

Description of key features of equity instruments included in the Bank's regulatory capital as of June 30, 2019

| | Overview | Share capital | Mizrahi-Tefahot Bank – Subordinated capital notes (Series A) | Mizrahi-Tefahot Issuance company – Subordinated notes (Series 31) | Bank Mizrahi Tefahot – Subordinated deposit notes* |
|----|--|--|--|---|--|
| 1 | Legal entity – issuer | Bank Mizrahi Tefahot Ltd. | Bank Mizrahi Tefahot Ltd. | Mizrahi Tefahot Issue Company Ltd. | Bank Mizrahi Tefahot Ltd. |
| 2 | Securities ID / Ticker symbol | 695437 | 6950083 | 2310076 | Non-negotiable / multiple |
| 3 | Legal frameworks applicable to the instrument | State of Israel | State of Israel | State of Israel | State of Israel |
| | Supervisory treatment | | | | |
| 4 | Tier of which the instrument is part during the Basel III transitional period, which is gradually being eliminated | Not applicable | Tier II capital | Tier II capital | Tier II capital |
| 5 | Tier of which the instrument is part during the Basel III transitional period, regardless of transitional provisions | Tier I shareholders' equity | Does not qualify | Does not qualify | Does not qualify |
| 6 | Does the instrument qualify as regulatory capital component on solo basis, for the banking group or both | Banking group | Banking group | Banking group | Banking group |
| 7 | Instrument type | Ordinary share capital | Obligatory notes | Obligatory notes issued by a subsidiary of the banking corporation to third-party investors | Subordinated notes |
| 8 | Amount recognized in regulatory capital as of June 30, 2019 | 2,218,187,800 | 924,289,500 | 153,231,600 | 262,278,900 |
| 9 | Instrument par value | 23,443,258 | 1,701,984,302 | 480,000,000 | 1,582,767,716 |
| 10 | Accounting classification | Shareholders' equity | Liability – carried at amortized cost | Liability – carried at amortized cost | Liability – carried at amortized cost |
| 11 | Original issue date | Variable | 11/16/2006 | 9/19/2010 | Multiple |
| 12 | Perpetual or dated | Perpetual | Dated | Dated | Dated |
| 13 | Original maturity | Not applicable | 1/1/2106 | 9/19/2019 | Multiple |
| 14 | Early redemption possible upon issuer demand with prior approval by the Supervisor? | Not applicable | Yes | No | No |
| 15 | Earliest date for exercising the option of early redemption upon issuer demand | Not applicable | 1/1/2022 | Not applicable | Not applicable |
| 16 | Existence and frequency of later early redemption dates | Not applicable | At the end of five-year terms after January 1, 2022 – i.e. on January 1 of 2027, 2032, 2037 etc. | Not applicable | Not applicable |
| | Interest coupons / dividends | | | | |
| 17 | Fixed or variable interest coupon / dividend | See Note 24.C (Share capital and equity) on the financial statements as of December 31, 2016 | Currently fixed interest, to become variable in future | Fixed interest | Fixed interest |
| 18 | Coupon interest rate and linkage to specific index | Not applicable | 4.5%, linked to the Consumer Price Index | 3%, linked to the Consumer Price Index | Multiple, CPI-linked |
| 19 | Any dividend stopper to ordinary share holders? | Not applicable | Yes | No | No |
| 20 | Subject to full discretion, partial discretion or not subject to discretion | Not applicable | Partial discretion | No discretion | No discretion |
| 21 | Interest step-up or other incentive for redemption? | Not applicable | Yes | No | No |
| 22 | Instrument accrues / does not accrue interest / dividends? | Not applicable | Accruing | Does not accrue | Does not accrue |
| 23 | Instrument is or is not convertible? | Not applicable | Is convertible | Is not convertible | Is not convertible |
| 24 | If convertible, what are the trigger points? | Not applicable | See note (1) | Not applicable | Not applicable |
| 25 | If convertible, is it fully / partially convertible? | Not applicable | Always fully convertible | Not applicable | Not applicable |
| 26 | If convertible, what is the conversion ratio? | Not applicable | See note (2) | Not applicable | Not applicable |
| 27 | If convertible, is conversion optional or mandatory? | Not applicable | Mandatory | Not applicable | Not applicable |
| 28 | If convertible, of what Tier is the resulting instrument after conversion? | Not applicable | Tier I shareholders' equity | Not applicable | Not applicable |
| 29 | If convertible, indicate the issuer of the instrument converted into | Not applicable | Bank Mizrahi Tefahot Ltd. | Not applicable | Not applicable |
| 30 | Is there a mandatory write-down on the instrument? | Not applicable | No | No | No |
| 31 | If there is a mandatory write-down, what are the trigger points? | Not applicable | Not applicable | Not applicable | Not applicable |
| 32 | If there is a mandatory write-down, is it full or partial? | Not applicable | Not applicable | Not applicable | Not applicable |
| 33 | If there is a mandatory write-down, is it permanent or temporary? | Not applicable | Not applicable | Not applicable | Not applicable |
| 34 | If there is a temporary write-down, describe the write-down elimination mechanism | Not applicable | Not applicable | Not applicable | Not applicable |
| 35 | Creditor ranking upon dissolution – instrument type immediately preceding this instrument in creditor ranking | Subordinated capital notes (Series A), Bank Mizrahi-Tefahot | Contingent Subordinated notes of Bank Mizrahi Tefahot and contingent Subordinated notes of Mizrahi Tefahot Issue Company – Series 47 | Deposits and debentures | Deposits and debentures |
| 36 | Are there components which only comply with the definition of regulatory capital due to transitional provisions? | No | Yes | Yes | Yes |
| 37 | If Yes, indicate the components | Not applicable | Non-qualification as Tier II capital: Regulation 202, Appendix D, sections 4c and 9 and Appendix E | Non-qualification as Tier II capital: Regulation 202, Appendix D, section 9 and Appendix E | Non-qualification as Tier II capital: Regulation 202, Appendix D, section 9 and Appendix E |
| 38 | Link to prospectus | – | http://maya.tase.co.il/bursa/report.asp?report_cd=265410 | http://maya.tase.co.il/bursa/report.asp?report_cd=427836-00&CompCd=231&Type=Pdf | * 556 deposits which are essentially subordinated notes |

Description of key features of equity instruments included in the Bank's regulatory capital as of June 30, 2019

| | Bank Mizrahi Tefahot – Contingent Subordinated notes | Mizrahi-Tefahot Issuance company – contingent subordinated notes (Series 47) | Mizrahi-Tefahot Issuance company – contingent subordinated notes (Series 48) | Mizrahi-Tefahot Issuance company – contingent subordinated notes (Series 50) | Bank Yahav – contingent subordinated notes | |
|----|--|---|---|---|---|--|
| 1 | Overview Legal entity – issuer | Bank Mizrahi Tefahot Ltd. | Mizrahi Tefahot Issue Company Ltd. | Mizrahi Tefahot Issue Company Ltd. | Mizrahi Tefahot Issue Company Ltd. | Bank Yahav for Government Employees Ltd. |
| 2 | Securities ID / Ticker symbol | Non-negotiable / multiple | 2310233 | 2310233 | 2310290 | Non-negotiable / multiple |
| 3 | Legal frameworks applicable to the instrument | State of Israel | State of Israel | State of Israel | State of Israel | State of Israel |
| 4 | Supervisory treatment Tier of which the instrument is part during the Basel III transitional period, which is gradually being eliminated | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| 5 | Tier of which the instrument is part during the Basel III transitional period, regardless of transitional provisions | Tier II capital | Tier II capital | Tier II capital | Tier II capital | Tier II capital |
| 6 | Does the instrument qualify as regulatory capital component on solo basis, for the banking group or both | Banking group | Banking group | Banking group | Banking group | Banking group |
| 7 | Instrument type | Contingent subordinated notes | Contingent subordinated notes issued by a subsidiary of the banking corporation to third-party investors | Contingent subordinated notes issued by a subsidiary of the banking corporation to third-party investors | Contingent subordinated notes issued by a subsidiary of the banking corporation to third-party investors | Contingent subordinated notes |
| 8 | Amount recognized in regulatory capital as of June 30, 2019 | 467,967,200 | 695,310,658 | 719,069,495 | 700,000,000 | 333,715,019 |
| 9 | Instrument par value | 600,000,000 | 678,950,000 | 710,550,000 | 700,000,000 | 518,000,000 |
| 10 | Accounting classification | Liability – carried at amortized cost | Liability – carried at amortized cost | Liability – carried at amortized cost | Liability – carried at amortized cost | Liability – carried at amortized cost |
| 11 | Original issue date | Multiple | December 18, 2017 | October 21, 2018 | June 23, 2019 | Multiple |
| 12 | Perpetual or dated | Dated | Dated | Dated | Dated | Dated |
| 13 | Original maturity | Multiple | December 18, 2027 | October 21, 2028 | December 23, 2029 | Multiple |
| 14 | Early redemption possible upon issuer demand with prior approval by the Supervisor? | No | Yes | Yes | Yes | Yes |
| 15 | Earliest date for exercising the option of early redemption upon issuer demand | Not applicable | December 18, 2022 | October 21, 2023 | December 23, 2024 | 5 years after issue date |
| 16 | Existence and frequency of later early redemption dates | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| 17 | Interest coupons / dividends Fixed or variable interest coupon / dividend | Multiple (fixed interest and variable interest) | Fixed | Fixed | Fixed | Fixed interest |
| 18 | Coupon interest rate and linkage to specific index | Multiple Linked to Consumer Price Index and non-linked to Consumer Price Index | 1.06%, linked to the Consumer Price Index | 1.82%, linked to the Consumer Price Index | 1.89%, linked to the Consumer Price Index | Multiple Linked to the Consumer Price Index |
| 19 | Any dividend stopper to ordinary share holders? | No | No | No | No | No |
| 20 | Subject to full discretion, partial discretion or not subject to discretion | No discretion | No discretion | No discretion | No discretion | No discretion |
| 21 | Interest step-up or other incentive for redemption? | No | No | No | No | No |
| 22 | Instrument accrues / does not accrue interest / dividends? | Does not accrue | Does not accrue | Does not accrue | Does not accrue | Does not accrue |
| 23 | Instrument is or is not convertible? | Is not convertible | Is not convertible | Is not convertible | Is not convertible | Is not convertible |
| 24 | If convertible, what are the trigger points? | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| 25 | If convertible, is it fully / partially convertible? | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| 26 | If convertible, what is the conversion ratio? | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| 27 | If convertible, is conversion optional or mandatory? | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| 28 | If convertible, of what Tier is the resulting instrument after conversion? | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| 29 | If convertible, indicate the issuer of the instrument converted into | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| 30 | Is there a mandatory write-down on the instrument? | Yes | Yes | Yes | Yes | Yes |
| 31 | If there is a mandatory write-down, what are the trigger points? | Supervisor of Banks announces an event leading to dissolution and/or Tier I capital lower than 5% (Regulation 202, Addendum IV) | Supervisor of Banks announces an event leading to dissolution and/or Tier I capital lower than 5% (Regulation 202, Addendum IV) | Supervisor of Banks announces an event leading to dissolution and/or Tier I capital lower than 5% (Regulation 202, Addendum IV) | Supervisor of Banks announces an event leading to dissolution and/or Tier I capital lower than 5% (Regulation 202, Addendum IV) | Supervisor of Banks announces an event leading to dissolution and/or Tier I capital lower than 5% (Regulation 202, Addendum IV) |
| 32 | If there is a mandatory write-down, is it full or partial? | Full or partial | Full or partial | Full or partial | Full or partial | Full or partial |
| 33 | If there is a mandatory write-down, is it permanent or temporary? | Temporary | Temporary | Temporary | Temporary | Temporary |
| 34 | If there is a temporary write-down, describe the write-down elimination mechanism | At Bank discretion, after the Bank's Tier I capital ratio rises above the minimum ratio specified by the Supervisor of Banks | At Bank discretion, after the Bank's Tier I capital ratio rises above the minimum ratio specified by the Supervisor of Banks, for a term of up to 15 years after the initial issue date. | At Bank discretion, after the Bank's Tier I capital ratio rises above the minimum ratio specified by the Supervisor of Banks, for a term of up to 15 years after the initial issue date. | At Bank discretion, after the Bank's Tier I capital ratio rises above the minimum ratio specified by the Supervisor of Banks, for a term of up to 15 years after the initial issue date. | At Bank discretion, after the Bank's Tier I capital ratio rises above the minimum ratio specified by the Supervisor of Banks. |
| 35 | Creditor ranking upon dissolution – instrument type immediately preceding this instrument in creditor ranking | Not applicable, unless the instrument was not deleted upon dissolution according to its terms and conditions - Tefahot Issuance subordinated notes (Series 31) and Bank Mizrahi Tefahot subordinated notes and deposits | Not applicable, unless the instrument was not deleted upon dissolution according to its terms and conditions - Tefahot Issuance subordinated notes (Series 27,30,31) and Bank Mizrahi Tefahot subordinated notes and deposits | Not applicable, unless the instrument was not deleted upon dissolution according to its terms and conditions - Tefahot Issuance subordinated notes (Series 27,30,31) and Bank Mizrahi Tefahot subordinated notes and deposits | Not applicable, unless the instrument was not deleted upon dissolution according to its terms and conditions - Tefahot Issuance subordinated notes (Series 31) and Bank Mizrahi Tefahot subordinated notes and deposits | Not applicable, unless the instrument was not deleted upon dissolution according to its terms and conditions. In such case, the rights pursuant to the note are subordinated to all other creditors, except for creditor rights assigned a lower redemption ranking and except for creditor rights pursuant to similar notes |
| 36 | Are there components which only comply with the definition of regulatory capital due to transitional provisions? | No | No | No | No | No |
| 37 | If Yes, indicate the components | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| 38 | Link to prospectus | – | http://maya.tase.co.il/reports/details/1189839 | http://maya.tase.co.il/reports/details/1138660/2/2 | https://maya.tase.co.il/reports/details/1236196 | – |

Description of key features of equity instruments included in the Bank's regulatory capital as of June 30, 2019

- (1) The Bank would be required to convert the outstanding principal and interest balance of these capital notes into Bank ordinary shares upon certain occurrences as follows:
 - a) The Bank's Tier I capital ratio to risk components, as reported on the Bank's financial statements, has dropped below 6% and has not returned to the aforementioned value or higher within 90 days from the issue date of said financial statements;
 - b) According to the Bank's financial statements, the Bank' retained earnings balance has turned negative;
 - c) The Bank's Independent Auditor, in an opinion or review report attached to the Bank's financial statements or interim financial statements, has drawn attention to Notes to the financial statements with regard to significant doubt as to continued existence of the Bank as a going concern.
- (2) The conversion rate for conversion of capital notes into Bank ordinary shares will be determined by the Trustee after 14 consecutive trading days, the first of which is the first trading day following the date on which the Bank's notice was delivered. The conversion rate will be determined based on the lowest conversion rate as follows, with the value of capital notes for conversion purposes calculated including principal, linkage differentials and accrued interest as of the the date on which the Bank's notice was delivered:
 - a) Shareholder equity per Bank share, less a 20% discount. Shareholder equity per share will be calculated based on the Bank's most recent financial statements issued prior to calculation of the conversion rate;
 - b) The average closing price per Bank ordinary share on the Tel Aviv Stock Exchange on 14 consecutive trading days, the first of which is the first trading day following the date on which the Bank's notice was delivered.

Notwithstanding the foregoing, the calculated conversion rate shall not exceed a closing price of NIS 37.00 per share nor be less than a closing price of NIS 18.00 per share, with both these prices linked to the Consumer Price Index issued for September 2006 and adjusted to reflect price changes with respect to bonus share distribution, share split or reverse split, capital reduction and the benefit component with respect to each rights issuance made during the term of the capital notes.



Moshe Vidman
Chairman of the Board
of Directors



Eldad Fresher
President & CEO



Doron Klauzner
Vice-president, Chief
Risks Officer (CRO)

Approval date of the financial statements and the Risks Report:
Ramat Gan
August 12, 2019