

MIZRAHI TEFAHOT BANK LTD

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

Part One

1. Name of Company: Mizrahi Tefahot Bank Ltd. (the "Company" or the "Bank")
2. The type of general meeting and the date, time and place thereof: special annual meeting of all of the Company's shareholders. The general meeting shall be held on November 9th, 2011, at 10:00 hours, at the Bank's offices at 7 Jabotinsky Street, 13th floor, Ramat Gan, 52520, Israel. In the event that the meeting is adjourned, it shall be held on November 16th, 2011, at the same place and time.
3. Details of the matters on the agenda, in respect of which it is possible to vote through a voting paper:

- 3.1. **Amendment of the Bank's articles of association – matter no. 1.1 on the agenda, as provided in the Immediate Report**

To amend the Bank's articles of association, in accordance with the amended version which is attached to the Immediate Report as Annex A, and to approve the proposed amendments and the articles of association's amended version. The proposed amendments to the articles of association are underlined in Annex A.

The said amendment is proposed, *inter alia*, following the enactment of the Increased Efficiency of the Israel Securities Authority Enforcement Procedure (Legislation Amendments), 5771-2011 (the "**Increased Efficiency Law**"), including the indirect amendment to the Companies Law, 5759-1999 (the "**Companies Law**"), as provided in Section 11(4) of the Increased Efficiency Law.

- 3.2. **Amendment of the Bank's letter of exemption and undertaking to indemnify the directors and officers – matter no. 1.2 on the agenda, as specified in the Immediate Report**

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

Summary of the resolution: To approve the Bank's letter of exemption and undertaking to indemnify the directors and officers, including the Bank's controlling shareholders, and to indemnify the employees, in its amended version, which is attached to the Immediate Report as Annex B (the "**Amended Indemnification Letter**"); the proposed amendments to the indemnification letter are underlined in Annex B.

- 3.2.1 According to the amendment to the indemnification letter, as approved by the board of directors on October 3, 2011, after obtaining the audit committee's approval on September 21, 2011, the Bank undertakes to indemnify, subject to the provision of the law and according to the terms of the Amended Indemnification Letter, also Bank employees who are not officers or controlling shareholders in the Bank, who serve, from time to time, at the Bank's request, as officers in a company controlled by the Bank, as well as persons who are not Bank employees, Bank officers or controlling shareholders in the Bank, who serve, from time to time, as officers in a company fully owned by the Bank, which is not a banking corporation.
- 3.2.2 It is emphasized that the Bank's controlling shareholders are not included within the indemnified parties which were added according to the said amendment of the indemnification letter.
- 3.2.3 It shall be noted that on February 19, 2009, the board of directors resolved to grant an undertaking to indemnify in advance the Bank's employees, who do not serve as officers in the Bank, who shall serve, from time to time, as officers in subsidiaries controlled by the Bank, in an identical wording to the undertaking which was granted to the Bank's officers and directors. This resolution was included within the current amendment of the letter of indemnification, as provided in paragraph (c) of the definition of "An Officer in Another Company", in the Amended Indemnification Letter which is attached to the resolution.
- 3.2.4 In addition to the aforesaid, and subject to the approval of the resolution to amend the articles of association, as provided in Section 3.1 above, it is proposed to amend the indemnification letter as follows:
 - (a) To add an undertaking by the Bank to grant officers, as defined in the Amended Indemnification Letter, including the Bank's controlling shareholders, and the Bank's employees and employees of subsidiaries fully owned by the Bank, which are not banking corporations, indemnification due to monetary liability and litigation

expenses in accordance with the provisions of the Increased Efficiency Law, and as provided below:

- (1) Monetary liability due to payment to an injured person as a result of a violation, as provided in Section 52(54)(a)(1)(a) of the Securities Law or due to payment to an injured person as a result of a violation in accordance with the said section, in accordance with the provisions of the Investment Advice, Investment Marketing and Investment Portfolio Management Law, 5755-1995 (the "**Advice Law**"), or the Joint Investment Trust Law, 5754-1994 (the "**Joint Investment Law**").
- (2) Expenses incurred by an officer or an employee in connection with an administrative procedure conducted in his regard, including reasonable litigation expenses, including attorney's fee.

In this regard, an "**Administrative Procedure**" –

- (a) A procedure under Chapter H3 (entitled – Imposition of Monetary Sanction by the ISA), Chapter H4 (entitled - Imposition of Administrative Enforcement Measures by the Administrative Enforcement Committee) or Chapter I1 (entitled – An Arrangement for Refraining from Taking Procedures or Discontinuing Procedures which is Stipulated upon Conditions) of the Securities Law, as shall be amended from time to time; and
- (b) A procedure under Chapter G1 (entitled – Imposition of Monetary Sanction by the ISA), Chapter G2 (entitled - Imposition of Administrative Enforcement Measures by the Administrative Enforcement Committee) or Chapter H1 (entitled – An Arrangement for Refraining from Taking Procedures or Discontinuing Procedures which is Stipulated upon Conditions) of the Advice Law, as shall be amended from time to time; and
- (c) A procedure under Chapter J (entitled – Imposition of Monetary Sanction by the ISA), Chapter J1 (entitled - Imposition of Administrative Enforcement Measures by the Administrative Enforcement Committee) or Chapter K1 (entitled – An Arrangement for Refraining from Taking Procedures or Discontinuing Procedures which is Stipulated

upon Conditions) of the Advice Law, as shall be amended from time to time

- (b) To add an undertaking by the Bank to indemnify the Bank's officers (as defined in the Amended Indemnification Letter) including the Bank's controlling shareholders, in respect of reasonable litigation expenses, including attorney's fees, incurred by the officer, in connection with a monetary sanction, due to an action taken in his capacity as an officer; in accordance with the provisions of Section 260(a)(1a) of the Companies Law, as amended in accordance with Section 4(11) of the Increased Efficiency Law.

3.2.5 Instead of the maximum indemnification amount specified in the indemnification letter, as provided in Sections 1.2.3.1 and 1.2.3.2 of the extended immediate report, it was determined in the Amended Indemnification Letter as follows:

- (a) The maximum indemnification amount paid by the Bank, in the aggregate, to all of the persons entitled to indemnification in accordance with the indemnification letter, shall not exceed 25% (twenty five percent) of the Bank's equity, according to its last financial statements which were published prior to the date of actual payment of the indemnification amount (the "**Maximum Indemnification Amount**").
- (b) Notwithstanding the aforesaid in sub-section (a) above, if the total indemnification amount will be higher than the Maximum Indemnification Amount, then, the maximum amount which shall be paid by the Bank, in the aggregate, to all the indemnified parties, as provided in section (a) above, will not exceed the Total Indemnification Amount. However, the Difference shall only be used for indemnification due to actions taken prior to the date on which the Bank's general meeting approves the resolution to approve the Amended Indemnification Letter, as provided in Section 3.2 above.

In this regard:

The "**Total Indemnification Amount**" shall mean 25% (twenty five percent) of the Bank's equity according to its financial statements for 2000, adjusted, from time to time, according to the rate of increase of the consumer price index ("**CPI**"), v. the CPI for December 2000, which was published in January 2001.

The "**Difference**" shall mean the difference between the Total Indemnification Amount and the Maximum Indemnification Amount.

- (c) If and insofar as the total amounts which the Bank shall be required to pay to all of the indemnified parties according to the Amended indemnification Letter, in any of the matters contemplated in the indemnification letter, shall exceed the amount indicated in sub-section (a) or (b) above, as the case may be, the amount which shall be paid by the Bank shall be distributed among the indemnified parties, such that the indemnification amount which shall be actually received by each one of them shall be calculated according to the ratio between the amount owing to each one of the indemnified parties, as the case may be, and all of the amounts owing to all of the indemnified parties, with regard to the same matter.
- (d) In accordance therewith, all of the amounts which shall be paid by the Bank according to the Amended Indemnification Letter, will be included in the Maximum Indemnification Amount or the Total Indemnification Amount, as the case may be, and not only payments due to liability, as provided in the indemnification letter prior to the amendment thereof

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

- 4.1. The majority required at the general meeting and at an adjourned general meeting, for adopting the resolution to amend the articles, as stipulated in Section 1.1, and to approve the Amended Indemnification Letter, as provided in Section 1.2 of the Immediate Report (namely, pursuant to Sections 3.1 and 3.2 hereof, respectively)) is an ordinary majority of the votes of the shareholders present at the general meeting, entitled to vote and voting thereat, without taking into account the abstaining votes, provided any of the following shall occur:
 - 4.1.1. The calculation of the majority votes in the meeting shall include the majority of the votes of the shareholders who do not have personal interest in the adoption of the resolution who shall participate in the vote; the total votes of the said shareholders shall not include the abstaining votes.
 - 4.1.2. The total number of opposing shareholder votes provided in Section 4.1.1 above shall not exceed two percent (2%) of the total voting rights in the Bank

5. The place and times at which the full text of the proposed resolutions may be inspected: the Immediate Report released by the Company regarding the meeting and the full text of the proposed resolutions may be inspected at the Bank's offices, 7 Jabotinsky Street, Ramat Gan, 52520, Israel, Tel. 972-3-7559720, during standard business hours, until the convening of the meeting.
6. In respect of a vote on the issues which are specified in Sections 3.1 and 3.2 above, it shall be noted as follows: in Part Two of this voting paper there is room to indicate the existence or lack of personal interest, as required according to Sections 262(b) and 275 of the Companies Law, 5759-1999 (the "**Companies Law**") and to describe the nature of the personal interest. It shall be emphasized that a shareholder's vote shall not be taken into account should he fail to indicate the existence or lack of such personal interest or fail to describe the nature of the personal interest.
7. A shareholder shall be entitled to approach the Bank directly for receiving the voting paper and the position notices.
8. This voting paper shall only be valid if accompanied by certificate of title of an unregistered shareholder (namely, anyone in whose favor shares are registered with a TASE member, and such shares are included amongst the shares recorded in the register of shareholders in the name of a nominee company) or a photocopy of an identity certificate, passport or certificate of incorporation, if the shareholder is registered in the Bank's books. This voting paper together with the documents annexed thereto, as aforesaid, must be delivered to the Bank by no later than 72 hours prior to the time of the vote.
9. The Bank does not permit voting through the Internet.
10. The Bank's address for the delivery of voting papers and position notices: the Bank's offices on 7 Jabotinsky Street, Ramat Gan, 52520, Israel.
11.
 - 11.1. The deadline for delivery of position notices to the Bank: up to 10 days after the effective date (hereinafter referred to as the "**Deadline for Delivery of Position Notices by the Shareholders**").
 - 11.2. The deadline for delivery of the Board of Directors' response to the position notices: no later than five days after the Deadline for Delivery of Position Notices by the Shareholders.
12. The address of the Israel Securities Authority's distribution site and the Internet site of the Tel Aviv Stock Exchange Ltd, on which the voting papers and position notices are posted:
 - 12.1. Distribution site of the Israel Securities Authority:
<http://www.magna.isa.gov.il/>;
 - 12.2. Internet site of the Tel Aviv Stock Exchange Ltd:
<http://maya.tase.co.il/>.

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

The quantity of shares constituting 5% of all voting rights in the Bank is 11,235,158 ordinary shares of ILS 0.1 par value each.

The quantity of shares constituting 5% of all the voting rights in the Bank, which are not held by the Controlling Shareholder, is 6,039,553 ordinary shares of ILS 0.1 par value each.
16. A shareholder shall specify his voting in respect of a matter on the agenda on Part Two of this voting paper.

Part Two

Company's name: **Mizrahi Tefahot Bank Ltd.**

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

Company's no.: 520000522

Time of Meeting: November 9th, 2011.

Type of Meeting: Special.

Effective date: October 11th, 2011

(To this point to be completed by the Company)

Details of the Shareholder

Shareholder's name - _____

Identity no. - _____

If the shareholder does not have an Israeli ID -

Passport no. - _____

Country of issue - _____

Valid until - _____

If the Shareholder is a Corporation -

Corporation no. - _____

Country of Incorporation - _____

Manner of voting

No. of item on agenda as stipulated in the Immediate Report	Manner of voting ¹			In respect of approval of a transaction pursuant to Sections 255 and 275 of the Companies Law – do you have personal interest in the approval of the resolution ² (regarding item 1.2 on the agenda as provided in the Immediate Report (namely, Section 3.2 hereto))		In respect of the amendment of the articles of association regarding exemption, indemnification or insurance (Section 262(b) of the Companies Law) – are you an interested party in the approval of the resolution ² (in respect of item 1.1 on the agenda as provided in the Immediate Report (namely, Section 3.1 hereto))	
	For	Against	Abstain	Yes*	No	Yes*	No
1.1							
1.2							

*** Please specify:** regarding the issues specified in items 1.1 and 1.2 on the agenda (see Sections 3.1 and 3.2 hereto above): below are details in connection with my personal interest in the resolution to amend the Bank's articles of association and the resolution to approve the Amended Indemnification Letter (according to Sections 262(b) and 275 of the Companies Law):

¹ Failure to mark will be considered abstention from voting on such matter.

² A shareholder failing to fill out this column or marking "yes" and failing to elaborate - his vote shall not be taken into account.

In this regard, "**personal interest**" is defined in the Companies Law as follows "personal interest of any person in an act or a transaction of a company, including personal interest of his relative and of a corporation, in which such person or a relative of such person are interested parties, and excluding personal interest which is the result of holding shares in the company, including personal interest of a person voting by virtue of a power of attorney given to him by another person, even if the other person has no personal interest, and the vote of a person who received a power of attorney to vote on behalf of a person having personal interest shall be deemed as a vote of the person having personal interest, whether or not the voting person shall have the discretion in the vote".

"**Relative**" is defined in the Companies Law as follows: "a spouse, a sibling, a parent, a grandparent, a child, as well as a child, a sibling or a parent of the spouse or the spouse of any of the above".

Date: _____

Signature: _____

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

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