and in particular the Bank will perform the following actions:

- 16.1 Will make the declarations and sign all documents and perform or ensure performance of all actions required or necessary according to the law for providing effect to exercise of the authorities, powers and authorizations of the Trustee.
- 16.2 Will provide all notices, orders and instructions that the Trustee deems as beneficial and are required thereby.
- 16.3 Will perform or ensure performance of all actions and things required or necessary according to the law for providing effect to exercise of the authorities, powers and authorizations of the Trustee.

## **17. Applications to court**

The Trustee will be entitled, at any time and subject to any law, to apply to a competent court with applications regarding to the trust. Also, the Trustee will be entitled to provide the consent or approval thereof to any application to the court that is demanded by a bondholder, and the Bank will compensate the Trustee for all expenses incurred thereby due to such application, actions performed as a result thereof or in connection therewith. In case the application to court is based on a resolution of the Bondholders, the Bondholders will indemnify the Trustee for all reasonable expenses incurred thereby due to such application, actions performed as a result thereof or in connection therewith, and pursuant to the law will take such indemnify from the deposit deposited therewith according to the provisions of the law.

## **18. The Trustee's wage**

- 18.1 The Bank will pay the Trustee, for the services thereof as trustee during the first trust year, the amount of NIS 13,000, excluding VAT, for the Bonds (Series 177) to be issued by the Prospectus and for which the Trustee serves as trustee.
- 18.2 Also, the Bank will pay the Trustee, beginning in the second trust year, and as long as there are outstanding bonds in cycle, and for every subsequent year, the amount of NIS 9,000, excluding VAT.
- 18.3 For expansion of the Bonds (Series 177) in cycle, the Bank will pay the Trustee a one-time additional wage of NIS 2,000, excluding VAT, for every expansion of the Bonds (Series 177).
- 18.4 Special trustee wage in the amount of NIS 500 per hour, excluding VAT, for special events/works:
  - 18.4.1 Reasonable actions deriving from breach of this Deed by the Bank;
  - 18.4.2 Reasonable actions deriving from call of the Bonds to immediate repayment or impending immediate repayment or impending compromise of the holders' rights;
  - 18.4.3 Special reasonable work (such as, without limitation, reasonable work required due to structural change of the Bank) or due to the need to perform additional reasonable actions for fulfillment of the role thereof as a reasonable trustee, due to future change of laws and/or regulations and/or other binding instructions that apply in connection with the actions and responsibility of the Trustee according to this Deed, provided the Trustee first receives the Bank's approval, which will not be unreasonably denied.
- 18.5 Also, the Trustee will receive wage for all actions related to (including, without derogating from the generality of the aforesaid, participation thereof) assemblies of the Bondholders (except for general and extraordinary assemblies of the Bank's shareholders) in the amount of NIS 500, excluding VAT, for each assembly.
- 18.6 In addition, the Trustee will be entitled to reimbursement of reasonable expenses incurred thereby as part of fulfillment of the role thereof and/or due to the authorities provided thereto according to this Deed, including due to publications in newspapers and appointment of experts, provided the Trustee first receives the Bank's approval, which will not be unreasonably denied.

- 18.7 If changes occur in the provisions of the law according to which the Trustee is required to perform actions and/or inspections and/or preparation of additional reports, the Bank undertakes to bear all reasonable expenses incurred by the Trustee due to the same, including reasonable fee for such actions, provided the Trustee first receives the Bank's approval, which will not be unreasonably denied.
- 18.8 All amounts specified in this Section are linked to the consumer price index that is known as of the issuance of the Bonds, though in any case no amount lower than the specified amounts will be paid.
- 18.9 If a trustee is appointed in lieu of a trustee the term of which has ended according to Section 35B(A1) or 35N(D) of the Securities Law, then the Bondholders will bear the difference by which the wage of the trustee appointed as aforesaid increased in relation to the wage paid to the replaced trustee, if such difference is unreasonable, and the relevant provisions of the law will apply at the time of such replacement.
- 18.10 If, according to law, the Bank is obligated to perform a deposit for guaranteeing payment by the Bank of the Trustee's special expenses, the Bank will follow such provisions.

## **19. Special authorities**

- 19.1 The Trustee will be entitled to deposit all deeds and documents that attest, express or determine the right thereof in connection with any asset held thereby at such time, in a vault or other place as selected thereby, at any banker or banking institution or at a lawyer, to the extent reasonable and in coordination with the Bank. If the Trustee does so, the Trustee will not be liable for any loss caused due to such deposit, provided the Trustee was not negligent, and the Trustee will be entitled to pay, at the Bank's expense, all amounts payable thereby on account of such deposit or in connection therewith, provided the Trustee submitted advance notice to the Bank in this respect. The Bank will reimburse any such expense to the Trustee.
- 19.2 The Trustee is entitled, as part of performance of the trust matters according to this Deed, to act according to the opinion or advice of a lawyer, accountant, appraiser, assessor, surveyor, broker or other expert. Whether such opinion or advice was prepared at the request of the Trustee or by the Bank or otherwise, and the Trustee will not be liable for any loss or damage caused as a result of any action or default performed thereby based on such opinion and/or advice, provided the Trustee was not negligent.
- 19.3 Any such advice or opinion may be provided or sent or received orally or by letter, telegram, phone, fax or other electronic means for transmission of information, and the Trustee will not be liable for actions performed thereby based on advice or opinion or information transmitted by any such manner, even if it included errors and even if it was not authentic, provided the Trustee did not know of the same and did not act negligently.
- 19.4 The Trustee will not be obligated to notify any party of execution of this Deed and will not be entitled to intervene in any manner in management of the Bank's business or matters, subject to the provisions of any law that cannot be conditioned upon, and to the extent not otherwise set forth in this Deed.
- 19.5 The Trustee will be entitled to receive a certificate, signed by two directors at the Bank, confirming that in their opinion, a transaction, step, action or other matter are desirable and to the Bank's benefit, as sufficient proof that the transaction, step, action or other matter are indeed desirable and to the Bank's benefit.
- 19.6 The Trustee will exercise, during the trust, powers, authorizations and authorities provided thereto according to this Deed, according to the absolute discretion thereof, and except in case of fraud or negligence, will not bear liability of damage caused due to errors in discretion done in good faith.
- 19.7 Any exemption from liability provided to the Trustee according to the provisions of this Deed, if any, is subject to the act (or default) of the Trustee, including operation of discretion, for which the

exemption was provided, not being done with gross negligence or through breach of duty of loyalty or through breach of the provisions of the Trust Deed and the Bonds.

## **20. The Trustee's authority to employ agents**

The Trustee will be entitled, as part of administration of the trust matters, to appoint an agent to act in lieu thereof, and to pay the wage of such agent at the Bank's expense, whether a lawyer or otherwise, in order to perform or participate in performance of various businesses and to perform or participate in performance of various actions that must be done in connection with the trust, and without derogating from the generality of the aforesaid regarding exercise of legal proceedings, to the extent reasonable under the circumstances and after coordination with the Bank. Also, the Trustee will be entitled to discharge, at the Bank's expense, the reasonable wage of such agent, to the extent the Trustee is entitled to do so according to this Deed or according to the fee agreement with the Bank, and the Bank will reimburse the Trustee, immediately upon the first demand thereof, for any such expense, provided the Trustee notified the Bank in advance regarding appointment of such agents. Appointment of an agent will not derogate from the Trustee's obligations according to this Deed or according to any law.

## **21. The Trustee's authorities**

- 21.1 The Trustee will not be obligated to notify any party regarding execution of this Deed.
- 21.2 Subject to the provisions of any law, the Trustee is not obligated to act in any manner not specified in this Deed, so that any information, including regarding the Bank and/or the Bank's ability to meet its obligations to the Bondholders, is provided thereto and the same is not part of the role thereof.
- 21.3 Subject to the provisions of any law and the provisions of this Deed, the Trustee undertakes, by signing this Deed, to maintain as confidential any information provided thereto by the Bank, not to disclose the same to another person and not to use the same, unless disclosure or use thereof is required for fulfillment of the Trustee's role according to the Securities Law, the Trust Deed, or court order.
- 21.4 The Trustee may rely on the presumption set forth in Section 25 below and to rely on the correctness of the identity of an unregistered bondholder as provided to the Trustee by a person registered as an attorney in a power of attorney issued by a registration company, to the extent the identity of the holder was not registered in the power of attorney.
- 21.5 The Trustee may rely, as part of the trust, on any written document, including writ of instructions, notice, request, authorization or approval that seems to be signed or issued by any person or entity regarding which the Trustee believes in good faith that it has been signed or issued thereby.

## **22. Indemnification of the Trustee**

- 22.1 The Trustee's wage and expenses will be paid by the Bank according to the provisions of the Trust Deed. In addition, as to special matters that are not part of the Bank's obligation to pay the Trustee wage and expenses as set forth in Section 18 above, the Trustee will be entitled to indemnity from the Bondholders or the Bank, as the case may be, including for reasonable expenses incurred thereby in connection with actions performed due to the obligation thereof according to the provisions of third Deed or according to law or demand by a competent authority or demand by the Bondholders, provided that:
  - 22.1.1 The Trustee will not be entitled to demand the indemnity in advance on a matter that cannot be postponed.
  - 22.1.2 An indemnity commitment may include indemnity for liability in tort imposed on the Trustee according to a final ruling or according to compromise as agreed by the



indemnifying party towards a third party that is not a bondholder, provided the indemnity commitment will apply under the following conditions:

- The expenses in tort incurred and/or to be incurred thereby are reasonable.
- The Trustee acted in good faith and this action was done as part of fulfillment of the role thereof, and provided the Trustee did not act maliciously or with gross negligence.

22.1.3 Without derogating from right to compensation provided to the Trustee according to the law and subject to this Deed and/or the Bank's commitments according to this Deed, the Trustee, attorney, manager, agent or other person appointed by the Trustee according to this Deed will be entitled to receive indemnity from the monies and investments received by the Trustee from the proceedings undertaken thereby or otherwise obtained thereby, regarding commitment they assumed, regarding expenses incurred thereby due to performance of the trust or in connection to such actions that, in their opinion, were required for performance of the aforesaid and/or in connection with exercise of authorities and authorizations provided pursuant to this Deed, as well as in connection with all sorts of legal proceedings, legal and other opinions, negotiations, deliberations, claims and demands regarding any matter and/or thing done and/or not done in any manner regarding the aforesaid, and the Trustee may retain the monies held thereby and pay the amounts required for payment of such indemnity. All such amounts will be preferred over the rights of the Bondholders, subject to law, and provided the Trustee acted in good faith and according to the obligations thereof imposed by any law and this Deed, and that the Trustee did not act maliciously or with gross negligence.

22.2 It is clarified that if the expenses were issued by the Trustee in connection with an action done according to the demand of bondholders of a certain series issued by the Bank or in connection with actions pertaining to a certain series only, then the indemnity will be provided by the bondholders of such series. If the expenses were incurred in connection with the Trustee's actions that did not pertain to a certain series only, then the indemnity will be provided by the Bondholders *pro rata* to the amounts of nominal value in cycle from each and every series.

22.3 Notwithstanding this Section 22 above, if the Trustee deems proper, for protection and/or realization of the rights of the Bondholders and/or is obligated, according to the terms of this Deed and/or the law and/or instruction by a competent authority and/or any law and/or demand by the Bank and/or the Bondholders, to exercise legal proceedings and various actions by virtue of the obligation thereof per this Deed, then the Trustee will immediately convene an assembly of the Bondholders in order to confirm the responsibility thereof for coverage of the expenses involved in proceedings and actions undertaken by the Trustee, and then the amount deposited by each holder will bear annual interest at the rate equal to the interest set for the Bonds (pursuant to the First Schedule) and will be paid by preference as aforesaid in Section 9.1. In case the Bondholders refuse to bear the expenses involved in proceedings and actions undertaken by the Trustee, then the Trustee will not be obligated to perform proceedings and actions as aforesaid, provided a matter that cannot be postponed is not involved. It is hereby clarified that the consent of the Bondholders does not release the Bank from the obligations thereof, if any, according to this Deed and/or the law, to bear and cover expenses involved in proceedings and actions as aforesaid, without the aforesaid imposing upon the Bank any liability to bear the expenses under circumstances in which the Bondholders refused to bear the expenses involved in such proceedings. Also, all monies received from realization proceedings and various actions will also serve for reimbursement and coverage of expenses undertaken by the Bondholders as aforesaid. The aforesaid does not derogate from the Trustee's obligation to collect the monies from the Bank, if the Bank is obligated to pay such monies. It is clarified that under circumstances in which urgent action by the Trustee is required and non-performance thereof prior to convention of the assembly of the Bondholders by the Trustee will cause damage and/or material loss to the Bondholders, the Trustee will not be entitled to refrain from taking an urgent action as aforesaid until convention of the assembly of the Bondholders.

## **23. Notices**

- 23.1 Any notice to the Bondholders, on behalf of the Bank or the Trustee, will be provided by report on the Magna System of the Securities Authority; (The Trustee will be entitled to instruct the Bank and the Bank will be obligated to immediately report on the Magna System, on behalf of the Trustee, any report according to the format provided in writing to the Bank by the Trustee), and in cases specified below only, also by way of publication of notice in two daily newspapers having wide circulation that are published in Israel in Hebrew: (A) arrangement or compromise according to Section 350 of the Companies Law; (B) merger. Any notice published and sent as aforesaid will be considered as having been provided to the Bondholders, on the date of publication of the immediate report on Magna, on the date of publication of the notice in the newspaper, or 3 business days following its dispatch by registered mail, as the case may be.
- 23.2 Any notice or demand on behalf of the Trustee to the Bank or from the Bank to the Trustee may be provided by (1) registered mail according to the address specified in the Trust Deed, or according to another address as the Bank advises the Trustee or the Trustee advises the Bank in writing; (2) email or fax or by courier, and any such notice or demand will be considered as having been received by the Bank: (1) in case of dispatch by registered mail - three business days following its dispatch by mail; (2) in case of email or fax (along with receipt confirmation by phone) - one business day after its dispatch; (3) and in case of dispatch by courier - upon delivery by the courier to the addressee or offer to the addressee to receive the same, as the case may be.
- 23.3 Copies of notices and invitations sent by the Bank to the Bondholders will be sent by the Bank to the Trustee as well. It is clarified that for purposes of fulfillment of the provisions of this Deed, publication of a report of Magna will be considered as dispatch thereof to the Trustee.

## **24. Waiver, compromise and modifications of the Trust Deed**

- 24.1 Subject to the provisions of the Securities Law, the Trustee will be entitled, from time to time and at any time, if the same does not compromise, in the opinion thereof, the rights of the Bondholders, to waive any breach or non-fulfillment of any condition of this Deed by the Bank, except as to the due date of the Bonds Principal, the scope of the Bonds Principal, the interest rate for the Bonds and call for immediate repayment of the Bonds.
- 24.2 Subject to the provisions of the Securities Law and the Companies Law and the regulations thereof, including Section 350 of the Companies Law, and by advanced approval obtained at the assembly of the Bondholders having presence of holders, or proxies thereof, of fifty percent (50%) at least of the balance of par value of the Bonds Principal, or at an adjourned meeting, having presence of holders, or proxies thereof, of twenty percent (20%) at least of such balance, and adopted by majority of the holders of at least  $\frac{2}{3}$  of the par value of the Bonds represented at the voting, the Trustee will be entitled, whether before or after the Bonds Principal becomes due, to compromise with the Bank as to any right or claim of the Bondholders and agree with the Bank as to any settlement of its rights, including waiver of any right thereof or rights of the Bondholders and to agree to change of the terms of the Bonds, unless a debt arrangement as defined in Section 350Q of the Companies Law is concerned.
- 24.3 Subject to the provisions of the Securities Law, the Trustee and the Bank will be entitled, whether before or after the Bonds Principal becomes due, to agree to modification of the Trust Deed, if any of the following applies:
- 24.3.1 The Trustee is convinced that the modification does not compromise the Bondholders, except change of the identity of the Trustee or its wage in the Deed or for appointment of a trustee in lieu of a trustee the term of which has ended, as well as excluding the due date of the Bonds Principal, the scope of the Bonds Principal, the interest rate for the Bonds and call for immediate repayment of the Bonds.

- 24.3.2 The Bondholders have agreed to the proposed modification, by a resolution adopted at an assembly of holders having presence of holders of at least 50% of the balance of nominal value of the Bonds, by majority of the holders of at least 2/3 of the nominal value of the Bonds represented at the assembly or by such majority at an adjourned assembly having presence of at least 20% of such balance.
- 24.4 The Bank will provide an immediate report of any such modification, immediately upon its execution.
- 24.5 If the Trustee compromises with the Bank after receiving advanced approval from the general assembly of the Bondholders as aforesaid, the Trustee will be exempt from liability for this action as approved by the general assembly, provided the Trustee has not breached a duty of loyalty and has not acted without good faith or maliciously in implementing the resolution of the general assembly.
- 24.6 In case of exercise of the Trustee's right according to this Section, the Trustee will be entitled, though not obligated, to demand from the Bondholders to provide the Trustee with the bonds for registration of note regarding any compromise, waiver, change or modification as aforesaid and, according to the Trustee's demand, the Bank will register such note.

## **25. Registry of bondholders**

The Bank will maintain and manage, at its offices, a registry of the Bondholders, regarding any series of bonds issued thereby separately, according to the Securities Law, which will be open to review by any person.

The bonds issued according to the prospectus will be allotted to the Registration Company of Bank Leumi le-Israel Ltd. and will be registered in its name at the registry of bondholders.

The Bank will not be obligated to register in the registry of the Bondholders any notice regarding explicit, implicit or supposed trust, or pledge or hypothecation of any kind, or any right in equity, claim or set-off or other right regarding the bonds.

The Bank will only recognize the ownership of the person under the name of whom the bonds are registered, provided the legal inheritors, estate administrators or executors of the registered holder and any person entitled to the bonds due to bankruptcy of a registered holder (and if a corporation - due to its liquidation) will be entitled to be registered as the holder thereof only after provision of sufficient proof to the satisfaction of the Bank executives regarding the right thereof to be registered as the holder.

The Bank will be entitled to close the registry of the Bondholders occasionally at times and for periods as it deems proper, for periods not exceeding 30 days per year cumulatively. The Bank will not register transfers during such times and periods.

The Bonds may be transferred regarding any nominal value amount, provided it is in whole NIS, according to a deed of transfer in a format acceptable by the Bank, properly signed by the registered holder or legal representatives thereof.

The deed of transfer will be submitted for registration at the registered office of the Bank, along with the bonds and any proper proof of identity and right as required by the Bank for proving the right of the transferor to transfer the same, and along with the amount required for any governmental mandatory payment, if any, for the transfer. The Bank will be entitled to retain the deed of transfer.

In case of transfer of only a part of the amount of nominal principal of such bonds, the security certificate will first be split according to the instructions below, to several certificates as warranted, so that the total of all principal amounts specified therein is equal to the amount of the nominal principal of such security certificate.

All expenses involved in transfer, including stamp duty and other fees, if any, will apply to the transferor.

Any bond certificate may be split by signed split request on behalf of the registered holder of such certificate, into several bond certificates, so that the total of their principal amount is equal to the nominal principal amount of the certificate that is split, against delivery of such certificate to the Bank at

its registered office, for performance of the split, along with a signed split request on behalf of the registered owner of such bonds.

Performance of the split will be done within three months after the date on which the certificate is delivered at the registered office of the Bank, as aforesaid.

The new bond certificates issued due to the split will have nominal value amounts in whole NIS each.

All expenses involved in the split, including fees, if any, will apply to the requestor of the split.

The provisions in this Section will also apply to waiver of bond certificates, *mutatis mutandis*.

## **26. Replacement of the Trustee and expiration of term thereof**

26.1 The term of the Trustee and its expiration and appointment of a new trustee will be subject to the provisions of the Securities Law, 5728-1968.

26.2 Resolution by holders regarding the termination of the Trustee's term and replacement thereof with another trustee is an extraordinary resolution and will be adopted at an assembly having presence of at least two holders with 50% of the balance of the nominal value of the Bonds, or an adjourned assembly with present of at least two holders with at least 10% of such balance, and by the majority required for adoption of an extraordinary resolution.

26.3 Subject to the provisions of law, the Trustee the term of whom has expired will continue serving until appointment of another trustee. The Trustee will provide the new trustee with all documents and amounts accumulated thereby in connection with the trust that is the subject of this Deed, and will sign any document required for the same. Every new trustee will have the same powers, obligations and authorities and will be entitled to act in any respect, as if appointed as trustee in the first place.

26.4 The Bank will publicize an immediate report in case of resignation of trustee and/or appointment of another trustee.

## **27. Assembly of the bondholders**

Assemblies of the bondholders will be conducted according to the Second Schedule of this Deed.

## **28. Reporting to the Trustee**

The Bank will submit to the Trustee, as long as the bonds for which the Trustee serves as trustee are in cycle, and as long as any payment must be performed according thereto:

28.1 Audited financial statements of the Bank for the fiscal year ended on December 31 of the previous year, closely after their publication and no later than three months following the end of the reported year.

28.2 Every semi-annual and quarterly report, closely after its publication, along with survey of the Bank's auditor regarding the same.

28.3 No later than two weeks after publication of annual financial statements, confirmation of the Bank regarding performance of interest payments the due date of which occurred before the confirmation date and the payment date, as well as the balance of the Bonds in cycle on the determining date for payment of the interest, as well as confirmation of the Bank that there is no breach of this Deed on part of the Bank, unless noted in the confirmation as aforesaid.

28.4 Any immediate report submitted to the Securities Authority on the date submitted thereby to this Authority.

28.5 Copy of any document that the Bank provides to the Bondholders and details of any information that the Bank transfers thereto otherwise, and any additional information according to reasonable demand of the Trustee and subject to the provisions of any law and commitment to maintain confidentiality.

28.6 Any other report according to the law that the Bank must provide to the Trustee.

28.7 Reporting will be provided regarding any change in the rating of the Bonds or termination of the rating by the rating company.

It is clarified that for fulfillment of this Deed, publication of a report on the Magna System will be considered as provision thereof to the Trustee.

## **29. Addresses**

The parties' addresses for purposes of this Deed are as specified in the recitals of this Deed, or any other address regarding which proper notice is provided in writing.

## **30. Electronic signature**

By signing this Deed, the Trustee authorizes the electronic signatories of the Bank to sign, in the name thereof, an electronic copy of the Trust Deed for transmission thereof on Magna.

## **31. Exercise of rights according to the Deed and the Bonds**

Subject to the provisions of law, the Bondholders will be entitled to exercise their rights according to the Bonds and the Trust Deed through the Trustee or, pursuant to resolution of general assembly of the Bondholders, through the manners specified in the Bond and the Trust Deed. Nevertheless, if the Trustee acts in contrast to the provisions of the Bond and the Trust Deed, the Bondholders will be entitled to exercise their rights, including according to resolution of the general assembly.

## **32. Application of the Securities Law**

As to any matter not mentioned in this Deed, and in case of discrepancy between the provisions of the Securities Law that cannot be conditioned upon and this Deed, the parties will follow the provisions of the Securities Law.

## **33. The Trustee's liability**

33.1 Notwithstanding any law and any provision of the Trust Deed, to the extent the Trustee fulfilled the role thereof in good faith and within reasonable time, and inquired into the facts that a reasonable trustee would have inquired into under the circumstances, the Trustee will not be liable towards a bondholder for any damage incurred thereby as a result of the fact that the Trustee exercised the discretion thereof according to Section 35H(D1) or 35I1 of the Law, unless the plaintiff proves that the Trustee acted with gross negligence. It is clarified that if there is discrepancy between this Section 33.1 and any other provision of this Deed, this Section 33.1 will prevail.

33.2 If the Trustee acted in good faith and without negligence according to the provisions of Section 35H(D1) or 35I1 of the Law, the Trustee will not be liable for performance of such action.

## **34. Other agreements**

Subject to the provisions of any law and the limitations imposed on the Trustee according to law, fulfillment of the role thereof according to this Deed or the very status thereof as trustee will not prevent the Trustee from engaging with the Bank in various contracts or performing transactions therewith during the ordinary course of business.

## **35. Applicable law and jurisdiction**

The Bonds are subject to the provisions of Israeli law only. Regarding any matter not mentioned in this Deed and in case of discrepancy between the provisions of the law and this Deed, the parties will act according to the provisions of the Israeli law.

The only court authorized to discuss matters related to the Trust Deed will be the competent court in Tel Aviv - Yafo.

**In witness whereof the parties have signed:**

\_\_\_\_\_  
**Bank Leumi le-Israel Ltd.**

\_\_\_\_\_  
**Reznik Paz Nevo Trusts Ltd.**

I, the undersigned, \_\_\_\_\_, Adv., license no. \_\_\_\_\_, hereby confirm that this Deed was signed by [.....], who are duly authorized to bind Bank Leumi Ltd. by such signature.

\_\_\_\_\_  
\_\_\_\_\_, Adv.

**First Schedule of the Trust Deed - Bond**

**Bank Leumi le-Israel Ltd.**

**Registered bond (Series 177), par value of NIS1 each**

**Number** \_\_\_\_\_

**Nominal total** \_\_\_\_\_

1. This certificate attests that Bank Leumi le-Israel Ltd. (hereinafter: "**the Bank**") will pay to the registered holder (as defined in terms overleaf) of this bond the amounts undertaken thereby as specified in the terms overleaf and the Trust Deed dated June [●] 2015 made and signed by the Bank on one part and Reznik Paz Nevo Trusts Ltd. on the other part (hereinafter: "**the Trust Deed**"), including its appendices. It is clarified that the provisions of the Trust Deed constitute an integral part of the terms of the bond.
2. The bonds are not secured by collateral, as specified in Section 5 of the Trust Deed.
3. The bonds will be repaid *pari passu* without any bond having preference over the other.
4. This bond is issued according and subject to the terms specified overleaf and in the Trust Deed.

Given with the Bank's stamp affixed on: \_\_\_\_\_

\_\_\_\_\_

**Bank Leumi le-Israel Ltd.**

## The terms specified overleaf

### 1. General

- 1.1 This Bond, of Series 177, is issued according to the trust deed dated [●], made and signed on [●] 2015 between the Bank, on one part, and Reznik Paz Nevo Trusts Ltd. on the other part (hereinafter: "**the Trust Deed**").
- 1.2 As to each of the Bonds (Series 177), the bonds will be equally ranked, *pari passu* between themselves, without any priority or preference of one over the other.
- 1.3 The terms of the Bonds (Series 177) (the terms specified overleaf) are an integral part of the provisions of the Trust Deed and the provisions of the Trust Deed shall be considered as explicitly included as part of the terms of these Bonds. In case of contradiction between the Bond and the Trust Deed, the provisions of the Trust Deed will prevail.

### 2. Definitions

- 2.1 Expressions in this Bond will have the meaning provided in the Trust Deed, unless another intent is warranted by the context or content of the matters, or if otherwise explicitly specified in this Bond.
- 2.2 Any use in this Bond of the plural form denotes the singular form as well, and vice versa, and any use in this trust deed of masculine form denotes the feminine form as well, and vice versa, and any reference to a person also includes a corporation, provided there is no other provision, explicit or implicit, in this Bond, and provided the content or context of matters does not warrant otherwise.
- 2.3 The following expressions will have the meaning alongside the same, unless another intent is warranted by the context or content of the matters, or if otherwise explicitly specified in this Bond:

**The Bonds** Bonds (Series 177);

**First Offer Report** The first shelf offer report according to which the Bonds are first offered and issued;

**The Tender** The tender for the interest rate of the Bonds to be held in the manner and on the date as specified in the First Offer Report;

**Consumer Price Index or the Index** The price index known as "the consumer price index", including fruits and vegetables, publicized by the Central Bureau of Statistics, and including such index even if publicized by any other official body or institution that replaces the Central Bureau of Statistics, and including any official index that replaces the same, whether or not based on the same data and calculations on which the existing index is based;

If the index is replaced by any such body or entity, then such body or entity will set the proportion between the other index and the replaced index, and in case this proportion is not determined thereby, it will be determined by the Central Bureau of Statistics, and in case the proportion is not set as aforesaid, then it will be determined by the Trustee, in consultation with economic experts selected thereby and approved by the Bank;

**Basic Index** The Consumer Price Index publicized on 15 [●] 2015 for the month of [●] 2015;

**Known Index** The last known index;



<b>Payment Index</b>	The known index on the payment date;
<b>Entitled Person</b>	A bondholder entitled to payment of principal or interest according to the terms of the Bonds.

### **3. Date for repayment of the Bonds Principal**

- 3.1 The Bonds Principal will be repaid in one installment, on June 30, 2020.
- 3.2 Repayment of the principal will be done against delivery of the bond certificates to the Bank on the payment date, at its registered office or any other place as advised by the Bank, no later than five (5) business days before the payment date. It is clarified that a person not registered in the registry of bondholders of the Bank on the determining date for entitlement to any payment will not be entitled to such payment.
- 3.3 The principal payments will be performed subject to the linkage terms pursuant to Section 4 below.

### **4. Linkage of the principal**

The outstanding principal of the Bonds will be linked to the Basic Index as defined above, as follows: if at the time of any principal payment, the Payment Index is higher than the Basic Index, the Bank will perform the principal payment, increased relatively to the increase of the Payment Index in relation to the Basic Index. If the Payment Index is lower than the Basic Index, the Bank will perform the principal payment, decreased relatively to the decrease of the Payment Index in relation to the Basic Index. It is noted that the method for linkage of the principal will not change along the lifecycle of the Bonds.

### **5. Interest of the Bonds**

- 5.1 The outstanding principal of the Bonds will bear annual interest at the rate set in the Tender (hereinafter: "**the Annual Interest Rate**").
- 5.2 The interest will be paid to the Bondholders twice a year on June 30 and December 31 of each of the years 2016 through 2020 (inclusive), for the period of the six months ended on the day before the payment date, except the first payment of interest, which will be paid on December 31, 2015 for the period beginning on the first trading day after the tender date until December 30, 2015 (hereinafter: "**the First Interest Payment**").
- 5.3 The interest rate on any interest payment date, except for the First Interest Payment, will be equal to the Annual Interest Rate, divided into 2 (number of payments per year) (hereinafter: "**the Semi-Annual Interest Rate**"). The interest rate on the date of the First Interest Payment will be calculated according to the number of days in the period beginning on the first trading day after the tender date until 30 December 2015, based on 365 days per year (hereinafter: "**the Interest Rate for the First Interest Payment**").
- 5.4 On the first trading day after the tender date, the Bank will publicize, as part of an immediate report on the tender results, the Annual Interest Rate, the Semi-Annual Interest Rate and the Interest Rate for the First Interest Payment.
- 5.5 The interest payments will be paid to the persons registered in the registry of bondholders on June 18 and December 19 of each relevant year (hereinafter: "**the Determining Date**"), except for the last interest payment, which will be paid to the persons registered in the registry on the payment date and that will be performed upon repayment of the Bonds Principal against delivery of the bond certificates to the Bank on the payment date, at its registered office or any other place as advised by the Bank, no later than five (5) business days before the payment date. It is clarified that a person not registered in the registry of bondholders on the determining date for entitlement to interest payment for the period before such date.

5.6 The Bonds will first be issued according to their nominal, and thus at no discount.

5.7 Interest payments will be performed subject to the linkage terms pursuant to Section 6 below.

## **6. Linkage of the Interest**

The interest for the Bonds will be linked to the Basic Index as defined above, as follows: if at the time of any interest payment, the Payment Index is higher than the Basic Index, the Bank will perform the interest payment, increased relatively to the increase of the Payment Index in relation to the Basic Index. If the Payment Index is lower than the Basic Index, the Bank will perform the interest payment, decreased relatively to the decrease of the Payment Index in relation to the Basic Index. It is noted that the method for linkage of the principal will not change along the lifecycle of the Bonds.

## **7. Instructions regarding payments**

7.1 The principal and interest payments will be done by checks or bank transfer to the credit of the Entitled Person's bank account. If an Entitled Person does not provide the Bank, ahead of time, with written details regarding the bank account thereof to which payments according to the Bonds should be transferred, then any such payment will be done by check sent by registered mail to the last address thereof registered in the registry of bondholders. Dispatch of a check to an Entitled Person by registered mail as aforesaid will be considered, for all purposes, as payment of the amount specified therein on the date of dispatch thereof by mail, provided it is cashed upon its due submission for collection.

7.2 Payment to Entitled Persons by bank transfer may be done to the credit of a bank account details of which have been provided to the Bank by written notice sent by registered mail; this notice will bind the Bank only as to payments the due date of which is more than thirty days following the date on which the notice arrived at the Bank's registered office.

## **8. Early redemption of the Bonds**

In case it is decided by the Exchange to delist the Bonds from trading since the value of the Bond Series is lower than the amount set forth in the Exchange's instructions regarding delisting of bonds from trading, the Bank will not perform early redemption.

It is clarified that in any case the Bank will not be entitled to perform early redemption of bonds at its initiative.

## Second Schedule of the Trust Deed – Assembly of Bondholders

The following provisions will apply to assemblies of bondholders, subject to the provisions of law:

1. The Trustee will convene an assembly of holders at the request of one or more holder holding at least 5% of the balance of nominal value of the bonds. Also, the Trustee or Bank are entitled, if they so deem proper, to convene the Bondholders to an assembly of the Bondholders. If the Bank convenes such assembly, it must send written notice to the Trustee regarding the location, date and time of the assembly, as well as matters on its agenda, and the Trustee or representative thereof will be entitled to participate at such assembly without having the right to vote. In case the persons that request convention of the assembly are bondholders, the Trustee will be entitled to demand indemnify for the reasonable expenses involved therein.

It is clarified that the indemnity demand by the Trustee will not compromise the summoning of an assembly summoned for taking action intended to prevent damage to the rights of the Bondholders, and such indemnity demand will not derogate from the Bank's obligation to bear expenses involved in convention of the assembly.

A trustee required to convene an assembly of holders by holders as aforesaid will summon the assembly within 21 days following the demand, for a date set forth in the invitation, provided the convention date is not earlier than 7 days and not later than 21 days following the invitation; however, the Trustee may advance the convention of the assembly to at least one day following the invitation, if convinced the same is necessary for protection of the holders' rights.

2. Every assembly of the Bondholders will be held in Israel, at the Bank's registered office or other location as advised by the Bank and/or the Trustee, and the Bank will bear reasonable costs of the alternative location.
3. Invitation of an assembly on behalf of the Trustee for consultation only with the Bondholders will be publicized at least one day before the convention thereof ("**Consultation Assembly**"). No agenda will be publicized for a Consultation Assembly and no decisions will be made thereat.
4. The Registration Company will not exercise the voting rights for the bonds registered in its name in the registry of the Bondholders, and these voting rights are provided to the holder or behalf thereof, provided the holder received a power of attorney from the Registration Company for voting.
5. No resolution duly adopted at an assembly convened as aforesaid will be disqualified even if, due to error, no notice was provided regarding the same to all Bondholders, or such notice was not received by all Bondholders. This Section will apply if the invitation to the assembly (or the adjourned assembly, as the case may be) was also transmitted through the Magna System.
6. Any notice on behalf of the Bank and/or the Trustee to the Bondholders will be provided according to Section 24 of the Trust Deed.
7. The assembly of bondholders will be opened after it is proven that there is presence of the legal quorum required for beginning of discussion, as follows:
  - 7.1 Subject to the Securities Law and other provisions regarding quorum as set forth in the Trust Deed, legal quorum at any assembly will be established upon presence of at least two (2) bondholders, present personally or by proxy, jointly holding or representing at least 25% of the outstanding balance of the nominal value of the Bonds in cycle at such time; and at an adjourned assembly – upon presence of two (2) such holders regardless of the nominal value held thereby.
  - 7.2 At an assembly convened for adoption of an extraordinary resolution, quorum will be established upon presence of Bondholders, present personally or by proxy, jointly holding or representing at least 50% of the outstanding balance of the nominal value of the Bonds in cycle at such time; and at an adjourned assembly – upon presence of such holders of at least 20% of the nominal value of such balance.
8. Assemblies convened for adoption of a resolution on call for immediate repayment will be subject to Section 7 of the Trust Deed.

9. A holder that is controlling shareholder of the Bank, family member or corporation controlled by any thereof ("**Affiliated Holder**") will be disregarded for purposes of determining the legal quorum as an assembly and the votes thereof will not be included in the count of votes at such assembly.
10. If, within thirty minutes after the time set for beginning of the assembly, there is no legal quorum, the assembly will be postponed to another date not earlier than two business days after the determining date set for the original assembly or one business day, if the Trustee is convinced the same is required for protection of the holders' rights; if the assembly is adjourned, the Trustee will provide reasons for the same in the report on convention of the assembly, and may do so in the notice on convention of the original assembly.
11. If, within thirty minutes after the time set for the adjourned assembly pursuant to Section 10 above, there is no legal quorum, then the assembly will be held with any number of participants, unless otherwise required by the Securities Law.
12. According to decision of the Trustee or decision by regular majority of the voters at an assembly having legal quorum, the continuation of the assembly ("**the Original Assembly**"), the discussion or adoption of resolution on an issue specified in the agenda will be postponed from time to time, to another date and location as determined by the Trustee or the assembly ("**Continuation Assembly**"). At a Continuation Assembly, only issues on the agenda and not decided upon shall be discussed.
13. The Trustee may declare that the original and/or continuation assembly be split into class assemblies for discussion. Determination of the classes will be decided exclusively by the Trustee.
14. If an assembly of holders is postponed without changing its agenda, invitations will be provided regarding the new date for the continuation assembly, as early as possible, and no later than 12 hours before the continuation assembly; such invitations will be provided according to Section 24 of the Trust Deed.
15. A person or persons appointed by the Trustee, the Bank and any other person/s authorized by the Bank will be entitled to be present at assemblies of the Bondholders without the right to vote. In case the Trustee is convinced that part of the assembly requires discussion without the presence of the Bank's representatives, then the Bank or persons on its behalf will not participate thereat, notwithstanding this Section 15. The Bank may, in any case participate in the opening of the assembly in order to express its position regarding any issue on the agenda of the assembly and/or present a certain issue (as the case may be).
16. Every resolution will be adopted by count of votes.
17. At every assembly of holders, the Trustee or person appointed thereby will serve as the chairperson of such assembly. The chairperson of the assembly may determine that voting will be by way of voting papers or voting during the assembly. In case the chairperson determines that voting is by way of voting paper, the Trustee will ensure that the format of the voting paper is publicized on Magna and will determine the date for closing the voting by which the holders must send to the Trustee the complete and duly signed voting paper. The Trustee may demand from a holder to declare, as part of the voting paper, existence or absence of a conflicting interest thereof. A holder that does not complete the voting paper and/or does not prove the entitlement thereof to participate and vote at an assembly according to instructions and dates set by the assembly chairperson will be considered as not having submitted a voting paper, and thus as having elected not to vote on the issue/s in the voting paper. Accordingly, the Trustee will be entitled, according to the discretion thereof and subject to any law, to hold assemblies through voting papers and without convention, and to hold voting by way of voting papers at an adjourned assembly not having presence of legal quorum required for adopting a decision, provided the Trustee received, by the date set forth in the notice on convention of the assembly or the voting, as the case may be, voting papers from holders constituting legal quorum required for adoption of the resolution at the original assembly or adjourned assembly, as the case may be.
18. Once an assembly of the Bondholders is convened (whether by the Bank, holders or the Trustee), the Trustee will examine the existence of conflict of interest at the Bondholders, between a matter deriving from their holdings and another matter thereof, as determined by the Trustee ("**Another Matter**"). The

Trustee may demand from a holder that participates at an assembly to advise the Trustee, before the voting, of any other matter thereof and whether such conflict of interests exists.

Without derogating from the generality of the aforesaid, any of the following will be considered as having a conflicting interest:

- 18.1 A holder that is a controlled corporation (as defined in Section 6.3 of the Trust Deed);
  - 18.2 A holder that served as an officer at the company close to the date of the event on which the resolution of the assembly is based;
  - 18.3 Any holder regarding which the Trustee set forth has a "conflicting interest" according to the aforesaid, subject to any law and/or instruction of a competent authority, including: any holder that declares in writing towards the Trustee of any material personal interest that deviates from the interest of all bondholders at the relevant assembly of bondholders. A holder that does not submit a written declaration after requested to do so by the Trustee will be considered as having declared having such interest, and the relevant Trustee will determine that such holder has a conflicting interest. Without derogating from this Section 18, the Trustee will examine whether a holder has "conflicting interest" also considering the holdings thereof in other securities of the company and/or securities of any other corporation relevant to the decision submitted to the assembly for approval (as specified in the voting paper), according to the declaration of such holder.
19. It is clarified that examination of the conflict of interests as aforesaid, if required in the Trustee's opinion, will be performed separately for each decision on the agenda of the assembly, and for each assembly separately. It is also clarified that declaration regarding a holder as having another interest in any decision or assembly, in itself, will not indicate another interest of such holder in another resolution on the agenda of the assembly or any other interest at other assemblies.
  20. For examination of such conflict of interests, the Trustee may rely on legal opinion ordered thereby and the provisions of the Trust Deed regarding bearing costs will apply thereto.
  21. Upon counting the votes at a voting conducted at an assembly of holders, the Trustee will not consider the votes of holders that did not respond to the demand thereof as aforesaid in Section 18 or holders regarding which the Trustee found conflict of interests pursuant to such Section. Nevertheless, if the total holdings of participants in the voting that do not have conflicting interest is less than 5% of the balance of nominal value of the bonds of the relevant series, then the Trustee will consider, upon counting the votes at the voting, the votes of the holders having a conflicting interest as well.
  22. At a voting, each holder, present personally or by proxy, will have one vote for each par value of NIS 1 of the total nominal unpaid principal of the Bonds pursuant to which such person is entitled to vote.
  23. In case of joint bondholders, only the vote of the person named first in the registry will be accepted.
  24. A bondholder may vote for part of the votes thereof in favor of a proposal, against a proposal for another part, and to abstain for yet another part, all as deemed proper thereby.
  25. In assembly resolutions, regarding abstaining votes, there shall be no distinction between persons having "conflicting interests" and persons that do not have such interest.
  26. A letter of appointment appointing a proxy will be in writing and signed by the appointer or attorney thereof having written authorization to do so. If the appointer is a corporation, the appointment will be in writing and stamped with the corporation's seal, along with signature of the corporation's authorized signatories, and the appointee will be entitled to act on behalf of the corporation represented thereby.
  27. A letter of appointment of a proxy will be prepared in any format acceptable by the Trustee.
  28. A proxy need not be a bondholder.
  29. A letter of appointment and power of attorney or other certificate according to which the letter of appointment was signed or approved copy of such power of attorney will be submitted to the Trustee by the commencement of the assembly, unless otherwise specified in the invitation notice regarding the assembly.
  30. Voting done according to the terms in the appointing document will be valid even if prior thereto the supervisor died or was declared as incompetent or if the letter of appointment was cancelled or the bond regarding which the vote had been provided was transferred, unless written notice regarding the death,

incompetency decisions, cancelation or transfer as aforesaid, as the case may be, is received at the Bank's registered office before the assembly.

31. A vote given and/or voting done according to the terms of the document appointing a proxy will be valid even if: (1) prior thereto, the appointer died or was declared as incompetent; (2) the letter of appointment was cancelled after the voting; or (3) after the voting, the bond regarding which the vote had been provided was transferred, unless before the assembly or the voting, written notice regarding the death, incompetency decisions, cancelation or transfer as aforesaid is received at the Bank's registered office or another address provided by the Bank or the Trustee.
32. The Trustee will prepare a protocol of the assembly of bondholders that is recorded in the registry of protocols and retained at the registered office of the Trustee for a period of seven years following the assembly. Any such protocol will be signed by the assembly chairperson and any such signed protocol will serve as *prima facie* evidence of its content, and as long as not otherwise proven, any decision adopted at such assembly will be considered as having been duly adopted. The Trustee will be entitled to prepare a protocol for an assembly or part thereof by way of recording.
33. The registry of protocols of the bondholder assemblies will be retained at the Trustee's office and will be open to review by the bondholders.
34. Declaration by the assembly chairperson as to adoption or rejection of a resolution and registration in this respect in the registry of protocols will serve as *prima facie* evidence of such fact.

**Summary of Issuance Conditions**

Further to the draft trust deed for the Bonds (Series 177) (hereinafter: "**the Bonds**"), publicized by Bank Leumi le-Israel Ltd. (hereinafter: "**the Bank**" or "**the Company**") in the immediate report dated [•] June 2015 (hereinafter: "**the Trust Deed**"), below is a summary of the issuance conditions:

**General**

- A. Issuance of the Bonds by the Bank will be done, if at all, according to a shelf offer report publicized by the Bank according to the Bank's shelf prospectus dated May 28, 2015 (hereinafter: "**the Prospectus**"). It is emphasized that there may be changes in the format of the Trust Deed and that the binding version will be the final version of the Trust Deed enclosed to such shelf offer report.
- B. It is emphasized that as of the date of this document, there is no certainty regarding performance of the issuance, its timing, scope and final conditions, and the latter are subject, *inter alia*, to receipt of all approvals required by law, including decision by the Bank's Board and receipt of approval from the Tel Aviv Stock Exchange Ltd. (hereinafter: "**the Exchange**") for listing of the Bonds for trading, and suitable market conditions. This document does not constitute an offer and/or invitation to the public to purchase the Bank's securities.
- C. This document describes, briefly and generally only, part of the conditions of the issuance documents of the Bonds. It does not exhaust and does not replace reading the entire binding documents.
- D. In case of discrepancy between the provisions of the Trust Deed and this document, the Trust Deed will prevail.
- E. In this document, the term "**the Circular**" means Institutional Bodies Circular 2010-9-3 regarding instructions on investment by institutional bodies in non-governmental bonds (as updated, and including any clarification thereto).

**Status of the Bonds**

- The Bonds are guaranteed through collateral.  
Brief description of the collateral: \_\_\_\_\_.
- In case there is a scale of "preference" between series:
  - The Bonds include provisions that provide them with preferred status over other bond series of the Company:  
Preferred over: \_\_\_\_\_.  
Summary of preference provisions: \_\_\_\_\_.
  - The Bonds include provisions that provide them with inferior status over other bond series of the Company: \_\_\_\_\_  
Inferior in relation to: \_\_\_\_\_.  
Summary of inferiority provisions: \_\_\_\_\_.
- The Bonds are not guaranteed and their conditions do not include instructions creating "preference" scale between series.

**Listing for trading**

- There is an explicit determination regarding listing of the Bonds for trading on the Exchange or trading system for institutional bodies operated by the Exchange ("**Tact Institutional**"). [Section 2 of the Trust Deed]

### **Limitations on "diluting" actions**

- There are limitations on taking additional financial debt: \_\_\_\_\_.
- There is an obligation on non-formation of pledges ("negative pledge"): debt: \_\_\_\_\_.

### **Financial standards**

- There are obligations as to fulfillment of financial standards: \_\_\_\_\_.

### **Limitations on "distribution"**

- There is an explicit determination whether there are limitations on the Company regarding distribution of dividend or self-purchase of shares. [Section 15.7 of the Trust Deed]
- There are limitations on "distribution":
- There are limitations on repayment of shareholder loans: \_\_\_\_\_.

### **Limitations on "transactions with controlling shareholders"**

- There are limitations on transactions with controlling shareholders: \_\_\_\_\_.

### **Structural changes**

- There are limitations on structural change: \_\_\_\_\_.
- There are limitations on merger and acquisition transactions: see "causes for call to immediate repayment" table [Section 7.1.11 of the Trust Deed]

### **Rating**

- The Bonds are rated:
- On June 21, 2015, "Midroog" announced Aaa rating (stable) for Bonds (Series 177-179) in the amount of up to 2,500 million NIS par value to be issued by the Bank.
  - On June 21, 2015, "Maalot S&P" announced ilAA rating (stable) for Bonds (Series 177-179) in the amount of up to 2,500 million NIS par value to be issued by the Bank.
- There is an obligation to maintain continuity of rating.
- Comments: \_\_\_\_\_
- There are provisions for adjustment of the bond terms in case the rating is decreased: \_\_\_\_\_.
- There is an explicit determination whether the Company undertakes not to replace a rating company and in case of change, it undertakes to publicize the reasons for the change. Comment: The Bank does not undertake that it will not replace a rating company along the lifecycle of the Bonds. If the Bank replaces the rating company, including in case there is more than one rating company, the Bank will publicize, by immediate report, the reasons and grounds for such replacement. [Section 15.8 of the Trusts Deed]



## Causes for call for immediate repayment

<b>The cause</b>	<b>Exists (section no.) / does not exist</b>	<b>Comments</b>
Non-payment	<u>Exists</u> [Section 7.1.6 of the Trust Deed]	Cure period of 14 days is provided.
Material breach or breach of material obligations	<u>Exists</u> [Sections 7.1.5 and 7.1.6 of the Trust Deed]	Cure period of 14 days is provided.
Misrepresentations	<u>Does not exist</u>	
Breach of specific obligations – limitations on raising additional debt, including limitations on expansion of series	<u>Does not exist</u>	
Breach of specific obligation – non-formation of pledges (negative pledge)	<u>Does not exist</u>	
Breach of specific obligation – limitations on distribution	<u>Does not exist</u>	
Breach of specific obligation – limitations on transactions with controlling shareholders	<u>Does not exist</u>	
Breach of specific obligation – non-publication of financial statements on time	<u>Exists</u> [Section 7.1.7 of the Trust Deed]	Cure period of 30 days is provided.
Breach of specific obligation – the financial standards	<u>Does not exist</u>	
Liquidation decision, permanent and final liquidation order	<u>Exists</u> [Section 7.1.1 of the Trust Deed]	Cure period of 30 days is provided, except in case a permanent and final liquidation order is given by the court, in which case there shall be no cure period.
Temporary liquidation order, appointment of temporary liquidator or any similar judicial decision	<u>Exists</u> [Section 7.1.1 of the Trust Deed]	Cure period of 30 days is provided.
Imposition of attachment or performance of execution action	<u>Exists</u> [Section 7.1.3 of the Trust Deed]	Attachment or execution proceeding over material assets only. Cure period of 30 days is provided.
Applications for receivership or appointment of temporary receiver, order for appointment of permanent receiver	<u>Exists</u> [Section 7.1.2 of the Trust Deed]	If temporary and/or permanent receiver is appointed for the Bank and/or all or material part of its assets, and the appointment is not cancelled within 30 days, except in cases a permanent receiver is appointed, in which case there shall be no cure period.
Stay of proceedings application; stay of proceedings order; the Company's application for compromise or arrangement with its creditors according to Section 350 of the Companies	<u>Exists</u> [Section 7.1.10 of the Trust Deed]	Except for the purpose of merger with another company and/or change of the Bank's structure, including split-up and except performance of arrangements between the Bank and its

Law		shareholders that do not affect the ability to repay the Bonds.
The Company ceased or announced its intention to cease business; the Company ceased or announced its intention to cease its payments	<u>Exists</u> [Section 7.1.9 of the Trust Deed]	Exists only in relation to the Bank's notice to cease its payments. No reference to the Bank's intention to cease business.
Material adverse change has occurred in the Company's business and there is tangible concern that the Company will not be able to repay its debts to the Bondholders	<u>Does not exist</u>	
Tangible concern that the Company will not be able to meet its material obligations to the Bondholders	<u>Does not exist</u>	
Suspension or delisting from trading on the Exchange	<u>Exists</u> [Section 7.1.12 of the Trust Deed]	In case of suspension for a period over 60 days, and except suspension due to formation of ambiguity (as this cause is defined in the fourth part of the Exchange regulations).
Cross default/cross acceleration: cross default (in cases of non-payment of other debts or call to immediate repayment of other debts)	<u>Does not exist</u>	
Cessation of rating	<u>Does not exist</u>	
Lowering of rating	<u>Does not exist</u>	
Change of control	<u>Does not exist</u>	
Breach of obligations regarding structural changes, mergers and acquisitions	<u>Exists</u> [Section 7.1.11 of the Trust Deed]	

### **Urgent representation**

- There are provisions regarding appointment of urgent representation. Comments:  
\_\_\_\_\_.

### **Applicable law and jurisdiction**

- The applicable law has been determined: Israeli law. [Section 34 of the Trust Deed]  
 The jurisdiction has been determined: the competent court in Tel Aviv - Jaffa. [Section 34 of the Trust Deed]

### **Linkage of the Bonds**

The Bonds are linked (principal and interest) to the Consumer Price Index, according to the Basic Index (the index publicized on 15 [●] 2015 for the month of [●] 2015). It is clarified that the Bonds are linked (principal and interest) to the Consumer Price Index, according to the Basic Index, as follows: if at the time of any principal payment, the Payment Index is higher than the Basic Index, the Bank will perform the principal or

interest payment, increased relatively to the increase of the Payment Index in relation to the Basic Index. If the Payment Index is lower than the Basic Index, the Bank will perform the principal or interest payment, decreased relatively to the decrease of the Payment Index in relation to the Basic Index. It is noted that the method for linkage will not change along the lifecycle of the Bonds.

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**Bank Leumi le-Israel Ltd.**

**Bank Leumi le-Israel**  
**Trust Deed for Bonds (Series 178)**

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## **Trust Deed for Bonds (Series 178)**

Made in Tel Aviv - Jaffa on June [●], 2015

### **Between**

**Bank Leumi le-Israel, public company 52-001807-8**

Of 34 Yehuda Halevi Street, Tel Aviv 6513616

(hereinafter: "**the Bank**")

**Of the first part;**

### **And**

**Reznik Paz Nevo Trusts Ltd., private company 51-368347-4**

Of 14 Yad Harutzim Street, Tel Aviv

(hereinafter: "**the Trustee**")

**Of the second part;**

**Whereas:** The Bank publicized a shelf prospectus dated May 28, 2015, pursuant to which the Bank can offer to the public and issue, *inter alia*, series of bonds, through shelf offer reports, according to the provisions of the Securities Law, 5728-1968, according to the regulations and guidelines of the Stock Exchange and subject to the provisions of any law, as in effect at such time;

**And whereas:** The Trustee warrants that it is a company limited by shares that was incorporated in Israel according to the Companies Law, 5759-1999, and its main objective is engagement in trust and additional actions usually performed by a trust company and that it meets all qualifications for a trustee of debentures according to the Securities Law, 5728-1968;

**And whereas:** The Bank applied to the Trustee and requested that it serves as trustee for the bondholders (series 178) to be issued by the Bank according to the manner and conditions set forth in this trust deed, and the Trustee agreed to sign this trust deeds and act as trustee for the bondholders (series 178);

**And whereas:** The Trustee warrants that there is no prevention according to the Securities Law or any other law upon its engagement with the Bank according to this trust deed;

**And whereas:** The Trustee has no material interest in the Bank and the Bank has no material interest in the Trustee;

**And whereas:** The Bank warrants that there is no prevention according to any law and/or agreement upon the Trustee's engagement according to this trust deeds and issuance of the bonds;

**Therefore, it has been agreed, warranted and conditioned by the parties as follows:**

### **36. Interpretation and definitions**

36.1 The recitals of this trust deed and its appendices constitute an integral part thereof.

- 36.2 Division of this trust deed into sections, and provision of captions to the sections, were done for purposes of convenience and as references only, and may not be used for interpretation.
- 36.3 Every term or expression in this trust deed and its appendices will have the meaning provided in this Deed, unless otherwise explicitly defined in the relevant appendix.
- 36.4 In this Deed, "subject to any law" (or similar expression) shall mean subject to any law that cannot be conditioned upon, and in this Deed, "notwithstanding any law" (or similar expression) shall mean any law except law that cannot be conditioned upon.
- 36.5 Any use in this trust deed of the plural form denotes the singular form as well, and vice versa, and any use in this trust deed of masculine form denotes the feminine form as well, and vice versa, provided there is no other provision, explicit or implicit, in this Deed, and provided the content or context of matters does not warrant otherwise.
- 36.6 In this trust deed and in the Bonds, the following expressions will have the meaning alongside the same, unless another intent is warranted by the context or content of the matters, or if otherwise explicitly specified in this Deed:

<b>"Prospectus" or "Shelf Prospectus"</b>	The Bank's shelf prospectus that bears the date May 28, 2015;
<b>"Shelf Offer Report" or "Offer Report"</b>	Shelf offer report to be publicized according to the shelf prospectus, according to the provisions of the Securities Law, pursuant to which the Bonds will be offered to the public and that includes all specific details of the Bonds offering;
<b>"The Bonds (Series 178)"</b>	Registered bonds (Series 178), to be issued by the Bank according to the manner and conditions specified in this Deed;
<b>"The Bonds"</b>	The Bonds (Series 178);
<b>"Bond Certificate"</b>	The bond certificate the format of which appears in the First Schedule of this Deed, including the conditions overleaf that are enclosed to the certificate;
<b>"Bondholders"</b>	The persons named at the relevant time in the Registry, and in case of several joint holders, the first joint holder that is registered in the Registry;
<b>"The Trustee"</b>	Reznik Paz Nevo Trusts Ltd. or any trust that replaces the same according to the terms of the trust deed for the Bonds and the provisions of the law;
<b>"Registry"</b>	The registry of Bondholders pursuant to Section 25 of this Deed;
<b>"The Trust Deed" or "this Deed"</b>	This trust deed, including the schedules enclosed thereto and that constitute an integral part thereof;
<b>"Securities Law" or "the Law"</b>	Securities Law, 5728-1968, and the regulations thereof, as in effect from time to time;
<b>"The Stock Exchange"</b>	The Tel Aviv Stock Exchange Ltd.;
<b>"The Bonds Principal"</b>	The total nominal value of the Bonds;
<b>"Business Day"</b>	Any day on which most banks in Israel are open for effecting transactions;
<b>"Trading Day"</b>	Any day on which securities are traded on the Exchange;
<b>"Extraordinary Resolution"</b>	A resolution adopted at the bondholders assembly at which there was presence, whether personally or by proxy, of holders of at least fifty percent (50%) of the balance of nominal value of the Bonds in cycle as of

the determining date for the assembly, or at an adjourned assembly of this assembly, assembly at which there was presence, whether personally or by proxy, of holders of at least twenty percent (20%) of such balance, and that was adopted (whether at the original assembly or the adjourned assembly) by a majority of holders of at least three-quarters (75%) of the nominal value of the bonds represented in the voting, excluding the abstainers.

### **37. Issuance of the Bonds**

The Bank will be entitled to issue, according to this trust deed, Bonds (Series 178), at regular repayment rank, equal to the repayment rank of all public deposits deposited with the Bank from time to time, at a maximal amount of [●] billion NIS.

The terms of the Bonds will be as specified in the Bonds Certificate and the conditions overleaf, as enclosed to this Deed.

Subject to all terms for listing for trading on the Exchange, upon completion of the issuance, the Bonds will be listed for trading on the Exchange.

The trust for the Bondholders and the roles of the Trustee according to the terms of this Deed will become effective upon allocation of the Bonds by the Bank.

### **38. Appointment of the Trustee, obligations and role thereof**

38.1 The Bank hereby appoints Reznik Paz Nevo Trusts Ltd. as the trustee for the Bondholders, according to Section 35B of the Securities Law (hereinafter: "**the First Trustee**"). The appointment period of the First Trustee will be until the date of convention of the bondholders assembly to be convened by the First Trustee no later than 14 days following the date of submission of the second annual report regarding the trust matters, according to Section 35H1(A) of the Securities Law (hereinafter: "**the First Appointment Assembly**"). If the First Appointment Assembly approves, by regular majority, the continued term of the First Trustee, then the latter will continue serving as trustee until the end of the additional appointment period as set forth in the decision of the First Appointment Assembly (which may be until the date of final repayment of the Bonds).

38.2 If the First Appointment Assembly and/or any assembly thereafter limits the additional appointment period of the Trustee, then the appointment period thereof will conclude according to the bondholders' decision regarding continued term thereof and/or appointment of another trustee in lieu thereof.

38.3 If the Trustee is replaced by another trustee, then the other trustee will be the trustee for the Bondholders pursuant to the provisions of Chapter E1 of the Securities Law, including for persons entitled to payments by virtue of the Bonds that were not paid after the due date thereof.

38.4 The obligations of the Trustee, the authorities thereof and the manner of fulfillment of the position thereof will be according to this Deed and subject to the provisions of any law.

### **39. The Bank's Obligations**

39.1 The Bank undertakes, towards the Trustee, to pay all amounts of principal, interest and linkage differentials that must be paid according to the terms of the Bonds, and to fulfill all other conditions and commitments imposed thereupon according to the Bonds and according to this Deed.

39.2 Issuance of the Bonds and engagement in the Trust Deed were approved by the Bank as required according to any law and in accordance with its documents of incorporation.

39.3 The Bank has not engaged in another agreement or made another commitment in contradiction to its commitments according to this Deed.

39.4 As of the date of this Deed, no application for appointment of receiver and/or liquidator has been submitted against it and/or by it, and no order has been rendered regarding these matters and, to the best knowledge of the Bank, no application for such appointment or order is about to be submitted.

39.5 Its registered and issued capital is as specified in the Prospectus.

#### **40. Absence of collateral for the Bonds; Issuance of additional bonds**

40.1 The Bonds are not guaranteed with any collateral (as this term is defined in the Securities Law).

40.2 The Bank will be entitled to pledge and transfer its property and perform transactions therewith as it deems proper and without any limitation as to amount or otherwise.

40.3 The Bank reserves the right to undertake, at any time, additional obligations of any kind, as the Bank deems proper, including obligations the repayment level of which is preferred and/or equal and/or inferior to that of the Bonds, without receiving the Trustee's consent for performance of such actions.

40.4 Without derogating from the generality of the aforesaid, subject to the provisions of any law, the Bank reserves the right to issue, at any time, additional series of the Bonds, according to conditions as the Bank deems proper (whether by private placement, as part of the Shelf Prospectus or otherwise), including bonds to be offered according to the Prospectus pursuant to other conditions as the Bank deems proper, including bonds the repayment level of which is preferred and/or equal and/or inferior to that of the Bonds (Series 178), as well as to expand, from time to time, any of the aforesaid bond series, without being required to receive the approval of the Trustee and/or the Bondholders.

40.5 In addition to the aforesaid, the Bank reserves the right, subject to the provisions of law, without being required to receive the approval of the Trustee and/or the Bondholders, to expand, at any time, the Bonds (Series 178) and to offer, by private placement or placements, or according to an additional offer report or additional offer reports, or according to a prospectus or prospectuses, as the case may be and according to its discretion, additional bonds of Series 178 (hereinafter: "**the Additional Bonds**"). The Trustee undertakes to serve as trustee for holders of the Additional Bonds as well, if issued, and the provisions of the Trust Deed will also apply to the Additional Bonds issued as aforesaid. The Bank reserves the right to issue the Additional Bonds according to their nominal value, for premium or discount, according to its discretion. The Bank will apply to the Tel Aviv Stock Exchange Ltd. and request to list the Additional Bonds, when offered.

40.6 For removal of doubt, it is clarified that the Trustee is not obligated to examine, and in practice the Trustee has not examined, the need for providing collateral for securing the payments to the Bondholders. By engaging in this Trust Deed, and by the Trustee's consent to serve as the trustee for the Bondholders, the Trustee is not providing the opinion thereof, whether explicitly or implicitly, as to the Bank's ability to meet its obligations towards the Bondholders.

40.7 It is also clarified that the Trustee's execution of the Trust Deed does not constitute an expression of opinion on the behalf thereof as to the nature of the offered securities or the feasibility of investment therein.

#### **41. Purchase of bonds by the Bank and/or by affiliated holder**

41.1 Subject to the provisions of any law, the Bank (including companies under its control) reserves the right to purchase the Bonds, at any time, on the free market and for any price as it deems proper, without compromising the obligation to repay the Bonds still in cycle. In case of such purchase, the Bank will provide notice of the same through an immediate report, a copy of which will be sent to the Trustee.



41.2 As to the Bonds purchased directly by the Bank, the Bank will provide notice through an immediate report to the Securities Authority and the Stock Exchange, with a copy to the Trustee, regarding purchase thereof, and they will be canceled and delisted from trading on the Exchange, and the Bank will not be entitled to re-issue the same. In case the Bonds are purchased during the trading on the Exchange, the Bank will apply to the Exchange clearing house and request to withdraw the same.

41.3 The Bonds purchased, if purchased, by a corporation controlled by the Bank (hereinafter: "**Controlled Corporation**") will be considered as an asset of the Controlled Corporation, will not be cancelled and will not be delisted from trading on the Exchange unless subject to the Exchange rules, and they may be transferred as the other bonds (subject to the provisions of the Trust Deed and the bond). Regarding participation of such Controlled Corporation in assemblies of the Bondholders, the provisions of the Second Schedule of the Trust Deed will apply. The Bank will submit an immediate report, with a copy to the Trustee, regarding any purchase by such Controlled Corporation.

## **42. Right to immediate repayment of the Bonds**

42.1 Subject to Section 7.2 below, the Trustee, as well as the Bondholders, will be entitled to call immediate repayment of the amount payable to the holders according to the Bonds, only upon occurrence of one or more of the events specified below:

42.1.1 If a temporary or permanent liquidator has been appointed for the Bank by a court, or if an order is rendered by court or valid decision is made to liquidate the Bank (except liquidation for purposes of merger with another company) and such appointment or decision are not cancelled within 30 business days after being rendered, except in case a permanent and final liquidation order has been rendered by the court, in which case no cure period will apply.

42.1.2 If a temporary and/or permanent receiver has been appointed for the Bank and/or all or a material part of its assets, and the appointment is not cancelled within 30 days, except in case a permanent receiver is appointed, in which case no cure period will apply.

42.1.3 If attachment is imposed upon material assets of the Bank or an execution action is undertaken against all or any of the same, and the attachment is not removed and the action is not cancelled within 30 banking business days, and the Trustee considers the same as endangering such collateral.

42.1.4 If the Bank is removed from the Companies Registrar records.

42.1.5 If material breach of the terms of the Bonds and/or the Trust Deed is performed, and the Bank does not cure such breach within 14 days following the date of receipt of the notice from the Trustee regarding the breach.

42.1.6 The Bonds have not been repaid on time or another material obligation provided to the benefit of the holders has not been fulfilled, and the Bank has not cured this breach within 14 days following the date of receipt of the notice from the Trustee regarding the breach.

42.1.7 The Bank has not publicized a financial report it is obligated to publicize according to any law, within 30 days following the deadline for publication thereof.

42.1.8 The Bonds have been delisted from trading on the Exchange.

42.1.9 The Bank has ceased or announced its intention to cease its payments.

42.1.10A stay of proceedings order has been provided to the Bank or an application has been submitted by the Bank to perform an arrangement with its creditors according to Section 350 of the Companies Law (except for the purpose of merger with another company and subject to Section 7.1.11 below and/or change of the Bank's structure, including split-up and except performance of arrangements between the Bank and its shareholders that do not affect the ability to repay the Bonds).

42.1.11 If a merger has been performed by the Bank without first receiving the approval of the Bondholders, unless the Bank or the acquiror company, as the case may be, declared towards

the Bondholders, including through the Trustee, at least ten business days before the merger date, that there is no reasonable concern that due to the merger the Bank or the acquiror company, as the case may be, will not be able to fulfill the obligations towards the holders.

42.1.12 If the Bonds were listed for trading on the Exchange, and the Exchange suspended trading in the Bonds for a period exceeding 60 days, except suspension due to formation of ambiguity, as this cause is defined in the fourth part of the Exchange regulations.

42.2 Upon occurrence of any of the events in Section 7.1 of this Deed:

42.2.1 Before the Trustee exercises the authority thereof to call immediate repayment pursuant to the Trust Deed, the Trustee will be entitled to convene an assembly of the Bondholders and receive its instructions.

42.2.2 The decision of the holders to call immediate repayment as aforesaid will be adopted at an assembly of the holders having presence of at least fifty percent of the balance of the nominal value of the Bonds, by regular majority of the holders, or such majority at an adjourned assembly of the holders having presence of at least twenty percent of such balance.

42.2.3 In case that by the date for convention of the assembly, any of the events specified in Section 7.1 of this Deed above has not been cancelled or removed, and the resolution at the assembly of Bondholders as aforesaid has been adopted according to Section 7.2.2 above, the Trustee will be obligated, within a reasonable time, to call immediate repayment of the entire unpaid balance of the Bonds.

42.2.4 If any sub-section in Section 7.1 above sets forth a reasonable period during which the Bank is entitled to perform an action or adopt a resolution as a result of which the cause for immediate repayment is abolished, then the Trustee or the holders may call immediate repayment of the Bonds pursuant to Section 7 only if such period has elapsed and the cause has not been abolished; however, the Trustee is entitled to shorten the period set forth in the Trust Deed if convinced that it may materially compromise the rights of the holders.

42.3 Notwithstanding Section 7.1 above, and without derogating from the provisions of Section 7.2.4 above, the Trustee or the Bondholders will not call immediate repayment of the Bonds even upon occurrence of one or more of the events specified in Section 7.1 above unless having provided the Bank with a notice regarding their intention to do so, though the Trustee or the holders will not be obligated to provide the Bank with such notice even there is reasonable concern that provision of the notice will compromise the possibility to call immediate repayment of the Bonds.

42.4 It is clarified, for removal of doubt, that call for immediate repayment according to this Section above will not derogate and/or compromise any remedy and/or right of the Bondholders according to any law and/or provision of the Trust Deed.

42.5 This Trust Deed is intended for bonds that are not a capital instrument issued by a banking corporation, as specified in the Third Schedule A1 of the Securities Law, and thus the provisions of sub-Section (A)(1) of Section 35II of the Securities Law will not apply thereto.

#### **43. Claims and proceedings by the Trustee**

43.1 Without derogating from any other provision, and subject to Section 7.2 above, the Trustee will be entitled, according to the discretion thereof, and will be obligated, through resolution by regular majority adopted at the assembly of the holders of Bonds in cycle, after provision of additional written notice to the Bank, at least 7 days in advance, to exercise the legal proceedings as deemed proper thereby for realization of the rights of the Bondholders, protection of their rights and enforcement of the execution of any other obligation of the Bank. Nevertheless, the Trustee will have the right to shorten the periods if convinced that any postponement in calling repayment of the Bank's debt endangers the rights of the Bondholders. The Trustee will be entitled to initiate legal and/or other proceedings even if the Bonds have not been to immediate repayment, in order to protect the rights of the Bondholders and subject to any law.

- 43.2 For removal of doubt, it is clarified that none of the provisions specified in this Section 8 may compromise and/or derogate from the Trustee's right that is hereby provided thereto to apply, according to the exclusive discretion thereof and without being required to notify the Bank, to the appropriate court with a request to receive instructions at any matter regarding and/or deriving from this Deed and/or performance of the trust according thereto, at any time and even before the Bonds are called to immediate repayment.
- 43.3 The Trustee is entitled, though not obligated, to convene a general assembly of the Bondholders at any time, in order to discuss and/or receive its instructions on any matter regarding the Trust Deed, and is entitled to re-convene the assembly.
- 43.4 The Trustee is entitled, according to the exclusive discretion thereof, to suspend the performance of any action thereby according to the Trust Deed, in order to apply to the assembly of Bondholders and/or the court, until receipt of instructions from the assembly of Bondholders and/or instructions from the court as to the manner of action, provided that the same does not compromise the Bondholders. Nevertheless, the Trustee is not entitled to suspend proceeding to call immediate repayment as decided by the assembly of Bondholders. It is clarified that in circumstances in which urgent action of the Trustee is required and non-performance thereof before convention of the assemblies of Bondholders by the Trustee will cause damage and/or material loss to the Bondholders, then the Trustee will not be entitled to avoid taking such urgent action until convention of the assembly of Bondholders.

#### **44. Trust over proceeds**

- 44.1 All proceeds received by the Trustee as a result of proceedings undertaken thereby, if any, against the Bank, will be held thereby in trust and will serve the purposes according to the following order of priorities: first - for discharge of the expenses, the payments, the levies and the obligations incurred by the Trustee, imposed thereupon or caused thereto due to or as a result of the activities for execution of the trust or otherwise in connection with the terms of the Trust Deed, including the wage thereof. The foregoing will be done after the Trustee instructs the Bank in writing to transfer to the Trustee any payment that the Bank owes the Trustee. It is clarified that if the Bank is obligated to bear any of the expenses, including the Trustee's wage, but does not do so, then the Trustee will pursue receipt of such amounts from the Bank, and in case the Trustee succeeds in obtaining the same, they will be held thereby in trust and will serve the purposes according to the order of priorities specified in this Section below. The aforesaid does not exempt the Bank from its obligation to bear the expenses and the wage as aforesaid in case it must do so according to this Deed or according to law and the Trustee will continue with the collection thereof from the Bank. The balance will serve, unless otherwise decided by extraordinary resolution at the assembly of the Bondholders, the purposes according to the following order of priorities: first - for payment to holders that bore payments according to Section 22.2 below, second - in order to pay the Bondholders the interest in arrears payable thereto according to the terms of the Bonds and subject to the linkage terms in the Bonds, *pari passu* and relatively to the amount of interest in arrears payable to each, without preference or priority regarding any thereof; third - in order to pay the Bondholders the interest payable thereto according to the terms of the Bonds and subject to the linkage terms of the Bonds; fourth - in order to pay the Bondholders the principal amounts payable thereto according to the terms of the Bonds held thereof, *pari passu* and subject to the linkage terms of the Bonds, whether or not the time of discharge of the principal amounts has arrived and relatively to the amounts payable thereto, without any preference in connection with the time of issuance of the Bonds by the Bank or otherwise, and the balance, if any, will be paid by the Trustee to the Bank or its substitutes. Payments of the amounts by the Trustee to the Bondholders is subject to the rights of the holders of the Bonds issued by the Bank hitherto, and the rights of holders of the bonds to be issued by the Bank in the future.

44.2 Notwithstanding Section 9.1 above, if the monetary amount obtained as a result of such proceedings that is distributable at any time, pursuant to such Section, is lower than one million NIS, then the Trustee will not be obligated to distribute the same and will be entitled to distribute such amount or, alternatively, to invest such amount, entirely or partially, in investments that are permitted according to the Trust Deed and replace such investments from time to time with other permitted investments, all as the Trustee deems proper, but in case the Trustee will distribute the balance of the monies deposited therewith according to the provisions of Section 9.1 above, upon the earlier of the following dates: (1) the balance of the deposited amount is one million NIS or more; (2) along with the first payments of interest or principal to the Bondholders that is paid after receipt of the final amount received as a result of such proceedings; (3) closely after the end of the subsequent calendar year following the last date on which monies for distribution were received by the Trustee; (4) resolution has been adopted by the assembly of the Bondholders, by regular majority, to perform such payment, if convention of such assembly was required by the holders according to the provisions of the Second Schedule of the Trust Deed, subject to the instructions and regulations of the Exchange.

#### **45. Notice on distribution**

The Trustee will notify the Bondholders of the date and location for performance of any payment among the payments mentioned above, by notice at least 14 days in advance, to be submitted in the manner set forth in Section 23 below. After the date set in the notice, the Bondholders will be entitled to interest for the same, according to the rate set forth in the Bonds, though only for balance of the principal amount (if any) after deduction of the amount that was paid or offered thereto as aforesaid.

#### **46. Non-payment for a reason not dependent on the Bank**

46.1 Any amount payable to a Bondholder and not actually paid on the due date, for a reason not dependent on the Bank and while the Bank was willing to pay the same, will cease bearing interest and linkage differentials from the due date thereof, and the Bondholder will be entitled only to the amounts entitled to as of the due date for such payment on account of the principal, interest or linkage differentials.

46.2 If such amount is not paid within 14 days following the due date thereof, the Bank will deposit such amount with the Trustee, and such deposit will be considered as discharge of such payment, and in case of discharge of the entire amount for the Bonds, will be considered as the redemption of such security.

46.3 All amounts that the Trustee is entitled to invest according to this Deed will be invested thereby, in the name or to the order thereof, in securities of the State of Israel or any other securities in which that the laws of the State of Israel allow to invest trust monies, as the Trustee deems proper and subject to the provisions of any law, and subject to Section 14 below. If the Trustee does so, the Trustee will not owe the person entitled to such amount more than the consideration received from realization of the investments, after deduction of the expenses related thereto. The Trustee will retain these amounts and will invest the same in the aforesaid manner until the end of one year following the redemption date of the Bonds. After this date, the Trustee will return the amounts accumulated thereby (including proceeds, if any), after deduction of expenses, to the Bank, which will hold such amounts in trust for the Bondholders for one additional year after transfer thereof from the Trustee. The Bank will confirm to the Trustee, regarding the monies returned thereto, the return of such amounts and their receipt in trust for the Bondholders and such confirmation will absolutely release the Trustee in connection with the amounts specified in the confirmation.

46.4 The Trustee will transfer, to each bondholder for which amounts and/or monies payable to the Bondholders have been deposited, the amounts payable thereto from the monies deposited as

aforesaid, after deduction of all expenses and mandatory payments that apply to the trust account in which the Trustee deposited such monies, against presentation of such evidence as required by the Trustee to the full satisfaction thereof.

- 46.5 If the repayment date or due date for any payment of principal and/or interest falls on a day that is not a business day, then the due date for such payment will be postponed to the subsequent business day, without any additional interest.
- 46.6 Any mandatory payment as required by law will be deducted from any payment due to the Bonds.

#### **47. Receipt as proof**

- 47.1 Without derogating from any other of these terms, a receipt signed by an individual registered holder of the Bonds held by joint holders will constitute proof for full discharge of any payment performed by the Bank and/or the Trustee for the Bonds and will absolutely release the Trustee in connection with payment of the amounts specified in the receipt.
- 47.2 Receipt from the Trustee regarding deposit of principal, interest and linkage differentials amounts therewith, to the receipt of the Bondholders, pursuant to Section 11 above, will be considered as receipt from the bondholder for purposes of Section 12.1 above.

#### **48. Presentation of the Bonds to the Trustee and registration in connection with partial payment**

The Bondholder will be obligated to present the Trustee, upon payment of any interest or partial payment of principal, interest and linkage differentials according to Sections 9 and 10 above, the Bonds for which the payments are made, and the Trustee will register a note on the Bonds regarding the amounts paid and the payment date thereof. The Trustee will be entitled in any special case, according to the discretion thereof, to waive presentation of the Bonds after being provided with a writ of indemnity or sufficient guarantee to the satisfaction thereof for the damages that might be caused due to non-registration of such note, as deemed proper thereby. Nevertheless, the Trustee will be entitled, according to the discretion thereof, to perform registration in another manner regarding such partial payments.

#### **49. Investment of monies**

All monies that the Trustee is entitled to invest according to this Deed will be invested thereby in one of the largest banks in Israel, in the name or to the order thereof, in NIS deposits or securities of the State of Israel, as the Trustee deems proper and subject to the provisions of any law. If the Trustee does so, the Trustee will not owe the persons entitled to such amounts more than the consideration received from realization of the investments, after deduction of the expenses related thereto.

#### **50. The Bank's obligations towards the Trustee**

The Bank assumes the following obligations upon itself towards the Trustee, as long as the Bonds are in cycle:

- 50.1 To maintain the Bank businesses in a routine and appropriate manner.
- 50.2 To provide the Trustee with documents and information provided by the Bank to the Bondholders, if any. Also, the Bank will provide the Trustee or authorized representative thereof that is a lawyer or accountant by profession (and notice of the appointment of whom shall be provided by the Trustee to the Bank upon the appointment thereof) additional information regarding the Bank, within a reasonable time after the Trustee's demand, to the extent this information might be vital and/or necessary for protection of the rights of the Bondholders, provided the Trustee acted in good faith. Any information that is not part of public domain that is provided to the Trustee or authorized representative thereof, including an external authorized representative, will be retained thereby in confidentiality, will not be transferred thereby to another person and they will not use

the same unless discovery or use of the information is required for fulfillment of their role according to the Securities Law, according to the Trust Deed or court order, and the external authorized representative of the Trustee will sign, for this purpose, a confidentiality agreement as specified in Section 21.3 below.

- 50.3 To maintain routine account books according to accepted accounting principles and, for account books maintained as aforesaid, to retain the books, including the documents that serve as references thereof (including pledge deeds, mortgage, and accounts and receipts) and other documents related to the businesses and offices thereof.
- 50.4 To notify the Trustee, immediately upon learning of the same, of any case in which a receiver has been appointed for all or a material part of its assets, and to immediately exercise, at its expense, all means required in order to remove such attachment or cancel the receivership.
- 50.5 In addition to Section 15.4 above, to notify the Trustee in writing of the occurrence of any of the events specified in Section 7.1 above.
- 50.6 To provide the Trustee, no later than 30 days following the issuance of the Bonds (Series 178) according to the shelf offer report and/or the date of expansion of the Bonds (Series 178), with a true copy of the original bond certificate.
- 50.7 To provide the Trustee with the documents specified in Section 35J of the Securities Law, 5728-1968, and it is clarified that for fulfillment of the provisions of this Deed, publication of a report on Magna will be considered as provision thereof to the Trustee. Financial statement and periodic statement will be provided to the Trustee by the Bank closely after publication thereof.
- 50.8 Instruction no. 332 of the Proper Banking Administration Instructions of the Banks Supervision sets forth limitations upon a banking corporation as to purchase of securities issued thereby (definition of "security" in Instruction 332 - "shares of the banking corporation or securities that can be converted into shares of the banking corporation and that may be realized into shares of the banking corporation"). It is clarified that the Bank is not subject, except for the Instruction as aforesaid, to any limitation regarding its right to distribute dividend to its shareholders and/or perform self-purchase of its shares and/or to perform any other distribution according to the Companies Law, 5759-1999.
- 50.9 The Bank does not undertake that it will not replace a rating company along the lifecycle of the Bonds. If the Bank replaces the rating company, including in case there is more than one rating company, the Bank will publicize, by immediate report, the reasons and grounds for such replacement.
- 50.10 If the Bank ceases being a reporting corporation, it will provide the Trustee and the registered holders with the reports set forth in the regulation codex and according to Chapter J in the sample instructions in the Trust Deed - appendix to the regulation codex, if any such exist from time to time, and at the times set forth thereat. Nevertheless, if such reports can still be publicized through the Magna and/or Maya System, the reports will be provided through such systems in lieu of submission of the reports to the registered holders as aforesaid.

## **51. Additional obligations**

After the Bonds are called for repayment, including due to the Trustee's decision according to Section 7.1 above, the Bank will perform, from time to time and at any time as required by the Trustee, all reasonable actions in order to allow for exercise of all authorities vested with the Trustee, and in particular the Bank will perform the following actions:

- 51.1 Will make the declarations and sign all documents and perform or ensure performance of all actions required or necessary according to the law for providing effect to exercise of the authorities, powers and authorizations of the Trustee.
- 51.2 Will provide all notices, orders and instructions that the Trustee deems as beneficial and are required thereby.

51.3 Will perform or ensure performance of all actions and things required or necessary according to the law for providing effect to exercise of the authorities, powers and authorizations of the Trustee.

## **52. Applications to court**

The Trustee will be entitled, at any time and subject to any law, to apply to a competent court with applications regarding to the trust. Also, the Trustee will be entitled to provide the consent or approval thereof to any application to the court that is demanded by a bondholder, and the Bank will compensate the Trustee for all expenses incurred thereby due to such application, actions performed as a result thereof or in connection therewith. In case the application to court is based on a resolution of the Bondholders, the Bondholders will indemnify the Trustee for all reasonable expenses incurred thereby due to such application, actions performed as a result thereof or in connection therewith, and pursuant to the law will take such indemnify from the deposit deposited therewith according to the provisions of the law.

## **53. The Trustee's wage**

53.1 The Bank will pay the Trustee, for the services thereof as trustee during the first trust year, the amount of NIS 13,000, excluding lawful VAT, for the Bonds (Series 178) to be issued by the Prospectus and for which the Trustee serves as trustee.

53.2 Also, the Bank will pay the Trustee, beginning in the second trust year, and as long as there are outstanding bonds in cycle, and for every subsequent year, the amount of NIS 9,000, excluding lawful VAT.

53.3 For expansion of the Bonds (Series 178) in cycle, the Bank will pay the Trustee a one-time additional wage of NIS 2,000, excluding lawful VAT, for every expansion of the Bonds (Series 178).

53.4 Special trustee wage in the amount of NIS 500 per hour, excluding lawful VAT, for special events/works:

53.4.1 Reasonable actions deriving from breach of this Deed by the Bank;

53.4.2 Reasonable actions deriving from call of the Bonds to immediate repayment or impending immediate repayment or impending compromise of the holders' rights;

53.4.3 Special reasonable work (such as, without limitation, reasonable work required due to structural change of the Bank) or due to the need to perform additional reasonable actions for fulfillment of the role thereof as a reasonable trustee, due to future change of laws and/or regulations and/or other binding instructions that apply in connection with the actions and responsibility of the Trustee according to this Deed, provided the Trustee first receives the Bank's approval, which will not be unreasonably denied.

53.5 Also, the Trustee will receive wage for all actions related to (including, without derogating from the generality of the aforesaid, participation thereof) assemblies of the Bondholders (except for general and extraordinary assemblies of the Bank's shareholders) in the amount of NIS500, excluding lawful VAT, for each assembly.

53.6 In addition, the Trustee will be entitled to reimbursement of reasonable expenses incurred thereby as part of fulfillment of the role thereof and/or due to the authorities provided thereto according to this Deed, including due to publications in newspapers and appointment of experts, provided the Trustee first receives the Bank's approval, which will not be unreasonably denied.

53.7 If changes occur in the provisions of the law according to which the Trustee is required to perform actions and/or inspections and/or preparation of additional reports, the Bank undertakes to bear all reasonable expenses incurred by the Trustee due to the same, including reasonable fee for such

actions, provided the Trustee first receives the Bank's approval, which will not be unreasonably denied.

- 53.8 All amounts specified in this Section are linked to the consumer price index that is known as of the issuance of the Bonds, though in any case no amount lower than the specified amounts will be paid.
- 53.9 If a trustee is appointed in lieu of a trustee the term of which has ended according to Section 35B(A1) or 35N(D) of the Securities Law, then the Bondholders will bear the difference by which the wage of the trustee appointed as aforesaid increased in relation to the wage paid to the replaced trustee, if such difference is unreasonable, and the relevant provisions of the law will apply at the time of such replacement.
- 53.10 If, according to law, the Bank is obligated to perform a deposit for guaranteeing payment by the Bank of the Trustee's special expenses, the Bank will follow such provisions.

#### **54. Special authorities**

- 54.1 The Trustee will be entitled to deposit all deeds and documents that attest, express or determine the right thereof in connection with any asset held thereby at such time, in a vault or other place as selected thereby, at any banker or banking institution or at a lawyer, to the extent reasonable and in coordination with the Bank. If the Trustee does so, the Trustee will not be liable for any loss caused due to such deposit, provided the Trustee was not negligent, and the Trustee will be entitled to pay, at the Bank's expense, all amounts payable thereby on account of such deposit or in connection therewith, provided the Trustee submitted advance notice to the Bank in this respect. The Bank will reimburse any such expense to the Trustee.
- 54.2 The Trustee is entitled, as part of performance of the trust matters according to this Deed, to act according to the opinion or advice of a lawyer, accountant, appraiser, assessor, surveyor, broker or other expert. Whether such opinion or advice was prepared at the request of the Trustee or by the Bank or otherwise, and the Trustee will not be liable for any loss or damage caused as a result of any action or default performed thereby based on such opinion and/or advice, provided the Trustee was not negligent.
- 54.3 Any such advice or opinion may be provided or sent or received orally or by letter, telegram, phone, fax or other electronic means for transmission of information, and the Trustee will not be liable for actions performed thereby based on advice or opinion or information transmitted by any such manner, even if it included errors and even if it was not authentic, provided the Trustee did not know of the same and did not act negligently.
- 54.4 The Trustee will not be obligated to notify any party of execution of this Deed and will not be entitled to intervene in any manner in management of the Bank's business or matters, subject to the provisions of any law that cannot be conditioned upon, and to the extent not otherwise set forth in this Deed.
- 54.5 The Trustee will be entitled to receive a certificate, signed by two directors at the Bank, confirming that in their opinion, a transaction, step, action or other matter are desirable and to the Bank's benefit, as sufficient proof that the transaction, step, action or other matter are indeed desirable and to the Bank's benefit.
- 54.6 The Trustee will exercise, during the trust, powers, authorizations and authorities provided thereto according to this Deed, according to the absolute discretion thereof, and except in case of fraud or negligence, will not bear liability of damage caused due to errors in discretion done in good faith.
- 54.7 Any exemption from liability provided to the Trustee according to the provisions of this Deed, if any, is subject to the act (or default) of the Trustee, including operation of discretion, for which the exemption was provided, not being done with gross negligence or through breach of duty of loyalty or through breach of the provisions of the Trust Deed and the Bonds.

#### **55. The Trustee's authority to employ agents**



The Trustee will be entitled, as part of administration of the trust matters, to appoint an agent to act in lieu thereof, and to pay the wage of such agent at the Bank's expense, whether a lawyer or otherwise, in order to perform or participate in performance of various businesses and to perform or participate in performance of various actions that must be done in connection with the trust, and without derogating from the generality of the aforesaid regarding exercise of legal proceedings, to the extent reasonable under the circumstances and after coordination with the Bank. Also, the Trustee will be entitled to discharge, at the Bank's expense, the reasonable wage of such agent, to the extent the Trustee is entitled to do so according to this Deed or according to the fee agreement with the Bank, and the Bank will reimburse the Trustee, immediately upon the first demand thereof, for any such expense, provided the Trustee notified the Bank in advance regarding appointment of such agents. Appointment of an agent will not derogate from the Trustee's obligations according to this Deed or according to any law.

## **56. The Trustee's authorities**

- 56.1 The Trustee will not be obligated to notify any party regarding execution of this Deed.
- 56.2 Subject to the provisions of any law, the Trustee is not obligated to act in any manner not specified in this Deed, so that any information, including regarding the Bank and/or the Bank's ability to meet its obligations to the Bondholders, is provided thereto and the same is not part of the role thereof.
- 56.3 Subject to the provisions of any law and the provisions of this Deed, the Trustee undertakes, by signing this Deed, to maintain as confidential any information provided thereto by the Bank, not to disclose the same to another person and not to use the same, unless disclosure or use thereof is required for fulfillment of the Trustee's role according to the Securities Law, the Trust Deed, or court order.
- 56.4 The Trustee may rely on the presumption set forth in Section 25 below and to rely on the correctness of the identity of an unregistered bondholder as provided to the Trustee by a person registered as an attorney in a power of attorney issued by a registration company, to the extent the identity of the holder was not registered in the power of attorney.
- 56.5 The Trustee may rely, as part of the trust, on any written document, including writ of instructions, notice, request, authorization or approval that seems to be signed or issued by any person or entity regarding which the Trustee believes in good faith that it has been signed or issued thereby.

## **57. Indemnification of the Trustee**

- 57.1 The Trustee's wage and expenses will be paid by the Bank according to the provisions of the Trust Deed. In addition, as to special matters that are not part of the Bank's obligation to pay the Trustee wage and expenses as set forth in Section 18 above, the Trustee will be entitled to indemnity from the Bondholders or the Bank, as the case may be, including for reasonable expenses incurred thereby in connection with actions performed due to the obligation thereof according to the provisions of third Deed or according to law or demand by a competent authority or demand by the Bondholders, provided that:
- 57.1.1 The Trustee will not be entitled to demand the indemnity in advance on a matter that cannot be postponed.
- 57.1.2 An indemnity commitment may include indemnity for liability in tort imposed on the Trustee according to a final ruling or according to compromise as agreed by the indemnifying party towards a third party that is not a bondholder, provided the indemnity commitment will apply under the following conditions:
- The expenses in tort incurred and/or to be incurred thereby are reasonable.

- The Trustee acted in good faith and this action was done as part of fulfillment of the role thereof, and provided the Trustee did not act maliciously or with gross negligence.

57.1.3 Without derogating from right to compensation provided to the Trustee according to the law and subject to this Deed and/or the Bank's commitments according to this Deed, the Trustee, attorney, manager, agent or other person appointed by the Trustee according to this Deed will be entitled to receive indemnity from the monies and investments received by the Trustee from the proceedings undertaken thereby or otherwise obtained thereby, regarding commitment they assumed, regarding expenses incurred thereby due to performance of the trust or in connection to such actions that, in their opinion, were required for performance of the aforesaid and/or in connection with exercise of authorities and authorizations provided pursuant to this Deed, as well as in connection with all sorts of legal proceedings, legal and other opinions, negotiations, deliberations, claims and demands regarding any matter and/or thing done and/or not done in any manner regarding the aforesaid, and the Trustee may retain the monies held thereby and pay the amounts required for payment of such indemnity. All such amounts will be preferred over the rights of the Bondholders, subject to law, and provided the Trustee acted in good faith and according to the obligations thereof imposed by any law and this Deed, and that the Trustee did not act maliciously or with gross negligence.

57.2 It is clarified that if the expenses were issued by the Trustee in connection with an action done according to the demand of bondholders of a certain series issued by the Bank or in connection with actions pertaining to a certain series only, then the indemnity will be provided by the bondholders of such series. If the expenses were incurred in connection with the Trustee's actions that did not pertain to a certain series only, then the indemnity will be provided by the Bondholders *pro rata* to the amounts of nominal value in cycle from each and every series.

57.3 Notwithstanding this Section 22 above, if the Trustee deems proper, for protection and/or realization of the rights of the Bondholders and/or is obligated, according to the terms of this Deed and/or the law and/or instruction by a competent authority and/or any law and/or demand by the Bank and/or the Bondholders, to exercise legal proceedings and various actions by virtue of the obligation thereof per this Deed, then the Trustee will immediately convene an assembly of the Bondholders in order to confirm the responsibility thereof for coverage of the expenses involved in proceedings and actions undertaken by the Trustee, and then the amount deposited by each holder will bear annual interest at the rate equal to the interest set for the Bonds (pursuant to the First Schedule) and will be paid by preference as aforesaid in Section 9.1. In case the Bondholders refuse to bear the expenses involved in proceedings and actions undertaken by the Trustee, then the Trustee will not be obligated to perform proceedings and actions as aforesaid, provided a matter that cannot be postponed is not involved. It is hereby clarified that the consent of the Bondholders does not release the Bank from the obligations thereof, if any, according to this Deed and/or the law, to bear and cover expenses involved in proceedings and actions as aforesaid, without the aforesaid imposing upon the Bank any liability to bear the expenses under circumstances in which the Bondholders refused to bear the expenses involved in such proceedings. Also, all monies received from realization proceedings and various actions will also serve for reimbursement and coverage of expenses undertaken by the Bondholders as aforesaid. The aforesaid does not derogate from the Trustee's obligation to collect the monies from the Bank, if the Bank is obligated to pay such monies. It is clarified that under circumstances in which urgent action by the Trustee is required and non-performance thereof prior to convention of the assembly of the Bondholders by the Trustee will cause damage and/or material loss to the Bondholders, the Trustee will not be entitled to refrain from taking an urgent action as aforesaid until convention of the assembly of the Bondholders.

## **58. Notices**

- 58.1 Any notice to the Bondholders, on behalf of the Bank or the Trustee, will be provided by report on the Magna System of the Securities Authority; (The Trustee will be entitled to instruct the Bank and the Bank will be obligated to immediately report on the Magna System, on behalf of the Trustee, any report according to the format provided in writing to the Bank by the Trustee), and in cases specified below only, also by way of publication of notice in two daily newspapers having wide circulation that are published in Israel in Hebrew: (A) arrangement or compromise according to Section 350 of the Companies Law; (B) merger. Any notice published and sent as aforesaid will be considered as having been provided to the Bondholders, on the date of publication of the immediate report on Magna, on the date of publication of the notice in the newspaper, or 3 business days following its dispatch by registered mail, as the case may be.
- 58.2 Any notice or demand on behalf of the Trustee to the Bank or from the Bank to the Trustee may be provided by (1) registered mail according to the address specified in the Trust Deed, or according to another address as the Bank advises the Trustee or the Trustee advises the Bank in writing; (2) email or fax or by courier, and any such notice or demand will be considered as having been received by the Bank: (1) in case of dispatch by registered mail - three business days following its dispatch by mail; (2) in case of email or fax (along with receipt confirmation by phone) - one business day after its dispatch; (3) and in case of dispatch by courier - upon delivery by the courier to the addressee or offer to the addressee to receive the same, as the case may be.
- 58.3 Copies of notices and invitations sent by the Bank to the Bondholders will be sent by the Bank to the Trustee as well. It is clarified that for purposes of fulfillment of the provisions of this Deed, publication of a report of Magna will be considered as dispatch thereof to the Trustee.

## **59. Waiver, compromise and modifications of the Trust Deed**

- 59.1 Subject to the provisions of the Securities Law, the Trustee will be entitled, from time to time and at any time, if the same does not compromise, in the opinion thereof, the rights of the Bondholders, to waive any breach or non-fulfillment of any condition of this Deed by the Bank, except as to the due date of the Bonds Principal, the scope of the Bonds Principal, the interest rate for the Bonds and call for immediate repayment of the Bonds.
- 59.2 Subject to the provisions of the Securities Law and the Companies Law and the regulations thereof, including Section 350 of the Companies Law, and by advanced approval obtained at the assembly of the Bondholders having presence of holders, or proxies thereof, of fifty percent (50%) at least of the balance of par value of the Bonds Principal, or at an adjourned meeting, having presence of holders, or proxies thereof, of twenty percent (20%) at least of such balance, and adopted by majority of the holders of at least 2/3 of the par value of the Bonds represented at the voting, the Trustee will be entitled, whether before or after the Bonds Principal becomes due, to compromise with the Bank as to any right or claim of the Bondholders and agree with the Bank as to any settlement of its rights, including waiver of any right thereof or rights of the Bondholders and to agree to change of the terms of the Bonds, unless a debt arrangement as defined in Section 350Q of the Companies Law is concerned.
- 59.3 Subject to the provisions of the Securities Law, the Trustee and the Bank will be entitled, whether before or after the Bonds Principal becomes due, to agree to modification of the Trust Deed, if any of the following applies:
- 59.3.1 The Trustee is convinced that the modification does not compromise the Bondholders, except change of the identity of the Trustee or its wage in the Deed or for appointment of a trustee in lieu of a trustee the term of which has ended, as well as excluding the due date of the Bonds Principal, the scope of the Bonds Principal, the interest rate for the Bonds and call for immediate repayment of the Bonds.
- 59.3.2 The Bondholders have agreed to the proposed modification, by a resolution adopted at an assembly of holders having presence of holders of at least 50% of the balance of nominal value of the Bonds, by majority of the holders of at least 2/3 of the nominal value of the

Bonds represented at the assembly or by such majority at an adjourned assembly having presence of at least 20% of such balance.

59.4 The Bank will provide an immediate report of any such modification, immediately upon its execution.

59.5 If the Trustee compromises with the Bank after receiving advanced approval from the general assembly of the Bondholders as aforesaid, the Trustee will be exempt from liability for this action as approved by the general assembly, provided the Trustee has not breached a duty of loyalty and has not acted without good faith or maliciously in implementing the resolution of the general assembly.

59.6 In case of exercise of the Trustee's right according to this Section, the Trustee will be entitled, though not obligated, to demand from the Bondholders to provide the Trustee with the bonds for registration of note regarding any compromise, waiver, change or modification as aforesaid and, according to the Trustee's demand, the Bank will register such note.

## **60. Registry of bondholders**

The Bank will maintain and manage, at its offices, a registry of the Bondholders, regarding any series of bonds issued thereby separately, according to the Securities Law, which will be open to review by any person.

The bonds issued according to the prospectus will be allotted to the Registration Company of Bank Leumi le-Israel Ltd. and will be registered in its name at the registry of bondholders.

The Bank will not be obligated to register in the registry of the Bondholders any notice regarding explicit, implicit or supposed trust, or pledge or hypothecation of any kind, or any right in equity, claim or set-off or other right regarding the bonds.

The Bank will only recognize the ownership of the person under the name of whom the bonds are registered, provided the legal inheritors, estate administrators or executors of the registered holder and any person entitled to the bonds due to bankruptcy of a registered holder (and if a corporation - due to its liquidation) will be entitled to be registered as the holder thereof only after provision of sufficient proof to the satisfaction of the Bank executives regarding the right thereof to be registered as the holder.

The Bank will be entitled to close the registry of the Bondholders occasionally at times and for periods as it deems proper, for periods not exceeding 30 days per year cumulatively. The Bank will not register transfers during such times and periods.

The Bonds may be transferred regarding any nominal value amount, provided it is in whole NIS, according to a deed of transfer in a format acceptable by the Bank, properly signed by the registered holder or legal representatives thereof.

The deed of transfer will be submitted for registration at the registered office of the Bank, along with the bonds and any proper proof of identity and right as required by the Bank for proving the right of the transferor to transfer the same, and along with the amount required for any governmental mandatory payment, if any, for the transfer. The Bank will be entitled to retain the deed of transfer.

In case of transfer of only a part of the amount of nominal principal of such bonds, the security certificate will first be split according to the instructions below, to several certificates as warranted, so that the total of all principal amounts specified therein is equal to the amount of the nominal principal of such security certificate.

All expenses involved in transfer, including stamp duty and other fees, if any, will apply to the transferor.

Any bond certificate may be split by signed split request on behalf of the registered holder of such certificate, into several bond certificates, so that the total of their principal amount is equal to the nominal principal amount of the certificate that is split, against delivery of such certificate to the Bank at its registered office, for performance of the split, along with a signed split request on behalf of the registered owner of such bonds.

Performance of the split will be done within three months after the date on which the certificate is delivered at the registered office of the Bank, as aforesaid.

The new bond certificates issued due to the split will have nominal value amounts in whole NIS each.

All expenses involved in the split, including fees, if any, will apply to the requestor of the split.

The provisions in this Section will also apply to waiver of bond certificates, *mutatis mutandis*.

## **61. Replacement of the Trustee and expiration of term thereof**

61.1 The term of the Trustee and its expiration and appointment of a new trustee will be subject to the provisions of the Securities Law, 5728-1968.

61.2 Resolution by holders regarding the termination of the Trustee's term and replacement thereof with another trustee is an extraordinary resolution and will be adopted at an assembly having presence of at least two holders with 50% of the balance of the nominal value of the Bonds, or an adjourned assembly with present of at least two holders with at least 10% of such balance, and by the majority required for adoption of an extraordinary resolution.

61.3 Subject to the provisions of law, the Trustee the term of whom has expired will continue serving until appointment of another trustee. The Trustee will provide the new trustee with all documents and amounts accumulated thereby in connection with the trust that is the subject of this Deed, and will sign any document required for the same. Every new trustee will have the same powers, obligations and authorities and will be entitled to act in any respect, as if appointed as trustee in the first place.

61.4 The Bank will publicize an immediate report in case of resignation of trustee and/or appointment of another trustee.

## **62. Assembly of the bondholders**

Assemblies of the bondholders will be conducted according to the Second Schedule of this Deed.

## **63. Reporting to the Trustee**

The Bank will submit to the Trustee, as long as the bonds for which the Trustee serves as trustee are in cycle, and as long as any payment must be performed according thereto:

63.1 Audited financial statements of the Bank for the fiscal year ended on December 31 of the previous year, closely after their publication and no later than three months following the end of the reported year.

63.2 Every semi-annual and quarterly report, closely after its publication, along with survey of the Bank's auditor regarding the same.

63.3 No later than two weeks after publication of annual financial statements, confirmation of the Bank regarding performance of interest payments the due date of which occurred before the confirmation date and the payment date, as well as the balance of the Bonds in cycle on the determining date for payment of the interest, as well as confirmation of the Bank that there is no breach of this Deed on part of the Bank, unless noted in the confirmation as aforesaid.

63.4 Any immediate report submitted to the Securities Authority on the date submitted thereby to this Authority.

63.5 Copy of any document that the Bank provides to the Bondholders and details of any information that the Bank transfers thereto otherwise, and any additional information according to reasonable demand of the Trustee and subject to the provisions of any law and commitment to maintain confidentiality.

63.6 Any other report according to the law that the Bank must provide to the Trustee.

63.7 Reporting will be provided regarding any change in the rating of the Bonds or termination of the rating by the rating company.

It is clarified that for fulfillment of this Deed, publication of a report on the Magna System will be considered as provision thereof to the Trustee.

#### **64. Addresses**

The parties' addresses for purposes of this Deed are as specified in the recitals of this Deed, or any other address regarding which proper notice is provided in writing.

#### **65. Electronic signature**

By signing this Deed, the Trustee authorizes the electronic signatories of the Bank to sign, in the name thereof, an electronic copy of the Trust Deed for transmission thereof on Magna.

#### **66. Exercise of rights according to the Deed and the Bonds**

Subject to the provisions of law, the Bondholders will be entitled to exercise their rights according to the Bonds and the Trust Deed through the Trustee or, pursuant to resolution of general assembly of the Bondholders, through the manners specified in the Bond and the Trust Deed. Nevertheless, if the Trustee acts in contrast to the provisions of the Bond and the Trust Deed, the Bondholders will be entitled to exercise their rights, including according to resolution of the general assembly.

#### **67. Application of the Securities Law**

As to any matter not mentioned in this Deed, and in case of discrepancy between the provisions of the Securities Law that cannot be conditioned upon and this Deed, the parties will follow the provisions of the Securities Law.

#### **68. The Trustee's liability**

68.1 Notwithstanding any law and any provision of the Trust Deed, to the extent the Trustee fulfilled the role thereof in good faith and within reasonable time, and inquired into the facts that a reasonable trustee would have inquired into under the circumstances, the Trustee will not be liable towards a bondholder for any damage incurred thereby as a result of the fact that the Trustee exercised the discretion thereof according to Section 35H(D1) or 35I1 of the Law, unless the plaintiff proves that the Trustee acted with gross negligence. It is clarified that if there is discrepancy between this Section 33.1 and any other provision of this Deed, this Section 33.1 will prevail.

68.2 If the Trustee acted in good faith and without negligence according to the provisions of Section 35H(D1) or 35I1 of the Law, the Trustee will not be liable for performance of such action.

#### **69. Other agreements**

Subject to the provisions of any law and the limitations imposed on the Trustee according to law, fulfillment of the role thereof according to this Deed or the very status thereof as trustee will not prevent the Trustee from engaging with the Bank in various contracts or performing transactions therewith during the ordinary course of business.

#### **70. Applicable law and jurisdiction**

The Bonds are subject to the provisions of Israeli law only. Regarding any matter not mentioned in this Deed and in case of discrepancy between the provisions of the law and this Deed, the parties will act according to the provisions of the Israeli law.

The only court authorized to discuss matters related to the Trust Deed will be the competent court in Tel Aviv - Jaffa.

**In witness whereof the parties have signed:**

\_\_\_\_\_  
**Bank Leumi le-Israel Ltd.**

\_\_\_\_\_  
**Reznik Paz Nevo Trusts Ltd.**

I, the undersigned, \_\_\_\_\_, Adv., license no. \_\_\_\_\_, hereby confirm that this Deed was signed by [.....], who are duly authorized to bind Bank Leumi Ltd. by such signature.

\_\_\_\_\_  
\_\_\_\_\_, Adv.

**First Schedule of the Trust Deed - Bond**

**Bank Leumi le-Israel Ltd.**

**Registered bond (Series 178), par value of NIS1 each**

**Number** \_\_\_\_\_

**Nominal total** \_\_\_\_\_

5. This certificate attests that Bank Leumi le-Israel Ltd. (hereinafter: "**the Bank**") will pay to the registered holder (as defined in terms overleaf) of this bond the amounts undertaken thereby as specified in the terms overleaf and the Trust Deed dated June [●] 2015 made and signed by the Bank on one part and Reznik Paz Nevo Trusts Ltd. on the other part (hereinafter: "**the Trust Deed**"), including its appendices. It is clarified that the provisions of the Trust Deed constitute an integral part of the terms of the bond.
6. The bonds are not secured by collateral, as specified in Section 5 of the Trust Deed.
7. The bonds will be repaid *pari passu* without any bond having preference over the other.
8. This bond is issued according and subject to the terms specified overleaf and in the Trust Deed.

Given with the Bank's stamp affixed on: \_\_\_\_\_

\_\_\_\_\_  
**Bank Leumi le-Israel Ltd.**



## The terms specified overleaf

### **9. General**

- 9.1 This Bond, of Series 178, is issued according to the trust deed dated [•], made and signed on [•] 2015 between the Bank, on one part, and Reznik Paz Nevo Trusts Ltd. on the other part (hereinafter: "**the Trust Deed**").
- 9.2 As to each of the Bonds (Series 178), the bonds will be equally ranked, *pari passu* between themselves, without any priority or preference of one over the other.
- 9.3 The terms of the Bonds (Series 178) (the terms specified overleaf) are an integral part of the provisions of the Trust Deed and the provisions of the Trust Deed shall be considered as explicitly included as part of the terms of these Bonds. In case of contradiction between the Bond and the Trust Deed, the provisions of the Trust Deed will prevail.

### **10. Definitions**

- 10.1 Expressions in this Bond will have the meaning provided in the Trust Deed, unless another intent is warranted by the context or content of the matters, or if otherwise explicitly specified in this Bond.
- 10.2 Any use in this Bond of the plural form denotes the singular form as well, and vice versa, and any use in this trust deed of masculine form denotes the feminine form as well, and vice versa, and any reference to a person also includes a corporation, provided there is no other provision, explicit or implicit, in this Bond, and provided the content or context of matters does not warrant otherwise.
- 10.3 The following expressions will have the meaning alongside the same, unless another intent is warranted by the context or content of the matters, or if otherwise explicitly specified in this Bond:
- |                           |  |
|---------------------------|--|
| <b>The Bonds</b>          | Bonds (Series 178);  |
| <b>First Offer Report</b> | The first shelf offer report according to which the Bonds are first offered and issued;  |
| <b>The Tender</b>         | The tender for the interest rate of the Bonds to be held in the manner and on the date as specified in the First Offer Report; |
| <b>Entitled Person</b>    | A bondholder entitled to payment of principal or interest according to the terms of the Bonds.                                 |

### **11. Date for repayment of the Bonds Principal**

- 11.1 The Bonds Principal will be repaid in one installment, on March 31, 2024.
- 11.2 Repayment of the principal will be done against delivery of the bond certificates to the Bank on the payment date, at its registered office or any other place as advised by the Bank, no later than five (5) business days before the payment date. It is clarified that a person not registered in the registry of bondholders of the Bank on the determining date for entitlement to any payment will not be entitled to such payment.
- 11.3 The principal payments will be performed subject to the linkage terms pursuant to Section 4 below.

### **12. Interest of the Bonds**

- 12.1 The outstanding principal of the Bonds will bear annual interest at the rate set in the Tender (hereinafter: "**the Annual Interest Rate**").
- 12.2 The interest will be paid to the Bondholders twice a year on March 31 and September 30 of each of the years 2016 through 2024 (inclusive), for the period of the six months ended on the day before

the payment date, except the first payment of interest, which will be paid on September 30, 2015 for the period beginning on the first trading day after the tender date until September 29, 2015 (hereinafter: "**the First Interest Payment**").

- 12.3 The interest rate on any interest payment date, except for the First Interest Payment, will be equal to the Annual Interest Rate, divided into 2 (number of payments per year) (hereinafter: "**the Semi-Annual Interest Rate**"). The interest rate on the date of the First Interest Payment will be calculated according to the number of days in the period beginning on the first trading day after the tender date until 29 September 2015, based on 365 days per year (hereinafter: "**the Interest Rate for the First Interest Payment**").
- 12.4 On the first trading day after the tender date, the Bank will publicize, as part of an immediate report on the tender results, the Annual Interest Rate, the Semi-Annual Interest Rate and the Interest Rate for the First Interest Payment.
- 12.5 The interest payments will be paid to the persons registered in the registry of bondholders on March 19 and September 18 of each relevant year (hereinafter: "**the Determining Date**"), except for the last interest payment, which will be paid to the persons registered in the registry on the payment date and that will be performed upon repayment of the Bonds Principal against delivery of the bond certificates to the Bank on the payment date, at its registered office or any other place as advised by the Bank, no later than five (5) business days before the payment date. It is clarified that a person not registered in the registry of bondholders on the determining date for entitlement to interest payment for the period before such date.
- 12.6 The Bonds will first be issued according to their nominal, and thus at no discount.
- 12.7 Interest payments will be performed subject to the linkage terms pursuant to Section 6 below.

### **13. Instructions regarding payments**

- 13.1 The principal and interest payments will be done by checks or bank transfer to the credit of the Entitled Person's bank account. If an Entitled Person does not provide the Bank, ahead of time, with written details regarding the bank account thereof to which payments according to the Bonds should be transferred, then any such payment will be done by check sent by registered mail to the last address thereof registered in the registry of bondholders. Dispatch of a check to an Entitled Person by registered mail as aforesaid will be considered, for all purposes, as payment of the amount specified therein on the date of dispatch thereof by mail, provided it is cashed upon its due submission for collection.
- 13.2 Payment to Entitled Persons by bank transfer may be done to the credit of a bank account details of which have been provided to the Bank by written notice sent by registered mail; this notice will bind the Bank only as to payments the due date of which is more than thirty days following the date on which the notice arrived at the Bank's registered office.

### **14. Early redemption of the Bonds**

In case it is decided by the Exchange to delist the Bonds from trading since the value of the Bond Series is lower than the amount set forth in the Exchange's instructions regarding delisting of bonds from trading, the Bank will not perform early redemption.

It is clarified that in any case the Bank will not be entitled to perform early redemption of bonds at its initiative.

## Second Schedule of the Trust Deed – Assembly of Bondholders

The following provisions will apply to assemblies of bondholders, subject to the provisions of law:

35. The Trustee will convene an assembly of holders at the request of one or more holder holding at least 5% of the balance of nominal value of the bonds. Also, the Trustee or Bank are entitled, if they so deem proper, to convene the Bondholders to an assembly of the Bondholders. If the Bank convenes such assembly, it must send written notice to the Trustee regarding the location, date and time of the assembly, as well as matters on its agenda, and the Trustee or representative thereof will be entitled to participate at such assembly without having the right to vote. In case the persons that request convention of the assembly are bondholders, the Trustee will be entitled to demand indemnify for the reasonable expenses involved therein.

It is clarified that the indemnity demand by the Trustee will not compromise the summoning of an assembly summoned for taking action intended to prevent damage to the rights of the Bondholders, and such indemnity demand will not derogate from the Bank's obligation to bear expenses involved in convention of the assembly.

A trustee required to convene an assembly of holders by holders as aforesaid will summon the assembly within 21 days following the demand, for a date set forth in the invitation, provided the convention date is not earlier than 7 days and not later than 21 days following the invitation; however, the Trustee may advance the convention of the assembly to at least one day following the invitation, if convinced the same is necessary for protection of the holders' rights.

36. Every assembly of the Bondholders will be held in Israel, at the Bank's registered office or other location as advised by the Bank and/or the Trustee, and the Bank will bear reasonable costs of the alternative location.

37. Invitation of an assembly on behalf of the Trustee for consultation only with the Bondholders will be publicized at least one day before the convention thereof ("**Consultation Assembly**"). No agenda will be publicized for a Consultation Assembly and no decisions will be made thereat.

38. The Registration Company will not exercise the voting rights for the bonds registered in its name in the registry of the Bondholders, and these voting rights are provided to the holder or behalf thereof, provided the holder received a power of attorney from the Registration Company for voting.

39. No resolution duly adopted at an assembly convened as aforesaid will be disqualified even if, due to error, no notice was provided regarding the same to all Bondholders, or such notice was not received by all Bondholders. This Section will apply if the invitation to the assembly (or the adjourned assembly, as the case may be) was also transmitted through the Magna System.

40. Any notice on behalf of the Bank and/or the Trustee to the Bondholders will be provided according to Section 24 of the Trust Deed.

41. The assembly of bondholders will be opened after it is proven that there is presence of the legal quorum required for beginning of discussion, as follows:

41.1 Subject to the Securities Law and other provisions regarding quorum as set forth in the Trust Deed, legal quorum at any assembly will be established upon presence of at least two (2) bondholders, present personally or by proxy, jointly holding or representing at least 25% of the outstanding balance of the nominal value of the Bonds in cycle at such time; and at an adjourned assembly – upon presence of two (2) such holders regardless of the nominal value held thereby.

41.2 At an assembly convened for adoption of an extraordinary resolution, quorum will be established upon presence of Bondholders, present personally or by proxy, jointly holding or representing at least 50% of the outstanding balance of the nominal value of the Bonds in cycle at such time; and at an adjourned assembly – upon presence of such holders of at least 20% of the nominal value of such balance.

42. Assemblies convened for adoption of a resolution on call for immediate repayment will be subject to Section 7 of the Trust Deed.

43. A holder that is controlling shareholder of the Bank, family member or corporation controlled by any thereof ("**Affiliated Holder**") will be disregarded for purposes of determining the legal quorum as an assembly and the votes thereof will not be included in the count of votes at such assembly.
44. If, within thirty minutes after the time set for beginning of the assembly, there is no legal quorum, the assembly will be postponed to another date not earlier than two business days after the determining date set for the original assembly or one business day, if the Trustee is convinced the same is required for protection of the holders' rights; if the assembly is adjourned, the Trustee will provide reasons for the same in the report on convention of the assembly, and may do so in the notice on convention of the original assembly.
45. If, within thirty minutes after the time set for the adjourned assembly pursuant to Section 10 above, there is no legal quorum, then the assembly will be held with any number of participants, unless otherwise required by the Securities Law.
46. According to decision of the Trustee or decision by regular majority of the voters at an assembly having legal quorum, the continuation of the assembly ("**the Original Assembly**"), the discussion or adoption of resolution on an issue specified in the agenda will be postponed from time to time, to another date and location as determined by the Trustee or the assembly ("**Continuation Assembly**"). At a Continuation Assembly, only issues on the agenda and not decided upon shall be discussed.
47. The Trustee may declare that the original and/or continuation assembly be split into class assemblies for discussion. Determination of the classes will be decided exclusively by the Trustee.
48. If an assembly of holders is postponed without changing its agenda, invitations will be provided regarding the new date for the continuation assembly, as early as possible, and no later than 12 hours before the continuation assembly; such invitations will be provided according to Section 24 of the Trust Deed.
49. A person or person appointed by the Trustee, the Bank and any other person/s authorized by the Bank will be entitled to be present at assemblies of the Bondholders without the right to vote. In case the Trustee is convinced that part of the assembly requires discussion without the presence of the Bank's representatives, then the Bank or persons on its behalf will not participate thereat, notwithstanding this Section 15. The Bank may, in any case participate in the opening of the assembly in order to express its position regarding any issue on the agenda of the assembly and/or present a certain issue (as the case may be).
50. Every resolution will be adopted by count of votes.
51. At every assembly of holders, the Trustee or person appointed thereby will serve as the chairperson of such assembly. The chairperson of the assembly may determine that voting will be by way of voting papers or voting during the assembly. In case the chairperson determines that voting is by way of voting paper, the Trustee will ensure that the format of the voting paper is publicized on Magna and will determine the date for closing the voting by which the holders must send to the Trustee the complete and duly signed voting paper. The Trustee may demand from a holder to declare, as part of the voting paper, existence or absence of a conflicting interest thereof. A holder that does not complete the voting paper and/or does not prove the entitlement thereof to participate and vote at an assembly according to instructions and dates set by the assembly chairperson will be considered as not having submitted a voting paper, and thus as having elected not to vote on the issue/s in the voting paper. Accordingly, the Trustee will be entitled, according to the discretion thereof and subject to any law, to hold assemblies through voting papers and without convention, and to hold voting by way of voting papers at an adjourned assembly not having presence of legal quorum required for adopting a decision, provided the Trustee received, by the date set forth in the notice on convention of the assembly or the voting, as the case may be, voting papers from holders constituting legal quorum required for adoption of the resolution at the original assembly or adjourned assembly, as the case may be.
52. Once an assembly of the Bondholders is convened (whether by the Bank, holders or the Trustee), the Trustee will examine the existence of conflict of interest at the Bondholders, between a matter deriving from their holdings and another matter thereof, as determined by the Trustee ("**Another Matter**"). The

Trustee may demand from a holder that participates at an assembly to advise the Trustee, before the voting, of any other matter thereof and whether such conflict of interests exists.

Without derogating from the generality of the aforesaid, any of the following will be considered as having a conflicting interest:

- 52.1 A holder that is a controlled corporation (as defined in Section 6.3 of the Trust Deed);
  - 52.2 A holder that served as an officer at the company close to the date of the event on which the resolution of the assembly is based;
  - 52.3 Any holder regarding which the Trustee set forth has a "conflicting interest" according to the aforesaid, subject to any law and/or instruction of a competent authority, including: any holder that declares in writing towards the Trustee of any material personal interest that deviates from the interest of all bondholders at the relevant assembly of bondholders. A holder that does not submit a written declaration after requested to do so by the Trustee will be considered as having declared having such interest, and the relevant Trustee will determine that such holder has a conflicting interest. Without derogating from this Section 18, the Trustee will examine whether a holder has "conflicting interest" also considering the holdings thereof in other securities of the company and/or securities of any other corporation relevant to the decision submitted to the assembly for approval (as specified in the voting paper), according to the declaration of such holder.
53. It is clarified that examination of the conflict of interests as aforesaid, if required in the Trustee's opinion, will be performed separately for each decision on the agenda of the assembly, and for each assembly separately. It is also clarified that declaration regarding a holder as having another interest in any decision or assembly, in itself, will not indicate another interest of such holder in another resolution on the agenda of the assembly or any other interest at other assemblies.
  54. For examination of such conflict of interests, the Trustee may rely on legal opinion ordered thereby and the provisions of the Trust Deed regarding bearing costs will apply thereto.
  55. Upon counting the votes at a voting conducted at an assembly of holders, the Trustee will not consider the votes of holders that did not respond to the demand thereof as aforesaid in Section 18 or holders regarding which the Trustee found conflict of interests pursuant to such Section. Nevertheless, if the total holdings of participants in the voting that do not have conflicting interest is less than 5% of the balance of nominal value of the bonds of the relevant series, then the Trustee will consider, upon counting the votes at the voting, the votes of the holders having a conflicting interest as well.
  56. At a voting, each holder, present personally or by proxy, will have one vote for each par value of 1 NIS of the total nominal unpaid principal of the Bonds pursuant to which such person is entitled to vote.
  57. In case of joint bondholders, only the vote of the person named first in the registry will be accepted.
  58. A bondholder may vote for part of the votes thereof in favor of a proposal, against a proposal for another part, and to abstain for yet another part, all as deemed proper thereby.
  59. In assembly resolutions, regarding abstaining votes, there shall be no distinction between persons having "conflicting interests" and persons that do not have such interest.
  60. A letter of appointment appointing a proxy will be in writing and signed by the appointer or attorney thereof having written authorization to do so. If the appointer is a corporation, the appointment will be in writing and stamped with the corporation's seal, along with signature of the corporation's authorized signatories, and the appointee will be entitled to act on behalf of the corporation represented thereby.
  61. A letter of appointment of a proxy will be prepared in any format acceptable by the Trustee.
  62. A proxy need not be a bondholder.
  63. A letter of appointment and power of attorney or other certificate according to which the letter of appointment was signed or approved copy of such power of attorney will be submitted to the Trustee by the commencement of the assembly, unless otherwise specified in the invitation notice regarding the assembly.
  64. Voting done according to the terms in the appointing document will be valid even if prior thereto the supervisor died or was declared as incompetent or if the letter of appointment was cancelled or the bond regarding which the vote had been provided was transferred, unless written notice regarding the death,

incompetency decisions, cancelation or transfer as aforesaid, as the case may be, is received at the Bank's registered office before the assembly.

65. A vote given and/or voting done according to the terms of the document appointing a proxy will be valid even if: (1) prior thereto, the appointer died or was declared as incompetent; (2) the letter of appointment was cancelled after the voting; or (3) after the voting, the bond regarding which the vote had been provided was transferred, unless before the assembly or the voting, written notice regarding the death, incompetency decisions, cancelation or transfer as aforesaid is received at the Bank's registered office or another address provided by the Bank or the Trustee.
66. The Trustee will prepare a protocol of the assembly of bondholders that is recorded in the registry of protocols and retained at the registered office of the Trustee for a period of seven years following the assembly. Any such protocol will be signed by the assembly chairperson and any such signed protocol will serve as *prima facie* evidence of its content, and as long as not otherwise proven, any decision adopted at such assembly will be considered as having been duly adopted. The Trustee will be entitled to prepare a protocol for an assembly or part thereof by way of recording.
67. The registry of protocols of the bondholder assemblies will be retained at the Trustee's office and will be open to review by the bondholders.
68. Declaration by the assembly chairperson as to adoption or rejection of a resolution and registration in this respect in the registry of protocols will serve as *prima facie* evidence of such fact.

**Summary of Issuance Conditions**

Further to the draft trust deed for the Bonds (Series 178) (hereinafter: "**the Bonds**"), publicized by Bank Leumi le-Israel Ltd. (hereinafter: "**the Bank**" or "**the Company**") in the immediate report dated [•] June 2015 (hereinafter: "**the Trust Deed**"), below is a summary of the issuance conditions:

**General**

- F. Issuance of the Bonds by the Bank will be done, if at all, according to a shelf offer report publicized by the Bank according to the Bank's shelf prospectus dated May 28, 2015 (hereinafter: "**the Prospectus**"). It is emphasized that there may be changes in the format of the Trust Deed and that the binding version will be the final version of the Trust Deed enclosed to such shelf offer report.
- G. It is emphasized that as of the date of this document, there is no certainty regarding performance of the issuance, its timing, scope and final conditions, and the latter are subject, *inter alia*, to receipt of all approvals required by law, including decision by the Bank's Board and receipt of approval from the Tel Aviv Stock Exchange Ltd. (hereinafter: "**the Exchange**") for listing of the Bonds for trading, and suitable market conditions. This document does not constitute an offer and/or invitation to the public to purchase the Bank's securities.
- H. This document describes, briefly and generally only, part of the conditions of the issuance documents of the Bonds. It does not exhaust and does not replace reading the entire binding documents.
- I. In case of discrepancy between the provisions of the Trust Deed and this document, the Trust Deed will prevail.
- J. In this document, the term "**the Circular**" means Institutional Bodies Circular 2010-9-3 regarding instructions on investment by institutional bodies in non-governmental bonds (as updated, and including any clarification thereto).

**Status of the Bonds**

- The Bonds are guaranteed through collateral.  
Brief description of the collateral: \_\_\_\_\_.
- In case there is a scale of "preference" between series:
  - The Bonds include provisions that provide them with preferred status over other bond series of the Company:  
Preferred over: \_\_\_\_\_.  
Summary of preference provisions: \_\_\_\_\_.
  - The Bonds include provisions that provide them with inferior status over other bond series of the Company: \_\_\_\_\_  
Inferior in relation to: \_\_\_\_\_.  
Summary of inferiority provisions: \_\_\_\_\_.
- The Bonds are not guaranteed and their conditions do not include instructions creating "preference" scale between series.

**Listing for trading**

- There is an explicit determination regarding listing of the Bonds for trading on the Exchange or trading system for institutional bodies operated by the Exchange ("**Tact Institutional**"). [Section 2 of the Trust Deed]

### **Limitations on "diluting" actions**

- There are limitations on taking additional financial debt: \_\_\_\_\_.
- There is an obligation on non-formation of pledges ("negative pledge"): debt: \_\_\_\_\_.

### **Financial standards**

- There are obligations as to fulfillment of financial standards: \_\_\_\_\_.

### **Limitations on "distribution"**

- There is an explicit determination whether there are limitations on the Company regarding distribution of dividend or self-purchase of shares. [Section 15.7 of the Trust Deed]
- There are limitations on "distribution":
- There are limitations on repayment of shareholder loans: \_\_\_\_\_.

### **Limitations on "transactions with controlling shareholders"**

- There are limitations on transactions with controlling shareholders: \_\_\_\_\_.

### **Structural changes**

- There are limitations on structural change: \_\_\_\_\_.
- There are limitations on merger and acquisition transactions: see "causes for call to immediate repayment" table [Section 7.1.11 of the Trust Deed]

### **Rating**

- The Bonds are rated:
- On June 21, 2015, "Midroog" announced Aaa rating (stable) for Bonds (Series 177-179) in the amount of up to 2,500 million NIS par value to be issued by the Bank.
  - On June 21, 2015, "Maalot S&P" announced ilAA rating (stable) for Bonds (Series 177-179) in the amount of up to 2,500 million NIS par value to be issued by the Bank.
- There is an obligation to maintain continuity of rating.
- Comments: \_\_\_\_\_
- There are provisions for adjustment of the bond terms in case the rating is decreased: \_\_\_\_\_.
- There is an explicit determination whether the Company undertakes not to replace a rating company and in case of change, it undertakes to publicize the reasons for the change. Comment: The Bank does not undertake that it will not replace a rating company along the lifecycle of the Bonds. If the Bank replaces the rating company, including in case there is more than one rating company, the Bank will publicize, by immediate report, the reasons and grounds for such replacement. [Section 15.8 of the Trusts Deed]



## Causes for call for immediate repayment

<b>The cause</b>	<b>Exists (section no.) / does not exist</b>	<b>Comments</b>
Non-payment	<u>Exists</u> [Section 7.1.6 of the Trust Deed]	Cure period of 14 days is provided.
Material breach or breach of material obligations	<u>Exists</u> [Sections 7.1.5 and 7.1.6 of the Trust Deed]	Cure period of 14 days is provided.
Misrepresentations	<u>Does not exist</u>	
Breach of specific obligations – limitations on raising additional debt, including limitations on expansion of series	<u>Does not exist</u>	
Breach of specific obligation – non-formation of pledges (negative pledge)	<u>Does not exist</u>	
Breach of specific obligation – limitations on distribution	<u>Does not exist</u>	
Breach of specific obligation – limitations on transactions with controlling shareholders	<u>Does not exist</u>	
Breach of specific obligation – non-publication of financial statements on time	<u>Exists</u> [Section 7.1.7 of the Trust Deed]	Cure period of 30 days is provided.
Breach of specific obligation – the financial standards	<u>Does not exist</u>	
Liquidation decision, permanent and final liquidation order	<u>Exists</u> [Section 7.1.1 of the Trust Deed]	Cure period of 30 days is provided, except in case a permanent and final liquidation order is given by the court, in which case there shall be no cure period.
Temporary liquidation order, appointment of temporary liquidator or any similar judicial decision	<u>Exists</u> [Section 7.1.1 of the Trust Deed]	Cure period of 30 days is provided.
Imposition of attachment or performance of execution action	<u>Exists</u> [Section 7.1.3 of the Trust Deed]	Attachment or execution proceeding over material assets only. Cure period of 30 days is provided.
Applications for receivership or appointment of temporary receiver, order for appointment of permanent receiver	<u>Exists</u> [Section 7.1.2 of the Trust Deed]	If temporary and/or permanent receiver is appointed for the Bank and/or all or material part of its assets, and the appointment is not cancelled within 30 days, except in cases a permanent receiver is appointed, in which case there shall be no cure period.
Stay of proceedings application; stay of proceedings order; the Company's application for compromise or arrangement with its creditors according to Section 350 of the Companies	<u>Exists</u> [Section 7.1.10 of the Trust Deed]	Except for the purpose of merger with another company and/or change of the Bank's structure, including split-up and except performance of arrangements between the Bank and its

Law		shareholders that do not affect the ability to repay the Bonds.
The Company ceased or announced its intention to cease business; the Company ceased or announced its intention to cease its payments	<u>Exists</u> [Section 7.1.9 of the Trust Deed]	Exists only in relation to the Bank's notice to cease its payments. No reference to the Bank's intention to cease business.
Material adverse change has occurred in the Company's business and there is tangible concern that the Company will not be able to repay its debts to the Bondholders	<u>Does not exist</u>	
Tangible concern that the Company will not be able to meet its material obligations to the Bondholders	<u>Does not exist</u>	
Suspension or delisting from trading on the Exchange	<u>Exists</u> [Section 7.1.12 of the Trust Deed]	In case of suspension for a period over 60 days, and except suspension due to formation of ambiguity (as this cause is defined in the fourth part of the Exchange regulations).
Cross default/cross acceleration: cross default (in cases of non-payment of other debts or call to immediate repayment of other debts)	<u>Does not exist</u>	
Cessation of rating	<u>Does not exist</u>	
Lowering of rating	<u>Does not exist</u>	
Change of control	<u>Does not exist</u>	
Breach of obligations regarding structural changes, mergers and acquisitions	<u>Exists</u> [Section 7.1.11 of the Trust Deed]	

### **Urgent representation**

- There are provisions regarding appointment of urgent representation. Comments:  
\_\_\_\_\_.

### **Applicable law and jurisdiction**

- The applicable law has been determined: Israeli law. [Section 34 of the Trust Deed]  
 The jurisdiction has been determined: the competent court in Tel Aviv - Jaffa. [Section 34 of the Trust Deed]

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**Bank Leumi le-Israel Ltd.**

**Bank Leumi le-Israel**  
**Trust Deed for Bonds (Series 179)**

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## **Trust Deed for Bonds (Series 179)**

Made in Tel Aviv - Jaffa on June [●], 2015

**Between**

**Bank Leumi le-Israel, public company 52-001807-8**

Of 34 Yehuda Halevi Street, Tel Aviv 6513616

(hereinafter: "**the Bank**")

**Of the first part;**

**And**

**Reznik Paz Nevo Trusts Ltd., private company 51-368347-4**

Of 14 Yad Harutzim Street, Tel Aviv

(hereinafter: "**the Trustee**")

**Of the second part;**

**Whereas:** The Bank publicized a shelf prospectus dated May 28, 2015, pursuant to which the Bank can offer to the public and issue, *inter alia*, series of bonds, through shelf offer reports, according to the provisions of the Securities Law, 5728-1968, according to the regulations and guidelines of the Stock Exchange and subject to the provisions of any law, as in effect at such time;

**And whereas:** The Trustee warrants that it is a company limited by shares that was incorporated in Israel according to the Companies Law, 5759-1999, and its main objective is engagement in trust and additional actions usually performed by a trust company and that it meets all qualifications for a trustee of debentures according to the Securities Law, 5728-1968;

**And whereas:** The Bank applied to the Trustee and requested that it serves as trustee for the bondholders (series 179) to be issued by the Bank according to the manner and conditions set forth in this trust deed, and the Trustee agreed to sign this trust deeds and act as trustee for the bondholders (series 179);

**And whereas:** The Trustee warrants that there is no prevention according to the Securities Law or any other law upon its engagement with the Bank according to this trust deed;

**And whereas:** The Trustee has no material interest in the Bank and the Bank has no material interest in the Trustee;

**And whereas:** The Bank warrants that there is no prevention according to any law and/or agreement upon the Trustee's engagement according to this trust deeds and issuance of the bonds;

**Therefore, it has been agreed, warranted and conditioned by the parties as follows:**

### **71. Interpretation and definitions**

71.1 The recitals of this trust deed and its appendices constitute an integral part thereof.

- 71.2 Division of this trust deed into sections, and provision of captions to the sections, were done for purposes of convenience and as references only, and may not be used for interpretation.
- 71.3 Every term or expression in this trust deed and its appendices will have the meaning provided in this Deed, unless otherwise explicitly defined in the relevant appendix.
- 71.4 In this Deed, "subject to any law" (or similar expression) shall mean subject to any law that cannot be conditioned upon, and in this Deed, "notwithstanding any law" (or similar expression) shall mean any law except law that cannot be conditioned upon.
- 71.5 Any use in this trust deed of the plural form denotes the singular form as well, and vice versa, and any use in this trust deed of masculine form denotes the feminine form as well, and vice versa, provided there is no other provision, explicit or implicit, in this Deed, and provided the content or context of matters does not warrant otherwise.
- 71.6 In this trust deed and in the Bonds, the following expressions will have the meaning alongside the same, unless another intent is warranted by the context or content of the matters, or if otherwise explicitly specified in this Deed:

<b>"Prospectus" or "Shelf Prospectus"</b>	The Bank's shelf prospectus that bears the date May 28, 2015;
<b>"Shelf Offer Report" or "Offer Report"</b>	Shelf offer report to be publicized according to the shelf prospectus, according to the provisions of the Securities Law, pursuant to which the Bonds will be offered to the public and that includes all specific details of the Bonds offering;
<b>"The Bonds (Series 179)"</b>	Registered bonds (Series 179), to be issued by the Bank according to the manner and conditions specified in this Deed;
<b>"The Bonds"</b>	The Bonds (Series 179);
<b>"Bond Certificate"</b>	The bond certificate the format of which appears in the First Schedule of this Deed, including the conditions overleaf that are enclosed to the certificate;
<b>"Bondholders"</b>	The persons named at the relevant time in the Registry, and in case of several joint holders, the first joint holder that is registered in the Registry;
<b>"The Trustee"</b>	Reznik Paz Nevo Trusts Ltd. or any trust that replaces the same according to the terms of the trust deed for the Bonds and the provisions of the law;
<b>"Registry"</b>	The registry of Bondholders pursuant to Section 25 of this Deed;
<b>"The Trust Deed" or "this Deed"</b>	This trust deed, including the schedules enclosed thereto and that constitute an integral part thereof;
<b>"Securities Law" or "the Law"</b>	Securities Law, 5728-1968, and the regulations thereof, as in effect from time to time;
<b>"The Stock Exchange"</b>	The Tel Aviv Stock Exchange Ltd.;
<b>"The Bonds Principal"</b>	The total nominal value of the Bonds;
<b>"Business Day"</b>	Any day on which most banks in Israel are open for effecting transactions;
<b>"Trading Day"</b>	Any day on which securities are traded on the Exchange;
<b>"Extraordinary Resolution"</b>	A resolution adopted at the bondholders assembly at which there was presence, whether personally or by proxy, of holders of at least fifty percent (50%) of the balance of nominal value of the Bonds in cycle as of

the determining date for the assembly, or at an adjourned assembly of this assembly, assembly at which there was presence, whether personally or by proxy, of holders of at least twenty percent (20%) of such balance, and that was adopted (whether at the original assembly or the adjourned assembly) by a majority of holders of at least three-quarters (75%) of the nominal value of the bonds represented in the voting, excluding the abstainers.

## **72. Issuance of the Bonds**

The Bank will be entitled to issue, according to this trust deed, Bonds (Series 179), at regular repayment rank, equal to the repayment rank of all public deposits deposited with the Bank from time to time, at a maximal amount of [•] billion NIS.

The terms of the Bonds will be as specified in the Bonds Certificate and the conditions overleaf, as enclosed to this Deed.

Subject to all terms for listing for trading on the Exchange, upon completion of the issuance, the Bonds will be listed for trading on the Exchange.

The trust for the Bondholders and the roles of the Trustee according to the terms of this Deed will become effective upon allocation of the Bonds by the Bank.

## **73. Appointment of the Trustee, obligations and role thereof**

73.1 The Bank hereby appoints Reznik Paz Nevo Trusts Ltd. as the trustee for the Bondholders, according to Section 35B of the Securities Law (hereinafter: "**the First Trustee**"). The appointment period of the First Trustee will be until the date of convention of the bondholders assembly to be convened by the First Trustee no later than 14 days following the date of submission of the second annual report regarding the trust matters, according to Section 35H1(A) of the Securities Law (hereinafter: "**the First Appointment Assembly**"). If the First Appointment Assembly approves, by regular majority, the continued term of the First Trustee, then the latter will continue serving as trustee until the end of the additional appointment period as set forth in the decision of the First Appointment Assembly (which may be until the date of final repayment of the Bonds).

73.2 If the First Appointment Assembly and/or any assembly thereafter limits the additional appointment period of the Trustee, then the appointment period thereof will conclude according to the bondholders' decision regarding continued term thereof and/or appointment of another trustee in lieu thereof.

73.3 If the Trustee is replaced by another trustee, then the other trustee will be the trustee for the Bondholders pursuant to the provisions of Chapter E1 of the Securities Law, including for persons entitled to payments by virtue of the Bonds that were not paid after the due date thereof.

73.4 The obligations of the Trustee, the authorities thereof and the manner of fulfillment of the position thereof will be according to this Deed and subject to the provisions of any law.

## **74. The Bank's Obligations**

74.1 The Bank undertakes, towards the Trustee, to pay all amounts of principal, interest and linkage differentials that must be paid according to the terms of the Bonds, and to fulfill all other conditions and commitments imposed thereupon according to the Bonds and according to this Deed.

74.2 Issuance of the Bonds and engagement in the Trust Deed were approved by the Bank as required according to any law and in accordance with its documents of incorporation.

74.3 The Bank has not engaged in another agreement or made another commitment in contradiction to its commitments according to this Deed.

74.4 As of the date of this Deed, no application for appointment of receiver and/or liquidator has been submitted against it and/or by it, and no order has been rendered regarding these matters and, to the best knowledge of the Bank, no application for such appointment or order is about to be submitted.

74.5 Its registered and issued capital is as specified in the Prospectus.

## **75. Absence of collateral for the Bonds; Issuance of additional bonds**

75.1 The Bonds are not guaranteed with any collateral (as this term is defined in the Securities Law).

75.2 The Bank will be entitled to pledge and transfer its property and perform transactions therewith as it deems proper and without any limitation as to amount or otherwise.

75.3 The Bank reserves the right to undertake, at any time, additional obligations of any kind, as the Bank deems proper, including obligations the repayment level of which is preferred and/or equal and/or inferior to that of the Bonds, without receiving the Trustee's consent for performance of such actions.

75.4 Without derogating from the generality of the aforesaid, subject to the provisions of any law, the Bank reserves the right to issue, at any time, additional series of the Bonds, according to conditions as the Bank deems proper (whether by private placement, as part of the Shelf Prospectus or otherwise), including bonds to be offered according to the Prospectus pursuant to other conditions as the Bank deems proper, including bonds the repayment level of which is preferred and/or equal and/or inferior to that of the Bonds (Series 179), as well as to expand, from time to time, any of the aforesaid bond series, without being required to receive the approval of the Trustee and/or the Bondholders.

75.5 In addition to the aforesaid, the Bank reserves the right, subject to the provisions of law, without being required to receive the approval of the Trustee and/or the Bondholders, to expand, at any time, the Bonds (Series 179) and to offer, by private placement or placements, or according to an additional offer report or additional offer reports, or according to a prospectus or prospectuses, as the case may be and according to its discretion, additional bonds of Series 179 (hereinafter: "**the Additional Bonds**"). The Trustee undertakes to serve as trustee for holders of the Additional Bonds as well, if issued, and the provisions of the Trust Deed will also apply to the Additional Bonds issued as aforesaid. The Bank reserves the right to issue the Additional Bonds according to their nominal value, for premium or discount, according to its discretion. The Bank will apply to the Tel Aviv Stock Exchange Ltd. and request to list the Additional Bonds, when offered.

75.6 For removal of doubt, it is clarified that the Trustee is not obligated to examine, and in practice the Trustee has not examined, the need for providing collateral for securing the payments to the Bondholders. By engaging in this Trust Deed, and by the Trustee's consent to serve as the trustee for the Bondholders, the Trustee is not providing the opinion thereof, whether explicitly or implicitly, as to the Bank's ability to meet its obligations towards the Bondholders.

75.7 It is also clarified that the Trustee's execution of the Trust Deed does not constitute an expression of opinion on the behalf thereof as to the nature of the offered securities or the feasibility of investment therein.

## **76. Purchase of bonds by the Bank and/or by affiliated holder**

76.1 Subject to the provisions of any law, the Bank (including companies under its control) reserves the right to purchase the Bonds, at any time, on the free market and for any price as it deems proper, without compromising the obligation to repay the Bonds still in cycle. In case of such purchase, the Bank will provide notice of the same through an immediate report, a copy of which will be sent to the Trustee.

- 76.2 As to the Bonds purchased directly by the Bank, the Bank will provide notice through an immediate report to the Securities Authority and the Stock Exchange, with a copy to the Trustee, regarding purchase thereof, and they will be canceled and delisted from trading on the Exchange, and the Bank will not be entitled to re-issue the same. In case the Bonds are purchased during the trading on the Exchange, the Bank will apply to the Exchange clearing house and request to withdraw the same.
- 76.3 The Bonds purchased, if purchased, by a corporation controlled by the Bank (hereinafter: "**Controlled Corporation**") will be considered as an asset of the Controlled Corporation, will not be cancelled and will not be delisted from trading on the Exchange unless subject to the Exchange rules, and they may be transferred as the other bonds (subject to the provisions of the Trust Deed and the bond). Regarding participation of such Controlled Corporation in assemblies of the Bondholders, the provisions of the Second Schedule of the Trust Deed will apply. The Bank will submit an immediate report, with a copy to the Trustee, regarding any purchase by such Controlled Corporation.

## **77. Right to immediate repayment of the Bonds**

- 77.1 Subject to Section 7.2 below, the Trustee, as well as the Bondholders, will be entitled to call immediate repayment of the amount payable to the holders according to the Bonds, only upon occurrence of one or more of the events specified below:
- 77.1.1 If a temporary or permanent liquidator has been appointed for the Bank by a court, or if an order is rendered by court or valid decision is made to liquidate the Bank (except liquidation for purposes of merger with another company) and such appointment or decision are not cancelled within 30 business days after being rendered, except in case a permanent and final liquidation order has been rendered by the court, in which case no cure period will apply.
- 77.1.2 If a temporary and/or permanent receiver has been appointed for the Bank and/or all or a material part of its assets, and the appointment is not cancelled within 30 days, except in case a permanent receiver is appointed, in which case no cure period will apply.
- 77.1.3 If attachment is imposed upon material assets of the Bank or an execution action is undertaken against all or any of the same, and the attachment is not removed and the action is not cancelled within 30 banking business days, and the Trustee considers the same as endangering such collateral.
- 77.1.4 If the Bank is removed from the Companies Registrar records.
- 77.1.5 If material breach of the terms of the Bonds and/or the Trust Deed is performed, and the Bank does not cure such breach within 14 days following the date of receipt of the notice from the Trustee regarding the breach.
- 77.1.6 The Bonds have not been repaid on time or another material obligation provided to the benefit of the holders has not been fulfilled, and the Bank has not cured this breach within 14 days following the date of receipt of the notice from the Trustee regarding the breach.
- 77.1.7 The Bank has not publicized a financial report it is obligated to publicize according to any law, within 30 days following the deadline for publication thereof.
- 77.1.8 The Bonds have been delisted from trading on the Exchange.
- 77.1.9 The Bank has ceased or announced its intention to cease its payments.
- 77.1.10A stay of proceedings order has been provided to the Bank or an application has been submitted by the Bank to perform an arrangement with its creditors according to Section 350 of the Companies Law (except for the purpose of merger with another company and subject to Section 7.1.11 below and/or change of the Bank's structure, including split-up and except performance of arrangements between the Bank and its shareholders that do not affect the ability to repay the Bonds).
- 77.1.11 If a merger has been performed by the Bank without first receiving the approval of the Bondholders, unless the Bank or the acquiror company, as the case may be, declared towards



the Bondholders, including through the Trustee, at least ten business days before the merger date, that there is no reasonable concern that due to the merger the Bank or the acquiror company, as the case may be, will not be able to fulfill the obligations towards the holders.

77.1.12 If the Bonds were listed for trading on the Exchange, and the Exchange suspended trading in the Bonds for a period exceeding 60 days, except suspension due to formation of ambiguity, as this cause is defined in the fourth part of the Exchange regulations.

77.2 Upon occurrence of any of the events in Section 7.1 of this Deed:

77.2.1 Before the Trustee exercises the authority thereof to call immediate repayment pursuant to the Trust Deed, the Trustee will be entitled to convene an assembly of the Bondholders and receive its instructions.

77.2.2 The decision of the holders to call immediate repayment as aforesaid will be adopted at an assembly of the holders having presence of at least fifty percent of the balance of the nominal value of the Bonds, by regular majority of the holders, or such majority at an adjourned assembly of the holders having presence of at least twenty percent of such balance.

77.2.3 In case that by the date for convention of the assembly, any of the events specified in Section 7.1 of this Deed above has not been cancelled or removed, and the resolution at the assembly of Bondholders as aforesaid has been adopted according to Section 7.2.2 above, the Trustee will be obligated, within a reasonable time, to call immediate repayment of the entire unpaid balance of the Bonds.

77.2.4 If any sub-section in Section 7.1 above sets forth a reasonable period during which the Bank is entitled to perform an action or adopt a resolution as a result of which the cause for immediate repayment is abolished, then the Trustee or the holders may call immediate repayment of the Bonds pursuant to Section 7 only if such period has elapsed and the cause has not been abolished; however, the Trustee is entitled to shorten the period set forth in the Trust Deed if convinced that it may materially compromise the rights of the holders.

77.3 Notwithstanding Section 7.1 above, and without derogating from the provisions of Section 7.2.4 above, the Trustee or the Bondholders will not call immediate repayment of the Bonds even upon occurrence of one or more of the events specified in Section 7.1 above unless having provided the Bank with a notice regarding their intention to do so, though the Trustee or the holders will not be obligated to provide the Bank with such notice even there is reasonable concern that provision of the notice will compromise the possibility to call immediate repayment of the Bonds.

77.4 It is clarified, for removal of doubt, that call for immediate repayment according to this Section above will not derogate and/or compromise any remedy and/or right of the Bondholders according to any law and/or provision of the Trust Deed.

77.5 This Trust Deed is intended for bonds that are not a capital instrument issued by a banking corporation, as specified in the Third Schedule A1 of the Securities Law, and thus the provisions of sub-Section (A)(1) of Section 35II of the Securities Law will not apply thereto.

## **78. Claims and proceedings by the Trustee**

78.1 Without derogating from any other provision, and subject to Section 7.2 above, the Trustee will be entitled, according to the discretion thereof, and will be obligated, through resolution by regular majority adopted at the assembly of the holders of Bonds in cycle, after provision of additional written notice to the Bank, at least 7 days in advance, to exercise the legal proceedings as deemed proper thereby for realization of the rights of the Bondholders, protection of their rights and enforcement of the execution of any other obligation of the Bank. Nevertheless, the Trustee will have the right to shorten the periods if convinced that any postponement in calling repayment of the Bank's debt endangers the rights of the Bondholders. The Trustee will be entitled to initiate legal and/or other proceedings even if the Bonds have not been to immediate repayment, in order to protect the rights of the Bondholders and subject to any law.

- 78.2 For removal of doubt, it is clarified that none of the provisions specified in this Section 8 may compromise and/or derogate from the Trustee's right that is hereby provided thereto to apply, according to the exclusive discretion thereof and without being required to notify the Bank, to the appropriate court with a request to receive instructions at any matter regarding and/or deriving from this Deed and/or performance of the trust according thereto, at any time and even before the Bonds are called to immediate repayment.
- 78.3 The Trustee is entitled, though not obligated, to convene a general assembly of the Bondholders at any time, in order to discuss and/or receive its instructions on any matter regarding the Trust Deed, and is entitled to re-convene the assembly.
- 78.4 The Trustee is entitled, according to the exclusive discretion thereof, to suspend the performance of any action thereby according to the Trust Deed, in order to apply to the assembly of Bondholders and/or the court, until receipt of instructions from the assembly of Bondholders and/or instructions from the court as to the manner of action, provided that the same does not compromise the Bondholders. Nevertheless, the Trustee is not entitled to suspend proceeding to call immediate repayment as decided by the assembly of Bondholders. It is clarified that in circumstances in which urgent action of the Trustee is required and non-performance thereof before convention of the assemblies of Bondholders by the Trustee will cause damage and/or material loss to the Bondholders, then the Trustee will not be entitled to avoid taking such urgent action until convention of the assembly of Bondholders.

## **79. Trust over proceeds**

- 79.1 All proceeds received by the Trustee as a result of proceedings undertaken thereby, if any, against the Bank, will be held thereby in trust and will serve the purposes according to the following order of priorities: first - for discharge of the expenses, the payments, the levies and the obligations incurred by the Trustee, imposed thereupon or caused thereto due to or as a result of the activities for execution of the trust or otherwise in connection with the terms of the Trust Deed, including the wage thereof. The foregoing will be done after the Trustee instructs the Bank in writing to transfer to the Trustee any payment that the Bank owes the Trustee. It is clarified that if the Bank is obligated to bear any of the expenses, including the Trustee's wage, but does not do so, then the Trustee will pursue receipt of such amounts from the Bank, and in case the Trustee succeeds in obtaining the same, they will be held thereby in trust and will serve the purposes according to the order of priorities specified in this Section below. The aforesaid does not exempt the Bank from its obligation to bear the expenses and the wage as aforesaid in case it must do so according to this Deed or according to law and the Trustee will continue with the collection thereof from the Bank. The balance will serve, unless otherwise decided by extraordinary resolution at the assembly of the Bondholders, the purposes according to the following order of priorities: first - for payment to holders that bore payments according to Section 22.2 below, second - in order to pay the Bondholders the interest in arrears payable thereto according to the terms of the Bonds and subject to the linkage terms in the Bonds, *pari passu* and relatively to the amount of interest in arrears payable to each, without preference or priority regarding any thereof; third - in order to pay the Bondholders the interest payable thereto according to the terms of the Bonds and subject to the linkage terms of the Bonds; fourth - in order to pay the Bondholders the principal amounts payable thereto according to the terms of the Bonds held thereof, *pari passu* and subject to the linkage terms of the Bonds, whether or not the time of discharge of the principal amounts has arrived and relatively to the amounts payable thereto, without any preference in connection with the time of issuance of the Bonds by the Bank or otherwise, and the balance, if any, will be paid by the Trustee to the Bank or its substitutes. Payments of the amounts by the Trustee to the Bondholders is subject to the rights of the holders of the Bonds issued by the Bank hitherto, and the rights of holders of the bonds to be issued by the Bank in the future.

79.2 Notwithstanding Section 9.1 above, if the monetary amount obtained as a result of such proceedings that is distributable at any time, pursuant to such Section, is lower than one million NIS, then the Trustee will not be obligated to distribute the same and will be entitled to distribute such amount or, alternatively, to invest such amount, entirely or partially, in investments that are permitted according to the Trust Deed and replace such investments from time to time with other permitted investments, all as the Trustee deems proper, but in case the Trustee will distribute the balance of the monies deposited therewith according to the provisions of Section 9.1 above, upon the earlier of the following dates: (1) the balance of the deposited amount is one million NIS or more; (2) along with the first payments of interest or principal to the Bondholders that is paid after receipt of the final amount received as a result of such proceedings; (3) closely after the end of the subsequent calendar year following the last date on which monies for distribution were received by the Trustee; (4) resolution has been adopted by the assembly of the Bondholders, by regular majority, to perform such payment, if convention of such assembly was required by the holders according to the provisions of the Second Schedule of the Trust Deed, subject to the instructions and regulations of the Exchange.

#### **80. Notice on distribution**

The Trustee will notify the Bondholders of the date and location for performance of any payment among the payments mentioned above, by notice at least 14 days in advance, to be submitted in the manner set forth in Section 23 below. After the date set in the notice, the Bondholders will be entitled to interest for the same, according to the rate set forth in the Bonds, though only for balance of the principal amount (if any) after deduction of the amount that was paid or offered thereto as aforesaid.

#### **81. Non-payment for a reason not dependent on the Bank**

81.1 Any amount payable to a Bondholder and not actually paid on the due date, for a reason not dependent on the Bank and while the Bank was willing to pay the same, will cease bearing interest and linkage differentials from the due date thereof, and the Bondholder will be entitled only to the amounts entitled to as of the due date for such payment on account of the principal, interest or linkage differentials.

81.2 If such amount is not paid within 14 days following the due date thereof, the Bank will deposit such amount with the Trustee, and such deposit will be considered as discharge of such payment, and in case of discharge of the entire amount for the Bonds, will be considered as the redemption of such security.

81.3 All amounts that the Trustee is entitled to invest according to this Deed will be invested thereby, in the name or to the order thereof, in securities of the State of Israel or any other securities in which that the laws of the State of Israel allow to invest trust monies, as the Trustee deems proper and subject to the provisions of any law, and subject to Section 14 below. If the Trustee does so, the Trustee will not owe the person entitled to such amount more than the consideration received from realization of the investments, after deduction of the expenses related thereto. The Trustee will retain these amounts and will invest the same in the aforesaid manner until the end of one year following the redemption date of the Bonds. After this date, the Trustee will return the amounts accumulated thereby (including proceeds, if any), after deduction of expenses, to the Bank, which will hold such amounts in trust for the Bondholders for one additional year after transfer thereof from the Trustee. The Bank will confirm to the Trustee, regarding the monies returned thereto, the return of such amounts and their receipt in trust for the Bondholders and such confirmation will absolutely release the Trustee in connection with the amounts specified in the confirmation.

81.4 The Trustee will transfer, to each bondholder for which amounts and/or monies payable to the Bondholders have been deposited, the amounts payable thereto from the monies deposited as

aforesaid, after deduction of all expenses and mandatory payments that apply to the trust account in which the Trustee deposited such monies, against presentation of such evidence as required by the Trustee to the full satisfaction thereof.

81.5 If the repayment date or due date for any payment of principal and/or interest falls on a day that is not a business day, then the due date for such payment will be postponed to the subsequent business day, without any additional interest.

81.6 Any mandatory payment as required by law will be deducted from any payment due to the Bonds.

## **82. Receipt as proof**

82.1 Without derogating from any other of these terms, a receipt signed by an individual registered holder of the Bonds held by joint holders will constitute proof for full discharge of any payment performed by the Bank and/or the Trustee for the Bonds and will absolutely release the Trustee in connection with payment of the amounts specified in the receipt.

82.2 Receipt from the Trustee regarding deposit of principal, interest and linkage differentials amounts therewith, to the receipt of the Bondholders, pursuant to Section 11 above, will be considered as receipt from the bondholder for purposes of Section 12.1 above.

## **83. Presentation of the Bonds to the Trustee and registration in connection with partial payment**

The Bondholder will be obligated to present the Trustee, upon payment of any interest or partial payment of principal, interest and linkage differentials according to Sections 9 and 10 above, the Bonds for which the payments are made, and the Trustee will register a note on the Bonds regarding the amounts paid and the payment date thereof. The Trustee will be entitled in any special case, according to the discretion thereof, to waive presentation of the Bonds after being provided with a writ of indemnity or sufficient guarantee to the satisfaction thereof for the damages that might be caused due to non-registration of such note, as deemed proper thereby. Nevertheless, the Trustee will be entitled, according to the discretion thereof, to perform registration in another manner regarding such partial payments.

## **84. Investment of monies**

All monies that the Trustee is entitled to invest according to this Deed will be invested thereby in one of the largest banks in Israel, in the name or to the order thereof, in NIS deposits or securities of the State of Israel, as the Trustee deems proper and subject to the provisions of any law. If the Trustee does so, the Trustee will not owe the persons entitled to such amounts more than the consideration received from realization of the investments, after deduction of the expenses related thereto.

## **85. The Bank's obligations towards the Trustee**

The Bank assumes the following obligations upon itself towards the Trustee, as long as the Bonds are in cycle:

85.1 To maintain the Bank businesses in a routine and appropriate manner.

85.2 To provide the Trustee with documents and information provided by the Bank to the Bondholders, if any. Also, the Bank will provide the Trustee or authorized representative thereof that is a lawyer or accountant by profession (and notice of the appointment of whom shall be provided by the Trustee to the Bank upon the appointment thereof) additional information regarding the Bank, within a reasonable time after the Trustee's demand, to the extent this information might be vital and/or necessary for protection of the rights of the Bondholders, provided the Trustee acted in good faith. Any information that is not part of public domain that is provided to the Trustee or authorized representative thereof, including an external authorized representative, will be retained thereby in confidentiality, will not be transferred thereby to another person and they will not use

the same unless discovery or use of the information is required for fulfillment of their role according to the Securities Law, according to the Trust Deed or court order, and the external authorized representative of the Trustee will sign, for this purpose, a confidentiality agreement as specified in Section 21.3 below.

- 85.3 To maintain routine account books according to accepted accounting principles and, for account books maintained as aforesaid, to retain the books, including the documents that serve as references thereof (including pledge deeds, mortgage, and accounts and receipts) and other documents related to the businesses and offices thereof.
- 85.4 To notify the Trustee, immediately upon learning of the same, of any case in which a receiver has been appointed for all or a material part of its assets, and to immediately exercise, at its expense, all means required in order to remove such attachment or cancel the receivership.
- 85.5 In addition to Section 15.4 above, to notify the Trustee in writing of the occurrence of any of the events specified in Section 7.1 above.
- 85.6 To provide the Trustee, no later than 30 days following the issuance of the Bonds (Series 179) according to the shelf offer report and/or the date of expansion of the Bonds (Series 179), with a true copy of the original bond certificate.
- 85.7 To provide the Trustee with the documents specified in Section 35J of the Securities Law, 5728-1968, and it is clarified that for fulfillment of the provisions of this Deed, publication of a report on Magna will be considered as provision thereof to the Trustee. Financial statement and periodic statement will be provided to the Trustee by the Bank closely after publication thereof.
- 85.8 Instruction no. 332 of the Proper Banking Administration Instructions of the Banks Supervision sets forth limitations upon a banking corporation as to purchase of securities issued thereby (definition of "security" in Instruction 332 - "shares of the banking corporation or securities that can be converted into shares of the banking corporation and that may be realized into shares of the banking corporation"). It is clarified that the Bank is not subject, except for the Instruction as aforesaid, to any limitation regarding its right to distribute dividend to its shareholders and/or perform self-purchase of its shares and/or to perform any other distribution according to the Companies Law, 5759-1999.
- 85.9 The Bank does not undertake that it will not replace a rating company along the lifecycle of the Bonds. If the Bank replaces the rating company, including in case there is more than one rating company, the Bank will publicize, by immediate report, the reasons and grounds for such replacement.
- 85.10 If the Bank ceases being a reporting corporation, it will provide the Trustee and the registered holders with the reports set forth in the regulation codex and according to Chapter J in the sample instructions in the Trust Deed - appendix to the regulation codex, if any such exist from time to time, and at the times set forth thereat. Nevertheless, if such reports can still be publicized through the Magna and/or Maya System, the reports will be provided through such systems in lieu of submission of the reports to the registered holders as aforesaid.

## **86. Additional obligations**

After the Bonds are called for repayment, including due to the Trustee's decision according to Section 7.1 above, the Bank will perform, from time to time and at any time as required by the Trustee, all reasonable actions in order to allow for exercise of all authorities vested with the Trustee, and in particular the Bank will perform the following actions:

- 86.1 Will make the declarations and sign all documents and perform or ensure performance of all actions required or necessary according to the law for providing effect to exercise of the authorities, powers and authorizations of the Trustee.
- 86.2 Will provide all notices, orders and instructions that the Trustee deems as beneficial and are required thereby.

86.3 Will perform or ensure performance of all actions and things required or necessary according to the law for providing effect to exercise of the authorities, powers and authorizations of the Trustee.

## **87. Applications to court**

The Trustee will be entitled, at any time and subject to any law, to apply to a competent court with applications regarding to the trust. Also, the Trustee will be entitled to provide the consent or approval thereof to any application to the court that is demanded by a bondholder, and the Bank will compensate the Trustee for all expenses incurred thereby due to such application, actions performed as a result thereof or in connection therewith. In case the application to court is based on a resolution of the Bondholders, the Bondholders will indemnify the Trustee for all reasonable expenses incurred thereby due to such application, actions performed as a result thereof or in connection therewith, and pursuant to the law will take such indemnify from the deposit deposited therewith according to the provisions of the law.

## **88. The Trustee's wage**

88.1 The Bank will pay the Trustee, for the services thereof as trustee during the first trust year, the amount of NIS 13,000, excluding lawful VAT, for the Bonds (Series 179) to be issued by the Prospectus and for which the Trustee serves as trustee.

88.2 Also, the Bank will pay the Trustee, beginning in the second trust year, and as long as there are outstanding bonds in cycle, and for every subsequent year, the amount of NIS 9,000, excluding lawful VAT.

88.3 For expansion of the Bonds (Series 179) in cycle, the Bank will pay the Trustee a one-time additional wage of NIS 2,000, excluding lawful VAT, for every expansion of the Bonds (Series 179).

88.4 Special trustee wage in the amount of NIS 500 per hour, excluding lawful VAT, for special events/works:

88.4.1 Reasonable actions deriving from breach of this Deed by the Bank;

88.4.2 Reasonable actions deriving from call of the Bonds to immediate repayment or impending immediate repayment or impending compromise of the holders' rights;

88.4.3 Special reasonable work (such as, without limitation, reasonable work required due to structural change of the Bank) or due to the need to perform additional reasonable actions for fulfillment of the role thereof as a reasonable trustee, due to future change of laws and/or regulations and/or other binding instructions that apply in connection with the actions and responsibility of the Trustee according to this Deed, provided the Trustee first receives the Bank's approval, which will not be unreasonably denied.

88.5 Also, the Trustee will receive wage for all actions related to (including, without derogating from the generality of the aforesaid, participation thereof) assemblies of the Bondholders (except for general and extraordinary assemblies of the Bank's shareholders) in the amount of NIS500, excluding lawful VAT, for each assembly.

88.6 In addition, the Trustee will be entitled to reimbursement of reasonable expenses incurred thereby as part of fulfillment of the role thereof and/or due to the authorities provided thereto according to this Deed, including due to publications in newspapers and appointment of experts, provided the Trustee first receives the Bank's approval, which will not be unreasonably denied.

88.7 If changes occur in the provisions of the law according to which the Trustee is required to perform actions and/or inspections and/or preparation of additional reports, the Bank undertakes to bear all reasonable expenses incurred by the Trustee due to the same, including reasonable fee for such

actions, provided the Trustee first receives the Bank's approval, which will not be unreasonably denied.

- 88.8 All amounts specified in this Section are linked to the consumer price index that is known as of the issuance of the Bonds, though in any case no amount lower than the specified amounts will be paid.
- 88.9 If a trustee is appointed in lieu of a trustee the term of which has ended according to Section 35B(A1) or 35N(D) of the Securities Law, then the Bondholders will bear the difference by which the wage of the trustee appointed as aforesaid increased in relation to the wage paid to the replaced trustee, if such difference is unreasonable, and the relevant provisions of the law will apply at the time of such replacement.
- 88.10 If, according to law, the Bank is obligated to perform a deposit for guaranteeing payment by the Bank of the Trustee's special expenses, the Bank will follow such provisions.

## **89. Special authorities**

- 89.1 The Trustee will be entitled to deposit all deeds and documents that attest, express or determine the right thereof in connection with any asset held thereby at such time, in a vault or other place as selected thereby, at any banker or banking institution or at a lawyer, to the extent reasonable and in coordination with the Bank. If the Trustee does so, the Trustee will not be liable for any loss caused due to such deposit, provided the Trustee was not negligent, and the Trustee will be entitled to pay, at the Bank's expense, all amounts payable thereby on account of such deposit or in connection therewith, provided the Trustee submitted advance notice to the Bank in this respect. The Bank will reimburse any such expense to the Trustee.
- 89.2 The Trustee is entitled, as part of performance of the trust matters according to this Deed, to act according to the opinion or advice of a lawyer, accountant, appraiser, assessor, surveyor, broker or other expert. Whether such opinion or advice was prepared at the request of the Trustee or by the Bank or otherwise, and the Trustee will not be liable for any loss or damage caused as a result of any action or default performed thereby based on such opinion and/or advice, provided the Trustee was not negligent.
- 89.3 Any such advice or opinion may be provided or sent or received orally or by letter, telegram, phone, fax or other electronic means for transmission of information, and the Trustee will not be liable for actions performed thereby based on advice or opinion or information transmitted by any such manner, even if it included errors and even if it was not authentic, provided the Trustee did not know of the same and did not act negligently.
- 89.4 The Trustee will not be obligated to notify any party of execution of this Deed and will not be entitled to intervene in any manner in management of the Bank's business or matters, subject to the provisions of any law that cannot be conditioned upon, and to the extent not otherwise set forth in this Deed.
- 89.5 The Trustee will be entitled to receive a certificate, signed by two directors at the Bank, confirming that in their opinion, a transaction, step, action or other matter are desirable and to the Bank's benefit, as sufficient proof that the transaction, step, action or other matter are indeed desirable and to the Bank's benefit.
- 89.6 The Trustee will exercise, during the trust, powers, authorizations and authorities provided thereto according to this Deed, according to the absolute discretion thereof, and except in case of fraud or negligence, will not bear liability of damage caused due to errors in discretion done in good faith.
- 89.7 Any exemption from liability provided to the Trustee according to the provisions of this Deed, if any, is subject to the act (or default) of the Trustee, including operation of discretion, for which the exemption was provided, not being done with gross negligence or through breach of duty of loyalty or through breach of the provisions of the Trust Deed and the Bonds.

## **90. The Trustee's authority to employ agents**

The Trustee will be entitled, as part of administration of the trust matters, to appoint an agent to act in lieu thereof, and to pay the wage of such agent at the Bank's expense, whether a lawyer or otherwise, in order to perform or participate in performance of various businesses and to perform or participate in performance of various actions that must be done in connection with the trust, and without derogating from the generality of the aforesaid regarding exercise of legal proceedings, to the extent reasonable under the circumstances and after coordination with the Bank. Also, the Trustee will be entitled to discharge, at the Bank's expense, the reasonable wage of such agent, to the extent the Trustee is entitled to do so according to this Deed or according to the fee agreement with the Bank, and the Bank will reimburse the Trustee, immediately upon the first demand thereof, for any such expense, provided the Trustee notified the Bank in advance regarding appointment of such agents. Appointment of an agent will not derogate from the Trustee's obligations according to this Deed or according to any law.

## **91. The Trustee's authorities**

- 91.1 The Trustee will not be obligated to notify any party regarding execution of this Deed.
- 91.2 Subject to the provisions of any law, the Trustee is not obligated to act in any manner not specified in this Deed, so that any information, including regarding the Bank and/or the Bank's ability to meet its obligations to the Bondholders, is provided thereto and the same is not part of the role thereof.
- 91.3 Subject to the provisions of any law and the provisions of this Deed, the Trustee undertakes, by signing this Deed, to maintain as confidential any information provided thereto by the Bank, not to disclose the same to another person and not to use the same, unless disclosure or use thereof is required for fulfillment of the Trustee's role according to the Securities Law, the Trust Deed, or court order.
- 91.4 The Trustee may rely on the presumption set forth in Section 25 below and to rely on the correctness of the identity of an unregistered bondholder as provided to the Trustee by a person registered as an attorney in a power of attorney issued by a registration company, to the extent the identity of the holder was not registered in the power of attorney.
- 91.5 The Trustee may rely, as part of the trust, on any written document, including writ of instructions, notice, request, authorization or approval that seems to be signed or issued by any person or entity regarding which the Trustee believes in good faith that it has been signed or issued thereby.

## **92. Indemnification of the Trustee**

- 92.1 The Trustee's wage and expenses will be paid by the Bank according to the provisions of the Trust Deed. In addition, as to special matters that are not part of the Bank's obligation to pay the Trustee wage and expenses as set forth in Section 18 above, the Trustee will be entitled to indemnity from the Bondholders or the Bank, as the case may be, including for reasonable expenses incurred thereby in connection with actions performed due to the obligation thereof according to the provisions of third Deed or according to law or demand by a competent authority or demand by the Bondholders, provided that:
- 92.1.1 The Trustee will not be entitled to demand the indemnity in advance on a matter that cannot be postponed.
- 92.1.2 An indemnity commitment may include indemnity for liability in tort imposed on the Trustee according to a final ruling or according to compromise as agreed by the indemnifying party towards a third party that is not a bondholder, provided the indemnity commitment will apply under the following conditions:
- The expenses in tort incurred and/or to be incurred thereby are reasonable.



- The Trustee acted in good faith and this action was done as part of fulfillment of the role thereof, and provided the Trustee did not act maliciously or with gross negligence.

92.1.3 Without derogating from right to compensation provided to the Trustee according to the law and subject to this Deed and/or the Bank's commitments according to this Deed, the Trustee, attorney, manager, agent or other person appointed by the Trustee according to this Deed will be entitled to receive indemnity from the monies and investments received by the Trustee from the proceedings undertaken thereby or otherwise obtained thereby, regarding commitment they assumed, regarding expenses incurred thereby due to performance of the trust or in connection to such actions that, in their opinion, were required for performance of the aforesaid and/or in connection with exercise of authorities and authorizations provided pursuant to this Deed, as well as in connection with all sorts of legal proceedings, legal and other opinions, negotiations, deliberations, claims and demands regarding any matter and/or thing done and/or not done in any manner regarding the aforesaid, and the Trustee may retain the monies held thereby and pay the amounts required for payment of such indemnity. All such amounts will be preferred over the rights of the Bondholders, subject to law, and provided the Trustee acted in good faith and according to the obligations thereof imposed by any law and this Deed, and that the Trustee did not act maliciously or with gross negligence.

92.2 It is clarified that if the expenses were issued by the Trustee in connection with an action done according to the demand of bondholders of a certain series issued by the Bank or in connection with actions pertaining to a certain series only, then the indemnity will be provided by the bondholders of such series. If the expenses were incurred in connection with the Trustee's actions that did not pertain to a certain series only, then the indemnity will be provided by the Bondholders *pro rata* to the amounts of nominal value in cycle from each and every series.

92.3 Notwithstanding this Section 22 above, if the Trustee deems proper, for protection and/or realization of the rights of the Bondholders and/or is obligated, according to the terms of this Deed and/or the law and/or instruction by a competent authority and/or any law and/or demand by the Bank and/or the Bondholders, to exercise legal proceedings and various actions by virtue of the obligation thereof per this Deed, then the Trustee will immediately convene an assembly of the Bondholders in order to confirm the responsibility thereof for coverage of the expenses involved in proceedings and actions undertaken by the Trustee, and then the amount deposited by each holder will bear annual interest at the rate equal to the interest set for the Bonds (pursuant to the First Schedule) and will be paid by preference as aforesaid in Section 9.1. In case the Bondholders refuse to bear the expenses involved in proceedings and actions undertaken by the Trustee, then the Trustee will not be obligated to perform proceedings and actions as aforesaid, provided a matter that cannot be postponed is not involved. It is hereby clarified that the consent of the Bondholders does not release the Bank from the obligations thereof, if any, according to this Deed and/or the law, to bear and cover expenses involved in proceedings and actions as aforesaid, without the aforesaid imposing upon the Bank any liability to bear the expenses under circumstances in which the Bondholders refused to bear the expenses involved in such proceedings. Also, all monies received from realization proceedings and various actions will also serve for reimbursement and coverage of expenses undertaken by the Bondholders as aforesaid. The aforesaid does not derogate from the Trustee's obligation to collect the monies from the Bank, if the Bank is obligated to pay such monies. It is clarified that under circumstances in which urgent action by the Trustee is required and non-performance thereof prior to convention of the assembly of the Bondholders by the Trustee will cause damage and/or material loss to the Bondholders, the Trustee will not be entitled to refrain from taking an urgent action as aforesaid until convention of the assembly of the Bondholders.

### **93. Notices**

- 93.1 Any notice to the Bondholders, on behalf of the Bank or the Trustee, will be provided by report on the Magna System of the Securities Authority; (The Trustee will be entitled to instruct the Bank and the Bank will be obligated to immediately report on the Magna System, on behalf of the Trustee, any report according to the format provided in writing to the Bank by the Trustee), and in cases specified below only, also by way of publication of notice in two daily newspapers having wide circulation that are published in Israel in Hebrew: (A) arrangement or compromise according to Section 350 of the Companies Law; (B) merger. Any notice published and sent as aforesaid will be considered as having been provided to the Bondholders, on the date of publication of the immediate report on Magna, on the date of publication of the notice in the newspaper, or 3 business days following its dispatch by registered mail, as the case may be.
- 93.2 Any notice or demand on behalf of the Trustee to the Bank or from the Bank to the Trustee may be provided by (1) registered mail according to the address specified in the Trust Deed, or according to another address as the Bank advises the Trustee or the Trustee advises the Bank in writing; (2) email or fax or by courier, and any such notice or demand will be considered as having been received by the Bank: (1) in case of dispatch by registered mail - three business days following its dispatch by mail; (2) in case of email or fax (along with receipt confirmation by phone) - one business day after its dispatch; (3) and in case of dispatch by courier - upon delivery by the courier to the addressee or offer to the addressee to receive the same, as the case may be.
- 93.3 Copies of notices and invitations sent by the Bank to the Bondholders will be sent by the Bank to the Trustee as well. It is clarified that for purposes of fulfillment of the provisions of this Deed, publication of a report of Magna will be considered as dispatch thereof to the Trustee.

#### **94. Waiver, compromise and modifications of the Trust Deed**

- 94.1 Subject to the provisions of the Securities Law, the Trustee will be entitled, from time to time and at any time, if the same does not compromise, in the opinion thereof, the rights of the Bondholders, to waive any breach or non-fulfillment of any condition of this Deed by the Bank, except as to the due date of the Bonds Principal, the scope of the Bonds Principal, the interest rate for the Bonds and call for immediate repayment of the Bonds.
- 94.2 Subject to the provisions of the Securities Law and the Companies Law and the regulations thereof, including Section 350 of the Companies Law, and by advanced approval obtained at the assembly of the Bondholders having presence of holders, or proxies thereof, of fifty percent (50%) at least of the balance of par value of the Bonds Principal, or at an adjourned meeting, having presence of holders, or proxies thereof, of twenty percent (20%) at least of such balance, and adopted by majority of the holders of at least 2/3 of the par value of the Bonds represented at the voting, the Trustee will be entitled, whether before or after the Bonds Principal becomes due, to compromise with the Bank as to any right or claim of the Bondholders and agree with the Bank as to any settlement of its rights, including waiver of any right thereof or rights of the Bondholders and to agree to change of the terms of the Bonds, unless a debt arrangement as defined in Section 350Q of the Companies Law is concerned.
- 94.3 Subject to the provisions of the Securities Law, the Trustee and the Bank will be entitled, whether before or after the Bonds Principal becomes due, to agree to modification of the Trust Deed, if any of the following applies:
- 94.3.1 The Trustee is convinced that the modification does not compromise the Bondholders, except change of the identity of the Trustee or its wage in the Deed or for appointment of a trustee in lieu of a trustee the term of which has ended, as well as excluding the due date of the Bonds Principal, the scope of the Bonds Principal, the interest rate for the Bonds and call for immediate repayment of the Bonds.
- 94.3.2 The Bondholders have agreed to the proposed modification, by a resolution adopted at an assembly of holders having presence of holders of at least 50% of the balance of nominal value of the Bonds, by majority of the holders of at least 2/3 of the nominal value of the

Bonds represented at the assembly or by such majority at an adjourned assembly having presence of at least 20% of such balance.

94.4 The Bank will provide an immediate report of any such modification, immediately upon its execution.

94.5 If the Trustee compromises with the Bank after receiving advanced approval from the general assembly of the Bondholders as aforesaid, the Trustee will be exempt from liability for this action as approved by the general assembly, provided the Trustee has not breached a duty of loyalty and has not acted without good faith or maliciously in implementing the resolution of the general assembly.

94.6 In case of exercise of the Trustee's right according to this Section, the Trustee will be entitled, though not obligated, to demand from the Bondholders to provide the Trustee with the bonds for registration of note regarding any compromise, waiver, change or modification as aforesaid and, according to the Trustee's demand, the Bank will register such note.

## **95. Registry of bondholders**

The Bank will maintain and manage, at its offices, a registry of the Bondholders, regarding any series of bonds issued thereby separately, according to the Securities Law, which will be open to review by any person.

The bonds issued according to the prospectus will be allotted to the Registration Company of Bank Leumi le-Israel Ltd. and will be registered in its name at the registry of bondholders.

The Bank will not be obligated to register in the registry of the Bondholders any notice regarding explicit, implicit or supposed trust, or pledge or hypothecation of any kind, or any right in equity, claim or set-off or other right regarding the bonds.

The Bank will only recognize the ownership of the person under the name of whom the bonds are registered, provided the legal inheritors, estate administrators or executors of the registered holder and any person entitled to the bonds due to bankruptcy of a registered holder (and if a corporation - due to its liquidation) will be entitled to be registered as the holder thereof only after provision of sufficient proof to the satisfaction of the Bank executives regarding the right thereof to be registered as the holder.

The Bank will be entitled to close the registry of the Bondholders occasionally at times and for periods as it deems proper, for periods not exceeding 30 days per year cumulatively. The Bank will not register transfers during such times and periods.

The Bonds may be transferred regarding any nominal value amount, provided it is in whole NIS, according to a deed of transfer in a format acceptable by the Bank, properly signed by the registered holder or legal representatives thereof.

The deed of transfer will be submitted for registration at the registered office of the Bank, along with the bonds and any proper proof of identity and right as required by the Bank for proving the right of the transferor to transfer the same, and along with the amount required for any governmental mandatory payment, if any, for the transfer. The Bank will be entitled to retain the deed of transfer.

In case of transfer of only a part of the amount of nominal principal of such bonds, the security certificate will first be split according to the instructions below, to several certificates as warranted, so that the total of all principal amounts specified therein is equal to the amount of the nominal principal of such security certificate.

All expenses involved in transfer, including stamp duty and other fees, if any, will apply to the transferor.

Any bond certificate may be split by signed split request on behalf of the registered holder of such certificate, into several bond certificates, so that the total of their principal amount is equal to the nominal principal amount of the certificate that is split, against delivery of such certificate to the Bank at its registered office, for performance of the split, along with a signed split request on behalf of the registered owner of such bonds.

Performance of the split will be done within three months after the date on which the certificate is delivered at the registered office of the Bank, as aforesaid.

The new bond certificates issued due to the split will have nominal value amounts in whole NIS each.

All expenses involved in the split, including fees, if any, will apply to the requestor of the split.

The provisions in this Section will also apply to waiver of bond certificates, *mutatis mutandis*.

## **96. Replacement of the Trustee and expiration of term thereof**

96.1 The term of the Trustee and its expiration and appointment of a new trustee will be subject to the provisions of the Securities Law, 5728-1968.

96.2 Resolution by holders regarding the termination of the Trustee's term and replacement thereof with another trustee is an extraordinary resolution and will be adopted at an assembly having presence of at least two holders with 50% of the balance of the nominal value of the Bonds, or an adjourned assembly with present of at least two holders with at least 10% of such balance, and by the majority required for adoption of an extraordinary resolution.

96.3 Subject to the provisions of law, the Trustee the term of whom has expired will continue serving until appointment of another trustee. The Trustee will provide the new trustee with all documents and amounts accumulated thereby in connection with the trust that is the subject of this Deed, and will sign any document required for the same. Every new trustee will have the same powers, obligations and authorities and will be entitled to act in any respect, as if appointed as trustee in the first place.

96.4 The Bank will publicize an immediate report in case of resignation of trustee and/or appointment of another trustee.

## **97. Assembly of the bondholders**

Assemblies of the bondholders will be conducted according to the Second Schedule of this Deed.

## **98. Reporting to the Trustee**

The Bank will submit to the Trustee, as long as the bonds for which the Trustee serves as trustee are in cycle, and as long as any payment must be performed according thereto:

98.1 Audited financial statements of the Bank for the fiscal year ended on December 31 of the previous year, closely after their publication and no later than three months following the end of the reported year.

98.2 Every semi-annual and quarterly report, closely after its publication, along with survey of the Bank's auditor regarding the same.

98.3 No later than two weeks after publication of annual financial statements, confirmation of the Bank regarding performance of interest payments the due date of which occurred before the confirmation date and the payment date, as well as the balance of the Bonds in cycle on the determining date for payment of the interest, as well as confirmation of the Bank that there is no breach of this Deed on part of the Bank, unless noted in the confirmation as aforesaid.

98.4 Any immediate report submitted to the Securities Authority on the date submitted thereby to this Authority.

98.5 Copy of any document that the Bank provides to the Bondholders and details of any information that the Bank transfers thereto otherwise, and any additional information according to reasonable demand of the Trustee and subject to the provisions of any law and commitment to maintain confidentiality.

98.6 Any other report according to the law that the Bank must provide to the Trustee.

98.7 Reporting will be provided regarding any change in the rating of the Bonds or termination of the rating by the rating company.

It is clarified that for fulfillment of this Deed, publication of a report on the Magna System will be considered as provision thereof to the Trustee.

#### **99. Addresses**

The parties' addresses for purposes of this Deed are as specified in the recitals of this Deed, or any other address regarding which proper notice is provided in writing.

#### **100. Electronic signature**

By signing this Deed, the Trustee authorizes the electronic signatories of the Bank to sign, in the name thereof, an electronic copy of the Trust Deed for transmission thereof on Magna.

#### **101. Exercise of rights according to the Deed and the Bonds**

Subject to the provisions of law, the Bondholders will be entitled to exercise their rights according to the Bonds and the Trust Deed through the Trustee or, pursuant to resolution of general assembly of the Bondholders, through the manners specified in the Bond and the Trust Deed. Nevertheless, if the Trustee acts in contrast to the provisions of the Bond and the Trust Deed, the Bondholders will be entitled to exercise their rights, including according to resolution of the general assembly.

#### **102. Application of the Securities Law**

As to any matter not mentioned in this Deed, and in case of discrepancy between the provisions of the Securities Law that cannot be conditioned upon and this Deed, the parties will follow the provisions of the Securities Law.

#### **103. The Trustee's liability**

103.1 Notwithstanding any law and any provision of the Trust Deed, to the extent the Trustee fulfilled the role thereof in good faith and within reasonable time, and inquired into the facts that a reasonable trustee would have inquired into under the circumstances, the Trustee will not be liable towards a bondholder for any damage incurred thereby as a result of the fact that the Trustee exercised the discretion thereof according to Section 35H(D1) or 35I1 of the Law, unless the plaintiff proves that the Trustee acted with gross negligence. It is clarified that if there is discrepancy between this Section 33.1 and any other provision of this Deed, this Section 33.1 will prevail.

103.2 If the Trustee acted in good faith and without negligence according to the provisions of Section 35H(D1) or 35I1 of the Law, the Trustee will not be liable for performance of such action.

#### **104. Other agreements**

Subject to the provisions of any law and the limitation imposed on the Trustee according to law, fulfillment of the role thereof according to this Deed or the very status thereof as trustee will not prevent the Trustee from engaging with the Bank in various contracts or performing transactions therewith during the ordinary course of business.

#### **105. Applicable law and jurisdiction**

The Bonds are subject to the provisions of Israeli law only. Regarding any matter not mentioned in this Deed and in case of discrepancy between the provisions of the law and this Deed, the parties will act according to the provisions of the Israeli law.

The only court authorized to discuss matters related to the Trust Deed will be the competent court in Tel Aviv - Jaffa.

**In witness whereof the parties have signed:**

\_\_\_\_\_  
**Bank Leumi le-Israel Ltd.**

\_\_\_\_\_  
**Reznik Paz Nevo Trusts Ltd.**

I, the undersigned, \_\_\_\_\_, Adv., license no. \_\_\_\_\_, hereby confirm that this Deed was signed by [.....], who are duly authorized to bind Bank Leumi Ltd. by such signature.

\_\_\_\_\_  
\_\_\_\_\_, Adv.

**First Schedule of the Trust Deed - Bond**

**Bank Leumi le-Israel Ltd.**

**Registered bond (Series 179), par value of NIS1 each**

**Number** \_\_\_\_\_

**Nominal total** \_\_\_\_\_

9. This certificate attests that Bank Leumi le-Israel Ltd. (hereinafter: "**the Bank**") will pay to the registered holder (as defined in terms overleaf) of this bond the amounts undertaken thereby as specified in the terms overleaf and the Trust Deed dated June [●] 2015 made and signed by the Bank on one part and Reznik Paz Nevo Trusts Ltd. on the other part (hereinafter: "**the Trust Deed**"), including its appendices. It is clarified that the provisions of the Trust Deed constitute an integral part of the terms of the bond.
10. The bonds are not secured by collateral, as specified in Section 5 of the Trust Deed.
11. The bonds will be repaid *pari passu* without any bond having preference over the other.
12. This bond is issued according and subject to the terms specified overleaf and in the Trust Deed.

Given with the Bank's stamp affixed on: \_\_\_\_\_

\_\_\_\_\_  
**Bank Leumi le-Israel Ltd.**

## The terms specified overleaf

### **15. General**

- 15.1 This Bond, of Series 179, is issued according to the trust deed dated [●], made and signed on [●] 2015 between the Bank, on one part, and Reznik Paz Nevo Trusts Ltd. on the other part (hereinafter: "**the Trust Deed**").
- 15.2 As to each of the Bonds (Series 179), the bonds will be equally ranked, *pari passu* between themselves, without any priority or preference of one over the other.
- 15.3 The terms of the Bonds (Series 179) (the terms specified overleaf) are an integral part of the provisions of the Trust Deed and the provisions of the Trust Deed shall be considered as explicitly included as part of the terms of these Bonds. In case of contradiction between the Bond and the Trust Deed, the provisions of the Trust Deed will prevail.

### **16. Definitions**

- 16.1 Expressions in this Bond will have the meaning provided in the Trust Deed, unless another intent is warranted by the context or content of the matters, or if otherwise explicitly specified in this Bond.
- 16.2 Any use in this Bond of the plural form denotes the singular form as well, and vice versa, and any use in this trust deed of masculine form denotes the feminine form as well, and vice versa, and any reference to a person also includes a corporation, provided there is no other provision, explicit or implicit, in this Bond, and provided the content or context of matters does not warrant otherwise.
- 16.3 The following expressions will have the meaning alongside the same, unless another intent is warranted by the context or content of the matters, or if otherwise explicitly specified in this Bond:
- |                           |  |
|---------------------------|--|
| <b>The Bonds</b>          | Bonds (Series 179);  |
| <b>First Offer Report</b> | The first shelf offer report according to which the Bonds are first offered and issued;  |
| <b>The Tender</b>         | The tender for the interest rate of the Bonds to be held in the manner and on the date as specified in the First Offer Report; |
| <b>Entitled Person</b>    | A bondholder entitled to payment of principal or interest according to the terms of the Bonds.                                 |

### **17. Date for repayment of the Bonds Principal**

- 17.1 The Bonds Principal will be repaid in one installment, on January 31, 2042.
- 17.2 Repayment of the principal will be done against delivery of the bond certificates to the Bank on the payment date, at its registered office or any other place as advised by the Bank, no later than five (5) business days before the payment date. It is clarified that a person not registered in the registry of bondholders of the Bank on the determining date for entitlement to any payment will not be entitled to such payment.
- 17.3 The principal payments will be performed subject to the linkage terms pursuant to Section 4 below.

### **18. Interest of the Bonds**

- 18.1 The outstanding principal of the Bonds will bear annual interest at the rate set in the Tender (hereinafter: "**the Annual Interest Rate**").
- 18.2 The interest will be paid to the Bondholders twice a year on January 31 and July 31 of each of the years 2016 through 2042 (inclusive), for the period of the six months ended on the day before the



payment date, except the first payment of interest, which will be paid on January 31, 2016 for the period beginning on the first trading day after the tender date until January 30, 2016 (hereinafter: "**the First Interest Payment**").

- 18.3 The interest rate on any interest payment date, except for the First Interest Payment, will be equal to the Annual Interest Rate, divided into 2 (number of payments per year) (hereinafter: "**the Semi-Annual Interest Rate**"). The interest rate on the date of the First Interest Payment will be calculated according to the number of days in the period beginning on the first trading day after the tender date until 30 January 2016, based on 365 days per year (hereinafter: "**the Interest Rate for the First Interest Payment**").
- 18.4 On the first trading day after the tender date, the Bank will publicize, as part of an immediate report on the tender results, the Annual Interest Rate, the Semi-Annual Interest Rate and the Interest Rate for the First Interest Payment.
- 18.5 The interest payments will be paid to the persons registered in the registry of bondholders on January 19 and July 19 of each relevant year (hereinafter: "**the Determining Date**"), except for the last interest payment, which will be paid to the persons registered in the registry on the payment date and that will be performed upon repayment of the Bonds Principal against delivery of the bond certificates to the Bank on the payment date, at its registered office or any other place as advised by the Bank, no later than five (5) business days before the payment date. It is clarified that a person not registered in the registry of bondholders on the determining date for entitlement to interest payment for the period before such date.
- 18.6 The Bonds will first be issued according to their nominal, and thus at no discount.
- 18.7 Interest payments will be performed subject to the linkage terms pursuant to Section 6 below.

## **19. Instructions regarding payments**

- 19.1 The principal and interest payments will be done by checks or bank transfer to the credit of the Entitled Person's bank account. If an Entitled Person does not provide the Bank, ahead of time, with written details regarding the bank account thereof to which payments according to the Bonds should be transferred, then any such payment will be done by check sent by registered mail to the last address thereof registered in the registry of bondholders. Dispatch of a check to an Entitled Person by registered mail as aforesaid will be considered, for all purposes, as payment of the amount specified therein on the date of dispatch thereof by mail, provided it is cashed upon its due submission for collection.
- 19.2 Payment to Entitled Persons by bank transfer may be done to the credit of a bank account details of which have been provided to the Bank by written notice sent by registered mail; this notice will bind the Bank only as to payments the due date of which is more than thirty days following the date on which the notice arrived at the Bank's registered office.

## **20. Early redemption of the Bonds**

In case it is decided by the Exchange to delist the Bonds from trading since the value of the Bond Series is lower than the amount set forth in the Exchange's instructions regarding delisting of bonds from trading, the Bank will not perform early redemption.

It is clarified that in any case the Bank will not be entitled to perform early redemption of bonds at its initiative.

## Second Schedule of the Trust Deed – Assembly of Bondholders

The following provisions will apply to assemblies of bondholders, subject to the provisions of law:

69. The Trustee will convene an assembly of holders at the request of one or more holder holding at least 5% of the balance of nominal value of the bonds. Also, the Trustee or Bank are entitled, if they so deem proper, to convene the Bondholders to an assembly of the Bondholders. If the Bank convenes such assembly, it must send written notice to the Trustee regarding the location, date and time of the assembly, as well as matters on its agenda, and the Trustee or representative thereof will be entitled to participate at such assembly without having the right to vote. In case the persons that request convention of the assembly are bondholders, the Trustee will be entitled to demand indemnify for the reasonable expenses involved therein.

It is clarified that the indemnity demand by the Trustee will not compromise the summoning of an assembly summoned for taking action intended to prevent damage to the rights of the Bondholders, and such indemnity demand will not derogate from the Bank's obligation to bear expenses involved in convention of the assembly.

A trustee required to convene an assembly of holders by holders as aforesaid will summon the assembly within 21 days following the demand, for a date set forth in the invitation, provided the convention date is not earlier than 7 days and not later than 21 days following the invitation; however, the Trustee may advance the convention of the assembly to at least one day following the invitation, if convinced the same is necessary for protection of the holders' rights.

70. Every assembly of the Bondholders will be held in Israel, at the Bank's registered office or other location as advised by the Bank and/or the Trustee, and the Bank will bear reasonable costs of the alternative location.

71. Invitation of an assembly on behalf of the Trustee for consultation only with the Bondholders will be publicized at least one day before the convention thereof ("**Consultation Assembly**"). No agenda will be publicized for a Consultation Assembly and no decisions will be made thereat.

72. The Registration Company will not exercise the voting rights for the bonds registered in its name in the registry of the Bondholders, and these voting rights are provided to the holder or behalf thereof, provided the holder received a power of attorney from the Registration Company for voting.

73. No resolution duly adopted at an assembly convened as aforesaid will be disqualified even if, due to error, no notice was provided regarding the same to all Bondholders, or such notice was not received by all Bondholders. This Section will apply if the invitation to the assembly (or the adjourned assembly, as the case may be) was also transmitted through the Magna System.

74. Any notice on behalf of the Bank and/or the Trustee to the Bondholders will be provided according to Section 24 of the Trust Deed.

75. The assembly of bondholders will be opened after it is proven that there is presence of the legal quorum required for beginning of discussion, as follows:

75.1 Subject to the Securities Law and other provisions regarding quorum as set forth in the Trust Deed, legal quorum at any assembly will be established upon presence of at least two (2) bondholders, present personally or by proxy, jointly holding or representing at least 25% of the outstanding balance of the nominal value of the Bonds in cycle at such time; and at an adjourned assembly – upon presence of two (2) such holders regardless of the nominal value held thereby.

75.2 At an assembly convened for adoption of an extraordinary resolution, quorum will be established upon presence of Bondholders, present personally or by proxy, jointly holding or representing at least 50% of the outstanding balance of the nominal value of the Bonds in cycle at such time; and at an adjourned assembly – upon presence of such holders of at least 20% of the nominal value of such balance.

76. Assemblies convened for adoption of a resolution on call for immediate repayment will be subject to Section 7 of the Trust Deed.

77. A holder that is controlling shareholder of the Bank, family member or corporation controlled by any thereof ("**Affiliated Holder**") will be disregarded for purposes of determining the legal quorum as an assembly and the votes thereof will not be included in the count of votes at such assembly.
78. If, within thirty minutes after the time set for beginning of the assembly, there is no legal quorum, the assembly will be postponed to another date not earlier than two business days after the determining date set for the original assembly or one business day, if the Trustee is convinced the same is required for protection of the holders' rights; if the assembly is adjourned, the Trustee will provide reasons for the same in the report on convention of the assembly, and may do so in the notice on convention of the original assembly.
79. If, within thirty minutes after the time set for the adjourned assembly pursuant to Section 10 above, there is no legal quorum, then the assembly will be held with any number of participants, unless otherwise required by the Securities Law.
80. According to decision of the Trustee or decision by regular majority of the voters at an assembly having legal quorum, the continuation of the assembly ("**the Original Assembly**"), the discussion or adoption of resolution on an issue specified in the agenda will be postponed from time to time, to another date and location as determined by the Trustee or the assembly ("**Continuation Assembly**"). At a Continuation Assembly, only issues on the agenda and not decided upon shall be discussed.
81. The Trustee may declare that the original and/or continuation assembly be split into class assemblies for discussion. Determination of the classes will be decided exclusively by the Trustee.
82. If an assembly of holders is postponed without changing its agenda, invitations will be provided regarding the new date for the continuation assembly, as early as possible, and no later than 12 hours before the continuation assembly; such invitation will be provided according to Section 24 of the Trust Deed.
83. A person or person appointed by the Trustee, the Bank and any other person/s authorized by the Bank will be entitled to be present at assemblies of the Bondholders without the right to vote. In case the Trustee is convinced that part of the assembly requires discussion without the presence of the Bank's representatives, then the Bank or persons on its behalf will not participate thereat, notwithstanding this Section 15. The Bank may, in any case participate in the opening of the assembly in order to express its position regarding any issue on the agenda of the assembly and/or present a certain issue (as the case may be).
84. Every resolution will be adopted by count of votes.
85. At every assembly of holders, the Trustee or person appointed thereby will serve as the chairperson of such assembly. The chairperson of the assembly may determine that voting will be by way of voting papers or voting during the assembly. In case the chairperson determines that voting is by way of voting paper, the Trustee will ensure that the format of the voting paper is publicized on Magna and will determine the date for closing the voting by which the holders must send to the Trustee the complete and duly signed voting paper. The Trustee may demand from a holder to declare, as part of the voting paper, existence or absence of a conflicting interest thereof. A holder that does not complete the voting paper and/or does not prove the entitlement thereof to participate and vote at an assembly according to instructions and dates set by the assembly chairperson will be considered as not having submitted a voting paper, and thus as having elected not to vote on the issue/s in the voting paper. Accordingly, the Trustee will be entitled, according to the discretion thereof and subject to any law, to hold assemblies through voting papers and without convention, and to hold voting by way of voting papers at an adjourned assembly not having presence of legal quorum required for adopting a decision, provided the Trustee received, by the date set forth in the notice on convention of the assembly or the voting, as the case may be, voting papers from holders constituting legal quorum required for adoption of the resolution at the original assembly or adjourned assembly, as the case may be.
86. Once an assembly of the Bondholders is convened (whether by the Bank, holders or the Trustee), the Trustee will examine the existence of conflict of interest at the Bondholders, between a matter deriving from their holdings and another matter thereof, as determined by the Trustee ("**Another Matter**"). The

Trustee may demand from a holder that participates at an assembly to advise the Trustee, before the voting, of any other matter thereof and whether such conflict of interests exists.

Without derogating from the generality of the aforesaid, any of the following will be considered as having a conflicting interest:

- 86.1 A holder that is a controlled corporation (as defined in Section 6.3 of the Trust Deed);
  - 86.2 A holder that served as an officer at the company close to the date of the event on which the resolution of the assembly is based;
  - 86.3 Any holder regarding which the Trustee set forth has a "conflicting interest" according to the aforesaid, subject to any law and/or instruction of a competent authority, including: any holder that declares in writing towards the Trustee of any material personal interest that deviates from the interest of all bondholders at the relevant assembly of bondholders. A holder that does not submit a written declaration after requested to do so by the Trustee will be considered as having declared having such interest, and the relevant Trustee will determine that such holder has a conflicting interest. Without derogating from this Section 18, the Trustee will examine whether a holder has "conflicting interest" also considering the holdings thereof in other securities of the company and/or securities of any other corporation relevant to the decision submitted to the assembly for approval (as specified in the voting paper), according to the declaration of such holder.
87. It is clarified that examination of the conflict of interests as aforesaid, if required in the Trustee's opinion, will be performed separately for each decision on the agenda of the assembly, and for each assembly separately. It is also clarified that declaration regarding a holder as having another interest in any decision or assembly, in itself, will not indicate another interest of such holder in another resolution on the agenda of the assembly or any other interest at other assemblies.
  88. For examination of such conflict of interests, the Trustee may rely on legal opinion ordered thereby and the provisions of the Trust Deed regarding bearing costs will apply thereto.
  89. Upon counting the votes at a voting conducted at an assembly of holders, the Trustee will not consider the votes of holders that did not respond to the demand thereof as aforesaid in Section 18 or holders regarding which the Trustee found conflict of interests pursuant to such Section. Nevertheless, if the total holdings of participants in the voting that do not have conflicting interest is less than 5% of the balance of nominal value of the bonds of the relevant series, then the Trustee will consider, upon counting the votes at the voting, the votes of the holders having a conflicting interest as well.
  90. At a voting, each holder, present personally or by proxy, will have one vote for each par value of 1 NIS of the total nominal unpaid principal of the Bonds pursuant to which such person is entitled to vote.
  91. In case of joint bondholders, only the vote of the person named first in the registry will be accepted.
  92. A bondholder may vote for part of the votes thereof in favor of a proposal, against a proposal for another part, and to abstain for yet another part, all as deemed proper thereby.
  93. In assembly resolutions, regarding abstaining votes, there shall be no distinction between persons having "conflicting interests" and persons that do not have such interest.
  94. A letter of appointment appointing a proxy will be in writing and signed by the appointer or attorney thereof having written authorization to do so. If the appointer is a corporation, the appointment will be in writing and stamped with the corporation's seal, along with signature of the corporation's authorized signatories, and the appointee will be entitled to act on behalf of the corporation represented thereby.
  95. A letter of appointment of a proxy will be prepared in any format acceptable by the Trustee.
  96. A proxy need not be a bondholder.
  97. A letter of appointment and power of attorney or other certificate according to which the letter of appointment was signed or approved copy of such power of attorney will be submitted to the Trustee by the commencement of the assembly, unless otherwise specified in the invitation notice regarding the assembly.
  98. Voting done according to the terms in the appointing document will be valid even if prior thereto the supervisor died or was declared as incompetent or if the letter of appointment was cancelled or the bond regarding which the vote had been provided was transferred, unless written notice regarding the death,

incompetency decisions, cancelation or transfer as aforesaid, as the case may be, is received at the Bank's registered office before the assembly.

99. A vote given and/or voting done according to the terms of the document appointing a proxy will be valid even if: (1) prior thereto, the appointer died or was declared as incompetent; (2) the letter of appointment was cancelled after the voting; or (3) after the voting, the bond regarding which the vote had been provided was transferred, unless before the assembly or the voting, written notice regarding the death, incompetency decisions, cancelation or transfer as aforesaid is received at the Bank's registered office or another address provided by the Bank or the Trustee.

100. The Trustee will prepare a protocol of the assembly of bondholders that is recorded in the registry of protocols and retained at the registered office of the Trustee for a period of seven years following the assembly. Any such protocol will be signed by the assembly chairperson and any such signed protocol will serve as *prima facie* evidence of its content, and as long as not otherwise proven, any decision adopted at such assembly will be considered as having been duly adopted. The Trustee will be entitled to prepare a protocol for an assembly or part thereof by way of recording.

101. The registry of protocols of the bondholder assemblies will be retained at the Trustee's office and will be open to review by the bondholders.

102. Declaration by the assembly chairperson as to adoption or rejection of a resolution and registration in this respect in the registry of protocols will serve as *prima facie* evidence of such fact.

**Summary of Issuance Conditions**

Further to the draft trust deed for the Bonds (Series 179) (hereinafter: "**the Bonds**"), publicized by Bank Leumi le-Israel Ltd. (hereinafter: "**the Bank**" or "**the Company**") in the immediate report dated [•] June 2015 (hereinafter: "**the Trust Deed**"), below is a summary of the issuance conditions:

**General**

- K. Issuance of the Bonds by the Bank will be done, if at all, according to a shelf offer report publicized by the Bank according to the Bank's shelf prospectus dated May 28, 2015 (hereinafter: "**the Prospectus**"). It is emphasized that there may be changes in the format of the Trust Deed and that the binding version will be the final version of the Trust Deed enclosed to such shelf offer report.
- L. It is emphasized that as of the date of this document, there is no certainty regarding performance of the issuance, its timing, scope and final conditions, and the latter are subject, *inter alia*, to receipt of all approvals required by law, including decision by the Bank's Board and receipt of approval from the Tel Aviv Stock Exchange Ltd. (hereinafter: "**the Exchange**") for listing of the Bonds for trading, and suitable market conditions. This document does not constitute an offer and/or invitation to the public to purchase the Bank's securities.
- M. This document describes, briefly and generally only, part of the conditions of the issuance documents of the Bonds. It does not exhaust and does not replace reading the entire binding documents.
- N. In case of discrepancy between the provisions of the Trust Deed and this document, the Trust Deed will prevail.
- O. In this document, the term "**the Circular**" means Institutional Bodies Circular 2010-9-3 regarding instructions on investment by institutional bodies in non-governmental bonds (as updated, and including any clarification thereto).

**Status of the Bonds**

- The Bonds are guaranteed through collateral.  
Brief description of the collateral: \_\_\_\_\_.
- In case there is a scale of "preference" between series:
  - The Bonds include provisions that provide them with preferred status over other bond series of the Company:  
Preferred over: \_\_\_\_\_.  
Summary of preference provisions: \_\_\_\_\_.
  - The Bonds include provisions that provide them with inferior status over other bond series of the Company: \_\_\_\_\_  
Inferior in relation to: \_\_\_\_\_.  
Summary of inferiority provisions: \_\_\_\_\_.
- The Bonds are not guaranteed and their conditions do not include instructions creating "preference" scale between series.

**Listing for trading**

- There is an explicit determination regarding listing of the Bonds for trading on the Exchange or trading system for institutional bodies operated by the Exchange ("**Tact Institutional**"). [Section 2 of the Trust Deed]

### **Limitations on "diluting" actions**

- There are limitations on taking additional financial debt: \_\_\_\_\_.
- There is an obligation on non-formation of pledges ("negative pledge"): debt: \_\_\_\_\_.

### **Financial standards**

- There are obligations as to fulfillment of financial standards: \_\_\_\_\_.

### **Limitations on "distribution"**

- There is an explicit determination whether there are limitations on the Company regarding distribution of dividend or self-purchase of shares. [Section 15.7 of the Trust Deed]
- There are limitations on "distribution":
- There are limitations on repayment of shareholder loans: \_\_\_\_\_.

### **Limitations on "transactions with controlling shareholders"**

- There are limitations on transactions with controlling shareholders: \_\_\_\_\_.

### **Structural changes**

- There are limitations on structural change: \_\_\_\_\_.
- There are limitations on merger and acquisition transactions: see "causes for call to immediate repayment" table [Section 7.1.11 of the Trust Deed]

### **Rating**

- The Bonds are rated:
- On June 21, 2015, "Midroog" announced Aaa rating (stable) for Bonds (Series 177-179) in the amount of up to 2,500 million NIS par value to be issued by the Bank.
  - On June 21, 2015, "Maalot S&P" announced ilAA rating (stable) for Bonds (Series 177-179) in the amount of up to 2,500 million NIS par value to be issued by the Bank.
- There is an obligation to maintain continuity of rating.
- Comments: \_\_\_\_\_
- There are provisions for adjustment of the bond terms in case the rating is decreased: \_\_\_\_\_.
- There is an explicit determination whether the Company undertakes not to replace a rating company and in case of change, it undertakes to publicize the reasons for the change. Comment: The Bank does not undertake that it will not replace a rating company along the lifecycle of the Bonds. If the Bank replaces the rating company, including in case there is more than one rating company, the Bank will publicize, by immediate report, the reasons and grounds for such replacement. [Section 15.8 of the Trusts Deed]

## Causes for call for immediate repayment

<b>The cause</b>	<b>Exists (section no.) / does not exist</b>	<b>Comments</b>
Non-payment	<u>Exists</u> [Section 7.1.6 of the Trust Deed]	Cure period of 14 days is provided.
Material breach or breach of material obligations	<u>Exists</u> [Sections 7.1.5 and 7.1.6 of the Trust Deed]	Cure period of 14 days is provided.
Misrepresentations	<u>Does not exist</u>	
Breach of specific obligations – limitations on raising additional debt, including limitations on expansion of series	<u>Does not exist</u>	
Breach of specific obligation – non-formation of pledges (negative pledge)	<u>Does not exist</u>	
Breach of specific obligation – limitations on distribution	<u>Does not exist</u>	
Breach of specific obligation – limitations on transactions with controlling shareholders	<u>Does not exist</u>	
Breach of specific obligation – non-publication of financial statements on time	<u>Exists</u> [Section 7.1.7 of the Trust Deed]	Cure period of 30 days is provided.
Breach of specific obligation – the financial standards	<u>Does not exist</u>	
Liquidation decision, permanent and final liquidation order	<u>Exists</u> [Section 7.1.1 of the Trust Deed]	Cure period of 30 days is provided, except in case a permanent and final liquidation order is given by the court, in which case there shall be no cure period.
Temporary liquidation order, appointment of temporary liquidator or any similar judicial decision	<u>Exists</u> [Section 7.1.1 of the Trust Deed]	Cure period of 30 days is provided.
Imposition of attachment or performance of execution action	<u>Exists</u> [Section 7.1.3 of the Trust Deed]	Attachment or execution proceeding over material assets only. Cure period of 30 days is provided.
Applications for receivership or appointment of temporary receiver, order for appointment of permanent receiver	<u>Exists</u> [Section 7.1.2 of the Trust Deed]	If temporary and/or permanent receiver is appointed for the Bank and/or all or material part of its assets, and the appointment is not cancelled within 30 days, except in cases a permanent receiver is appointed, in which case there shall be no cure period.
Stay of proceedings application; stay of proceedings order; the Company's application for compromise or arrangement with its creditors according to Section 350 of the Companies	<u>Exists</u> [Section 7.1.10 of the Trust Deed]	Except for the purpose of merger with another company and/or change of the Bank's structure, including split-up and except performance of arrangements between the Bank and its



Law		shareholders that do not affect the ability to repay the Bonds.
The Company ceased or announced its intention to cease business; the Company ceased or announced its intention to cease its payments	<u>Exists</u> [Section 7.1.9 of the Trust Deed]	Exists only in relation to the Bank's notice to cease its payments. No reference to the Bank's intention to cease business.
Material adverse change has occurred in the Company's business and there is tangible concern that the Company will not be able to repay its debts to the Bondholders	<u>Does not exist</u>	
Tangible concern that the Company will not be able to meet its material obligations to the Bondholders	<u>Does not exist</u>	
Suspension or delisting from trading on the Exchange	<u>Exists</u> [Section 7.1.12 of the Trust Deed]	In case of suspension for a period over 60 days, and except suspension due to formation of ambiguity (as this cause is defined in the fourth part of the Exchange regulations).
Cross default/cross acceleration: cross default (in cases of non-payment of other debts or call to immediate repayment of other debts)	<u>Does not exist</u>	
Cessation of rating	<u>Does not exist</u>	
Lowering of rating	<u>Does not exist</u>	
Change of control	<u>Does not exist</u>	
Breach of obligations regarding structural changes, mergers and acquisitions	<u>Exists</u> [Section 7.1.11 of the Trust Deed]	

### **Urgent representation**

- There are provisions regarding appointment of urgent representation. Comments:  
\_\_\_\_\_.

### **Applicable law and jurisdiction**

- The applicable law has been determined: Israeli law. [Section 34 of the Trust Deed]  
 The jurisdiction has been determined: the competent court in Tel Aviv - Jaffa. [Section 34 of the Trust Deed]

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**Bank Leumi le-Israel Ltd.**