

# Credit - Private Customer



**MIZRAHI TEFAHOT**

Customer's Name

Account No.

Branch

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# GENERAL CONDITIONS FOR CREDIT ACTIVITY IN ISRAELI CURRENCY AND FOREIGN CURRENCY

## PART A - GENERAL TERMS AND CONDITIONS FOR CREDIT ACTIVITY, IN ISRAELI CURRENCY AND FOREIGN CURRENCY (UNLINKED – INDEX LINKED – FOREIGN CURRENCY LINKED AND/OR IN FOREIGN CURRENCY)

### 1. Preamble

- 1.1 The provisions and definitions in the "Account Opening Application" and/or "Alterations to Account" and the "Account Management and General Terms and Conditions", including the Appendices thereto, shall also apply to the credit activity pursuant to this document. In the event of a contradiction between the provisions of the said documents and the provisions of this document, the provisions of this document shall prevail.
- 1.2 The terms and conditions stipulated in this document shall apply to loans, Credit or credit facilities in Israeli currency and in foreign currency, unlinked in Israeli currency, linked to the consumer price index in Israeli currency, linked to the foreign currency rate and/or in foreign currency, that shall be placed in a current account in the name of the Customer, in the amounts, for the periods, on the payment dates, at the interest rates and on such other terms and conditions (if any) as agreed upon between the Bank and the Customer and as stipulated in the repayment schedule (hereinafter in this document: the "**Repayment Schedule**") sent by the Bank to the Customer in the case of a loan, and the Customer agrees that in every event that the Bank shall agree to provide the Customer with Credit in the account, the credit activity shall be managed pursuant to the terms and conditions stipulated below, in accordance with the relevant type of Credit.

### 2. Definitions

**"Credit"** – whether in Israeli currency or in any foreign currency, whether in Israel or abroad, includes every revolving credit, single credit, temporary credit, loan, discount of bills, purchase of bills, brokerage of bills, overdraft, granting of guarantee and/or indemnity, opening of documentary credit, granting of extension of time and concessions in various banking facilities, handling of bills of lading, transactions in securities, transactions in various financial instruments and/or derivatives, service or other payment granted or to be granted now or hereafter by the Bank to the Customer or to the order of the Customer, whether in Israel or abroad, as well as every other transaction or action whereby or as a result of which debts or undertakings are or may be incurred or undertaken by the Customer towards the Bank, whether as debtor, as guarantor, as endorser and/or whether in any other manner, whether the said debts be owing from the Customer alone or from the Customer together with others, whether owing presently or hereafter, whether maturing prior to the execution of this document or hereafter, whether certain or contingent, whether owing directly or indirectly, whether expressly or impliedly.

**"Law"** – as defined in the Interpretation Law, 5741-1981, including every law, regulation, enactment, order, directive, licence, permit, instruction, demand or application to governmental authority including, permits and directives of the Bank of Israel, all as shall apply and shall be in force from time to time.

**"Foreign Currency Benchmark Interest Rate"** – as defined from time to time in the "General Account Management Terms", which the Customer has signed.

### 3. Interpretation

- 3.1 Nothing stated in this document shall be interpreted as rendering the Bank liable to grant or to continue to grant to the Customer any Credit, unless the Bank shall agree expressly and in writing to grant any particular Credit, and the Customer shall only be entitled to receive or continue to receive any Credit if the Bank shall agree thereto expressly and in writing and subject to the rights of the Bank, as stipulated in Section 4 below.
- 3.2 Unless otherwise provided, the provisions of this document shall not be utilized to interpret debitary contracts, documents or other forms of the Bank, whether signed by the Customer before having entered into the agreement reached pursuant to this document or thereafter, whether they have been, are or shall be customarily in use at the Bank at any time. Such documents or forms and all the provisions that are or shall be contained therein shall not influence the interpretation of this document, unless they expressly provide otherwise.

### 4. Termination of Credit

The Bank may at any time and from time to time, immediately, while giving notice thereof to the Customer, reduce or revoke a credit facility, or postpone or delay the provision of any Credit, in whole or in part, all if a Material Breach Event (as defined in Section 24.3 below) occurs, even before the expiration of the period (if granted) for the remedying of such event, or if other conditions arise that require immediate reduction or revocation of the credit facility or in other cases permitted by any Law.

## 5. Overdraft Facilities

5.1 In any event that the Customer shall receive overdraft facilities from the Bank in a Revolving Debit Account (hereinafter in this document: the "RDA") or in the current account, as the case may be, the following provisions shall apply:

5.1.1 All the amounts which the Customer owes and/or shall owe to the Bank in respect of the current account/RDA and/or which shall be debited in respect of Credit (as defined in Section 2 above) to the Customer in the current account/RDA and all the amounts which shall be owed by the Customer in any account at the Bank (not included in the current account/RDA) which shall be debited to the Customer in the current account/RDA, shall bear interest at the rate agreed upon from time to time between the Bank and the Customer, in respect of amounts not exceeding the overdraft facility granted by the Bank to the Customer (hereinafter in this section: "**Credit Facility in a Current Account/RDA**").

5.1.2 **The Customer is aware that he must take care not to exceed the Credit Facility** in a Current Account/RDA, and that pursuant to the provisions of the Supervisor of Banks (Proper Conduct of Banking Business – Directive 325), which shall be applicable as soon as they become effective, the Bank must act in such manner that no debit balance shall be created in the current account/RDA that exceeds the Credit Facility in a Current Account/RDA that has been approved and agreed upon between the Bank and the Customer, except in the following cases and subject to the following terms:

- A request of the Customer to honour a specific debit – If the Customer shall have requested that the Bank honour a specific debit that shall be expected in due course to cause a deviation from the credit facility and the Bank shall be willing to honour the request, then an additional facility – albeit temporary – may be determined and agreed upon in advance in writing.
- A unilateral creation of a Credit Facility in a Current Account/RDA – in exceptional cases, the Bank may unilaterally provide a Customer who has a Credit Facility in a Current Account/RDA agreement, a Credit Facility in a Current Account/RDA in a larger amount, including a temporary facility, provided that the Bank shall not obligate the Customer to pay a fee for the provision of the additional facility. The Bank shall give the Customer notice of the credit facility and its terms, including its expiration date, shortly after it shall have been determined.
- In cases where the Bank shall be unable to prevent a deviation.

5.1.3 The Customer hereby undertakes not to effect any withdrawals, whether by cheque or in cash, and/or transfers and/or any other transaction that shall cause the debit balance in the account to exceed the credit facility that shall have been, approved as stated above.

For purposes of the foregoing, the Customer undertakes to continuously monitor the balances in the account of the Customer and the anticipated withdrawals.

The Customer is aware of the serious consequences of the return of debits, withdrawals and/or cheques and their results, including the placing of a restriction on the account in accordance with the Cheques without Coverage Law, 5741-1981.

The Customer undertakes to settle any debit balance created in the account, whether due to unavoidable charges or due to any other charges, immediately upon their creation. In addition, the Customer undertakes to settle any debit balance created in the account as a result of the expiry, cancellation, or reduction of the credit facility.

In any event that on a particular day a number of withdrawals and/or debits and/or cheques shall reach the Bank the total amount of which shall result in the debit balance exceeding the Credit Facility in a Current Account/RDA, the Bank shall first honour debits that the Bank shall have effected, including interest debits, loan payments, fees, etc., and only thereafter, if it shall be able to, the Bank shall honour other withdrawals. In such an event, the Customer shall be obliged to notify the Bank in writing no later than on the same day at 10:00 am as to which of the debits/withdrawals that the Customer shall have made the Customer wishes to be honoured and which ones should be returned.

If such a notice in writing shall not be given by the Customer, the Bank shall act at its absolute discretion and the Customer shall have no claims and/or demands against the Bank as a result thereof.

## 5.2 Interest

5.2.1 **For debit balances that exceed the credit facility in a current account/RDA, the account shall be debited at the highest interest rate that shall be determined for**

credit facilities that shall have been approved and agreed upon in writing with the Customer. The Bank shall be entitled to charge the account with the Maximum Interest as defined in Section 8.2 below, when this shall be permissible by Law and pursuant to the Directives of the Bank of Israel.

5.2.2 In the event that there shall be no credit facility in a current account/RDA, or in the event that the credit facility in a current account/RDA shall have expired or been revoked, the entire debt in the account shall be charged with Maximum Interest, as defined in this section below.

Maximum Interest (as defined below) shall be calculated from the date of the demand to pay the amounts, or from the date of cancellation of the current account/RDA facility, or from the date of termination of the Credit (as the case may be), until actual repayment of all of the said amounts.

In this document, "**Maximum Interest**" means interest at the highest interest rate prevailing at the Bank from time to time on debit balances in current accounts in Israeli currency for which no credit facility has been determined, and in the case of foreign currency, "Maximum Interest" means maximum foreign currency interest, as defined in Section 38 below. The Maximum Interest shall be calculated by the Bank as stipulated in Section 5.2.3 below.

5.2.3 The interest rate and the Maximum Interest shall be calculated by the Bank based upon the daily balances and shall be paid by the Customer or shall be added to the principal by the Bank at the termination of each period as shall be determined by the Bank from time to time, subject to any Law.

5.2.4 The Bank shall be entitled to alter, at any time, subject to any law, the interest rates (including the Maximum Interest), the date for the payment of the interest, the manner in which the interest shall be determined or the manner of computing the accrual of the interest by giving prior notification to the Customer of an increase in the interest rate on a notice board at the branches of the Bank and by way of publication in two daily newspapers, or in any other legal form, at least 3 business days prior to the new interest rate entering into force – and in the case of a reduction in the interest rate, the Bank shall publish such notice as aforesaid no later than 3 business days after the reduction in the interest rate.

5.2.5 In any event that the Bank shall notify the Customer of a change in the interest rate, the date for the payment of the interest, the manner in which the interest shall be determined or the manner of computing the accrual of the interest, the Customer shall have the right to repay the amount of the debt of the Customer in the current account/RDA within 7 days of the notice date, together with the interest, based upon the interest rates and terms that applied before the change shall have been made by the Bank as aforesaid. If the Customer shall not avail himself of the aforesaid right, the amount of the debt in the current account/RDA shall bear interest at the rates and subject to the terms that shall be determined by the Bank, beginning on the date stipulated in the notice.

5.2.6 (Cancelled)

## 6. Fees

The Bank shall debit the account of the Customer for a fee for the management of the account and the other services relating to the Credit, and any other banking service provided to the Customer, at the times and rates prevailing at the Bank from time to time or as shall be agreed upon in writing with the Customer.

## 7. Crediting and Debiting of Payments

7.1 In the event that the Customer has or shall have a number of tranches of Credit or a number of credits at the Bank, any amount that shall be paid to the Bank by the Customer and/or by any other person and/or shall be collected and/or shall be received by the Bank in any other manner, shall be repaid in the following order:

7.1.1 on account of the same Credit and/or portion of the Credit that shall not have been secured by any collateral.

7.1.2 on account of the same Credit and/or part of the Credit that shall have been partially secured and/or shall have been invalidly secured.

7.1.3 on account of the same Credit and/or part of the Credit that shall have been fully and validly secured.

7.2 Any amount that shall be paid to the Bank as repayment on account of Credit and/or any amount with which the Bank shall debit the account of the Customer in respect of Credit granted to the Customer by the Bank, shall be credited to the account in the following order: first, on account of non-legal expenses, thereafter on account of default interest, thereafter for the repayment of ordinary interest and/or linkage differentials, thereafter on account of the Credit principal in respect of amounts payable that shall have reached maturity, and thereafter on account of legal expenses and legal fees.

7.3 Subject to the terms of Section 7.1 and 7.2 above, the Bank shall be entitled at any time, at its absolute discretion:

- 7.3.1 to debit any account of the Customer in any amount that is or that shall be due from the Customer to the Bank;
- 7.3.2 if necessary, to transfer any amount standing to the credit of the Customer in any of the accounts of the Customer to any other account of the Customer.

## 8. **Demand for Payment**

- 8.1 (Cancelled)
- 8.2 (Cancelled)

## 9. **Creation of Collateral**

The Bank shall be entitled at any time to demand that the Customer shall secure all or any of the amounts – principal, interest, fees, linkage differentials and expenses – that are or shall be due from the Customer – pursuant to bills, guarantees, debt transfers, securities, bills of lading, contracts, certificates, assignments of rights, cash, debentures, mortgages, pledges, charges, deposits, payment orders or any other collateral (hereinafter in this document: the "**Requisite Collateral**") which the Bank shall agree to accept, and in such case the Customer shall give the Bank the Requisite Collateral, upon the first demand of the Bank by ordinary letter, and shall do all the acts and sign all the documents that shall be required by the Bank for such purpose. This section should not be interpreted in a manner that shall limit the Bank in respect of the type of collateral required, by analogy or comparison with any expressions.

**The foregoing stated in this section shall be subject to other written arrangements that shall be entered into, if entered into, between the Bank and the Customer. In the case of a unilateral alteration by the Bank of arrangements as aforesaid, that shall detrimentally affect the position of the Customer; he shall have the right to repay the Credit amounts to the Bank within 14 days of the notice of the Bank.**

## 10. **Secured Amounts**

- 10.1 The Requisite Collateral demanded by the Bank which has been or shall be given by the Customer or on behalf of the Customer (hereinafter in this document: the "**Collateral**") shall be utilized to secure the repayment of all the amounts that are or shall be due to the Bank from the Customer (hereinafter in this document: the "**Secured Amounts**"), whether with respect to the Credit or not, whether the amounts shall be due from the Customer alone or from the Customer together with others, whether the Customer shall be liable therefor pursuant to this document and/or pursuant to another document signed by the Customer, whether they have been given or shall be given, have been paid or shall be paid to or on behalf of the Customer or at the request of the Customer or for which the Customer is or shall be liable, and whether the Customer shall have undertaken or shall undertake alone or together with others to return or repay them to the Bank, as principal debtor, guarantor or endorser.
- 10.2 The fact that the Collateral shall be held by the Bank shall be deemed adequate proof that the Collateral shall have been given to the Bank as collateral for the repayment of the Secured Amounts, and no deed of pledge and charge or other special document shall be necessary in order to create a pledge and charge over the Collateral.
- 10.3 It is clarified that all of the money and/or the deposits in Israeli currency and/or in foreign currency, rights and/or any assets which are or shall be held by the Bank in any account, from time to time and at any time, in any situation, without exception and without limitation, including their proceeds, substitutes and yields and any right that derives therefrom or relates thereto, shall be deemed as pledged to the Bank and shall be used as a guaranty for full and exact payment of all of the secured amounts to the Bank.

## 11. **Collateral**

- 11.1 The Collateral shall be utilized to secure all the undertakings of the Customer of whatsoever type and kind.
- 11.2 The Customer undertakes to preserve or procure the preservation of the Collateral and the perfection thereof, and to maintain the Collateral, at the expense of the Customer, in a proper and orderly condition, and to immediately comply with all the instructions of the Bank in relation to the Collateral upon the first demand of the Bank.

11.3 In the event of the destruction, impairment or reduction in the value of the Collateral, or any part thereof, for any reason whatsoever, the Customer shall be obliged to give the Bank written notice thereof within a reasonable period of time, and to immediately pledge and charge additional and/or other assets in favor of the Bank, in accordance with a deed of pledge and charge as determined by the Bank, to the satisfaction of the Bank.

11.4 In the event that, in the exclusive opinion of the Bank, there shall have been, or there is a reasonable concern that there shall be a deterioration in the value of the Collateral compared with the value of the Secured Amounts, whether due to a reduction in the value of the Collateral or due to an increase in the Credit or the computation thereof in relation to the collateral, for any reason whatsoever, including as a result of changes or fluctuations in the rates of the different currencies, which, at the discretion of the Bank, shall have caused or are liable to cause an increase in the exposure of the Bank to the Customer or to a disparity between the Collateral and the Credit or the computation thereof in relation to the Collateral - the Bank shall be entitled to require the Customer to furnish the Bank with additional or other Collateral, which shall be to the satisfaction of the Bank. In such case, the Customer shall furnish the Collateral as aforesaid, to the satisfaction of the Bank, immediately and without delay.

11.5 The Customer undertakes to duly register the pledge and charge of the Collateral and to sign all the documents necessary for such purpose. In addition, the Customer undertakes to register and/or to enable and/or to assist the Bank to register, at the election of the Bank, with the appropriate registrar and/or any government ministry, entity or competent authority as necessary, a pledge and charge over any item and/or asset registered with such government ministry, entity or competent authority. The Customer undertakes to immediately furnish the Bank or ensure that the Bank shall immediately be furnished with confirmation of any such registration to the satisfaction of the Bank, no later than 30 days from the date of any application for Credit.

11.6 The Customer hereby undertakes to insure the Collateral customarily insured or which the Bank, at the discretion of the Bank shall decide should be insured and shall notify the Customer thereof, and to maintain the Collateral insured against all risks as shall be customary for collateral of such type, in the amount and with the insurance company agreed upon by the Bank, and to furnish the Bank with the insurance policy together with a loss payee clause in favour of the Bank in addition to a "notification of cancellation within 30 days clause", all in the form determined by the Bank. If the Customer shall not do so, the Bank shall be entitled (but shall not be obliged) to insure the collateral and/or renew the insurance on behalf of the Customer and at the expense of the Customer, and to add the expenses of the Bank in such regard to the amount that shall be due to the Bank from the Customer pursuant to this document, and all the reliefs and collateral to which the Bank shall be entitled shall also apply to this expense.

11.7 Any amount received pursuant to the abovementioned insurance policy shall be used first, to repay the debt due at such time to the Bank in respect of the Secured Amounts, and the balance shall be used to purchase a replacement or repair the damage to the insured asset in respect of which the said amount shall have been received. Any replacement, if purchased by the Customer, shall immediately be insured and deemed pledged and charged in favour of the Bank, as provided above.

11.8 (Cancelled)

## 12. **Nature of Collateral**

12.1 All collateralized assets shall be independent of one another, shall not influence one another, shall not be influenced by one another and shall be used as revolving or perpetual collateral until the full repayment of all the Secured Amounts. The Bank shall be entitled to realize the Collateral in the order determined by the Bank and at the exclusive discretion of the Bank, and the realization of one collateralized asset shall not affect or derogate from another collateralized asset.

12.2 The collateral shall be of a perpetual nature and shall remain in force until the Bank shall confirm the cancellation thereof in writing.

## 13. **Liability of the Customer in Respect of Collateral**

The Customer undertakes to notify the Bank immediately of:

13.1 Any demand or claim of right in respect of any of Collateral and/or execution proceedings in respect of or steps to realize any collateral, as stated above.

13.2 Any collateral which the Customer shall be about to give to any party, other than the Bank.

13.3 Any act or event stipulated in Sections 24.1.2 to 24.1.14 and 24.1.16 to 24.1.26 below.

13.4 Any reduction of the Customer's business or reduction of his property to a material extent.

13.5 Any Credit the Customer shall be about to receive from any party, other than the Bank.

#### 14. **Deposit of Collateral**

The Bank shall be entitled to deposit the Collateral, or any part thereof, that shall have been furnished or that shall be furnished to the Bank pursuant to this document, with a bailee, at the discretion of the Bank, at the expense of the Customer, and replace the bailee from time to time.

#### 15. **Validation**

The Customer undertakes to sign any document and form at the request of the Bank, if and when pursuant to any Law it is or shall be necessary at the discretion of the Bank for the Customer to sign any such document or form in order to grant full validity to or maintain the full validity of this document and/or the Collateral. For the purpose of fulfilling the provisions of this Clause, the Customer hereby appoints the Bank as the attorney of the Customer which shall be entitled, itself or through another party to whom the Bank transfers the powers of the Bank, to sign any document or form as shall be required by the Bank, without the Bank or the attorney of the Bank being howsoever liable towards the Customer for any act or omission by the Bank or attorney of the Bank pursuant to or as a consequence of this Clause. This appointment is irrevocable, as the rights of the Bank are dependent thereon.

#### 16. **Collateral at Risk**

- 16.1 In the event of the death, legal incapacity, bankruptcy (including a notification of any kind prior to bankruptcy), liquidation, insolvency (within the meaning thereof in the Insolvency and Financial Recovery Law, 5778-2018 (hereinafter: "**Insolvency**" and "**Insolvency Law**", respectively)) incarceration or departure from the country of any party, including a signatory, drawer, guarantor, drawee, acceptor and endorser - to any of the Collateral that is or shall be held by the Bank, or in the event of the issuance of a Proceeding Commencement Order (within the meaning thereof in the Insolvency Law) (in this document: "**Proceeding Commencement Order**"), temporary or permanent receivership order or liquidation order or the passing of a winding-up resolution by such a party, or in the event of the appointment of a temporary or permanent trustee (including under the Insolvency Law) or a temporary or permanent receiver or temporary or permanent receiver and manager for such a party, or in the event that the Collateral shall be a bill and the drawee shall not accept the bill, or on the occurrence of any other event which, in the opinion of the Bank, impairs or shall be likely to impair the character or validity of any of the Collateral or undertakings of any party thereto - the Customer shall be liable to pay the Bank, on the first demand of the Bank by ordinary letter, the full amount payable pursuant to or in connection with any collateral, whether or not currently payable.
- 16.2 In the event of the death, legal incapacity, liquidation, Insolvency, bankruptcy (including a notification of any kind prior to bankruptcy), arrest or departure from the country of the Customer, the Customer and/or the assigns of the Customer shall be liable to pay the Bank, upon the first demand of the Bank by ordinary letter, the full amount remaining for payment, whether or not currently payable.
- 16.3 Without prejudice to the generality of the foregoing, the Collateral shall be used for the full and precise repayment of all the Secured Amounts. In the event that the Bank shall be convinced, at the discretion of the Bank, that any asset included in the Collateral shall have been spoiled or shall be likely to be spoiled or shall have lost or shall be likely to lose a considerable amount of its value, the Customer shall furnish the Bank, immediately upon the first demand of the Bank, with additional collateral to secure the Secured Amounts, to the satisfaction of the Bank.

#### 17. **Realization of Collateral**

- 17.1 In the event that the Customer fails to timely and fully pay any amount undertaken by the Customer in respect of Credit provided and/or to be provided to the Customer by the Bank pursuant to the terms and conditions hereof, and/or fails to perform and/or breaches any other provision hereof, or upon the occurrence of a Material Breach Event (as defined in Section 24.3 below), the Bank shall be entitled at any time to realize the Collateral, fully or in part, by itself or in any legal manner, including by a trustee in bankruptcy and/or in accordance with the Insolvency Law and/or a receiver and/or a guardian and/or the executor and/or administrator of an estate, or through the execution office or in any other manner, and the proceeds realized thereby shall be credited on account of the debt that shall be owed by the Customer pursuant to this document.
- 17.2 The Bank shall be entitled at any time to adopt all legal or other measures necessary or desirable in the opinion of the Bank to collect any amount payable which shall be pledged and charged within the framework of the Collateral; however, the Bank shall not be obliged to commence or continue such actions and shall not be liable for the success of the actions that have been or shall be taken by the Bank. All the expenses involved in the said actions shall be debited against the account of the Customer and shall bear interest at the rate stipulated in Section 5 above, or the interest rate determined by the competent judicial authority, if determined, from the date the said expenses shall have been incurred by the Bank until the full repayment thereof by the Customer.

18. **Bills**

18.1 18.1.1 In the event that the Bank holds or shall hold bills signed, endorsed or guaranteed by the Customer, the Customer hereby confirms that the Customer shall have received consideration from the Bank for the bills, and that the status of the Bank in respect of the bills shall be that of a "holder in due course".

In the event that the Bank shall present the bills for collection and the bills shall not be honored for any reason whatsoever, the Bank shall be entitled to debit the account of the Customer again with the amount of the bills and any other amount deriving from the bill collection proceedings. The debiting of the account of the Customer in respect of the bills shall not impair or derogate from the status of the Bank as a holder in due course or holder by Law (as the case may be), and as a party who shall have given the Customer consideration for the bills.

18.1.2 In the event that the Bank shall have received or shall receive bills from the Customer or for the account of or for the Customer, the following provisions shall apply, in addition to the provisions of Section 18.1.1 above:

18.1.2.1 (Cancelled).

18.1.2.2 The Customer shall assume full liability for the veracity and correctness of the signatures, endorsements, guarantees, dates and other details on the bills, and for the veracity and correctness of the bills in general and the due stamping thereof.

18.1.2.3 Wherever protest shall be required, the Bank shall be entitled – but shall not be obliged – to protest the bills and debit the account of the Customer with the costs of the protest.

18.1.2.4 The Bank shall be entitled to transfer and to discount the bills with others, as the Bank shall deem fit.

18.1.2.5 The Bank shall be entitled - but shall not be obliged – to take any legal or other steps for the purpose of collecting the bills, to debit the collection expenses against the account of the Customer, to settle with the signatories, endorsers or guarantors or to grant them any waivers, to accept partial consideration from them and from time to time to use the proceeds of the bills for the full or partial repayment of the amounts due to the Bank from the Customer - endeavoring, insofar as shall be reasonable in the circumstances of the case, to notify the Customer thereof in advance.

18.1.3 In the event that the Bank shall have received or shall receive from or for the account of or for the Customer bills as security (hereinafter in this Clause the "**security bills**"), and/or in any event that the Customer shall have pledged and charged or shall pledge and charge such security bills in favor of the Bank, even in the event that such bills are not in the possession of the Bank, the following provisions shall apply, in addition to the other provisions of this Section 18:

18.1.3.1 All the security bills shall be deemed pledged and charged to the Bank and to the order of the Bank by way of a first-ranking pledge and charge, as collateral for the repayment of the Secured Amounts. The holding of the security bills by the Bank shall be deemed proof that they have been furnished to the Bank as part of the Collateral, and there shall be no need for any deed of pledge and charge or other special document in order to create a pledge and charge over such security bills.

18.1.3.2 The security bills shall include the security bills themselves and the consideration therefor, and all the profits, income, rights and concessions deriving from or relating to the security bills, so long as the pledge and charge shall be in existence, and the consideration therefor. If the security bills, or any part of them, shall be lost, damaged or shall expire, and the Customer shall have a right to compensation or indemnity or any other right in such respect, the pledge and charge shall apply to any such right to compensation or indemnity and to any other such right.

18.1.3.3 The Customer hereby declares and undertakes that all the security bills that have been furnished and that shall be furnished to the Bank are and shall be, at the time of their delivery, in the absolute possession and ownership of the Customer, free of any pledge, charge, attachment or other right of a third party, save for that of the Bank, and the Customer is and shall be entitled to pledge and charge them in favor of the Bank, unless the Bank shall be otherwise informed by the Customer in advance and in writing. The Customer

undertakes to reimburse the Bank, on the first demand of the Bank, with all the amounts (including advocates' professional fees) that shall be paid by the Bank in connection with any legal proceedings in which claims shall be made against the validity of the pledge and charge over the security bills, whether or not the Bank shall be a party to such legal proceedings.

18.1.3.4 The Customer hereby undertakes not to sell, pledge or charge, by way of a pledge and charge of any rank, not to transfer, not to deliver nor to otherwise release from the possession of the Customer in any other manner the security bills or any of them, whether directly or indirectly, whether for consideration or without consideration, without the prior written consent of the Bank.

18.1.3.5 The Customer hereby undertakes to immediately notify the Bank in the event of the imposition of an attachment order over the security bills or any of them and to immediately notify the party petitioning for the imposition of the attachment order of the existence of the pledge and charge in favor of the Bank and at the expense of the Customer to immediately and without delay take all the steps necessary for the attachment order to be rescinded.

18.1.3.6 The Customer hereby irrevocably agrees that the Bank shall be entitled from time to time to transfer the security bills and the pledge and charge over the security bills, in whole or in part, to anyone the Bank wishes, either before or after the security bills shall become payable, with different ranking rights, as the Bank shall deem fit. The Bank shall notify the Customer in advance, insofar as reasonably possible in the circumstances of the case, of the exercise of the said right of transfer, in relation to any security bill, pledge and charge in respect of which the Bank shall exercise this right.

18.1.3.7 In the event that at the time of collection of the security bills, the Secured Amounts (or any part of them) shall not yet be payable, or they (or some of them) shall only be due to the Bank conditionally, the Bank shall be entitled to collect from the amount that shall have been collected, an amount sufficient to cover the said amounts, including legal fees and expenses, and the amount so collected shall be pledged and charged to the Bank as collateral therefor, and shall remain with the Bank until the repayment thereof.

18.1.3.8 The Customer hereby declares and expressly agrees that the Bank shall be entitled at its discretion, to use the amounts collected by the Bank in consequence of the payment of the security bills or any part of them for all or any of the purposes hereinafter stipulated, all as the Bank shall deem fit:

18.1.3.8.1 to transfer them to the credit of any account managed at the Bank by the Customer, in order to reduce or repay the debit balance in such account; and/or

18.1.3.8.2 for the full or partial repayment of the amounts due to the Bank (and secured in favor of the Bank), the due payment date of which shall have occurred but that shall not as yet have been repaid by the Customer; and/or

18.1.3.8.3 to deposit them in a special account in the name of the Customer which shall be pledged and charged to the Bank in accordance with the terms of this document. At the request of the Customer, the Bank shall agree to the transfer of the said amounts to short term shekel deposits, provided that such deposits shall be pledged and charged to the Bank, and the Customer shall not be able to withdraw them before the repayment of all the Secured Amounts without the prior consent of the Bank.

So long as the Customer shall not have perfected the Secured Amounts, the Bank shall be entitled to hold such amounts in the special account as aforesaid.

18.1.4 In the event that the Customer shall give the Bank promissory notes signed by the Customer in order to facilitate the payment or collection of the Secured Amounts or for any other purpose, the following provisions shall apply, in addition to the above provisions of this Section 18:

18.1.4.1 The giving of such promissory notes or their payment dates shall not be deemed as determining dates for the payment of the Secured Amounts, and

accordingly, the right of the Bank at any time to demand payment of the Secured Amounts shall not be impaired and shall remain valid.

18.1.4.2 Should any essential detail be missing from such bill, the Bank shall have full authority to complete the missing detail in such manner and at such time as the Bank shall deem fit, at the absolute discretion of the Bank.

18.2 In any event that the Bank shall hold bills and/or other transferable and/or negotiable instruments and/or Import and/or export documents (hereinafter: in this document the "**Negotiable Instruments**") signed, endorsed or guaranteed by the Customer, they shall be and shall be deemed to be pledged and charged to the Bank by way of a first-ranking pledge and charge. The Bank shall be entitled to realize the Negotiable Instruments and credit their proceeds, to the credit of the debt of the Customer pursuant to this document, including legal fees and expenses.

The Customer releases the Bank of any duties of a holder of a bill pursuant to Law in connection with the said bill/s.

**19. Assignment of Rights**

In any event that the Customer shall transfer rights to monies or shall guarantee the payment of the Secured Amounts to the Bank by way of pledges and charges or the transfer of rights to monies, the following provisions shall apply:

19.1 In this Section 19, the expression "rights to monies" shall mean: rights of the Customer to receive monies from various persons and/or entities (hereinafter in this Section 19: the "**Debtors**") that are and/or shall be due to the Customer pursuant to any contract and/or undertaking and/or order and/or in any other manner, which have been and/or shall be transferred by the Customer to the Bank by way of an assignment of rights and/or by way of irrevocable instructions and/or in any other manner.

19.2 The provisions of this Section 19 shall not apply in respect of rights to monies due to the Customer pursuant to bills, in respect of which the provisions of Section 18 above shall apply.

19.3 The Customer shall pledge and charge and/or assign to the Bank only such rights to monies to which the Customer is or shall be validly entitled in consideration of work and/or services and/or the supply of goods and/or valid agreements and/or undertakings.

19.4 Upon the first demand of the Bank, the Customer shall furnish the Bank with all the documents required in order to grant validity to pledges and charges and/or assignments of rights as aforesaid.

19.5 Upon the first demand of the Bank, the Customer shall furnish the Bank with written confirmations from the Debtors that such Debtors shall directly pay the Bank the monies that are the subject of the assignment of rights and/or the pledge and charge.

19.6.1 19.6.1 Rights to monies shall be deemed pledged and charged to the Bank and to the order of the Bank by way of a first-ranking pledge and/or a pledge and charge pursuant to the Pledges Law, 5727-1967 and/or the Assignment of Obligations Law, 5729-1969 and/or pursuant to any other Law, as collateral for the repayment of the Secured Amounts, and such assignment shall be deemed proof that it has been made for the purposes of providing collateral and a pledge and charge to the Bank pursuant to the provisions of this document, unless the Bank shall expressly approve otherwise in writing, and no further deed of pledge and charge or other special document shall be required to create the pledge and charge over those rights to monies.

19.6.2 19.6.2 The Customer assumes full liability for the veracity and correctness of the signatures, guarantees, dates and other details relating to the rights to monies, and for the stamping of the documents with regard to the assignment of the rights to monies.

19.7 The Bank shall be entitled - but shall not be obliged - to take any legal or other steps to collect the rights to monies, to debit the collection expenses against the account of the Customer, to reach a settlement with the Debtors or any of their guarantors, or grant them any waivers, to accept partial consideration from any of them and from time to time to use the proceeds for the full or partial repayment of the Secured Amounts. The Bank shall notify the Customer in advance, insofar as reasonably possible in the circumstances of the case, of the exercise of the said rights of the Bank, in relation to any case in which the Bank exercises its rights as aforesaid.

19.8.1 19.8.1 The rights to monies shall include the rights themselves and the consideration therefor, and all the profits, income, and all that derives from the rights to monies or connected therewith so long as the pledge and/or charge shall exist, and the consideration therefor.

19.8.2 19.8.2 In the event that the rights to monies, all or any part thereof, shall be damaged, expired or expropriated or an event shall occur that shall impair the rights to monies, and the Customer shall be entitled to compensation or indemnity or any other right by reason

thereof, the pledge and/or the charge shall apply to any right to compensation or indemnity and to any other such right.

19.9 The Customer hereby declares and undertakes that all the rights to monies that have been or shall be assigned to the Bank shall at the time of their transfer be free of any pledge, charge, attachment or any other third party right, other than those of the Bank - unless otherwise agreed in writing between the Bank and the Customer - and that the Customer shall be entitled to pledge and/or charge such rights to monies to the Bank. The Customer undertakes to reimburse the Bank, upon the first demand of the Bank, with all the expenses that shall be incurred by the Bank in connection with legal proceedings in which claims shall be raised against the validity of the pledge and charge of the rights to monies.

19.10 19.10.1 The Customer hereby undertakes to perform in a precise manner all the undertakings of the Customer in accordance with the contract and/or undertaking and/or order and/or any other matter pursuant to which the rights shall be due.

19.10.2 The Customer hereby undertakes not to sell, not to pledge and charge by way of any rank, not to assign, not to deliver or otherwise become dispossessed in any manner of the rights to monies or any part of them, directly or indirectly, for consideration or otherwise, not to realize the rights to monies, not to settle with the Debtors and not to waive any part of the rights to monies, without the prior written consent of the Bank.

19.10.3 The Customer hereby undertakes to immediately notify the Bank in the event of the imposition of an attachment order over the rights to monies or any part thereof and to immediately notify the party petitioning for the imposition of the attachment order of the existence of the pledge and charge in favor of the Bank. The Customer undertakes, at the expense of the Customer, to immediately and without delay, take all steps necessary for the attachment order to be rescinded. The Customer also undertakes to immediately notify the Bank of any claim by the Debtors regarding a violation by the Customer which might influence the rights of the Customer to receive the monies. The Customer undertakes, at the expense of the Customer, to immediately and without delay take all the steps necessary for the revocation of any such claim.

19.11 In the event that at the time of realizing the rights to collect monies, the Secured Amounts (or any part of them) shall not as yet be due or they (or any part of them) shall only be due to the Bank conditionally, the Bank shall be entitled to deduct from the amount collected, an amount adequate to cover the Secured Amounts, including legal fees and expenses, and the amount deducted shall be pledged and charged to the Bank as collateral therefor and shall remain with the Bank for the repayment of the Secured Amounts. At the request of the Customer, the Bank shall agree to transfer the amounts deducted as aforesaid to short-term shekel deposits, provided that such deposits shall be pledged and charged to the Bank.

20. (Cancelled)

21. (Cancelled)

## 22. **Bank Guarantees**

In any event that, at the request of the Customer, the Bank shall from time to time agree to issue guarantees in favor of persons and/or legal entities and/or others (all hereinafter in this Section 22 jointly and severally: the "**Creditor**"), whether for the undertakings of the Customer, or for the undertakings of the Customer jointly and severally with other persons or legal entities or for other undertakings or other legal entities who shall not be the Customer (all hereinafter in this Section 22 jointly and severally: the "**Debtor**"), the following provisions shall apply:

22.1 The Customer undertakes to compensate and indemnify the Bank at any time in respect of legal proceedings and other legal steps, claims and demands, damages, expenses (including advocates' professional fees) and other payments deriving from the guarantee or relating thereto, and to pay to the Bank, upon the first demand of the Bank, any amount that shall be demanded by the Bank or shall be paid by the Bank by virtue of the guarantee or in connection therewith and to repay the Bank all the amounts, expenses and payments as aforesaid, together with Maximum Interest within the meaning thereof in Section 5.2.2 above, or the interest rate determined by the competent judicial authority, if determined, from the date of the payment by the Bank until actual payment by the Customer.

22.2 The Customer hereby declares and assumes liability towards the Bank that every obligation of the obligations that the Bank shall be requested to guarantee (hereinafter in this Section 22: the "**Obligation**") shall be valid and free of any defect whatsoever.

22.3 The Customer hereby acknowledges that the guarantee that shall be issued by the Bank from time to time pursuant to this document and in connection herewith shall constitute or shall be liable to also constitute a deed of indemnity, as well as a guarantee; accordingly, wherever the expression "to guarantee", "guarantee" or "guarantees" shall appear in this document, it shall also mean "indemnity". It is hereby emphasized that in any event that the Bank shall issue a guarantee as aforesaid, whether

or not it shall constitute an indemnity, all the undertakings of the Customer pursuant hereto shall remain in full force and without any change.

22.4 The Customer hereby revokes, in advance and knowingly, the right at any time and in any circumstances, to demand of the Bank not to fulfil any guarantee in favor of the Creditor, and it is hereby declared that the Bank shall be entitled in any event, at the exclusive discretion of the Bank, to pay any amount in accordance with the guarantee of the Bank.

If the Customer asks the Bank to remove from the Bank's books a bank guarantee that was issued at the Customer's request, prior to its maturity date, whether due to it not yet having delivered the bank guarantee to the beneficiary, due to the beneficiary having agreed to return the bank guarantee to the Bank, or for any other reason, the Bank shall agree to do so if the Customer fulfills all of the following cumulative conditions: (1) the Customer sends the Bank a written letter requesting revocation of the guarantee for the reason specified therein; (2) the Customer attaches the original deed of guarantee to their letter (including the last original letter of extension – in the case of a guarantee that was extended); (3) the Customer attaches a letter signed by the beneficiary, whereby the beneficiary agrees to revocation of the guarantee, even though the date for claiming payment thereunder has not yet passed. Alternatively, and at the Bank's discretion, the beneficiary shall authorize the Bank, by means of telephone conversation, to revoke the guarantee, even though the date for claiming payment thereunder has not yet passed (in which case the conversation shall be documented in writing) – all on the precondition that there is no legal impediment to so doing.

22.5 Upon the occurrence of one or more of the events stipulated below, the Customer shall not be entitled to raise any pleas against the Bank, and all the undertakings of the Customer pursuant hereto shall continue to remain in full force, including the undertakings of the Customer to compensate or indemnify the Bank, even in the event that the Guarantee Law, 5727-1967 (or any other law) shall grant the Customer any plea or defense:

- 22.5.1 if it shall become apparent that the Obligation is not valid for any reason;
- 22.5.2 if it shall become apparent that the Obligation is defective for any reason;
- 22.5.3 if it shall become apparent that the Obligation is lesser or lower than the guarantee;
- 22.5.4 if it shall become apparent that the Obligation has been reduced or has changed;
- 22.5.5 if for any reason whatsoever, the Bank shall be likely to be released from the guarantee and the Bank shall have fulfilled its guarantee towards the Creditor;
- 22.5.6 if the Bank shall have paid in accordance with its guarantee, notwithstanding the request of the Customer that the Bank not fulfil any guarantee;
- 22.5.7 if the Creditor has caused the Obligation not to be fulfilled;
- 22.5.8 if the Customer and/or the debtor shall have a claim against the Creditor pursuant to which the Bank shall be likely to be released from any of the guarantees;
- 22.5.9 if the Creditor has caused the expiration of collateral given to secure the Obligation;
- 22.5.10 if the claim of the Creditor against the debtor in respect of the Obligation is time-barred;
- 22.5.11 on the occurrence of any other event whatsoever, in respect of which the Customer and/or the debtor shall have any claim or defense pursuant to the Guarantee Law, 5727-1967, (or pursuant to any other Law).

**The Customer hereby henceforth and in advance waives any plea or defense which might be available to the Customer in respect of any of the cases hereinabove stipulated, both prior to the payment by the Bank pursuant to the guarantee of the Bank and thereafter.**

22.6 The Bank shall not be obliged to compel the Creditor to prove that the amount demanded to be paid by the Bank pursuant to the guarantee is in fact due from the debtor and/or that the payment thereof shall have been demanded from the debtor, and the Bank shall be entitled to rely on the declaration of the Creditor or on any such documents as the Bank shall, at the absolute discretion of the Bank, deem fit. In addition, the Bank shall be exempt from any liability for the damages and losses that shall be incurred by the Customer and/or the debtor and for expenses that shall be incurred as a result of a mistake or error in interpreting the terms of the guarantee, and the liability of the Customer pursuant to Section 22.1 above to pay and return to the Bank all the amounts, expenses and damages as stipulated in the said section shall not be impaired by such error.

22.7 In the event that the guarantee shall be given by the Bank to secure a number of payments on different payment dates, and the Bank shall be called upon by the Creditor to effect any of the said payments, the Bank shall be entitled to demand the full amount of the guarantee from the Customer, including all the payments that shall not as yet have been made by the Bank to the Creditor, whether or not their

maturity date shall have occurred, and the Customer undertakes to pay the Bank the full amount of the guarantee immediately upon the first demand of the Bank.

Without derogating from the generality of the first part of the previous paragraph, it is hereby expressly provided that for the purpose of this document, the demand made by the Creditor for the payment of any portion of the guarantee shall also be deemed to be a demand for payment of the balance of the guaranteed amounts.

- 22.8 The Bank shall be entitled, but shall not be obliged, to demand or obtain from the Creditor, after payment shall have been made by the Bank pursuant to the guarantee of the Bank, any collateral in the possession of the Creditor. In the event that the Bank shall exercise this right and shall receive the said collateral, the Customer shall not be entitled to demand that the Bank transfer such collateral to the Customer or to participate therein - so long as all the Secured Amounts have not been repaid.
- 22.9 The Bank shall be entitled, at the absolute discretion of the Bank, to extend the guarantee period. The Bank shall also be entitled to amend the terms of the guarantee, provided that the written consent of the Customer shall be obtained. In the event that the Bank shall extend or amend the guarantee as aforesaid, all the terms and conditions of this document shall apply to the extended or amended guarantee.
- 22.10 Without derogating from the generality of the foregoing, it is hereby expressly provided that the provisions of Sections 22.1 to 22.9 above apply and relate *inter alia* to the guarantees of the Bank for the repayment of various bills, where such guarantees have or shall be given by the Bank at the request of the Customer in any form or manner, to a purchaser of bills or rights in bills, endorsed by the Customer. For the purpose of this document, the term the "**Creditor**" shall also include purchasers of such bills or rights, and the term "guarantees" shall also include guarantees given or to be given by the Bank to the purchasers of such bills.

### 23. **Settlement**

The Bank shall be entitled at any time, at the exclusive discretion of the Bank - whilst making every effort, insofar as shall be reasonable in the circumstances of the case, to give the Customer advance notice thereof - to reach a settlement with any party to any of the Collateral held or that shall be held by the Bank, by accepting payments in instalments, or by accepting an amount smaller than the denominated amount of the Collateral for the absolute cancellation of the Collateral, or by releasing or waiving all or any of the rights of the Bank or the rights of the Customer pursuant to any collateral, or by granting an extension or concession or by reaching any other arrangement as the Bank shall deem fit, and it is hereby provided that the said acts shall not howsoever derogate from, cancel, affect, impair or diminish the full validity of the obligations of the Customer in connection with the Credit secured by the said collateral or pursuant to this document.

### 24. **Breach, Material Breach, Acceleration and/or Other Remedies**

- 24.1 Notwithstanding the payment dates that shall be agreed upon between the Bank and the Customer, in any of the cases stipulated below, the Bank may – but shall not be obligated to – after sending the Customer written notice of its intention to do so as required by Law, accelerate all of the Secured Amounts. Upon acceleration, the Customer shall be obligated to pay the Bank the Secured Amounts. Furthermore, the Bank may, but shall not be obligated to – in each of the circumstances stipulated below – seek any remedy conferred and/or to be conferred upon the Bank by any Law and/or agreement.
  - 24.1.1 If the Customer fails to pay when due any amount of principal or interest or fee or linkage differentials or expenses or any other amount that shall be owing from the Customer pursuant to this document.
  - 24.1.2 If a receiver (temporary or permanent) or receiver and administrator (provisional or permanent) or liquidator (provisional or permanent) or a special administrator/trustee under a stay of proceedings order (provisional or permanent) or a trustee in bankruptcy (provisional or permanent) or a trustee under the Insolvency Law (provisional or permanent) is appointed for the Customer, the business of the Customer and/or assets of the Customer, or any part thereof, or if an application is filed for an appointment as aforesaid, which shall not have been cancelled within 30 days, or if the Bank learns that an application is about to be filed by the Customer or anyone on his behalf for bankruptcy or for a stay of proceedings order or for a Proceeding Commencement Order. For the avoidance of all doubt, it is hereby clarified that the said period of 30 days shall not apply in the event that the application is submitted by the Customer or interested parties thereof or anyone on his behalf or with his consent, or if the application is for the appointment of a receiver in connection with a debenture or a deed of pledge of the Customer.
  - 24.1.3 If the Customer is in a state of Insolvency, or adopts a winding up resolution, or if an application is filed for bankruptcy or stay of proceedings or moratorium or a Proceeding Commencement Order, or if an order is issued for commencement of proceedings or stay of proceedings or winding up or bankruptcy or a moratorium (provisional or permanent) against the Customer, or if the Customer ceases to pay his debts, or if the Customer

reaches a settlement and/or arrangement (within the meaning thereof in the Companies Law, 5759-1999 (hereinafter: the "**Companies Law**"), the Bankruptcy Ordinance [New Version], 5740-1980, the Insolvency Law, or any other Law to replace them) with his creditors and/or shareholders and/or any of them, or if negotiations for such arrangement and/or settlement commence between the Customer and any of his creditors and/or shareholders, or if the Customer notifies that he intends to commence such negotiations, or if the court orders the convening of meetings for approval of such arrangement and/or settlement. Where a corporation other than a company is concerned, the above provisions of this Section 24.1.3 shall apply *mutatis mutandis*.

24.1.4 If negotiations commence and/or the Customer notifies that he intends to commence negotiations with his creditors (or any of them) that are entitled to collect their debts as preferential debts, or if protected negotiations (within the meaning thereof in the Insolvency Law) commence and/or the Customer notifies that he intends to commence protected negotiations with his creditors (or any of them).

24.1.5 (Cancelled)

24.1.6 If any attachment, provisional or of any other kind, is imposed by the Execution Office or by the competent court or tribunal or by any competent authority and/or any act of execution is taken over/in respect of the Customer's business and/or property and/or any part thereof or over/in respect of collateral the Customer shall have provided the Bank or any part thereof, regardless of whether the Collateral is in the name of the Customer or in the name of any third party, and the attachment or act of execution (insofar as carried out merely by registration) are not completely removed or completely discontinued within 30 days of the date of imposition of such attachment or the date on which such act of execution was taken, as the case may be. For the avoidance of doubt, it is clarified that the aforesaid 30-day period will not apply if the attachment and/or execution act are not by mere registration, and/or if a third party takes operative acts with respect to all or any of the Customer's property.

24.1.7 If for any reason the Customer discontinues most or all of the work in his or functioning of business for fourteen (14) days or longer, or if for any reason most or all of the Customer's businesses are discontinued, or if the Customer's business is closed down.

24.1.8 If for any reason the Customer becomes unemployed for three months or longer, or in the event of the Customer's passing, or in the event of appointment of a guardian and/or entry into effect of a lasting power of attorney with respect to the Customer's person or property.

24.1.9 If the Customer becomes a "restricted customer" or a "severely restricted customer" within the meaning thereof in the Cheques without Coverage Law, 5741-1981.

24.1.10 If any change occurs in control (within the definition of "control" in the Securities Law, 5728-1968 (hereinafter in this section: the "**Securities Law**") (whether directly or indirectly and/or regardless of whether the control is joint or exclusive) of the Customer, or if any change occurs in the composition of the holders of the outstanding shares in the Customer's capital or any change in the rights or the number of shares in the Customer's capital held by each of the holders compared with the situation existing on the date of the engagement hereunder, without the prior written consent of the Bank, other than with respect to a transfer of shares by way of inheritance. Holding ("holders") with regard to shares in the Customer's capital, shall mean - directly or indirectly, through a trustee (including under the Insolvency Law), a trust company or in any other manner, including by a subsidiary or affiliate.

Where a corporate entity other than a company is concerned, the above provisions of this Section 24.1.9 shall apply *mutatis mutandis*.

24.1.11 If a license or franchise received by the Customer is revoked and/or if any change occurs in the terms and conditions of such license or franchise which is material to the Customer's activity.

24.1.12 If a material change occurs in the type of the Customer's business activity or if his activity is diverted to activity in new risk areas while increasing the risk in the Customer's business activity (such as activity abroad or in high-risk regions or sectors).

24.1.13 If the Customer uses the Credit or any part thereof for a purpose substantially different than the purpose of the Credit.

24.1.14 If an indictment is filed against the Customer and/or (if the Customer is a corporation) against an officer of the Customer and/or against an individual and/or a corporation that directly or indirectly controls the Customer.

24.1.15 If the Customer breaches or fails to comply with one or more of the conditions or provisions or sections of this document or of any contract, deed of pledge or other document that previously made or to be made in the future between the Bank and the Customer.

24.1.16 If, in the Bank's opinion, an adverse change shall have occurred in the Customer's financial and/or business condition and/or there are circumstances which may jeopardize the repayment of the Credit to the Bank or if the Customer violates a provision of Law that applies to the Customer and such violation may jeopardize the ability of the Customer to comply with any of his obligations to the Bank, or if a special situation arises as a result of which the Bank shall have reasonable grounds for concern that the Customer will be unable to comply with any of the Customer's obligations to the Bank, the failure to comply with which, in the Bank's opinion, may jeopardize the repayment of the Credit to the Bank, or if, in the Bank's opinion, any collateral received or to be received by the Bank from the Customer or from another for the purpose of securing any of the Customer's obligations to the Bank is at risk, or in the event of the occurrence, or reasonable concern of the occurrence, of adverse changes in the value of the Collateral relative to the value or amount of the Credit, irrespective of whether the value of the Collateral shall have decreased or the Credit or the computation of the Credit relative to the Collateral shall have increased, for whatever reason, including as a result of changes or fluctuations in the various currency rates, which shall have caused or may cause an increase in the Bank's exposure vis-à-vis the Customer or a disparity between the Collateral and the Credit or the computation thereof relative to the Collateral.

24.1.17 If the documents of incorporation of the Customer are amended – in a manner that may adversely affect the rights of the Bank or the Customer's obligations to the Bank.

24.1.18 If the Customer, which is a company, adopts a resolution of Restructuring as hereinafter defined:

**"Restructuring"** shall mean the merger or split (within the meaning of such terms in Part E2 of the Income Tax Ordinance (New Version) or in the Companies Law), including consolidation and re-organization, whether as the surviving company or as the target company as well as any action other than in the ordinary and current course of business the result of which is the acquisition of assets and/or liabilities of another entity, including a settlement or arrangement in accordance with Sections 350 and 351 of the Companies Law, or the transfer of assets in consideration for shares or other securities or for other consideration (whether in a single transaction or in a series of transactions).

24.1.19 If it transpires that any declaration by the Customer in this document or in any contract, undertaking, deed of pledge, deed of charge, debenture, bond, letter of guarantee or other instrument, previously made or to be made in the future - is incorrect or incomplete.

24.1.20 If any event occurs which entitles a financial institution, a bondholder, or another material creditor to accelerate a debt, or if any of the aforementioned requires the payment of any of the Customer's debts or liabilities or charges, in whole or in part, to any of them.

24.1.21 If the Collateral or any part of the Collateral is destroyed, burnt down or lost.

24.1.22 If the Customer and/or a guarantor for the Customer's debt is about to leave or has left Israel.

24.1.23 If the name of the Customer or the name of a control holder (within the definition of the term "control holder" in the Money Laundering Prohibition Law, 5770-2000), or the name of a material shareholder of the Customer (according to the Bank's discretion), is included in any list of individuals and/or entities with whom it is prohibited to deal and/ or transact (including banking activity ), published by the Israeli Government, another government, the United Nations, the European Union and/or other suchlike entities, which is implemented by the Bank, and all in accordance with the Bank's policy, and in the event of a trust account, if any party to the trust account is included in such list (trustee, beneficiary, settlor or protector) or a control holder thereof.

24.1.24 If the Customer, as defined in the Credit Data Law, 5776-2016 (the "**Credit Data Law**"), who shall have given the Bank his consent, according to Section 26(a)(4) of the Credit Data Law, to the provision of credit data about him, which are included in the database, to the Credit Office for the preparation of a credit report to be delivered to the Bank, requests the Bank of Israel that the credit data about him be excluded from the database (according to Section 22 of the Credit Data Law), or that credit data about him, which are included in the database, not be provided for the preparation of a credit report (according to Section 30 of the Credit Data Law), as long as the Credit with respect to which the consent was given is not repaid or before the expiration of the consent as determined in the consent document, whichever is earlier.

24.1.25 If a guarantor for Credit who shall have given the Bank his consent, according to Section 26(a)(4) of the Credit Data Law, to the provision of credit data about him which are included in the database to the Credit Office for the preparation of a credit report to be delivered to the Bank, requests the Bank of Israel that the credit data about him be excluded from the database (according to Section 22 of the Credit Data Law), or that the credit data about him, which are included in the database, not be provided for the preparation of a credit report (according to Section 30 of the Credit Data Law), as long as the Credit with respect to which the consent was given is not repaid or before the expiration of the consent as determined in the consent document, whichever is earlier.

24.1.26 If credit data that are specified in Section 3 of the Credit Data Regulations, 5778-2017, are received, which clearly indicate that the Customer fails to repay payments for the purpose of Section 22 of the Credit Data Law, or the circumstances specified in Section 4 of the Credit Data Regulations, 5778-2017 occur, which clearly indicate that the Customer fails to repay payments for the purpose of Section 35 of the Credit Data Law.

24.1.27 If any of the events specified in Sections 24.1.2 to 24.1.25 occurs to any of the Customer's guarantors and/or to anyone that shall have provided the Bank collateral to secure the repayment of the Credit, and the Customer fails to provide the Bank, within 30 days of the occurrence of one or more of the aforesaid events, a letter of guarantee and undertaking signed by another person or entity agreed by the Bank in advance and in such language as shall be determined by the Bank, whereby such person or entity will guarantee the Bank the full and accurate payment of the Secured Amounts. The provisions of this Section 24.1.26 shall apply *mutatis mutandis* also to such new guarantor, as if he were the original guarantor, and to anyone that shall take his place.

**Insofar as a grace period or an extension of time shall have been agreed upon, then, in any circumstances in which there is real concern with respect to the ability of the Bank to collect as a result of such grace period or extension, the Bank shall be entitled to act and exercise its rights immediately, without any postponements and without waiting, and also without giving notice as specified in Section 24.1 above, and notwithstanding anything stipulated herein.**

24.2

24.2.1 If the Bank exercises the Bank's right under Section 24.1 above, pursuant to any of the subsections thereof, the Secured Amounts shall bear default interest as specified in Section 37 and/or 38 below, from the acceleration date until the actual full repayment thereof.

24.2.2 In addition to the provisions of Section 24.2.1 above, the Customer shall pay the Bank, as pre-estimated liquidated damages, for any loss, damage or deficit caused to the Bank as a result of acceleration of the Credit - a sum equal to the total of all the amounts ordinarily collected by the Bank as a pre-payment fee as prevailing at the Bank from time to time, or the amount that the Bank is permitted to collect as a pre-payment fee pursuant to the Law and/or pursuant to the Directives of the Bank of Israel – whichever is lower.

24.3

In each of the cases listed in Section 24.1 above, the Bank may take any and all legal measures deemed fit thereby to enforce the Collateral and/or collect the balance of the Secured Amounts, plus Maximum Interest as stipulated in Section 5.2.2 above, or default interest, to be calculated according to the provisions of Sections 37 and/or 38 below, as the case may be, in any manner deemed fit thereby, and in particular and without prejudice to the generality of its rights, the Bank may sell or otherwise transfer the Collateral and/or enforce the Collateral using all other ways permitted by the law. Any and all expenses (including legal fees) entailed thereby shall be borne by the Customer and bear Maximum Interest as specified in Section 5.2.2 above or the interest rate determined by the competent judicial authority, if determined, from the date incurred until fully repaid. Until such time, the expenses shall be secured by the Collateral and the consideration for the Collateral. Nothing stipulated herein shall be deemed as derogating from the Bank's right to make claims from the Customer, alone or together with others, pursuant to any deed, contract, undertaking, guarantee or collateral or other document, and any such suit shall not derogate from the Bank's right to claim anything due to the Bank from the Customer pursuant to this document, at any time the Bank shall deem fit.

Furthermore, each of the events stipulated in Section 24.1 above and each of the events entitling the Bank to accelerate Credit (in accordance with the Terms and Conditions of Engagement as defined in Section 33.3 below) shall be deemed a material breach event (in this document: "**Material Breach Event**") by the Customer and the Bank may, according to the Bank's discretion, seek any remedy conferred upon the Bank pursuant to any agreement or Law, including the full or partial enforcement or revocation of any agreement between the Bank and the Customer.

24.4

It is clarified that upon the occurrence of a Material Breach Event the Customer shall be obligated to immediately pay the Bank, and the Bank may immediately debit the Customer's account with the Bank for, the full revaluated sum of a bank guarantee (and any document of similar nature, such as documentary credit) the Bank shall have issued for the Customer (in this section: a "**Contingent Debt**"), even before the beneficiary of a Contingent Debt demands the forfeiture thereof, regardless of whether the balance of such account is positive at such time, or the balance of the account is negative

at such time, or the balance thereof becomes negative as a result of the debit. Without derogating from any other measure available to the Bank for collection of the Secured Amounts, the Bank may immediately offset any amount so debited in the account or due from the Customer against any right the Customer has vis-à-vis the Bank in the account or in any other account. If such account shall have been debited in respect of a Contingent Debt, and such Contingent Debt shall have subsequently expired or been cancelled irrevocably, without the Bank having been required and without the Bank further being required to pay any amount in respect thereof, the Bank shall retroactively cancel any debit charged to the account as set forth above.

24.5 It is hereby agreed that the interest rate as determined and/or to be determined in a specific credit agreement will automatically increase at an annual rate of up to 3% in each of the events specified in Sections 24.1.2 to 24.1.26 above and/or in Sections 24.5.1 to 24.5.2 below, from the date of occurrence of the event and for the duration of the period of the breach according to the Bank's records, in respect of the increase in the Bank's risk as a result of the occurrence of the Material Breach Event as aforesaid. Such additional interest shall be debited by the Bank in the Customer's account on the date of interest payments or charges as specified in any specific credit agreement and in addition thereto. The Bank shall give the Customer written notice of the rate of the additional interest within 30 days of the day on which the Bank learns of an event specified in Sections 24.5.1 to 24.5.2 below and/or the Material Breach Event (as applicable). Insofar as the aforesaid notice is given after the lapse of 30 days from the date on which the Bank learns of the said event, such additional interest shall then be charged from the date of such notice and for the duration of the period of the breach (according to the Bank's records). It is clarified that the remedying of the event specified in Sections 24.5.1 to 24.5.2 below and/or the Material Breach Event shall not entitle the Customer to a refund of the said additional interest. It is further clarified that the Bank's right to the additional interest and the actual collection thereof as set forth above shall neither derogate from nor suspend nor impair any remedy conferred and/or to be conferred upon the Bank by any Law and/or agreement, and *inter alia*, the foregoing shall not derogate from the Bank's right to collect from the Customer nor from the Customer's obligation to pay the Bank Default Interest and/or Maximum Interest, insofar as any such obligation exists, as set forth herein and/or in a specific credit agreement, and the provisions of this section are in addition thereto.

24.5.1 If the Customer's name is about to be removed or is removed from any register maintained by Law, or if notice of the intention to register the Customer as a violating company (within the meaning thereof in Section 362A of the Companies Law) is recorded in the register maintained by the Registrar of Companies with respect to the Customer or if the Customer is registered in such register as a violating company.

24.5.2 Or if the Customer's rating is downgraded by any rating agency.

24.6 The Bank may deny any benefit (personal or in respect of the Customer's belonging to a certain group of people or a workplace) given to the Customer in connection with the activity in his account, if the Customer is delinquent in payment and the Bank shall have handed over the collection of the debt to its counsel and/or to a function at the Bank designated for handling the collection of debts from customers indebted to the Bank.

## 25. **Preservation of the Undertakings of the Customer**

The undertakings of the Customer towards the Bank shall remain in full force even in the event that the Bank, whether with or without the consent of the Customer and even without having given notice to the Customer, at the sole discretion of the Bank:

25.1 Shall give the Customer or any other person liable with or for him, as guarantor or otherwise, any extension or relief.

25.2 Shall terminate, increase, alter or renew any Credit given or that shall be given to the Customer, and shall cease, alter or renew any of the terms and conditions of such Credit.

25.3 Shall accept, alter, replace, release, renew, amend or refrain from maintaining or realizing any of the Collateral, whether or not damage shall be incurred by the Customer as a result thereof.

25.4 Shall reach a settlement, shall come to any arrangement with others or with some of them separately, or with another person liable together with the Customer or with any guarantor for them.

25.5 Shall release any of the individuals constituting the Customer from all or some of their obligations pursuant to this document and/or shall accept any contribution or reach any arrangement with any of the individuals constituting the Customer separately.

## 26. **General Payment**

Any amount and/or payment, in whatever form, that shall be received by the Bank from the Customer or to the credit of the Customer from any person or asset or from the realization of any right and/or collateral in any manner for the purpose of reducing the Secured Amounts or part thereof, whether the said amount and/or payment shall

have been given or paid before, at the time of or after the time for payment of the Secured Amounts or any of them, all or in part, shall be credited in accordance with the provisions of Sections 7.1 and 7.2 above.

## 27. **Preservation of Rights**

27.1 Any silence or lack of response by the Bank in connection with the non-performance, incomplete performance or incorrect performance of any undertaking whatsoever of the Customer contained in this document and/or failure to take action or failure to use a remedy that are conferred upon the Bank by this document and/or by any law, shall not be deemed a waiver by the Bank of any of the rights of the Bank in connection with such non-performance, incomplete performance or incorrect performance. If the Bank on any occasion shall agree to a matter contrary to the terms and conditions of this document, such consent of the Bank shall be deemed limited to that occasion alone, and shall not be deemed a general agreement or a general waiver.

27.2

- 27.2.1 The failure to take timely action or the grant of any extension by the Bank shall not be deemed a waiver of the rights pursuant to this document and shall not be used as an estoppel against the Bank.
- 27.2.2 If the Bank shall reduce the Credit amount and/or any other condition in connection with the Credit shall be amended, the terms of this document shall apply *mutatis mutandis* to the amendments and/or adjustments.
- 27.2.3 The Maximum Interest rate and the date from which the Customer shall commence paying Maximum Interest shall be determined exclusively by the Bank, as provided in this document and the determination thereof shall bind the Customer for all purposes.

## 28. **Transfer of Rights and Risks**

28.1 The Bank may, at any time, subject to the provisions of any Law, choose any of its branches to provide and/or manage Credit and/or transfer Credit from branch to branch.

28.2 The Bank may, at any time, according to its discretion and without requiring the consent of the Customer, subject to the provisions of any Law, assign and/or transfer to another and/or share with another its rights and/or risks vis-à-vis the Customer of whatever type, in whole or in parts, including the Credit, Collateral, encumbrances and deeds of pledge, in whole or in parts (any of the above: the "**Transaction**"), and any recipient of such transfer and/or assignment and/or sharing (any of the above: the "**Recipient**") may likewise, subject to the provisions of any Law, share with another and/or assign and/or transfer to another the said rights and/or risks, without requiring the consent of the Customer. The Transaction may be effected by way of an endorsement in the margins of or on this document and/or the letter of engagement according hereto and/or in any other manner that the Bank shall deem fit – attempting, insofar as is reasonable under the circumstances, to give notice thereof to the Customer.  
The Transaction shall not adversely affect any of the Collateral, even if the Collateral and/or the rights and/or risks therein shall have been transferred and/or assigned and/or shared, in which case the Bank and/or the Recipient may enforce the Collateral, all as agreed between the Bank and the Recipient. The Customer undertakes to cooperate, insofar as required, for the purpose of the Transaction, including signing any document that shall be required for such purpose.

28.3 The Bank may, at any time, disclose Information (as defined below) to any Recipient and/or possible recipient with which the Bank is conducting negotiations for the performance of the Transaction ("**Possible Recipient**"), and/or to consultants on behalf of the Bank and/or a Recipient and/or a Possible Recipient. The transfer of Information is subject to the signing of a confidentiality undertaking in the Bank's standard form by any of the aforementioned, unless any of the aforementioned is subject to a duty of confidentiality either professionally and/or by law or contract.

**"Information"** means: Including any information that is currently in the Bank's possession and/or that will be in its possession in the future, and including information that has been and/or shall be transferred to the Bank by the Customer and/or on behalf of the Customer, transfer of which is necessary and/or preferable in connection with the Transaction, including information on Credit and/or Collateral.

28.4 The Customer may not transfer and/or assign any of the Customer's rights and/or obligations pursuant hereto, other than with the prior written consent of the Bank.

28.5 The Bank shall be entitled at any time, at the discretion of the Bank and without requiring the consent of the Customer, subject to the provisions of any law, to assign and/or to transfer rights of the Bank towards the Customer, to another party, such rights being of any type and of any sort, in whole or in part, including the credit, the collateral, the pledges and charges and debentures and bonds, in whole or in part, and any such transferee shall likewise be entitled, subject to the provisions of any law, to also transfer the said rights to another party, without requiring the consent of the Customer. Such transfer may be effected by way of an endorsement in the margins of this document or on the face of this document and/or by an agreement effected in accordance with the terms of this document and/or in any other manner that the Bank shall deem fit, all whilst endeavoring, insofar as shall be reasonable in the circumstances of the case, to notify the Customer thereof in advance.

28.6 The Customer may not transfer and/or assign any of the rights and obligations of the Customer pursuant hereto, except with the prior written consent of the Bank.

**29. Waiver of Prior Notice**

The Customer hereby waives any notices or other prior warnings in connection with a breach of the terms and conditions contained in this document or any such terms and conditions, unless otherwise provided herein.

**30. Expenses**

All the payments and expenses that shall arise in connection with the preparation of and/or the entering into the obligations pursuant to this document and/or the enforcement thereof against the Customer and/or the guarantors, including the preparation and receipt of the Collateral pursuant hereto, including the legal and/or other expenses which the Bank shall not be able to avoid by reasonable means, the fees that shall have been approved from time to time by the Bank of Israel, governmental and official fees, stamp taxes, taxes and levies connected with the granting of the Credit, and including the creation, registration, cancellation (at the appointed time) of the Collateral and/or realization of the Collateral, including advocates' professional fees, shall be borne and paid by the Customer to the Bank immediately upon their payment or immediately upon the first demand of the Bank. In the event that the Customer shall not pay the amounts deriving from the said payments on time, all the said amounts shall bear Maximum Interest as provided in Section 5.2.2 above, or the interest rate determined by the competent judicial authority, if determined, from the date of the disbursement until the payment thereof by the Customer to the Bank. Such amounts shall constitute part of the debt of the Customer to the Bank pursuant hereto and such amounts shall also be secured by the above mentioned collateral.

**31. Pre-Payment**

31.1 **Subject to the provisions of Section 31.2 below, the Customer and/or any person whose right shall be liable to be impaired by the granting of the Collateral or any of the Collateral items or by the realization thereof, shall not have a right to pay their debts before the occurrence of the prescribed payment time, nor shall they have any other right that shall be granted to them pursuant to Section 13(b) of the Pledges Law, 5727-1967 (if granted), or any provision amending or replacing this Clause.**

31.2 31.2.1 **In every event that the Customer shall be granted a loan for the purpose of purchasing a residential dwelling or by mortgaging a residential dwelling, it is hereby expressly agreed that the Customer shall be entitled to repay the loan, or any part thereof, prior to its maturity date, only and exclusively subject to the provisions of Section 13 of the Banking Ordinance 1941 and the Banking (Pre-Payment Commission) Order, 5742-1981, and/or the relevant Bank of Israel directives, as shall have been or shall be amended from time to time, and/or any other provision, directive or Law that shall replace them.**

31.2.2 **In every event that the Customer shall be granted a loan for a purpose other than for purchasing a residential dwelling or by mortgaging a residential dwelling, it is hereby expressly agreed that the Customer shall be entitled to repay the loan, or part thereof, prior to its maturity date, only and exclusively subject to the Directives of the Bank of Israel as published in Directive No. 454, and/or subject to the provisions of any Law, as shall have been or shall be amended from time to time, and/or any other provision, directive or Law that shall replace them.**

31.2.3 **In every event that the Customer shall not be entitled to pre-pay a loan pursuant to any provision, directive or Law as stipulated in Sections 31.2.1 and 31.2.2 above, the Customer shall be entitled to do so only and exclusively subject to the prior written consent of the Bank thereto, and in accordance with the terms determined by the Bank in such regard. The Bank shall be entitled to make the consent of the Bank conditional upon the payment of a pre-payment fee and/or penalty and/or any other payment and shall be entitled to determine the pre-payment date. In the event that the pre-payment shall be effected as stipulated in this Section 31.2.3, the interest shall be computed up to the date of actual payment.**

31.3 For the avoidance of doubt, it is hereby expressed and emphasized that the foregoing shall not prejudice or derogate from the right of the Bank to accelerate any loan in accordance with the Terms and Conditions of Engagement that shall have been agreed upon between the parties, as defined in Section 33.3 below.

**32. Joint and Several Liability**

In the event that the Customer shall be constituted of more than one legal person, the liability of the individuals constituting the Customer shall be joint and several, and the Bank shall be entitled to collect the full Credit amount from one or more of such individuals, and the liability of each of the individuals constituting the Customer shall not be limited in consequence of the fact that the other individuals constituting the Customer have not been authorized to contract in accordance with this document, or for any other reason.

### 33. Instructions Regarding the Granting of Credit

33.1 The Customer hereby instructs the Bank to credit the current account of the Customer - or the foreign currency account of the Customer, in accordance with the status of the Customer and the classification of the Credit, when granting foreign currency credit - and/or as shall be agreed upon between the Bank and the Customer. The crediting of the account as aforesaid, as shall be indicated in the confirmation and/or in the notification of the Bank regarding the granting of the Credit and/or of the payment and/or transfer of any sum of money as aforesaid, shall serve as proof of its receipt by the Customer on the date and/or at the value date as shall be determined in such confirmation and/or notice (hereinafter in this document: the **"Loan Provision Date"**, as the case may be).

33.2 So long as the Credit shall not actually be granted and the Customer shall not as yet have perfected the Collateral and/or shall not have furnished the documents and/or shall not have complied with all the conditions stipulated by the Bank for the granting of the Credit, the Bank shall be entitled to defer the granting of the Credit or part thereof or to postpone, reduce or revoke the Credit, or to alter the interest or the fee, at the exclusive discretion of the Bank and as the Bank shall deem fit.

33.3 In the event of a breach by the Customer of any of the terms of this document, or of any other document pursuant to which the Customer shall have engaged with the Bank (in this document: the **"Terms and Conditions of Engagement"**), or upon the occurrence of any event listed in Sections 24.5.1 and 24.5.2 above and/or any Material Breach Event, or in the event that for any reason the Customer shall not receive the full amount of the Credit from the Bank, the Bank shall be entitled to revoke its consent to provide the balance of the Credit that shall not yet have been received by the Customer as at such time, and in such case, the Terms and Conditions of Engagement shall apply, *mutatis mutandis* in accordance with the circumstances of the case, to the amount that shall have been received by the Customer from the Bank at such time.

The foregoing shall not derogate from the rights of the Bank in accordance with the Terms and Conditions of Engagement (including the rights of the Bank pursuant to Section 24 above).

33.4 In the event that the loan shall have been granted in instalments (on different dates) each instalment shall be deemed an independent loan; nevertheless, the Bank shall be entitled, from time to time, to consolidate all or some of the loan instalments into consolidated and weighted repayment schedules.

33.5 The Bank shall be entitled at any time, at the discretion of the Bank, to carry out any technical actions that shall not cause any damage to the Customer and/or to the guarantors and/or prejudice their rights in accordance with this document, all as hereinafter stipulated: namely, by altering the number of the loan/loans or any parts of the loan/loans. The Bank shall deliver written notice to the Customer with respect to the said technical actions that shall have been effected, together with an explanation indicating that these are technical actions and that no damage shall have thereby been incurred by the Customer and/or the guarantors and/or to their rights in accordance with this document.

### 34. Repayment of Credit

34.1 The Customer undertakes to repay to the Bank the loan principal and the interest and/or linkage differentials thereon and/or any other payment in respect thereof, as shall be provided in the Repayment Schedule, in accordance with the terms stipulated in this document.

34.2 The Customer also undertakes to pay the Bank every obligation and/or other payment deriving from the terms of this document, as stipulated in Section 30 above, immediately upon its payment date and/or the first demand of the Bank.

34.3 Without derogating from the foregoing, the Bank shall be entitled to debit the current account or any other account of the Customer at the Bank, with any amount the Customer shall owe to the Bank in accordance with the terms of this document.

34.4 In the event that the loan shall be granted to the Customer in instalments, each instalment shall be deemed to constitute a separate loan, and the payments of the Customer on account of the loan shall be debited against the loan instalments account in the order that they shall have been granted to the Customer and pursuant to their terms, unless the Bank shall consolidate all the parts of the loan instalments into consolidated and weighted repayment schedules.

34.5

- 34.5.1 Every repayment of the Credit granted shall be made by debiting the current account of the Customer - or the foreign currency account of the Customer, in accordance with the status of the Customer and the classification of the foreign currency credit - and/or any other account of the Customer maintained at the Bank replacing such account. The repayment shall be deemed a final repayment of the Credit granted only after the actual receipt of such amount in cash to the credit of the account that shall have been debited, and against which the credit account shall have been credited.
- 34.5.2 In the event that the Credit shall not have been finally and absolutely repaid as provided above, the Bank shall be entitled to cancel the said crediting and to debit the credit account

in such amount. In such event, the liability of the Customer pursuant to this document shall also apply in respect of such debiting, together with default interest that shall be computed in respect thereof in accordance with Sections 37 or 38 below.

34.5.3 (Cancelled)

**35. Repayment of Foreign Currency Credit**

35.1 Every crediting of the credit account shall be made by debiting the foreign currency current deposit account or the foreign resident current deposit account (in accordance with the status of the Customer and the classification of the Credit) and/or any other foreign currency account of the Customer at the Bank that shall replace them (in this document: "**Foreign Currency Account**"). The crediting shall only be deemed a final repayment of the Credit granted after the actual receipt of such amount in cash to the credit of the account that shall have been debited against which the credit account shall have been credited. The foregoing shall not derogate from the Collateral, for so long as the Credit granted shall not in effect have been repaid.

35.2 In the event that the Credit shall not have been finally and absolutely repaid as provided above, the Bank shall be entitled to cancel the said Credit and debit the credit account in such amount. In such event, the liability of the Customer pursuant to this document shall also apply to such debit, together with Foreign Currency Default Interest in respect thereof in accordance with Section 38 below.

35.3 (Cancelled)

**36. Further Action upon the Default of Repayment**

36.1 Without derogating from any other right of the Bank pursuant to this document, in the event of a default in repayment of Credit, the Bank shall be entitled, at the discretion of the Bank, but shall not be obliged, at any time, without being required to notify the Customer thereof in advance, to purchase any foreign currency (in accordance with the maximum rate for transfers and cheques prevailing at the Bank at the time of the purchase) that shall be required in order to repay any amount in default, or sell any foreign currency of the Customer (in accordance with the minimum rate for transfers and cheques existing at the Bank at the time of the sale) and use the proceeds of the sale to purchase another foreign currency to that in which the Credit shall have been granted, as shall be required for the repayment of any amount in default. Any purchase or sale as aforesaid shall be effected (if effected) from amounts in foreign currency or amounts in Israeli currency credited at the Bank in favour of the Customer or realized from the Collateral.

36.2 The provisions of Sections 37 or 38 below shall not derogate from the other rights of the Bank pursuant to any Law, in the event of a default of repayment, but shall be in addition thereto.

**37. Israeli Currency Default Interest**

If the Customer fails to timely repay the Bank all or any part of the amounts the Customer shall be obliged to repay in respect of any Israeli currency loan, all such unpaid amounts and/or all accelerated amounts shall then bear default interest, as determined in documents regulating the terms and conditions of the loan.

In the event that a maximum statutory default interest rate exists, the default interest shall be at the rate of the maximum statutory default interest.

The default interest shall apply to all amounts in default, in respect of the period between the date determined for such payment and the actual repayment thereof, and to all accelerated amounts, in respect of the period between the acceleration date and the actual repayment thereof.

Written confirmation by the Bank regarding the default interest rates shall serve as *prima facie* proof of the rate thereof. Default interest according to the Bank's computations for the purpose of this section shall mean the interest computed by the Bank on the daily balance and shall be added by the Bank to the amount in default, at the end of each month or longer period, according to the maturity dates of the specific loan, subject to any Law.

**38. Foreign Currency Default Interest**

If the Customer fails to timely repay the Bank all or any part of the amounts the Customer is required to repay in respect of a foreign currency loan, all such unpaid amounts and/or all accelerated amounts shall then bear Foreign Currency Default Interest as defined below:

**"Foreign Currency Default Interest"**: The Foreign Currency Benchmark Interest Rate in the currency of the loan, as defined in the General Account Management Terms, plus 8%.

In any event, such default interest shall not exceed the statutory default interest rate applicable at such time to credit of the type of credit concerned, if a statutory limit applies to the rate of the default interest.

Such default interest shall apply to all amounts in default, in respect of the period between the date determined for such payment and the actual repayment thereof, and to all accelerated amounts, in respect of the period between the acceleration date and the actual repayment thereof.

The Foreign Currency Default Interest shall be computed by the Bank on the daily balance and shall be added by the Bank to the amount in default, at the end of each month or longer period, according to the maturity dates of the specific loan, subject to any Law, and shall be paid by the Customer on the dates determined by the Bank. Written confirmation by the Bank regarding the Foreign Currency Default Interest rates shall serve as *prima facie* proof of the rate thereof.

### 39. **Special Undertakings**

So long as all the credit amounts, including the interest and/or linkage differentials and the other payments that the Customer shall have undertaken to repay pursuant to this document shall not have been fully repaid, the Customer undertakes to fulfill the following conditions:

- 39.1 To tend to the pledged and a charged assets as stipulated in this document (hereinafter in this Section 39: the "**Assets**") and to maintain them in a good and proper condition, not to sell, not to pledge, not to charge, not to let nor otherwise dispose of the Assets in any other manner, all or any of them, nor any right thereto, except with the prior written consent of the Bank.
- 39.2 To permit the authorized employees of the Bank and/or other persons authorized with respect thereto by the Bank and/or any governmental and/or other authority that shall be connected to the approval and/or the granting of the Credit to the Customer, to inspect the books and accounts and the condition of the Assets of the Customer at reasonable times, and to furnish these employees and/or persons acting for the Bank, with all the account documents and notes that shall be requested by them, and to facilitate their inspection and examination of the Assets. The expenses with respect thereto shall be for the account of the Customer and shall be paid by the Customer to the Bank on the first demand of the Bank.
- 39.3 To maintain books of account in accordance with a method approved by certified accountants.
- 39.4 To furnish the Bank with annual financial statements of the Customer, audited and certified by certified accountants, immediately after the preparation thereof and no later than the lapse of every nine months from the date to which they refer.
- 39.5 At the request of the Bank, to furnish the Bank with annual financial statements of the Customer's subsidiaries, audited and certified by certified accountants, immediately after the preparation thereof and no later than the lapse of every nine months from the date to which they refer.

### 40. **Declaration of the Customer**

- 40.1 The Customer hereby declares and confirms as follows:
  - 40.1.1 That save as provided in the documents (including financial statements) as shall have been furnished by the Customer to the Bank, the Customer has not assumed or taken on any other or additional financial undertakings or obligations that are not in the ordinary course of business - that are liable to alter or cause a fundamental change in the financial position or legal structure of the Customer.
  - 40.1.2 That there is no action pending against the Customer in any court (save for those actions which the Customer shall have disclosed to the Bank in writing) and that likewise, to the best of the knowledge of the Customer, no material claim is about to be filed against the Customer.
  - 40.1.3 That it has been clarified to the Customer that the Bank and/or the correspondent bank may refuse to perform a transaction according to their discretion on grounds of prevention of money laundering and terrorism financing and/or if there is any concern that the performance of the transaction conflicts with their policy or may cause the violation of international agreements or sanctions, and that examinations for the purpose of making such decision may delay the performance of a transaction. The Customer confirms that it shall have no claims against the Bank due to the delay and/or non-performance of the transaction.
- 40.2 The Customer declares and confirms that the Customer and/or the assets of the Customer and/or the businesses of the Customer comply with and shall comply with all requirements and/or directives in accordance with any Law and/or agreement.
- 40.3 The Customer undertakes to immediately notify the Bank with respect to the existence of any Environmental Hazards relating to the assets of the Customer and/or businesses of the Customer and to treat them in accordance with directives of the Law and the relevant authorities, all without derogating from any other obligation of the Customer pursuant to any agreement and/or Law.

**“Environmental Hazards”** – hazards relating to environmental quality, within the widest customary meaning of that expression, including harm to the public health, in connection with the Customer and/or the assets of the Customer and/or businesses of the Customer and their surroundings and including, without derogating from the generality of the above, pollution of the air and the atmosphere, water pollution, including underground water, sea pollution, soil pollution, noise, odour, ionizing and non-ionizing radiation, waste and dangerous materials. Likewise, nuisances with respect to which directives and requirements apply within the framework of business licensing and building and construction planning, the directives of municipal authorities, the Ministry of Environmental Protection, the Ministry of Energy and Water, including the Water Authority, the Ministry of Health, the Ministry of the Interior, the Building and Construction Committees, and/or any body and/or other relevant authority (hereinafter: the **“Relevant Authorities”**).

40.4 The Customer undertakes to notify the Bank in writing whenever any change in the facts that constitute the declarations of the Customer pursuant to Section 40.1 above occur within two days of the occurrence of the change, detailing the nature of the change.

**41. Purpose of the Credit**

41.1 The Customer hereby undertakes to use each Credit solely for the purposes agreed upon between the Bank and the Customer. Without prejudice to the foregoing in this Clause, the Bank shall be entitled to make the granting of any Credit conditional upon receipt of proof to the satisfaction of the Bank that such amount has actually been and/or shall be utilized for the said purposes.

41.2 The Bank shall make the Credit available to the Customer at the exclusive discretion of the Bank, in a lump sum or in instalments, at such times and on such terms as the Bank shall deem fit to realize the said purposes of the Credit - unless otherwise agreed between the Bank and the Customer.

**42. Deferment of Payment Date – Israeli Currency Business Day**

42.1 If the date that is or shall be determined for the payment of any amount of principal or interest by the Customer to the Bank pursuant to this document, shall occur on a day that shall not be a bank business day in Israel, the payment date shall be deferred to the first bank business day thereafter on which banks in Israel shall conduct business. The Credit shall bear interest until the date of actual payment, and at the same time, the additional interest debit days shall be deducted from the subsequent debit.

42.2 The deferment of the payment date in accordance with Section 42.1 above shall not cause a change in the index linkage computations applicable to the Credit, if applicable, and they shall continue to apply until the date of actual payment, in accordance with the original index.

**43. Deferment of Certain Actions – Foreign Currency Business Day**

43.1 If the date that is or shall be determined for the commencement of an interest period shall occur on a day that is not a bank business day in Israel or the country issuing the currency in which the Credit shall be granted - and in respect of the EURO, on a day that shall not be a bank business day in Israel or on which the inter-European automatic clearing house known as TARGET (the Trans-European Automated Real Time Gross Settlement Express Transfer System) shall not operate - the date of the commencement of the interest period shall be deferred to the first bank business day thereafter on which banks in Israel and in the country issuing the currency in which the Credit shall be granted shall conduct business in such currency - and in respect of the EURO, to the first bank business day thereafter on which banks in Israel shall conduct business in the EURO and on which TARGET shall operate. The Credit shall continue to bear the interest prescribed for the previous interest period until the date on which the new interest period shall actually commence, and at the same time, the additional interest debit days shall be deducted from the new interest period.

43.2 If the date that is or shall be determined for the payment of any amount of principal or interest by the Customer to the Bank pursuant to this document shall occur on a day that shall not be a bank business day in Israel or in the country issuing the currency in which the Credit shall be granted - and in respect of the EURO, on a day that shall not be a bank business day in Israel or on which TARGET does not operate - the date of such payment shall be deferred to the first bank business day thereafter on which the banks in Israel and the country issuing the currency in which the Credit shall be granted conduct business in such currency - and in respect of the EURO, to the first bank business day thereafter on which the banks in Israel shall conduct business in the EURO and on which TARGET shall operate. The Credit shall bear interest until the date of actual payment, and at the same time, the additional interest debit days shall be deducted from the subsequent debit.

**44. Undertaking to Pay in Foreign Currency**

44.1 If the Credit shall be granted in foreign currency, it is hereby agreed that the Customer shall pay to the Bank or to the order of the Bank in the foreign currency in which the Credit shall have been granted, all the amounts that are and shall be due from the Customer in connection with the Credit, including principal, interest, fees, levies, official fees, advocates' professional fees, stamp tax and expenses (the amounts due or that shall be due from the Customer as provided above in this section are hereinafter in this Section 44: **“Foreign Currency Transaction Amounts”**). It is hereby acknowledged that in the

event that the Bank shall pay any amount of the Foreign Currency Transaction Amounts to a third party in Israeli currency and the Bank shall not be obliged to pay such amount in foreign currency, the Customer shall be obliged to repay such amounts to the Bank in Israeli currency.

44.2 Without prejudice to the obligation of the Customer to pay all the Foreign Currency Transaction Amounts in foreign currency as stipulated above, in the event that for any reason the Customer shall pay the amounts in Israeli currency or the Bank shall be compelled to sue the Customer for Foreign Currency Transaction Amounts in Israeli currency or in consideration of Israeli currency, and the Customer shall pay and/or shall be ordered by the court and/or execution office to pay the Foreign Currency Transaction Amounts in Israeli currency or in consideration of Israeli currency, the Customer hereby agrees that such an obligation shall compel the Customer to pay the Bank such amount in Israeli currency as shall be adequate to convert the Israeli currency into foreign currency, at the maximum exchange rate for transfers and cheques at which the Bank customarily sells foreign currency to its customers, as shall be required to cover the Foreign Currency Transaction Amounts on the date of actual payment of any amount to the Bank.

44.3 For the avoidance of doubt, the Customer hereby agrees that he shall be released from his obligation only after he shall have paid to the Bank in foreign currency all the Foreign Currency Transaction Amounts, or in the case mentioned in Section 44.2 above - after the Customer shall have paid to the Bank such amount in Israeli currency as shall be adequate on the date of actual payment to purchase the required amount in foreign currency to cover the Foreign Currency Transaction Amounts due from the Customer to the Bank at such time, as provided above. The Bank shall be entitled, but shall not be obliged, at the exclusive discretion of the Bank, from time to time, after the payment time of any Foreign Currency Transaction Amounts, to credit the Foreign Currency Account of the Customer in order to repay the Foreign Currency Transaction Amounts or any of them by debiting the Israeli currency account of the Customer, and in such case, the Customer undertakes to pay the Bank all the Israeli currency amounts with which the account of the Customer shall be debited as aforesaid, and such debiting in Israeli currency shall be deemed to be the granting of Credit in Israeli currency to the Customer pursuant to the provisions of this document, commencing from the date on which the account of the Customer shall be debited in Israeli currency as aforesaid, and thereafter.

For the further avoidance of doubt, the foregoing shall not prejudice the rights of the Bank to collect Foreign Currency Default Interest as stipulated in Section 38 above.

#### 45. General Terms and conditions with respect to Credit

##### 45.1 Additional Expenses and Payments in Consequence of Changes in the Law

In the event that as a result of Any Change in the Law (as defined below) or as a result of compliance with a demand, directive or request that shall be given or shall be addressed to the Bank by the Bank of Israel or another competent authority in Israel or abroad, or as a result of fulfilling any obligation of the Bank towards the Bank of Israel or towards another competent authority in Israel or abroad, whether compliance with the demand, directive, request or obligation shall derive from Any Change in the Law as aforesaid or from an agreement executed from time to time, between the Bank and the Bank of Israel or another competent authority:

- 45.1.1 The Bank shall be obliged to maintain or deposit foreign currency or non-Israeli liquid assets or the foreign currency amounts or the value of the non-Israeli liquid assets that the Bank shall be obliged to maintain or deposit shall be increased; or
- 45.1.2 The amounts of Credit in foreign currency that the Bank shall be entitled to grant or continue to maintain or the amounts of the foreign currency deposits the Bank shall be entitled to deposit with other parties shall be limited or reduced; or
- 45.1.3 Any demands shall be imposed on or shall apply to the Bank (or a change shall occur which, in the opinion of the Bank, from the perspective of the Bank, shall impose more stringent demands upon the Bank) with regard to the ratio between the reserves of the Bank, on the one hand, and the foreign currency Credit the Bank shall be entitled to grant or maintain, or the non-Israeli assets or foreign currency deposits the Bank shall be entitled to maintain or receive, on the other hand; or
- 45.1.4 Any condition or restriction shall be imposed on or shall apply to the Bank (or a change shall occur which, in the opinion of the Bank, from the perspective of the Bank, shall impose more stringent conditions or restrictions upon the Bank) with regard to international money markets or in connection with the business or activities of the Bank in these markets; or
- 45.1.5 Interest payments, fines, levies or other payments shall be imposed on or shall apply to or shall be required to be paid by the Bank (or a change shall occur which, in the opinion of the Bank, from the perspective of the Bank, shall impose more stringent demands with respect to these payments);
- 45.1.6 and the Bank shall determine that as a result of all the foregoing (namely, the provisions of Sections 45.1.1 to 45.1.5 above) or any of them, the cost or expense to the Bank in connection

with the granting of the Credit (or part thereof) or the continued existence of the Credit (or any part thereof) shall increase or that the principal and interest that the Bank shall be entitled to receive in connection with the Credit shall be reduced, then, in each of the cases mentioned in the above sections, and without derogating from and without prejudice to any right of the Bank pursuant hereto, **the Bank shall be entitled to refuse to grant the Credit, or any part thereof, to the Customer (in the event that the Bank shall not as yet have granted the Credit to the Customer), and in the event that the Bank shall have granted the Credit or any part thereof to the Customer, the Customer shall pay the Bank, from time to time, on the first demand of the Bank, such amount as, in the opinion of the Bank, shall be sufficient to compensate the Bank for the increase in the costs and expenses of the Bank with respect to the Credit or the reduction of the principal and interest as aforesaid, and any amount determined by the Bank from time to time as aforesaid, shall bind the Customer.**

For the purpose of this Section 45, the term "**Any Change in the Law**" means - a change in any country, of any statute, procedure, regulation, order or directive or a change in the interpretation of any such statute, procedure, regulation, order or directive, by or on the part of the Ministry of Finance or any other government ministry, the Bank of Israel or the central bank of any other country, or a court, tribunal or another competent entity or another authority authorized for this purpose.

#### 45.2 **Illegality**

If, at any time, according to the Bank's discretion, it transpires that the provision of the Credit to the Customer or the continuation thereof are illegal or impossible for the Bank, including if Any Change in the Law (as defined in Section 45.1 above) or a change in the manner of application thereof shall have occurred, the Bank may refuse to provide any or all of the Credit to the Customer, and in the event that the Credit shall have been provided to the Customer, the Bank may demand the prepayment of the outstanding balance of the Credit. In any case of such prepayment demand, the Customer undertakes to repay the Bank, within 30 days of the Bank's first written demand, the entire sum of the outstanding balance of the Credit. For the avoidance of doubt, it is clarified that prepayment as specified in this section shall be subject to the terms and conditions specified herein and in the Terms and Conditions of Engagement (as defined in Section 33.3 above).

### **PART B - SPECIAL CONDITIONS FOR ISRAELI CURRENCY LOANS**

#### **Part B(1) - Fixed Interest Loan**

##### 46. **Fixed Interest**

The loan shall bear annual nominal interest at the rate agreed upon between the Bank and the Customer, in accordance with the computations of the Bank, on the unpaid balance of the loan, from the date the loan shall have been granted until the date/s designated for the repayment thereof, such interest being the annual interest adjusted by the rate stipulated in the Repayment Schedule that shall be sent to the Customer after the loan shall have been granted. Such Repayment Schedule constitutes an integral part of this document.

#### **Part B(2) - Floating Interest Loan**

##### 47. **Floating Interest**

- 47.1 The loan shall bear floating interest at the annual nominal rate agreed upon between the Bank and the Customer, in accordance with the computations of the Bank (hereinafter in this Section 47: the "**Nominal Interest Rate**") on the unpaid balance of the loan, from the date that the loan shall have been granted until the date/s designated for the repayment thereof.
- 47.2 **The Nominal Interest Rate shall be comprised of a combination of the following interest rates:**
  - 47.2.1 **The Prime Interest rate that shall be in force at the Bank on the Loan Provision Date;**
  - 47.2.2 **A premium rate (hereinafter in this Section 47: the "Premium").**
- 47.3 Upon or after the granting of the loan, a repayment schedule which shall constitute an integral part of this document shall be sent to the Customer stipulating the nominal interest, including details of the components thereof, as well as the adjusted interest (which shall also be a floating rate).
- 47.4 **In every instance that during the loan period a change shall occur from time to time in the Prime Interest as defined in Section 47.7 below (hereinafter in this Section 47.4: the "New Prime Interest") or the Premium shall be altered from time to time (hereinafter: the "New Premium"), the Nominal Interest Rate shall be altered, so that a new nominal interest rate shall be determined, increased or reduced in accordance therewith, which shall consist of the new Prime Interest rate together with the Premium or the New Premium, as the case may be, (hereinafter in this Section 47: the "Nominal Interest Rate").**

- 47.5 Whenever a new Nominal Interest Rate shall be determined, the adjusted interest stipulated in the Repayment Schedule shall also be altered accordingly.
- 47.6 The new Nominal Interest Rate shall apply to the unpaid balance of the loan (principal and interest) from the date of the change until the next change or until the actual repayment of the loan, whichever shall be the earlier.
- 47.7 "**Prime Interest**" means: The Bank of Israel Interest plus 1.5%.
- 47.8 "**Bank of Israel Interest**" – As defined in the Fair Credit Law, 5753-1993.
- 47.9 The Bank shall give the Customer at least three business days' prior notice, on a notice board located at the branches of the Bank and/or by publishing a notice in two daily newspapers, or in any other legal form, of the intention of the Bank to increase the Prime Interest rate as defined in Section 47.7 above and/or the Premium rate and in the event that a decrease in the Prime Interest rate and/or the Premium shall occur, the Bank shall publish a notice as aforesaid, no later than three business days after the said reduction - and as of the date stipulated in such notice, the Customer shall pay the Bank the new Nominal Interest Rate as so determined, on the unpaid balance of the loan,
- 47.10 The interest computations shall be calculated by the Bank and the determination of the Bank shall bind the Customer and the guarantors (if any) for all purposes.

#### **Part B(3) - Fixed Interest Index Linked Loan**

##### **48. Index Linked Interest**

The loan shall bear annual nominal interest at the rate agreed upon between the Bank and the Customer, in accordance with the computations of the Bank, linked to the index, on the unpaid balance thereof, from the date that the loan shall have been granted until the date/s designated for the repayment thereof, such interest being the annual interest adjusted by the rate stipulated in the Repayment Schedule that shall be sent to the Customer after the loan shall have been granted. Such Repayment Schedule constitutes an integral part of this document.

##### **49. Index Linkage**

- 49.1 **The loan amount and the interest and all the other payments pursuant to this part, shall be linked to the consumer price index.**
- 49.2 **The "Base Index" - means the last consumer price index that shall be determined prior to the granting of the loan, or the granting of any part of the loan amount, in the event that the loan shall be granted in instalments.**

**The "New Index" - means the last consumer price index that shall be determined prior to the actual repayment of any amount of the principal of the loan or the interest thereon.**

##### **50. Calculation of Linkage Differentials to the Index**

- 50.1 If it shall become apparent on the actual payment date of any amount of the loan that the New Index shall have changed in comparison with the Base Index, the Customer shall pay such amount, increased or decreased, as the case may be, proportionately to the change between the New Index as compared with the Base Index.
- 50.2 If on the payment date of any principal and/or interest the index which should have been determined shall still not have been determined, the Customer shall pay such principal and/or interest adjusted on a temporary basis to the index last determined prior thereto. If it shall become apparent that the New Index that has been determined after the said payment date, shall be different to the index that served as a temporary basis for the payment of such principal or interest, the Customer shall pay the linkage differentials on the next payment date, no later than 7 days after the first demand by the Bank, or the Customer shall be credited with the linkage differentials on the next payment date, as the case may be.
- 50.3 (Cancelled).
- 50.4
  - 50.4.1 (Cancelled).
  - 50.4.2 If the date determined for any payment shall be deferred because such date shall not be a bank business day, the loan shall be linked to the index known on the original payment date, as stipulated in the Repayment Schedule.
  - 50.4.3 Notwithstanding the provisions of Section 42.1 above, if the date determined for any payment of principal or interest shall be the last day of any month and such day shall not be a bank business day, the payment date shall be predicated to the last business day of such month.

50.5 The Bank shall determine the method, manner and form of computing the linkage differentials pursuant to these linkage terms and the application thereof. The determination of the Bank shall bind the Customer and the guarantors (if any) for all purposes.

#### **Part B(4) - Variable Interest Index Linked Loan**

##### **51. Application of the Terms for Fixed Interest Index Linked Loan**

**It is hereby agreed that, subject to the provisions of Sections 52 and 53 below, all the provisions of Sections 48, 49 and 50 above shall apply, without change, to each of the Interim Periods, as defined in Section 52.2 below, until the full actual repayment of the loan.**

##### **52. Variable Interest**

52.1 **Notwithstanding the provisions of Section 48 above, in the first Interim Period the loan shall bear annual nominal interest at the rate agreed upon between the Bank and the Customer.**

52.2 **Notwithstanding the provisions of Section 48 above, and regardless of any interest rate agreed upon as aforesaid in relation to the first Interim Period, the Bank shall change the interest rate prevailing on the unpaid balance of the loan at the termination of every two year, three year, four year or five year period from the Loan Provision Date, as shall be agreed upon between the Bank and the Customer (every such period shall be referred to in this part as: an "Interim Period", and the termination of every such period shall be referred to in this part as: a "Station").**

52.3 **The interest rate applicable to each of the Interim Periods, save for the first Interim Period, shall be the tariff interest rate prevailing at the Bank in respect of fixed interest index linked loans for the Interim Period, as published by the Bank in the Bank circulars to the branches, in force at such time, less the fixed annual percentage margin as shall be agreed upon between the Bank and the Customer (this interest hereinafter in this part: the "Interim Interest"). The Interim Interest for each of the Interim Periods shall be determined at each Station, and shall be in force throughout such Interim Period until the date of the subsequent Station and thereafter, until the termination of the loan period.**

52.4 **At each Station, the entire unpaid balance of the loan (principal, interest and linkage differentials on principal and interest) shall be revalued into a new principal, linked to the index known on such date, and shall bear the Interim Interest linked to the index known as aforesaid, from the commencement date each station until the date of the subsequent Station, and thereafter until the termination of the loan period.**

52.5 Shortly after each Station, the Bank shall send the Customer a new repayment schedule, and the Customer undertakes to repay the Bank all such amounts as provided in the new repayment schedule.

It is hereby expressed and emphasized that even if for any reason the Bank shall not furnish the Customer with a new repayment schedule, the Customer shall be liable to pay to the Bank the amounts computed by the Bank in respect of such Interim Period, in accordance with the Interim Interest as shall be determined by the Bank for such Interim Period as stated above, on the payment dates stipulated in the original repayment schedule.

##### **52.6 Fixing of Interest**

Notwithstanding the above provisions of this Section 52, a short time before the termination of every station, the Customer shall be entitled to give the Bank 14 days' prior written notice that the Customer wishes to fix the interest on the entire balance of the loan for the remainder of the loan period. In such case, it is agreed that the interest shall be fixed on the date of the station nearest to the time at which the notice has been given to the Bank as aforesaid, in accordance with the tariff interest rate published by the Bank in the Bank circulars to the branches, with respect to fixed interest index linked loans, for a period identical to the remaining loan period in force at such time, less the margin stipulated in Section 52.3 above.

The fixing of interest as aforesaid shall be conditional upon the fact that the Bank circular in force on the date of the said station, shall stipulate a tariff interest for fixed interest index linked loans for a period identical to the said remaining loan period.

The Customer hereby confirms that he shall have received and/or shall take upon himself to receive from the Bank details regarding the periods in respect of which there exist and/or shall exist at the time of the granting of the loan, a tariff interest as aforesaid; however, the Bank does not undertake that such situation shall not change in the future during the loan period.

It is also hereby acknowledged that if the Bank shall have fixed the interest as aforesaid at the request of the Customer, the Customer shall not be entitled to repudiate such request, and the interest fixed as aforesaid, shall not change until the end of the loan term.

## 52.7 **Changing of Interim Period**

So long as the interest shall not have been fixed as provided in Section 52.6 above, it is hereby agreed that a short time before every station the Customer shall be entitled to give the Bank 14 days' prior written notice, that the Customer wishes to change the Interim Period to another two year, three year, four year or five year period. The Bank shall change the Interim Period in accordance with the notice of the Customer; but the last Interim Period shall not be less than two years. In the event that the last Interim Period created shall be less than two years, it shall be added to the preceding Interim Period, which shall become the last Interim Period. In the event of a change in the Interim Period in accordance with the notice of the Customer as aforesaid, the interest that shall be fixed for the new Interim Period, shall be in accordance with the tariff interest published in the Bank circular that shall be in force on the date of the Station with respect to fixed interest index linked loans for a period identical to the new Interim Period, less the margin stipulated in Section 52.3 above.

So long as the Customer shall not notify the Bank of the wish of the Customer to change the Interim Period as aforesaid, the length of the Interim Period shall be as agreed between the Bank and the Customer as provided in Section 52.2 above, and if the Customer shall notify the Bank of the wish of the Customer to change the Interim Period as aforesaid, the length of the Interim Period shall be as last changed by the Bank in consequence of the notice of the Customer to the Bank as aforesaid.

52.8 The fixing of interest by the Bank with respect to the Interim Interest rate and the computation thereof shall bind the Customer and the guarantors (if any) for all purposes.

## 53. **Pre-Payment**

53.1 **Notwithstanding and in addition to the provisions of Section 31 above, the Customer shall be entitled to pre-pay the entire unpaid balance of the loan (principal, interest and linkage differentials on the principal and interest) at every station, subject to the following cumulative conditions being fulfilled:**

53.1.1 **the Bank shall have received an appropriate written request for pre-payment as aforesaid, at least 30 days prior to every such station;**

53.1.2 **the appropriate and necessary amounts for pre-payment as aforesaid shall have been deposited in the account of the Customer at the Bank.**

53.2 In every instance that pre-payment shall be effected pursuant to the provisions of this Clause, the Customer shall not be required to pay a pre-payment fee or severance penalty.

## 54. **Declaration**

The Customer hereby confirms that he shall have received and/or shall take upon himself to receive clarifications from the Bank regarding the different and special implications of a variable interest index linked loan and the possible risks/dangers inherent in a loan of such type.

## **Part B(5) - Fixed Interest Foreign Currency Linked Loan**

### 55. **Interest Linked to Foreign Currency**

The loan shall bear annual nominal interest at the rate agreed upon between the Bank and the Customer, in accordance with the computations of the Bank, linked to foreign currency on the unpaid balance of the loan from the date that the loan shall have been granted until the date/s designated for the repayment thereof, such interest being the annual interest adjusted at the rate stipulated in the Repayment Schedule that shall be sent to the Customer after the loan shall have been granted. Such repayment schedule shall constitute an integral part of this document.

### 56. **Linkage to Foreign Currency**

56.1 **The loan amount and the interest and all the other payments according to this document shall be linked to Foreign Currency.**

56.2 (Cancelled).

56.3 **The term "Foreign Currency" means the foreign currency to which the loan shall be linked.**

56.4 **The term the "Base Representative Rate" - means the representative rate that shall be determined on the date the foreign currency linked loan amount shall be granted. If such day shall occur on a day on which no representative rate shall be determined, the base representative rate shall be the last representative rate determined prior thereto.**

56.5 **The term the "New Representative Rate" - means the representative rate that shall be determined on the date of effecting any payment (principal and interest), and if no representative rate shall**

be determined on such day, the new representative rate shall be the last rate determined prior thereto.

57. **Calculation of Foreign Currency Linkage Differentials**

- 57.1 It is hereby agreed that the loan shall be fully linked (both principal and interest) to foreign currency and accordingly, if the New Representative Rate as defined above, shall change in comparison with the Base Representative Rate, the Customer shall make each payment to the Bank (both principal and interest) increased or decreased, as the case may be, in proportion to the change in the New Representative Rate as compared with the Base Representative Rate.
- 57.2 (Cancelled).
- 57.3 The Bank shall determine the method, manner and form of computing the linkage differentials pursuant to these linkage terms and their application. The determination of the Bank shall bind the Customer and the guarantors (if any) for all purposes.

**Part B(6) - Foreign Currency Linked Loan (according to the Foreign Currency Benchmark Interest Rate)**

58. **Benchmark Interest Rate Linked to Foreign Currency**

The loan shall bear nominal annual interest at the Overall Interest Rate as defined and within the meaning of Section 60.1 below, in accordance with the computations of the Bank, on the unpaid balance of the loan from the date the loan shall have been granted until the date/s designated for the repayment thereof. Notices regarding the nominal annual interest rate and the adjusted annual interest rate (hereinafter in this part: the "**Notices**") shall be sent to the Customer in respect of each interest period, as defined in Section 60.1 below and shall bind the Customer. The interest rates for the first interest period shall be stipulated in the Repayment Schedule that shall be sent to the Customer after the loan shall have been granted. The Repayment Schedule and the Notices shall constitute an integral part of this document.

59. **Linkage to Foreign Currency**

- 59.1 **The loan amount and the interest stipulated in Section 60.1 below and all the other payments pursuant to this part shall be linked to the representative rate of the type of foreign currency agreed upon between the Bank and the Customer.**
- 59.2 **The provisions of Sections 56.4 and 56.5 above shall also apply to a foreign currency-linked loan (at the Foreign Currency Benchmark Interest Rate) pursuant to this part.**

60. **Determination and Computation of the Foreign Currency Benchmark Interest Rate**

- 60.1 **The loan amount shall bear annual interest linked to the Base Representative Rate. The annual interest shall be at a rate equal to the Foreign Currency Benchmark Interest Rate (or to the Alternative Interest Rate, as defined in Section 12.2 of the "General Account Management Terms"), plus a fixed percentage margin to be agreed between the Bank and the Customer (hereinafter in this part: the "Margin") (the Foreign Currency Benchmark Interest Rate (or the Alternative Interest Rate), plus the Margin, shall be referred to in this part as: the "Overall Interest Rate"). The Foreign Currency Benchmark Interest Rate shall be determined for a period to be agreed between the Bank and the Customer at the time of provision of the loan (in this part: the "Interest Period"). The Overall Interest Rate on the loan shall be computed for each Interest Period on the amounts owed by the Customer to the Bank from time to time in respect of the outstanding balance of the loan amount.**
- 60.2 (Cancelled).
- 60.3 (Cancelled).
- 60.4 The interest accruing in accordance with the Overall Interest Rate for every interest period, together with the instalments of the principal of the loan and linkage differentials, shall be paid by the Customer to the Bank on the last day of every interest period.
- 60.5 In the event that it shall be agreed to defer the date for payments of the interest, the interest shall be computed in respect of the deferred interest periods and added to the principal at the end of every Interest Period (hereinafter in this document: the "**Deferred Accrued Interest**"), until the payment date agreed upon between the Bank and the Customer. The deferred accrued interest shall be paid on the date agreed upon as aforesaid and from such date onwards, the interest accruing with respect to every Interest Period shall be computed and shall be paid as initially agreed.

In the event that the Bank and the Customer reach another arrangement regarding the date or dates for payment of the Deferred Accrued Interest, the Deferred Accrued Interest shall be paid in accordance with the date or dates that shall be so determined.

## 61. Calculation of Foreign Currency Linkage Differentials

- 61.1 It is hereby agreed that the loan shall be fully linked (both principal and interest) to foreign currency and accordingly if the New Representative Rate shall change in comparison with the Base Representative Rate, the Customer shall make each payment (both principal and interest) to the Bank increased or decreased, as the case may be, in proportion to the change in the New Representative Rate as compared with the Base Representative Rate.
- 61.2 (Cancelled).
- 61.3 The Bank shall determine the method, manner and form of computing the linkage differentials pursuant to these linkage terms and their application. The determination of the Bank shall bind the Customer and the guarantors (if any) for all purposes.

## PART C - SPECIAL CONDITIONS FOR FOREIGN CURRENCY LOANS

### Part C(1) - Foreign Currency Loan (according to the Foreign Currency Benchmark Interest Rate)

#### 62. Foreign Currency Loan

The loan shall be given in foreign currency and shall bear interest and shall be repaid (principal and interest) in the currency in which it shall have been granted.

#### 63. Foreign Currency Interest

The loan shall bear nominal annual interest at the overall interest rate, within the meaning of Section 64.1 below, in accordance with the computations of the Bank, on the unpaid balance of the loan, from the date the loan shall have been granted until the date/s designated for the repayment thereof. Notices regarding the nominal annual interest rate and the adjusted annual interest rate, shall be sent to the Customer in respect of each interest period, as defined in Section 64.1 below, and shall bind the Customer. The interest rates for the first interest period shall be stipulated in the Repayment Schedule that shall be sent to the Customer after the loan shall have been granted. The Repayment Schedule and the notices shall constitute an integral part of this document.

#### 64. Determination and Computation of the Foreign Currency Benchmark Interest Rate

- 64.1 The loan amount shall bear annual interest at a rate equal to the Foreign Currency Benchmark Interest Rate plus the Margin (as defined in Section 60.1 above) (the Foreign Currency Benchmark Interest Rate (or the Alternative Interest Rate) plus the Margin shall be referred to in this part as: the "Overall Interest Rate"). The Foreign Currency Benchmark Interest Rate shall be determined for a period agreed between the Bank and the Customer at the time of provision of the loan (in this part: the "Interest Period"). The Overall Interest Rate on the loan shall be computed for each Interest Period on the amounts owed by the Customer to the Bank from time to time in respect of the outstanding balance of the loan amount.
- 64.2 (Cancelled).
- 64.3 The provisions of Section 60.5 above shall also apply to foreign currency loans (according to the Foreign Currency Benchmark Interest Rate) pursuant to this part.
- 64.4 The interest accruing in accordance with the overall interest rate, for every interest period, shall be paid by the Customer to the Bank, in the loan currency, together with the instalments of the principal of the loan, on the last day of every interest period.

### Part C(2) - Foreign Currency Fixed Interest Loan

#### 65. Foreign Currency Fixed Interest

The loan shall bear interest at the rate agreed upon between the Bank and the Customer, in accordance with the computations of the Bank, on the unpaid balance of the loan, from the date the loan shall have been granted until the date/s designated for the repayment thereof. The adjusted annual interest rate shall be stipulated in the Repayment Schedule that shall be sent to the Customer after the loan shall have been granted and shall constitute an integral part of this document.

- 66. The provisions of Sections 60.5 and 62 above, shall also apply to a foreign currency fixed interest loan, pursuant to this part.

#### 67. Interest Dates

The interest, together with the instalments of the principal of the loan, shall be paid by the Customer to the Bank in the loan currency, on the dates agreed upon between the Bank and the Customer.

## PART D - (Cancelled)

- 68. **(Cancelled)**
- 69. **(Cancelled)**
- 70. **(Cancelled)**
- 71. **(Cancelled)**
- 72. **(Cancelled)**
- 73. **(Cancelled)**
- 74. **(Cancelled)**

## PART E - SPECIAL CONDITIONS FOR CREDIT CARD ACTIVITY

### 75. Determination of a Foreign Currency Allocation for Uses Abroad by Credit Card Type

- 75.1 The Bank hereby notifies the Customer that from time to time the Bank shall determine an allocation for use of foreign currency abroad for holders of international credit cards (hereinafter in this Section 75: "**Foreign Currency Allocation:**") in accordance with the different types of credit cards.
- 75.2 The Foreign Currency Allocation concerns all uses abroad, including the withdrawal of cash from Automated Teller Machines (ATM) and at bank counters and is automatically renewed as follows:
  - International credit cards issued by Isracard Ltd and/or Europay (Eurocard) Israel Ltd (hereinafter in this part: the "**Isracard Concern**") and/or by Poalim American Express Ltd (hereinafter in this part: "**American Express**") - once every 14 days, international credit cards issued by Diners Club Israel Ltd and/or Israel Credit Cards Ltd (hereinafter in this part: "**Diners**") (the allotment also relates to uses that shall be made in Israel) - once every month.
  - International credit cards issued by Israel Credit Cards Ltd (hereinafter in this part: "**Visa**") (except for international Visa credit cards issued for 3 months) - once every 3 months.
- 75.3 With regard to the international credit cards of the Isracard Concern and/or American Express, the amount of the Foreign Currency Allocation shall be personal only and shall apply to all credit cards of such type that shall have been issued or shall be issued in the name of the Customer at one branch of the Bank, according to the higher allocation among them.
  - With regard to international Diners credit cards, the Foreign Currency Allocation shall apply to all the credit cards of such type that shall have been issued or shall be issued to the Customer in the account, according to the higher allocation among them.
  - With regard to international Visa credit cards, the Foreign Currency Allocation shall apply to all cards of such type.
- 75.4 If the Customer wishes to change the Foreign Currency Allocation, the Customer must apply for approval at the Branch at which the account shall be maintained.
- 75.5 The Bank shall be entitled, at the exclusive discretion of the Bank, to decline to honor withdrawals exceeding the amount that shall be made available to the Customer, and reduce and/or cancel the allotment - all as provided in the terms of the agreement entered into between the Customer and the Bank and the relevant credit card company.
- 75.6 The monthly debit statement that shall be sent to the Customer by the relevant credit card company shall state the Foreign Currency Allocation available to the Customer, correct as at the date of the debit statement.

- 76. Purchases and uses of the credit card abroad shall be subject to the legal provisions governing foreign currency control, as shall be in force from time to time in Israel.
- 77. The relevant credit card company shall provide the Controller of Foreign Currency with reports of cash withdrawals and transactions abroad, as shall be determined from time to time in the Israeli Foreign Currency Control Directives.
- 78. So long as there shall be no contradiction between the provisions of this part and the other provisions hereof, the other provisions herein shall also apply hereto.

**SIGNATURE OF THE CUSTOMER:**

DATE	NAME	SIGNATURE
<b>ACCOUNT NO.</b> _____ <b>BRANCH</b> _____		

