

MIZRAHI TEFAHOT BANK LTD

No. with the Registrar of Companies: 520000522
Securities of the Corporation are Listed for Trading on the Tel Aviv Stock Exchange
Abbreviated Name: Mizrahi Tefahot
7 Jabotinsky Street, Ramat Gan, 52520
Tel: 972-3-7559207, 972-3-7559720, Fax: 972-3-7559913
e-mail: mangment@umtb.co.il

Date of transmission: November 15th, 2012
Ref: 2012-01-280581

To
Israel Securities Authority
www.isa.gov.il

To
Tel Aviv Stock Exchange Ltd
www.tase.co.il

Immediate Report on the Convening of a Meeting

Section 36B(a) and Section 36C of the Securities (Periodic and Immediate Reports)
Regulations, 5730-1970

Explanation: insofar as any of the matters on the meeting's agenda is the approval of a transaction with a controlling shareholder or the approval of an extraordinary offer, Form T133 or T138 should be filled out, respectively.

1. On November 15th, 2012 it was resolved to convene a special general meeting.

The number of the security on the Tel-Aviv Stock Exchange ("TASE") entitling the holder thereof to participate at the meeting – 695437.

To be held on Wednesday, December 26th, 2012, at 10:30 hours.

At the offices of Mizrahi Tefahot Bank Ltd (the "Bank"), at 7 Jabotinsky Street, Ramat Gan, 13th floor, 52520, ISRAEL.

2. The effective date for entitlement to attend and vote at the meeting: November 25th, 2012.

3. On the agenda:

- Appointment or removal of a director

Details regarding the issues on the agenda: as provided in the attached file.

Explanation:

1. *The details regarding the issues on the agenda will include the main facts which are necessary in order to understand in full every issue subject to voting in the meeting.*
2. *Insofar as a special majority will be required for any of the resolutions, whether in accordance with the company's articles of association or according to law, the required majority will be specified.*

The proposed resolutions or a concise description thereof are as provided in the attached file.

To the best of the Bank's knowledge, will the controlling shareholder in the Bank hold, upon the effective date for the purposes of the convening of the meeting, shares which grant the required holding percentage for adoption of all of the resolutions on

the general meeting's agenda, assuming that all of the other shareholders will participate in the meeting and vote against such resolutions: No.

4. Attached hereto please find: The voting paper, a declaration of the nominee for a director's position

Explanation: if a voting paper and/or a position notice are attached, they should be prepared in accordance with the provisions of the Companies Regulations (Voting in Writing and Position Notices), 5766-2005.

5. The quorum for holding the meeting:

A quorum for holding the special general meeting will be constituted upon the presence, in person or by proxy, of two shareholders holding at least twenty five percent (25%) of the voting rights, within half an hour from the time set for the beginning of the meeting.

5. In the absence of a quorum, the adjourned meeting will be held on January 2nd, 2013 at 10:30 hours, at the Bank's offices, 7 Jabotinsky Street, 13th floor, Ramat Gan, 52520, Israel.

6. The times and places where any proposed resolution which was not described in full in the above description of the agenda may be inspected:

The full text of the proposed resolutions may be inspected, at the Bank's offices, 7 Jabotinsky Street, Ramat Gan, 52520, Israel, Tel. 972-3-7559720, during normal business hours, until the time set for the meeting.

The reference numbers of previous documents on the matter (does not constitute incorporation by reference):

2012-01-261090

Previous names of reporting entity: United Mizrahi Bank Ltd.

Form updated on: November 4th, 2012

Name of the person reporting electronically: Maya Feller; Position held: Company Secretary
7 Jabotinsky Street, Ramat Gan, 52520, Israel, Tel: 972-3-7559720, Fax: 972-3-7559923,
e-mail: mangment@mizrahi.co.il

MIZRAHI TEFAHOT BANK LTD

**VOTING PAPER PURSUANT TO THE COMPANIES
REGULATIONS (WRITTEN VOTING AND POSITION NOTICES), 5766-2005
(THE "REGULATIONS")**

Part One

1. Name of Company: **Mizrahi Tefahot Bank Ltd.** (the "**Company**" or the "**Bank**").
2. The type of general meeting and the date, time and place thereof: special annual meeting of all of the Company's shareholders. The general meeting will be held on December 26th, 2012, at 10:30 hours, at the Bank's offices at 7 Jabotinsky Street, 13th floor, Ramat Gan, 52520, Israel. In the event that the meeting is adjourned, it will be held on January 2nd, 2013, at the same place and time.
3. Details of the matters on the agenda, in respect of which it is possible to vote through a voting paper:
 - 3.1. Appointment of a director in the Bank – the issue provided in Section 1 of the Immediate Report on the convening of the meeting
 - 3.1.1. **The proposed resolution:** To appoint Mr. Avraham Neyman (the "**Nominee**") as an external director in the Bank, according to the meaning thereof pursuant to the Proper Conduct of Banking Business Regulations, in respect of board of directors, issued by the Supervisor of Banks, by virtue of the provisions of Section 5(c1) of the Banking Ordinance, for a period of three (3) years, which will commence on the date of the approval of his appointment by the general meeting of the company's shareholders.

In this regard it shall be noted that in response to the Bank's approach, the Supervisor of Banks, Mr. David Zaken, informed, in his letter of October 14, 2012, as follows: "In response to your approach, and based on the information provided by you, I hereby inform you that by virtue of my authority under Section 24(e) of the Proper Conduct of Banking Business Regulations in respect of board of directors (Regulation 301), we have no objection that Mr. Avraham Neyman will be appointed as an external director in your institution".

Description of the issue and the principal facts which are required for the understanding thereof:

3.1.2. Below, to the Bank's best knowledge, are details on the Nominee, pursuant to regulation 26 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970:

- (1) **Name:** Avraham Yaakov Neyman;
- (2) **ID number:** 004526372
- (3) **Date of birth:** June 14, 1949;
- (4) **Address for service of process:** 10 Agmon St., R.E., Ramat Gan;
- (5) **Citizenship:** Israeli;
- (6) **Membership in a committee or committees of the board of directors:** not yet appointed;
- (7) **Is he an independent director:** Yes;
- (8) **Is he an external director, as defined in the Companies Law, 5759-1999 (the "Companies Law"):** No; Mr. Avraham Neyman is a nominee for an external director's position in the Bank, according to the meaning thereof in the Proper Conduct of Banking Business Regulations, in respect of board of directors, issued by the Supervisor of Banks, pursuant to Section 5(c1) of the Banking Ordinance;
- (9) **Does he have accounting and financial expertise or professional competence:** Yes;
- (10) **Is he an expert external director, as defined in the Companies Regulations (Rules on Remuneration and Expenses of an External Director), 5760-2000:** Yes;
- (11) **Is he an employee of the company, its subsidiary, an affiliate thereof or an interested party therein:** No;
- (12) **The date on which he will begin his tenure as a director in the Company:** upon the approval of his appointment by the general meeting;
- (13) **Education:** PhD in Mathematics, Hebrew University of Jerusalem;
- (14) **Current occupation (including the corporations in which he currently serves as a director):**

Prof. of Mathematics, Hebrew University of Jerusalem.

Director in the following corporations: Avraham Neyman Ltd., Avraham Neyman Investments Ltd., NAE Holdings Ltd., TLD Holdings Ltd. and Bidorbuy. Com.

(15) Occupation in the last five years (including the corporations in which he served as a director):

Prof. of Mathematics, Hebrew University of Jerusalem.

Director in the following corporations: TRADU/QXL);

For details regarding his current occupation, please see Section 1.2.2(14) above.

(16) Is he a relative of an interested party in the corporation: No;

(17) Does the Bank consider him as having accounting and financial expertise for the purpose of fulfilling the minimum number requirement set by the board of directors pursuant to Section 92(a)(12) of the Companies Law: No.

3.1.3. The Nominee provided the Bank with a declaration pursuant to Sections 224B. and 241 of the Companies Law, which is attached to the Immediate Report on the convening of the general meeting, to which this voting paper is attached.

3.1.4. On October 29 2012, the Bank's audit committee approved, that the conditions which are specified in the definition of "An Independent Director" in Section 1 of the Companies Law, in respect of Mr. Avraham Neyman, who is a nominee for a director's position in the Bank, are fulfilled, and resolved to classify him as "An Independent Director", subject to the approval of his appointment by the Bank.

3.1.5. On November 15, 2012, the Bank's board of directors assessed Mr. Avraham Neyman as having accounting and financial expertise, pursuant to the Companies Regulations (Conditions and Criteria for a Director Having Accounting and Financial Expertise and a Director Having Professional Competence), 5760-2005.

3.1.6. It is hereby clarified that the remuneration which will be paid to Mr. Avraham Neyman as a director in the Bank will be in accordance with the resolution in respect of directors' remuneration, as provided in the immediate report released by the Bank on June 23, 2011 (ref. no. 2011-01-191934) (the "**Previous Immediate Report**"); this reference constitutes an

incorporation by way of reference of the information which is included in this regard in the said Immediate Report.

Accordingly, and as provided in the Previous Immediate Report, Mr. Avraham Neyman will be entitled to an annual remuneration and remuneration for participation in meetings, of the "Maximum Amount" for an "Expert" director, including a director having accounting and financial expertise, as provided in the Companies Regulations (Rules on Remuneration and Expenses of an External Director), 5760-2000 (the "**Remuneration Regulations**"), namely, of the "Maximum Amount" which is specified in the Fourth Schedule of the Remuneration Regulations, as shall be from time to time, according to the Bank's ranking at every financial year, as provided in the Remuneration Regulations.

3.1.7. Please note the provisions of Section 34A(1) of the Banking Law (Licensing), 5741-1981, whereby:

"No person may come to an agreement with another regarding their manner of voting on the appointment of a director in a banking corporation or a banking holding corporation, including with respect to their manner of voting on the termination of his service, other than in accordance with a permit given by the Supervisor of Banks after consultation with the licensing committee; this provision will not apply to... and to a holder of a means of control who entered into an agreement with another, whereby the other person would vote in his name and on his behalf with no discretion, as instructed by the holder of the means of control, provided that if the other person holds a means of control in the banking corporation or the banking holding corporation, as the case may be, he may not vote in the name and on behalf of more than one other holder".

From the aforesaid provisions, it arises, *inter alia*, that in respect of the appointment of the director, as provided in Section 3.1 above, a proxy to vote, who is also a shareholder in the Bank, may be entitled to vote in the name and on behalf of only one additional shareholder, as provided in the said provisions.

4. The majority required for passing a resolution at the general meeting on each one of the matters on the agenda:

The majority required at the general meeting and at an adjourned general meeting, for adopting the resolution provided in Section 1.2 of the Immediate Report (namely, According to Section 3.1 of this voting paper above), is an ordinary majority of the votes of the shareholders present at the general

meeting, entitled to vote and voting thereat, without taking into account the abstaining votes:

5. The place and times at which the full text of the proposed resolutions may be inspected: the Immediate Report released by the Company regarding the convening of the meeting and the full text of the proposed resolution may be inspected at the Bank's offices, 7 Jabotinsky Street, Ramat Gan, 52520, Israel, Tel. 972-3-7559720, during standard business hours, until the time scheduled for the meeting.
6. Details on nominees for a director's position, to the Company's best knowledge: as provided in Section 3.1 above.
7. A shareholder shall be entitled to approach the Bank directly for receiving the voting paper and the position notices.
8. This voting paper will only be valid if accompanied by a certificate of title of an unregistered shareholder (namely, anyone in whose favor shares are registered with a TASE member, and such shares are included amongst the shares recorded in the register of shareholders in the name of a nominee company) or a photocopy of an identity certificate, passport or certificate of incorporation, if the shareholder is registered in the Bank's books. This voting paper together with the documents annexed thereto, as aforesaid, must be delivered to the Bank by no later than 72 hours prior to the time of the vote.
9. The Bank does not permit voting through the Internet.
10. The Bank's address for the delivery of voting papers and position notices: the Bank's offices on 7 Jabotinsky Street, Ramat Gan, 52520, Israel.
11.
 - 11.1. The deadline for delivery of position notices to the Bank: up to 10 days after the effective date (hereinafter referred to as the "**Deadline for Delivery of Position Notices by the Shareholders**").
 - 11.2. The deadline for delivery of the Board of Directors' response to the position notices: no later than 5 days after the Deadline for Delivery of Position Notices by the Shareholders.
12. The address of the Israel Securities Authority's distribution site and the Internet site of the Tel Aviv Stock Exchange Ltd, on which the voting papers and position notices are posted:
 - 12.1. Distribution site of the Israel Securities Authority:
<http://www.magna.isa.gov.il/>;
 - 12.2. Internet site of the Tel Aviv Stock Exchange Ltd:
<http://maya.tase.co.il/>.

13. A shareholder may obtain certificate of title at the branch of the TASE member or by mail, if he has so requested. A request in such regard shall be given in advance in respect of a particular securities account.
14. An unregistered shareholder will be entitled to receive by e-mail, free of charge, a link to the voting paper and position notices on the distribution site from the TASE member through which he holds his shares, unless he has notified the TASE member that he does not wish to receive such link or that he wishes to receive voting papers by mail in consideration for payment, provided that the notice was given in respect of a specific securities account and on a date prior to the effective date; notice regarding voting papers shall also apply with regard to position notices.
15. One or more shareholders holding shares which constitute five percent or more of all of the voting rights in the Bank, and anyone holding such percentage of all of the voting rights that are not held by the Bank's controlling shareholder, as defined in section 268 of the Companies Law (hereinafter referred to as "**Controlling Shareholder**") may inspect the voting papers as stipulated in Section 10 of the Regulations.

The quantity of shares constituting 5% of all voting rights in the Bank is 11,442,027 ordinary shares of ILS 0.1 par value each.

The quantity of shares constituting 5% of all the voting rights in the Bank, which are not held by the Controlling Shareholder, is: 6,072,389 ordinary shares of ILS 0.1 par value each

16. A shareholder shall specify his voting in respect of a matter on the agenda on Part Two of this voting paper, and if the shareholder is voting pursuant to a power of attorney (namely, through a proxy), the said details will be provided, both in respect of the person appointing the proxy and the proxy.

Voting Letter - Part Two

Company's name: **Mizrahi Tefahot Bank Ltd.** (the "**Company**" or the "**Bank**")

Company's address (for delivery of voting papers): Ms. Maya Feler, Company's secretary, Mizrahi Tefahot Bank Ltd., 7 Jabotinsky Street, 13th floor, Ramat Gan, 52520, Israel.

Company's no.: 520000522

Time of Meeting: December 26th, 2012.

Type of Meeting: Special.

Effective date: November 25th, 2012.

(To this point to be completed by the Company)

Details of the Shareholder

Shareholder's name - _____

Identity no. - _____

If the shareholder does not have an Israeli ID -

Passport no. - _____

Issuing country - _____

Valid until - _____

If the Shareholder is a Corporation -

Corporation no. - _____

Country of Incorporation - _____

Manner of voting

No. of item on the agenda as stipulated in the Immediate Report on the convening of the meeting	Manner of voting*		
	For	Against	Abstain
1			

Date: _____

Signature:

For shareholders holding shares through a TASE member (in accordance with Section 177(1)) - this voting paper is only valid when accompanied by a certificate of title, except in cases in which the voting is through the Internet.

For shareholders entered in the Company's register of shareholders - the voting paper is valid when accompanied by a photocopy of the identity certificate/passport/certificate of incorporation.

* Failure to mark will be considered as abstention from voting on the issue.

Mizrahi Tefahot Bank (the "Bank" or the "Company")

Date: November 15, 2012

**Immediate Report on the Convening of a Special General Meeting
Regulation 36B(a) and 36C of the Securities Regulations (Periodic and
Immediate Reports), 5730-1970**

The Bank hereby announces the convening of a special meeting of the Bank's shareholders, to be held on Wednesday, December 26, 2012, at 10:30, at the Bank's offices, 7 Zabotinsky St., 13th floor, Ramat Gan.

1. **On the agenda**

Appointment of a director

1.1 **Nature of the issue:** Appointment of a director.

1.2 **The main facts which are required for understanding the issue:**

1.2.1 The proposed resolution: To appoint Mr. Avraham Neyman (the "**Nominee**") as an external director in the Bank, according to the meaning thereof pursuant to the Proper Conduct of Banking Business Regulations, in respect of board of directors, issued by the Supervisor of Banks, by virtue of the provisions of Section 5(c1) of the Banking Ordinance, for a period of three (3) years, which will commence on the date of the approval of his appointment by the general meeting of the company's shareholders.

In this regard it shall be noted that in response to the Bank's approach, the Supervisor of Banks, Mr. David Zaken, informed, in his letter of October 14, 2012, as follows: "In response to your approach, and based on the information provided by you, I hereby inform you that by virtue of my authority under Section 24(e) of the Proper Conduct of Banking Business Regulations in respect of board of directors (Regulation 301), we have no objection that Mr. Avraham Neyman will be appointed as an external director in your institution.

1.2.2 Below, to the Bank's best knowledge, are details on the Nominee, pursuant to regulation 26 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970:

(1) **Name:** Avraham Yaakov Neyman;

(2) **ID number:** 004526372

(3) **Date of birth:** June 14, 1949;

- (4) **Address for service of process:** 10 Agmon St. R.E., Ramat Gan;
- (5) **Citizenship:** Israeli;
- (6) **Membership in a committee or committees of the board of directors:** not yet appointed;
- (7) **Is he an independent director:** Yes;
- (8) **Is he an external director, as defined in the Companies Law, 5759-1999 (the "Companies Law"):** No; Mr. Avraham Neyman is a nominee for an external director's position in the Bank, according to the meaning thereof in the Proper Conduct of Banking Business Regulations, in respect of board of directors, issued by the Supervisor of Banks, pursuant to Section 5(1c) of the Banking Ordinance;
- (9) **Does he have accounting and financial expertise or professional competence:** Yes;
- (10) **Is he an expert external director, as defined in the Companies Regulations (Rules on Remuneration and Expenses of an External Director), 5760-2000:** Yes;
- (11) **Is he an employee of the company, its subsidiary, an affiliate thereof or an interested party therein:** No;
- (12) **The date on which he will begin his tenure as a director in the company:** upon the approval of his appointment by the general meeting;
- (13) **Education:** PhD in Mathematics, Hebrew University of Jerusalem;
- (14) **Current occupation (including the corporations in which he currently serves as a director):**
- Prof. of Mathematics, Hebrew University of Jerusalem.
- Director in the following corporations: Avraham Neyman Ltd., Avraham Neyman Investments Ltd., NAE Holdings Ltd., TLD Holdings Ltd. and Bidorbuy. Com.
- (15) **Occupation in the last five years (including the corporations in which he served as a director):**
- Prof. of Mathematics, Hebrew University of Jerusalem.

Director in the following corporations: TRADU/QXL);

For details regarding his current occupation, please see Section 1.2.2(14) above.

- (16) **Is he a relative of an interested party in the corporation:** No;
- (17) **Does the Bank consider him as having accounting and financial expertise for the purpose of fulfilling the minimum number requirement set by the board of directors pursuant to Section 92(a)(12) of the Companies Law:** No

- 1.2.3 The Nominee provided the Bank with a declaration pursuant to Sections 224B and 241 of the Companies Law.
- 1.2.4 On October 29 2012, the Bank's Audit Committee approved, that the conditions which are specified in the definition of "an independent director" in Section 1 of the Companies Law, in respect of Mr. Avraham Neyman, who is a nominee for a director's position in the Bank, were fulfilled, and resolved to classify him as "An Independent Director", subject to the approval of his appointment by the Bank.
- 1.2.5 On November 15, 2012, the Bank's Board of Directors assessed Mr. Avraham Neyman as having accounting and financial expertise, pursuant to the Companies Regulations (Conditions and Criteria for a Director Having Accounting and Financial Expertise and a Director Having Professional Competence), 5760-2005.
- 1.2.6 It is hereby emphasized that the remuneration which will be paid to Mr. Avraham Neyman as a director in the Bank will be in accordance with the resolution in respect of directors' remuneration, as provided in the immediate report released by the Bank on June 23, 2011 (ref. no. 2011-01-191934) (the "**Previous Immediate Report**"); this reference constitutes an incorporation by way of reference of the information which is included in this regard in the said Immediate Report.

Accordingly, and as provided in the Previous Immediate Report, Mr. Avraham Neyman will be entitled to an annual remuneration and remuneration for participation in meetings, of the "Maximum Amount" for an "Expert" director, including a director having accounting and financial expertise, as provided in the Companies Regulations (Rules on Remuneration and Expenses of an External Director), 5760-2000 (the "**Remuneration Regulations**"), namely, of the "Maximum Amount" which is specified in the Fourth Schedule of the

Remuneration Regulations, as shall be from time to time, according to the Bank's ranking in every financial year, as provided in the Remuneration Regulations.

1.3 The proposed resolution or a summary description of its principals:

To appoint Mr. Avraham Neyman (the "**Nominee**") as an external director in the Bank, according to the meaning thereof pursuant to the Proper Conduct of banking Business Regulations, in respect of board of directors, issued by the Supervisor of Banks, by virtue of the provisions of Section 5(c1) of the Banking Ordinance, for a period of three (3) years, which will commence on the date of the approval of his appointment by the general meeting of the company's shareholders

1.4 The majority which is required for the approval of the resolution, as provided in Section 1.3 above:

The majority required at the general meeting and at an adjourned general meeting, for adopting the resolution in Section 1.3 above, is an ordinary majority of the votes of the shareholders present at the general meeting, entitled to vote and voting thereat, without taking into account the abstaining votes.

2. The general meeting will convene on December 26, 2012, at 10:30, at the Bank's offices, 7 Jabotinsky St., Ramat Gan, 13th floor (the "**Bank's Offices**"). If the meeting is postponed it will be held on January 2, 2013, at the same time and place.
3. The effective date for determining the shareholders' entitlement to vote at the general meeting is November 25, 2012 (the "**Effective Date**").
4. The legal quorum for holding the special general meeting will be constituted upon the presence, in person or by a proxy, of two shareholders with at least twenty five percent (25%) of the voting rights, within half an hour from the time scheduled for the beginning of the meeting.
5. A shareholder will be entitled to vote at the special general meeting, in person or by a proxy. In addition, a shareholder will be entitled to vote at the special general meeting, through a voting paper, as provided in Section 7 below ("**Voting Paper**").
6. The document appointing a proxy to vote (the "**Letter of Appointment**") and the power of attorney under which the Letter of Appointment was signed (if any) or a copy thereof, certified to the Bank's satisfaction, will be prepared and signed by the appointer or by his proxy who will be authorized therefor in writing, and if the appointer is a corporation, will be signed in such manner which will bind the corporation. The Letter of Appointment will be deposited in the Bank's Offices by no later than 48 hours prior to the time scheduled for the beginning of the meeting.

7. Voting in writing will be performed on the second part of the voting paper, which is attached as an Annex B hereto. The voting paper and the documents which are required to be attached thereto (the "**Attached Documents**"), as provided in the Voting Paper, will be delivered to the Bank's Offices by no later than 72 hours prior to the convening of the general meeting. In this regard, the "date of delivery" will be the date on which Voting Paper and the Attached Documents will arrive at the Bank's Offices.
8. Please note the provisions of Section 34(a1) of the Banking Law (Licensing), 5741-1981, whereby:

"No person may come to an agreement with another regarding their manner of voting on the appointment of a director in a banking corporation or a banking holding corporation, including with respect to their manner of voting on the termination of his service, other than in accordance with a permit given by the Supervisor of Banks after consultation with the licensing committee; this provision will not apply to... and to a holder of a means of control who has entered into an agreement with another, whereby the other person would vote in his name and on his behalf with no discretion, as instructed by the holder of the means of control, provided that if the other person himself holds a means of control in the banking corporation or the banking holding corporation, as the case may be, he may not vote in the name and on behalf of more than one other holder".

From the aforesaid provisions, it arises, *inter alia*, that in respect of the appointment of the director, as provided in Section 1.2 above, a proxy to vote who is also a shareholder in the Bank, will be entitled to vote in the name and on behalf of only one additional shareholder, as provided in the said provisions.

9. **Details regarding the Company's Representative in respect of the Treatment of this Report**

Dr. Shimon Weiss, Adv., the Chief Legal Advisor of Mizrahi Tefahot Bank Ltd., 7 Jabotinsky St., Ramat Gan, Tel: 03-7559188, Fax: 03-7559212.

10. **Inspection of documents**

This immediate report released by the Bank in respect of the convening of the meeting and the full text of the proposed resolutions may be inspected at the Bank's Offices, 7 Zobotinsky St., Ramat Gan, Tel: 03-7559720, during standard business hours, until the time scheduled for the meeting.

Sincerely,

Maya Feller
Bank Secretary

Supplement No. 1

Mizrahi Tefahot Bank Ltd.
Tel Aviv

Declaration of a Nominee for a Director's Position

Pursuant to Sections 224B and 241 of the Companies Law, 5759-1999 (the "Companies Law")

I, the undersigned, Avraham Yaakov Neyman, bearer of ID number 004526372, hereby declare in writing as follows:

1. I am a resident of the State of Israel.
2. I am not a relative of the controlling shareholder and I and/or my relatives and/or my partners and/or my employers and/or any person to whom I am directly or indirectly subordinate and/or any corporation in which I am a controlling shareholder, do not have and have not had, over the two years prior to the date on which I am due to begin my tenure as a director, any affinity to the company, the company's controlling shareholder, a relative of the controlling shareholder or any other corporation.
3. I and/or my relatives and/or my partners and/or my employers and/or any person to whom I am directly or indirectly subordinate and/or any corporation in which I am a controlling shareholder, do not have, business or professional ties with the company, the company's controlling shareholder, any relative of the controlling shareholder or any other corporation, even if such ties are not on a regular basis, other than insignificant ties, which meet the requirements determined in this regard, in Section 5 of the Companies Regulations (Matters which do not Constitute Affinity), 5767-2006¹.
4. I have not received, in addition to the compensation and reimbursement of expenses to which I am entitled, any direct or indirect consideration for my service as a director in the Bank.
5. My position and/or other occupations do not and may not create conflict of interest with my director's position in the company and they do not impair my ability to serve as a director in the company.
6. To the best of my knowledge, none of the company's directors serve as external directors in companies in which I am a director.
7. I am not an employee of the Israel Securities Authority nor of an Israeli stock exchange.

¹ Section 5 of the Companies Regulations (Matters which do not Constitute an Affinity), 5767-2006 provides that "the existence of business or professional ties, will not constitute an affinity if all of the following requirements are met: (1) the ties are insignificant both from the nominee's point of view and the company's point of view; (2) the ties began prior to the date of appointment; (3) the audit committee approved prior to the appointment, based on facts which were presented thereto, that the condition provided in paragraph (1) was met; (4) the existence of such business or professional ties and the approval of the audit committee were presented to the general meeting prior to the approval of the appointment."

8. I hereby declare that I comply with the qualification requirements for an independent external director's position, specified in Sections 240(a) to (f) of the Companies Law, and I have not served as a director in the Bank for over nine (9) consecutive years, and in this regard discontinuance of service which does not exceed two years will not be considered as discontinuing the sequence of service.
9. I have the required qualifications and ability to dedicate the appropriate amount of time, to the performance of my duties as a director in the Bank, considering, *inter alia*, the Bank's special needs and size.

Considering the aforesaid, below are details regarding my qualifications, including my education, my experience, and my knowledge:

Prof. at the Hebrew University of Jerusalem, in the Institute of Mathematics (1982-present), the Department of Economy (1982-1999) and the Center for the Study of Rationality (1990-present).

I served as the member of the board of directors in the public companies: TRADUS/QXL and Gilat Satellite Networks Ltd., and currently serves as chairman of the board of directors in Bidorbuy.com

In view of the aforesaid, I assessed that I have accounting and financial expertise.

10. I have read Sections 226 and 227 of the Companies Law, and I hereby declare that the restrictions provided in these sections do not apply to me.

In witness whereof I have hereunto set my hand:

Date: October 25, 2012

Signature: [Avraham Yaakov Neyman]