

## **Tax Policy Statement**

As part of the management of the Bank's businesses, it is subject to tax laws in Israel and in the countries in which it operates.

The Bank operates in accordance with any law or regulation that applies to it, including with regard to its activities. The Bank does not conduct any tax advisory activities for its customers.

In accordance with the financial statements as of December 31, 2022, 97% of Leumi Group's profit for the year arise from earnings generated in Israel.

With regard to the Bank's activity abroad, a settlement agreement is in place that regulates tax payments in Israel in respect of profits of the Bank's foreign subsidiaries, signed between the Bank and the Assessing Officer for Large Enterprises, from August 1987.

The Bank operates with related parties under market conditions as required by the regulation to which it is subject.

With regard to the activities of its customers, the Bank applies the regulations listed below, which are also applicable under the policies and procedures relevant to those aspects:

- Proper Conduct of Banking Business Directive No. 308 - in the consumer area, in its relations with its customers, the Bank is obligated to comply with, and complies with, all provisions relating to withholding tax at source from customers' activities carried out through the Bank, as required by Israeli tax laws.
- [1] FATCA - the Bank is obligated to hold identity checks for its customers for the purpose of identifying American customers. In addition, the Bank is obligated to transfer information regarding customers who were identified as Americans to the Israel Tax Authority, for the purpose of transferring the information to the Internal Revenue Service in the US.
- [2] CRS - the Bank is obligated to verify its customers' country of residence and does so. In addition, the Bank is obligated to transfer information regarding customers who were identified as residents of reportable countries (countries with which an exchange of information agreement was signed) to the Israel Tax Authority, for the purpose of transferring the information to the tax authority in the customer's country of residence.
- QI - the Bank acts as a QI (Qualified Intermediary) - an executing arm for tax withholding purposes for the US tax authority. The QI agreement imposes on the Bank the obligation to identify customers and to document the process, and to withhold tax at source from payments received in US securities.

- [3] BEPS - the Bank is obligated to submit, and indeed submits, a report developed by the OECD for the purpose of promoting transparency on distribution of proceeds, profits and tax burden between territories of international companies.

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[1] FATCA – Foreign Accounts Tax Compliance Act

[2] CRS - Common Reporting Standard

[3] BEPS - Base Erosion and Profits Shifting