

Credit - Private Customer



MIZRAHI TEFAHOT

Customer's Name

Account No.

Branch

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GENERAL CONDITIONS FOR CREDIT ACTIVITY - (PRIVATE CUSTOMER)

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

1. Introduction

- 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 hereto. In the event of a contradiction between the provisions of the said documents and the provisions hereof, the provisions hereof shall prevail.
- 1.2 The terms and conditions hereof shall apply to loans, credit or credit frameworks in Israeli currency and 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, placed in an account in the Customer's name, in the amounts, for the periods, at the payment times, with the interest rates and on such other terms and conditions (if any) as agreed upon between the Bank and the Customer, and as detailed in the repayment schedule (hereinafter referred to as the "repayment schedule") sent by the Bank to the Customer in the case of a loan, and the Customer agrees that where the Bank agrees to provide it with credit in the account, the credit activity shall be managed pursuant to the terms and conditions set forth below, in accordance with the relevant type of credit.

2. Definitions

"Credit" - in Israeli currency or in any foreign currency, in Israel or abroad, including any revolving credit, temporary credit, one-time credit, loan, discount of bills, purchase of bills, brokerage of bills, overdraft, grant of a guarantee and/or indemnity, opening of documentary credit, grant of an extension and various banking facilities, handling of bills of lading, securities operations, service or other payment provided to the Customer or to his order and any other transaction or act giving rise or likely to give rise to debts or obligations of the Customer towards the Bank, as debtor, guarantor, endorser and/or otherwise, alone or together with others, that are due now or in the future, pursuant hereto or otherwise, in a special manner or conditionally, directly or indirectly, expressly or impliedly.

3. Interpretation

- 3.1 Nothing mentioned herein shall be interpreted as rendering the Bank liable to grant or continue granting the Customer any credit, unless the Bank expressly agrees in writing to grant any particular credit, and the Customer may only receive or continue receiving any credit if the Bank agrees thereto expressly and in writing and subject to the Bank's right as stipulated in Clause 4 below.
- 3.2 Unless otherwise provided, the provisions hereof shall not be utilized to interpret debitory contracts, documents or other forms of the Bank signed by the Customer before having entered into the agreement pursuant hereto or thereafter, which are in use at the Bank at any time. Such documents or forms and all the provisions thereof shall not influence the interpretation hereof, unless they expressly provide otherwise.

4. Termination Of Credit

The Bank may at any time and from time to time, without giving the Customer any reasons therefor, defer, postpone, reduce or cease the granting of any credit, or part thereof, at the Bank's exclusive discretion and as it deems fit, subject to the terms and conditions of each and every credit (hereinafter referred to as "termination of credit"). If the Bank decides to reduce or cease credit, it shall notify the Customer thereof at least 10 days before the reduction, unless the decision is reached in circumstances which in the Bank's opinion are such as to threaten its ability to collect the credit, due to a worsening in the Customer's ability to repay the credit or due to the occurrence of other terms and conditions which in the Bank's opinion call for the immediate reduction of the credit framework.

5. Overdraft Facilities

- 5.1 In the event that the Bank grants the Customer overdraft facilities in a Revolving Debit Account (hereinafter referred to as 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 the Bank in respect of the current account/RDA and/or which are debited in respect of credit (as defined in Clause 2 above) to the Customer in the current account/RDA, and all the amounts owed by the Customer in any account at the Bank (that are not included in the current account/RDA) which are 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 referred to as the "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 the current account/RDA, and that pursuant to the Supervisor of Banks (Proper Conduct of Banking Business - Directive 325), which is applicable as soon as it becomes

effective, the Bank must act so that there shall be no debit balance 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:

- The Customer's request to honor a specific debit – If the Customer has requested that the Bank honor a specific debit that is expected to cause an infraction in the credit facility and the Bank is willing to honor the request, then a facility – albeit temporary – that is compatible with the level of the credit requested shall be established and agreed in advance in writing.
- Unilateral creation of credit facility in current account/RDA – in exceptional cases, the Bank may unilaterally establish a larger credit facility in his current account/RDA for a Customer who has a credit facility in a current account/RDA, including a temporary facility, provided that the Bank shall not obligate the Customer to pay a commission for making available the said additional facility. The Bank shall give the Customer notice of the additional facility and its terms, including its expiration date, immediately after its determination. The interest rate that shall be charged for the debit balances created within this unilateral facility shall not exceed the highest interest that is determined for credit facilities that have been approved and agreed upon in writing with the Customer.
- In cases where the Bank is unable to prevent an infraction.

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 will cause the debit balance in the account to exceed the credit facility that was approved as stated above.

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

The Customer is aware of the serious consequences of the return of debits, withdrawals and/or cheques and their results, including the limiting of the account under the Cheques Without Cover Law, 5741-1981.

In any event that on a particular day a number of withdrawals and/or debits and/or cheques reach the Bank the total amount of which will result in the debit balance exceeding the credit facility in a current account/RDA, the Bank shall first honor debits that were made by it, including interest debits, loan payments, fees, etc., and only thereafter, if it is able to, will it pay other withdrawals. In such an event, the Customer is 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 he has made he wishes to be honored and which should be returned.

If such a notice in writing is not 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 is determined for credit facilities that 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 Clause 8.2, when this is permissible by law and pursuant to the Directives of the Bank of Israel.**

5.2.2 **In the event that there is no credit facility in a current account/RDA, or in the event that the credit facility in a current account/RDA has expired or been cancelled, the account shall be charged the maximum interest, as defined in Clause 8.2, on the entire debt.**

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 end of each period, as shall be determined by the Bank from time to time, subject to any law.

5.2.4 The Bank may at any time alter the interest rates (including the maximum interest), the date for the payment thereof, the manner in which it is to be determined or the manner of computing the accrual thereof, by giving prior notification to the Customer of an increase in the interest rate on a notice board at the Bank's branches, and by way of publication in two daily newspapers, or in any other legal form, at least three 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 three business days after the reduction in the interest rate.

5.2.5 In any event that the Bank notifies the Customer of a change in the interest rate, the date for the payment thereof, the manner in which it is to be determined or the manner of computing the accrual thereof, the Customer shall have the right to repay the amount of his debt in the current account/RDA within seven days of the notice date, together with the interest, based upon the interest rates and terms that applied before the change was made by the Bank as aforesaid. If the Customer does not avail him 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 are determined by the Bank beginning on the date stipulated in the notice.

5.2.6 In any event that the a Customer is granted a unilateral credit facility in the current account/RDA, the Customer shall pay such interest to the Bank for the overdraft as is determined from time to time by the Bank for the Customer, and if no such interest is determined for the Customer, then the Customer shall pay the maximum interest, as defined in Clause 8.2 below, to the Bank for the overdraft.

6. Commissions

The Bank shall debit the Customer's account with commission for the management of the account and the other services involved in the credit, and any other banking service provided to the Customer, at the times and rates prevailing at the Bank from time to time.

7. Crediting And Debiting of Payments

7.1 The Bank may at any time at its absolute discretion:

7.1.1 debit any of the Customer's accounts in any amount due from the Customer to the Bank;

7.1.2 if necessary, credit any account of the Customer with any amount howsoever received from or for the Customer and designate it for the payment of interest, principal, linkage differentials, commission, damages or expenses;

7.1.3 if necessary, transfer any amount standing to the Customer's credit in any of his accounts to any other account of his.

The Customer hereby agrees that the right to choose at any time in respect of crediting payments by several debits and choosing between alternative debits in accordance with the law in general and the Contracts (General Part) Law, 5733-1973 in particular, shall vest with the Bank.

7.2 Any amount paid to the Bank as repayment on account of credit and/or any amount with which the Bank debits the Customer's account 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 expenses, thereafter on account of ordinary interest and/or linkage differentials and finally on account of the credit principal in respect of amounts payable, as determined by the Bank at its exclusive discretion.

8. Demands For Payment

8.1 The Customer hereby undertakes to pay the Bank or to its order, from time to time, all the amounts due from the Customer to the Bank, within seven days of the Bank's first demand by ordinary letter; however, nothing mentioned herein shall affect the Bank's right to demand payment without prior notice in the case of the Customer's failure to perform a payment obligation, or in any other case vesting the Bank with the right to payment pursuant to a demand in reliance on this document or any other document or at law.

8.2 If the Customer does not pay the Bank all amounts due to the Bank as stipulated in Clause 8.1 above, or if the Bank notifies the Customer of the cancellation of the overdraft facility or the termination of credit, all the amounts the Customer owes the Bank and any other amount with which the Customer's account is debited shall bear maximum interest (as defined below) computed from the date of demanding payment of the amounts or from the date of the overdraft facility's cancellation or from the date of the termination of the credit (as the case may be), until actual payment of all the above mentioned 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 Israeli currency current accounts for which a credit facility has not been determined, and in the case of foreign currency, "maximum interest" means foreign currency maximum interest, as stipulated in Clause 38 below. The maximum interest shall be computed by the Bank as stipulated in Clause 5.2.2 above.

9. Creation Of Collateral

The Bank may at any time demand that the Customer secure all or any of the amounts - principal, interest, commission, linkage differentials and expenses - due from the Customer - by 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 referred to as the "requisite collateral") which the Bank agrees to accept, and in such case the Customer shall give the Bank the requisite collateral, on

the Bank's first demand by ordinary letter, and shall do all the acts and sign all the documents required by the Bank for such purpose. This Clause should not be interpreted in a manner limiting the Bank in respect of the type of collateral required, by analogy or comparison with any expressions.

The foregoing is subject to other written arrangements effected, if effected, between the Bank and the Customer. In the case of a unilateral alteration by the Bank of arrangements as aforesaid, which detrimentally affect the Customer's position, the Customer shall be entitled to repay the credit to the Bank within 14 days of the Bank's notice.

10. **Securing Credit Granted**

10.1 The collateral required by the Bank which is given by or for the Customer (hereinafter referred to as the "collateral") shall be used to secure the repayment of all the amounts due to the Bank from the Customer (hereinafter referred to as the "secured amounts"), alone or together with others, whether the Customer is liable therefor pursuant hereto and/or pursuant to another document signed by him, whether given or paid to or for the Customer or on his request or for which he is liable, and whether the Customer undertakes alone or together with others to return or repay them to the Bank, as principal debtor, guarantor or endorser.

10.2 The fact that of the collateral to held by the Bank shall be deemed adequate proof that it has 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 to create a pledge and charge over the collateral.

11. **Collateral**

11.1 The collateral shall be used to secure all the Customer's obligations of whatsoever type pursuant hereto.

11.2 The Customer undertakes to preserve or procure the preservation of the collateral and the perfection thereof, to keep it, at his expense, in proper and orderly condition, and to immediately comply with all the Bank's instructions in relation to the collateral at the Bank's first demand.

11.3 In the event of destruction, impairment or reduction in the value of the collateral, or any part thereof, for any reason, the Customer shall be liable to give the Bank immediate written notice thereof, and to immediately pledge and charge in favour of the Bank, in accordance with a deed of pledge and charge as determined by the Bank, additional and/or other assets to the Bank's satisfaction.

11.4 If in the Bank's exclusive opinion there has been, or there is a reasonable apprehension that there will be a deterioration in the value of the collateral compared with the value or amount of the credit 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 including as a result of changes or fluctuations in the rates of the different currencies, which in the Bank's discretion have caused or are likely to cause an increase in the Bank's exposure towards the Customer or a disparity between the collateral and the credit or the computation thereof in relation to the collateral - the Bank may call on the Customer to furnish the Bank with additional or other collateral, to the Bank's satisfaction. In such case, the Customer shall furnish the collateral as aforesaid, to the Bank's satisfaction, 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 enable and/or assist the Bank to register, at the Bank's election, 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 at such government ministry, entity or competent authority. The Customer undertakes to immediately furnish the Bank, or ensure that it is immediately furnished, with confirmation of any such registration to the Bank's satisfaction, no later than 30 days from the date of any credit application.

11.6 The Customer hereby undertakes to insure the collateral customarily insured or which the Bank, at its exclusive discretion, decides must be insured and notifies the Customer thereof, and keep them insured against all the risks as 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 and a 30 day "notification of cancellation" clause in the form determined by the Bank. If the Customer does not do so, the Bank may (but is not obliged to) insure the collateral and/or renew the insurance on the Customer's behalf and at the Customer's expense, and to add the Bank's expenses in such regard on account of the amount due to it from the Customer pursuant hereto, and all the Bank's reliefs and collateral shall also apply to this expense.

11.7 Any amount received pursuant to the above mentioned insurance policy shall be used first to repay the debt due at such time to the Bank in respect of the credit granted by it to the Customer pursuant hereto, 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 was received. Any replacement, if purchased by the Customer, shall be insured and deemed pledged and charged immediately in favour of the Bank, as provided above.

11.8 (Cancelled)

12. Nature Of Collateral

12.1 All collateralised assets shall be independent of one another, shall not influence one other, shall not be influenced by one other and shall be used as revolving or perpetual collateral until the full repayment of all the secured amounts. The Bank may realise the collateral in the order determined by it at its exclusive discretion, and the realisation of one collateralised asset shall not be such as to affect or derogate from another collateralised asset.

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

13. Customer's Liability In Respect Of Collateral

The Customer undertakes to notify the Bank immediately:

13.1 of any demand or claim of right in respect of any of the collateral and/or execution proceedings in respect of, or steps to realise any collateral;

13.2 of any collateral which the Customer is about to give to someone else other than the Bank;

13.3 of any act or event stipulated in Clauses 24.1.2 to 24.1.11 below;

13.4 of any material adverse change in the Customer's business or material reduction in the value of his property.

13.5 of a reduction in the value of any of the collateral;

13.6 of any credit the Customer is about to receive from a party other than the Bank.

14. Deposit Of Collateral

The Bank may, at its discretion, deposit the collateral furnished to it pursuant hereto or any part thereof with a bailee at the Customer's expense, and replace the bailee from time to time.

15. Grant Of Validity

The Customer undertakes to sign any document and form on the Bank's request, if and when pursuant to the law it is necessary at the Bank's discretion for the Customer to sign any 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 its attorney which may, itself or through another to whom the Bank transfers its powers, sign any document or form as required by the Bank, without the Bank or its attorney being howsoever liable towards the Customer for any act or omission by the Bank or its attorney pursuant to or in consequence of this Clause. This appointment is irrevocable, as the Bank's rights 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, arrest or departure from the country of any party, including a signatory, drawer, guarantor, drawee, acceptor and endorser - to any of the collateral held by the Bank, or in the event of the grant of a 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 receiver or temporary or permanent receiver and manager for such a party, or in the event that the collateral is a bill and the drawee does not accept it, or on the occurrence of any other event which in the Bank's opinion impairs or is likely to impair the character or validity of any of the collateral or obligations of any party thereto - the Customer shall be liable to pay the Bank, on its first demand 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, bankruptcy (including a notification of any kind prior to bankruptcy), arrest or departure from the country of the Customer, the Customer and/or his assigns shall be liable to pay the Bank, on its first demand 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 believes, at its discretion, that any asset included in the collateral has been damaged or is likely to be damaged or has lost or is likely to lose a considerable amount of its value, the Customer shall furnish the Bank, immediately upon its first demand, with additional collateral to secure the secured amounts, to the Bank's satisfaction.

17. Realisation Of Collateral

- 17.1 If the Customer fails to punctually and fully discharge any amount which he owes in respect of credit granted to him by the Bank pursuant hereto and/or does not perform and/or breaches any other of the provisions hereof, or on the occurrence of one of the events stipulated in Clause 24 below, the Bank shall be entitled at any time to realise the collateral, or part thereof, itself or in any legal manner, including by a trustee in bankruptcy and/or a receiver and/or a guardian and/or the administrator of an estate, or through the execution office or in any other way, and the realisation proceeds shall be credited on account of the Customer's debt pursuant hereto, after deduction of the realisation expenses.
- 17.2 The Bank may at any time adopt all the legal or other measures necessary or desirable in its opinion to collect any amount payable which is pledged and charged within the framework of the collateral; however, it is not obliged to commence or continue such actions, and shall not be liable for the success of the actions taken by it. All the expenses involved in the said actions shall be debited against the Customer's account and bear interest at the rate stipulated in Clause 5 above, from the date the said expenses are incurred by the Bank until the full discharge thereof by the Customer.

18. Bills

18.1

- 18.1.1 In the event that the Bank holds bills signed, endorsed or guaranteed by the Customer, the Customer hereby confirms that he has received consideration from the Bank for the bills, and that the Bank's status in respect of the bills is that of a "holder in due course".
- In the event that the Bank presents the bills for collection and they are not paid for any reason, the Bank may again debit the Customer's account with the amount of the bills and any other amount deriving from the bill collection proceedings. The debiting of the Customer's account in respect of the bills shall not be such as to impair or derogate from the Bank's status as a holder in due course or lawful holder (as the case may be), and as someone who has given the Customer consideration for the bills.
- 18.1.2 In the event that the Bank receives bills from, for the account of or for the Customer, the following provisions shall apply, in addition to the provisions of Clause 18.1.1 above:
- 18.1.2.1 The Bank shall be exempt from any liability if the bills are lost en route, do not reach their destination or are lost at the Bank or in any other circumstances, unless gross negligence by the Bank is proven.
- 18.1.2.2 The Customer assumes 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 is required, the Bank may - but is not obliged to - protest the bills and debit the Customer's account with the protest expenses.
- 18.1.2.4 The Bank may transfer and discount the bills with others, as it deems fit.
- 18.1.2.5 The Bank may - but is not obliged - to take any legal or other steps for the purpose of collecting the bills, debit the collection expenses against the Customer's account, settle with the signatories, endorsers or guarantors or give them any waivers, accept partial consideration from them and from time to time use the proceeds from the bills for the full or partial repayment of the amounts due to the Bank from the Customer - attempting, insofar as reasonable in the circumstances of the case, to notify the Customer thereof in advance.
- 18.1.3 In the event that the Bank receives bills as security (hereinafter referred to as the "security bills") from, for the account of or for the Customer and/or in the event that the Customer pledges and charges such bills in favour of the Bank, even if these bills are not in the Bank's possession, the following provisions shall apply, in addition to the other provisions of this Clause 18:
- 18.1.3.1 All the security bills shall be deemed pledged and charged to the Bank and to its order by way of a first-ranking pledge and charge, as collateral for the discharge of the secured amounts. The holding of the security bills by the Bank shall be deemed proof that they were 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 include the security bills themselves and the consideration therefor, and all the income, rights and concessions deriving from or

relating to the security bills, so long as the pledge and charge is in existence, and the consideration therefor. If the security bills, or any of them, are lost, damaged or expire, and the Customer has a right to compensation or indemnity or any other right in such respect, the pledge and charge shall apply to any right to compensation or indemnity and to any other such right.

- 18.1.3.3 The Customer hereby warrants and undertakes that all the security bills 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 the Bank, and the Customer is and shall be entitled to pledge and charge them to the Bank, unless the Bank is otherwise informed by the Customer in advance and in writing. The Customer undertakes to reimburse the Bank, on its first demand, with all the amounts (including advocates' professional fees) paid by the Bank in connection with any legal proceedings in which claims are made against the validity of the pledge and charge over the security bills, whether or not the Bank is 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 or charge of any rank, transfer, deliver or otherwise dispose of the security bills or any of them, directly or indirectly, for consideration or otherwise, without the Bank's prior written consent.
- 18.1.3.5 The Customer hereby undertakes to immediately notify the Bank in the event of the imposition of an attachment over the security bills or any of them and to immediately notify the attachor of the pledge and charge in favour of the Bank and to take at the Customer's expense, immediately and without delay, all the steps necessary for the removal of the attachment.
- 18.1.3.6 The Customer hereby irrevocably agrees that the Bank may from time to time transfer the security bills and the pledge and charge over the security bills, in whole or in part, to anyone it wishes, either before or after the security bills become payable, with different ranking rights, as the Bank deems fit. The Bank shall notify the Customer in advance, insofar as reasonably possible in the circumstances of the case, of the exercise of the above mentioned right of transfer, in relation to any security bill, pledge and charge in respect of which it exercises this right.
- 18.1.3.7 If at the time of collection of the security bills the secured amounts (or any of them) are not yet payable, or they (or some of them) are only due to the Bank conditionally, the Bank may collect from the collection amount (after deducting all the Bank's expenses and advocates' professional fees) an amount adequate to cover such amounts, and the amount 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 warrants and expressly agrees that the amounts collected by the Bank in consequence of the payment of the security bills or any of them may be used by the Bank at its discretion for all or any of the purposes hereinafter stipulated, as the Bank deems fit:

- 18.1.3.8.1 for transfer 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 (which are secured) which are payable but have not been repaid by the Customer; and/or

- 18.1.3.8.3 for deposit in a special account in the Customer's name which shall be pledged and charged to the Bank in accordance with the terms and conditions hereof. At the Customer's request, the Bank shall agree to the transfer of the said amounts to short-term shekel deposits, provided that such deposits are 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 Bank's prior consent.

So long as the Customer has not perfected the necessary collateral, the Bank may hold the amounts in the special account as aforesaid.

18.1.4 In the event that the Customer gives the Bank promissory notes signed by him 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 Clause 18:

18.1.4.1 The grant 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 Bank's right to demand payment of the secured amounts shall not be impaired and shall remain intact.

18.1.4.2 If any essential detail is 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 deems fit, at its absolute discretion.

18.2 In the event that the Bank holds bills and/or other transferable and/or negotiable instruments (hereinafter referred to as the "negotiable instruments") signed, endorsed or guaranteed by the Customer, they shall be and shall be deemed pledged and charged to the Bank, by way of a first-ranking pledge and charge. The Bank may realise the negotiable instruments and credit the consideration therefor, after deducting the collection costs, to the credit of the Customer's debt pursuant hereto.

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

19. **Assignment Of Rights**

In the event that the Customer transfers rights to monies to the Bank or guarantees payment of the secured amounts by way of pledges and charges or transfers of rights to monies, the following provisions shall apply:

19.1 In this Clause 19 the expression "rights to monies" means: rights of the Customer to receive monies from various people and/or entities (hereinafter in this Clause 19 referred to as the "debtors") due to the Customer pursuant to any contract and/or undertaking and/or order and/or otherwise, 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 Clause 19 shall not apply in respect of rights to monies due to the Customer pursuant to bills, in respect of which the provisions of Clause 18 above shall apply.

19.3 The Customer shall pledge and charge and/or assign in favour of 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 goods and/or agreements and/or obligations.

19.4 On the Bank's first demand, 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 On the Bank's first demand, the Customer shall furnish the Bank with written confirmations from the debtors that they will directly pay the Bank the monies the subject of the assignment of rights and/or the pledge and charge.

19.6.

19.6.1 Rights to monies shall be deemed pledged and charged to the Bank and to its order by way of a first-ranking pledge and/or a pledge and charge pursuant to the Pledge Law, 5727-1967 and/or the Assignment of Obligations Law, 5729-1969 and/or pursuant to any other law, as collateral for the discharge of the secured amounts, and such assignment shall be deemed proof that it was made for the purposes of providing collateral and a pledge and charge to the Bank pursuant to the provisions hereof, unless the Bank expressly otherwise approves in writing, and no deed of pledge and charge or other special document shall be necessary to create the pledge and charge over such rights to monies.

19.6.2 The Customer assumes full liability for the veracity and correctness of the signatures, guarantees, dates and other details related 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 may - but is not obliged - to take any legal or other steps for the purpose of collecting the rights to monies, debit the collection expenses to the Customer's account, settle with the debtors or any of their guarantors, or give them any waivers, accept partial consideration from any of them and from time to time use the proceeds for the full or partial discharge 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 its said rights, in relation to any case in which it exercises its right as aforesaid.

19.8

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

19.8.2 If the rights to monies or any of them are damaged or expropriated or if an event occurs which impairs the rights to monies, and the Customer is 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 warrants and undertakes that all the rights to monies assigned to the Bank shall at the time of their transfer be free of any pledge, charge, attachment or any other right of a third party, apart from the Bank - unless otherwise agreed in writing between the Bank and the Customer - and that the Customer is entitled to pledge and/or charge them to the Bank. The Customer undertakes to return to the Bank, upon its first demand, all the expenses incurred by the Bank in connection with a trial in which claims are raised against the validity of the pledge and charge of the rights to monies.

19.10

19.10.1 The Customer hereby undertakes to precisely perform all his obligations pursuant to the contract and/or undertaking and/or order and/or anything else pursuant to which the rights are due.

19.10.2 The Customer hereby undertakes not to sell, pledge and charge by way of any rank, assign, deliver or otherwise dispose of the rights to monies or any of them, directly or indirectly, for consideration or otherwise, not to exercise the rights to monies, not settle with the debtors and to not to waive any part of the rights to monies, without the Bank's prior written consent.

19.10.3 The Customer hereby undertakes to immediately notify the Bank in the event of the imposition of an attachment over the rights to monies or any of them and to immediately notify the attachor of the pledge and charge in favour of the Bank. The Customer undertakes to take, at his expense immediately and without delay, all the steps necessary for the attachment's removal. The Customer also undertakes to immediately notify the Bank of any claim by the debtors regarding a breach by the Customer which might influence the Customer's rights to receive the monies. The Customer undertakes to take, at his expense, immediately and without delay, all the steps necessary for the discharge of any such claim.

19.11 If at the time of exercising the rights to collect monies the secured amounts (or any of them) are not yet due or they (or some of them) are only due to the Bank conditionally, the Bank may deduct from the collection amount (after deducting all the Bank's expenses and advocates' professional fees) an amount adequate to cover the secured amounts, 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 Customer's request, the Bank shall agree to a transfer of the amounts deducted as aforesaid to short-term shekel deposits, provided that such deposits are pledged and charged to the Bank.

20. (Cancelled)

21. (Cancelled)

22. **Bank Guarantees**

In the event that the Bank agrees, at the Customer's request, to issue guarantees from time to time in favour of persons and/or legal entities and/or others (all hereinafter in this Clause 22 jointly and severally referred to as the "creditor"), for the Customer's obligations or for obligations of the Customer jointly and severally with other persons or legal entities or for other obligations or other legal entities that are not the Customer (all hereinafter in this Clause 22 jointly and severally referred to as the "debtor"), the following provisions shall apply:

22.1 The Customer undertakes to compensate and indemnify the Bank at any time in respect of trials 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 the Bank, upon its first demand, any amount demanded by the Bank or 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 Clause 8.2 above, from the date of the payment by the Bank until actual payment by the Customer.

22.2 The Customer hereby warrants and assumes liability towards the Bank that all the obligations in respect of which the Bank is requested to give a guarantee (hereinafter in this Clause 22 referred to as the "obligation") shall be valid and free of any defect whatsoever.

- 22.3 The Customer hereby acknowledges that the guarantee issued by the Bank from time to time pursuant hereto and in connection herewith constitutes or might constitute, in addition to a guarantee, also an indemnity; accordingly, wherever the expressions "to guarantee", "guarantee" or "guarantees" appear in this document, they shall also mean "indemnity". It is hereby emphasized that if the Bank issues a guarantee as aforesaid, whether or not it constitutes an indemnity, all the Customer's obligations pursuant hereto shall remain in full force without any change.
- 22.4 The Customer hereby henceforth, in advance and knowingly, revokes the right at any time and in any circumstances, to make demand of the Bank, not to perform any guarantee in favour of the creditor, and it is hereby declared that the Bank may in any event, at its exclusive discretion, pay any amount pursuant to its guarantee.
- 22.5 On the occurrence of one or more of the events detailed below, the Customer may not raise any pleas against the Bank, and all his obligations pursuant hereto shall continue to remain in full force, including his obligations to compensate or indemnify the Bank, even if the Guarantee Law, 5727-1967 (or any other statute) grants him any plea or defence:
- 22.5.1 if it transpires that the obligation is not valid for any reason;
 - 22.5.2 if it transpires that the obligation is defective for any reason;
 - 22.5.3 if it transpires that the obligation is less or lower than the guarantee;
 - 22.5.4 if it transpires that the obligation has been reduced or that there has been a change therein;
 - 22.5.5 if for any reason, whatsoever, the Bank is likely to be released from the guarantee and the Bank has performed its guarantee towards the creditor;
 - 22.5.6 if the Bank has made payment pursuant to its guarantee notwithstanding the Customer's request of the Bank not to perform any guarantee;
 - 22.5.7 if the creditor has caused the obligation's non-performance;
 - 22.5.8 if the Customer and/or the debtor have a claim against the creditor pursuant to which the Bank is 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 creditor's claim against the debtor in respect of the obligation has lapsed due to prescription;
 - 22.5.11 on the occurrence of any other event whatsoever in respect of which the Customer and/or the debtor has any claim or defence pursuant to the Guarantee Law, 5727-1967, (or pursuant to any other law).

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

- 22.6 The Bank shall not be liable to compel the creditor to prove that the amount demanded of the Bank pursuant to the guarantee is in fact due from the debtor and/or that the payment thereof has been demanded from the debtor and the Bank may rely on the creditor's declaration or on such documents as the Bank deems fit, at its absolute discretion. In addition, the Bank shall be exempt from any liability for the damages and losses incurred by the Customer and/or the debtor and for expenses incurred as a result of a mistake or error in interpreting the guarantee's conditions, and the Customer's liability pursuant to Clause 22.1 above to pay and return to the Bank all the amounts, expenses and damages as mentioned in the said clause shall not be impaired by such a mistake.
- 22.7 If the guarantee is given by the Bank to secure a number of payments on different payment dates, and the Bank is called upon by the creditor to effect any of the said payments, the Bank may demand from the Customer the full amount of the guarantee, including all the payments not yet made by the Bank to the creditor, whether or not currently payable, and the Customer undertakes to pay the Bank the full amount of the guarantee immediately upon the Bank's first demand.

Without derogating from the generality of the previous paragraph, it is hereby expressly provided that for the purpose of this document, the creditor's demand for payment of any part of the guarantee amount shall also be deemed a demand for payment of the balance of the guarantee amount

- 22.8 The Bank may, but is not obliged, to demand or obtain from the creditor, after payment pursuant to its guarantee, any collateral in the creditor's possession. In the event that the Bank exercises this right and receives collateral as aforesaid, the Customer shall not be entitled to make demand of the Bank to transfer the said collateral to it or to participate therein - so long as all the secured amounts have not been repaid.

- 22.9 The Bank may, at its absolute discretion, extend the guarantee period. The Bank may also amend the guarantee conditions with the Customer's written consent. If the Bank extends or amends the guarantee as aforesaid, all the terms and conditions hereof 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 Clauses 22.1 to 22.9 above apply and relate *inter alia* to the Bank's guarantees for the discharge of various bills, where such guarantees are given by the Bank at the Customer's request in any manner to a purchaser of bills or rights in bills, endorsed by the Customer. For the purpose of this document, the expression "creditor" also includes purchasers of bills or rights as aforesaid, and the expression "guarantees" also includes guarantees given by the Bank to purchasers of bills as mentioned above.

23. **Compromise**

The Bank may at any time at its exclusive discretion - whilst attempting, insofar as is reasonable in the circumstances of the case, to give the Customer advance notice thereof - reach a compromise with any party to any of the collateral 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 Bank's rights or the Customer's rights pursuant to any collateral or by granting an extension or concession or by reaching any other arrangement as the Bank deems fit, and it is hereby provided that the said acts shall not howsoever derogate from, cancel, influence, impair or diminish the full validity of the Customer's obligations in connection with the credit secured by the said collateral or pursuant hereto.

24. **Events of Default**

- 24.1 Notwithstanding the payment times agreed upon between the Bank and the Customer, the Bank may - but is not obliged - in any of the cases detailed below, to demand the immediate payment of all the secured amounts and upon such a demand the secured amounts shall become immediately payable, and the Customer undertakes to pay the Bank the secured amounts immediately upon the Bank's first demand:
- 24.1.1 if the Customer does not pay any amount of principal or interest or commission or linkage differentials or expenses or any other amount on their due date pursuant hereto;
- 24.1.2 if a receiver (temporary or permanent) or receiver and manager (provisional or permanent) or liquidator (provisional or permanent) or trustee in bankruptcy (provisional or permanent) is appointed for the Customer's business and/or assets, or any part thereof, or if an application is filed for an appointment as aforesaid, which is not cancelled within 30 days;
- 24.1.3 if the Customer passes a winding up resolution or applies for bankruptcy or if a winding up order or bankruptcy order is issued against the Customer or if the Customer ceases to pay his debts, or if the Customer reaches a compromise and/or arrangement (within the meaning thereof in the Companies Law, 5759-1999, or the Bankruptcy Ordinance [New Version], 5740-1980, or any other law replacing them) with his creditors or any of them;
- 24.1.4 if a provisional or other attachment is imposed by the execution office or by the competent court or tribunal or by another competent authority and/or an execution act is taken in respect of the Customer's business and/or property or any part thereof and the attachment or execution act is not totally set aside or totally ceased within 30 days of the attachment's imposition or the date on which the execution act is taken, as the case may be;
- 24.1.5 if a receivership order or bankruptcy order or winding up order is given against any of the Customer's guarantors, or in the event of the death of a guarantor or his departure from Israel, or in the event of the appointment of a guardian for the person or property of a guarantor and the Customer does not furnish the Bank within 30 days of the occurrence of one or more of the said events with a guarantee and undertaking signed by another person or entity approved by the Bank in advance in the form of wording determined by the Bank pursuant to which such person or entity will guarantee to the Bank the full and precise payment of the secured amounts. The provisions of this Clause 24.1.5 shall also apply *mutatis mutandis*, as the case may be, to the new guarantor as though he was the original guarantor and to any of his assigns;
- 24.1.6 if for any reason the Customer ceases to operate most or all of his business for 60 days or more, or if for any reason most or all of the Customer's business ceases to operate, or if the Customer's business is closed;
- 24.1.7 if for any reason the Customer becomes unemployed for three or more months;
- 24.1.8 if the Customer becomes a "restricted customer" or a "restricted customer under aggravating circumstances" within the meaning thereof in the Cheques Without Cover

Law, 5741-1981, and this restriction is not cancelled within 30 days of the date of the restriction;

- 24.1.9 if there is any change in the composition of the holders of the Customer's issued shares or any change in the rights or number of shares of any of the Customer's shareholders compared to the situation existing on the date of the entering into the agreement pursuant hereto, without the Bank's prior written consent, other than with respect to a transfer of shares by way of inheritance. Holding ("holders") with regard to the Customer's share capital shall mean - directly or indirectly, through a trustee, trust company or in any other way, including through a subsidiary or affiliate.
- The above provisions of this Clause 24.1.9 shall also apply to a corporation that is not a company, *mutatis mutandis*;
- 24.1.10 if the Customer does not use the credit or any part thereof solely for the realisation of the purpose of the credit;
- 24.1.11 if the Customer materially breaches or fails to perform one or more of the material conditions, provisions or clauses hereof or one or more of the material conditions of any past or future agreement, deed of pledge and charge or other document entered into between the Bank and the Customer or made by the Customer in favour of the Bank;
- 24.1.12 if a special situation arises as a result of which the Bank reasonably suspects that the Customer will be unable to perform any of his obligations towards the Bank, the non-performance of which is likely, in the Bank's opinion, to threaten the repayment of the credit to the Bank, or which in the Bank's opinion endangers any collateral received by the Bank from the Customer or from anyone else to secure any such obligation of the Customer to the Bank, or in the event that at the Bank's exclusive discretion there have been, or there is a reasonable apprehension that there will be, a material adverse change in the value of the collateral compared with the value or amount of the credit, whether the value of the collateral has been reduced or whether there has been an increase in the credit or the computation thereof in relation to the collateral, for any reason, including as a result of changes or fluctuations in the rates of the different currencies, which in the Bank's opinion have caused or are likely to cause an increase in the Bank's exposure towards the Customer or a disparity between the collateral and the credit or the computation thereof in relation to the collateral;
- 24.1.13 if Customer's memorandum and articles of association or by-laws or part thereof are amended and the Bank is not notified thereof within 48 hours of the resolution regarding such amendment;
- 24.1.14 if the Customer, which is a company, passes a resolution to merge with another company, as an absorbed company or as a surviving company, as defined in the Companies Law, 5799-1999;
- 24.1.15 if it becomes apparent that any declaration made by the Customer herein or in any contract, undertaking, pledge deed, charge deed, debenture or other instrument entered into in the past or that shall be entered into at a future date between the Bank and the Customer, or made by the Customer in favour of the Bank - is incorrect;
- 24.1.16 in any other case detailed in any other instrument between the Bank and the Customer.

24.2

- 24.2.1 If the Bank exercises its right pursuant to Clause 24.1 above, the secured amounts shall bear interest as provided in Clause 8.2 above, from the date immediate payment is demanded until the actual repayment thereof in full.
- 24.2.2 In addition to the provisions of Clause 24.2.1 above, the Customer shall pay the Bank, as liquidated damages for any loss or damage incurred by the Bank as a result of immediate payment of the loan being demanded - a sum equal to the total of all the amounts the Bank usually collects as pre-payment commission as shall be prevailing at the Bank from time to time, or the amount that the Bank is permitted to collect as pre-payment commission pursuant to the law and/or pursuant to any Bank of Israel directives - whichever is the higher.

In any of the circumstances stipulated in Clause 24.1 above, the Bank may take all the legal steps it deems fit to realise the collateral and/or collect the balance of the credit and expenses, together with maximum interest as stipulated in Clause 8.2 above, in any manner it deems fit, and in particular and without prejudice to the generality of its rights, the Bank may sell or otherwise transfer the collateral and/or realise the collateral in all the other ways permitted by the law. All the expenses (including advocates' professional fees) involved therein shall be borne by the Customer and bear interest at the rate stipulated in Clause 5 above, from the date they are incurred until the full discharge thereof. Until such time, the expenses shall be secured by the collateral and the consideration therefor. Nothing stipulated herein shall be deemed as derogating from the Bank's rights to sue the Customer, alone or

together with others, pursuant to any bill, contract, undertaking, collateral or other document, and a claim as aforesaid shall not impair the Bank's right to claim any amount due to the Bank from the Customer pursuant hereto, at any time it deems fit.

25. Preservation Of Customer's Obligations

The Customer's obligations towards the Bank shall remain in full force even where the Bank, with or without the Customer's consent, and even without giving notice to the Customer, at the Bank's exclusive discretion:

- 25.1 gives the Customer or any other person liable with or for him, as guarantor or otherwise, any extension or relief;
- 25.2 terminates, increases, alters or renews any credit given to the Customer, and ceases, alters or renews any of the terms and conditions of such credit;
- 25.3 accepts, alters, replaces, releases, renews, amends or refrains from maintaining or realising any of the collateral, whether or not damage is incurred by the Customer as a result thereof;
- 25.4 compromises or comes 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 releases any of the individuals comprising the Customer from all or some of their obligations pursuant hereto and/or accepts any contribution or reaches any arrangement with any of the individuals comprising the Customer separately.

26. General Payment

Any amount and/or payment, in whatever form, received by the Bank from the Customer or to the credit of the Customer from any person or asset or from the realisation 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 is given or paid before, at the time of or after the time for payment of the secured amounts or any of them, shall be deemed general payment, and the Bank may, if and insofar as justified in the circumstances of the case, maintain them, without being under any duty to use them to reduce the secured amounts or any of them, even if the amount and/or payment is allocated for such purpose by the person entitled to allocate them in his accounts or in general.

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 of the Customer's obligations pursuant hereto shall not be deemed a waiver by the Bank of any of its rights in connection with such non-performance, incomplete performance or incorrect performance. If the Bank on any occasion agrees to a matter contrary to the terms and conditions hereof, its agreement shall be deemed limited to such 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 its rights pursuant hereto and shall not be used as an estoppel against the Bank.
 - 27.2.2 If the Bank reduces the credit amount and/or any other condition in connection with the credit is amended, the terms and conditions hereof shall apply to the amendments and/or adjustments, *mutatis mutandis*.
 - 27.2.3 The maximum interest rate and the date from which the Customer shall commence paying maximum interest shall be exclusively determined by the Bank, as provided herein, and the determination thereof shall bind the Customer for all purposes.

28. Transfer Of Rights

- 28.1 The Bank may at any time, at its discretion and without requiring the Customer's consent, assign and/or transfer its rights pursuant hereto, including the collateral and any pledges and charges, in whole or in part, to another and the transferee may also transfer the said rights to another, without requiring the Customer's consent. The transfer may be effected by way of an endorsement of or on this agreement and/or any other agreement pursuant hereto and/or in any other way the Bank deems fit, whilst endeavouring, insofar as is reasonable in the circumstances of the case, to notify the Customer thereof in advance.
- 28.2 The Customer may not transfer and/or assign any of his rights and obligations pursuant hereto, except with the Bank's prior written consent.

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 hereof or any of them, unless otherwise provided herein.

30. **Expenses**

All the payments and expenses involved in the preparation of and/or the contracting pursuant to this document and/or the enforcement hereof against the Customer and/or the guarantors, including the preparation and receipt of the collateral pursuant hereto and in such context, the legal and/or other expenses, commissions, official fees, stamp taxes, taxes and levies connected with the granting of the credit pursuant hereto, and including the creation, registration, cancellation (when due) and/or realisation of the collateral, including advocates' professional fees, shall be borne and paid by the Customer to the Bank immediately upon their disbursement or immediately upon the Bank's first demand. If the Customer does not pay the amounts deriving from the said payments on time, all the said amounts shall bear maximum interest as provided in Clause 8.2 above, from the date of the disbursement until the payment thereof by the Customer to the Bank. Such amounts shall constitute part of the Customer's debt to the Bank pursuant hereto, and they are also secured by the above mentioned collateral.

31. **Pre-Payment**

31.1 **Subject to the provisions of Clause 31.2 below, the Customer and/or any person whose right may be impaired by the granting of the collateral or any of the collateral items or by the realisation 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 granted to them pursuant to Clause 13(b) of the Pledge Law, 5727-1967 (if granted) or any provision amending or replacing this Clause.**

31.2

31.2.1 **In the event that the Customer is 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 may only repay the loan, or part thereof, before its maturity date subject to the provisions of Clause 13 of the Banking Ordinance 1941 and the Banking (Pre-Payment Commission) Order, 5742-1981, and/or the relevant Bank of Israel directives, as amended from time to time, and/or any other provision, directive or law replacing them.**

31.2.2 **In the event that the Customer is granted a loan other than for the purpose of purchasing a residential dwelling or by mortgaging a residential dwelling, it is hereby expressly agreed that the Customer may only repay the loan, or part thereof, before its maturity date subject to Bank of Israel directives as published in Directive No. 454 of January 15th, 1995, and/or subject to the provisions of the law, as amended from time to time, and/or any provision, directive or law replacing them.**

31.2.3 **In the event that the Customer is not entitled to pre-pay a loan pursuant to any provision, directive or law as stipulated in Clauses 31.2.1 and 31.2.2 above, the Customer may only do so subject to the Bank's prior written consent thereto and on terms and conditions determined by the Bank in such regard. The Bank may make its consent conditional upon the payment of a pre-payment commission and/or penalty and/or any other payment and determine the pre-payment date. In the event of pre-payment as stipulated in this Clause 31.2.3, the interest shall be computed until 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 Bank's right to call for the immediate repayment of any loan in accordance with the terms and conditions of the contract, as defined in Clause 33.3 below.

32. **Joint And Several Liability**

In the event that the Customer consists of more than one legal person, the liability of the individuals constituting the Customer shall be joint and several, and the Bank may collect from one or more of them the full credit amount, 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 were not authorised to contract herein, or for any other reason.

33. **Granting of Credit Provisions**

33.1 The Customer hereby instructs the Bank to credit the Customer's current account - or the Customer's foreign currency account, in accordance with the Customer's status and the credit's classification, where dealing with foreign currency credit - with the credit amount, as soon as possible and/or as agreed between the Bank and the Customer. The crediting of the account as aforesaid, as indicated in the Bank's confirmation and/or notice of granting the credit and/or of the payment and/or transfer of any sum of money as aforesaid, shall serve as proof of the receipt thereof by the Customer on the

date and/or at the value determined in such confirmation and/or notice (hereinafter referred to as the "loan granting date", as the case may be).

33.2 So long as the credit has not actually been granted and the Customer has not yet perfected the collateral and/or furnished the documents and/or complied with all the Bank's conditions for granting the credit, the Bank may defer the granting of the credit or part thereof or withhold, reduce or cease it, or alter the interest or the commission, at its exclusive discretion and as it deems fit.

33.3 In the event of a breach by the Customer of any of the terms and conditions hereof, or of any other document pursuant whereto the Customer has contracted with the Bank (hereinafter jointly and severally referred to as the "contract"), or on the occurrence of any of the events stipulated in Clause 24 above, or if for any reason the Customer does not accept the full amount of the credit from the Bank, the Bank may cancel its agreement to provide the balance of the credit not yet received by the Customer as at such time, and in such case the terms and conditions of the contract shall apply, *mutatis mutandis*, to the amount received by the Customer from the Bank as at such time.

The foregoing shall not derogate from the Bank's rights pursuant to the contract (including its rights pursuant to Clause 24 above).

33.4 If the loan is granted in instalments (on different dates), each instalment shall be deemed a loan in itself; however, the Bank may from time to time consolidate all or some of the loan instalments into consolidated and weighted repayment schedules.

34. Repayment of Credit

34.1 The Customer undertakes to repay the Bank the loan principal and the interest and/or linkage differentials thereon and/or any other payment in respect thereof, as provided in the repayment schedule, pursuant to the terms and conditions hereof.

34.2 The Customer also undertakes to pay the Bank every charge and/or other payment deriving from the terms of this document, immediately upon its payment date and/or the Bank's first demand.

34.3 Without derogating from the foregoing, the Bank may debit the current account or any other account of the Customer at the Bank, with any amount the Customer owes the Bank in accordance herewith.

34.4 If the loan is granted to the Customer in instalments, each instalment shall be deemed a separate loan, and the Customer's payments on account of the loan shall be debited against the loan instalments account in the order in which they are granted to the Customer and pursuant to the terms and conditions thereof, unless the Bank consolidates all the loan instalments into consolidated and weighted repayment schedules.

34.5

34.5.1 Any repayment of the credit granted shall be made by debiting the Customer's current account - or the Customer's foreign currency account, in accordance with the Customer's status and the credit's classification where dealing with foreign currency credit - and/or any other account of the Customer maintained at the Bank replacing it. 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 which had been debited, against which the credit account had been credited.

34.5.2 If the credit has not been finally and absolutely repaid as provided above, the Bank may cancel the said credit and debit the credit account in such amount. In such event, the Customer's liability pursuant hereto shall also apply in respect of such debit, together with default interest which shall be computed in respect thereof in accordance with Clauses 37 or 38 below.

34.5.3 The Customer hereby confirms that the Bank has expressly informed him that wherever the credit is granted by debiting the current account and/or another account of the Customer at the Bank which replaces it (hereinafter referred to as the "debited account"), and the debited account has a debit balance at such time or it becomes a debit balance as a result of the debit, **the interest payable by the Customer on the debited account is likely to exceed the legal default interest in respect of the credit.**

35. Repayment Of Foreign Currency Credit

35.1 Any repayment of the credit shall be made by debiting of the current foreign currency deposit account or current foreign resident deposit account (in accordance with the Customer's status and the credit's classification) and/or any other foreign currency account of the Customer at the Bank replacing them (hereinafter referred to as the "foreign currency 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 which had been debited, against which the credit account had been credited. The foregoing shall not derogate from the collateral, for so long as the credit granted has not in effect been repaid.

- 35.2 If the credit has not been finally and absolutely repaid as provided above, the Bank may cancel the said credit and debit the credit account in such amount. In such event, the Customer's liability pursuant hereto shall also apply in respect of such debit, together with foreign currency maximum interest in respect thereof in accordance with Clause 38 below.
- 35.3 The Customer confirms that the Bank has expressly informed him that wherever the credit is granted by debiting the current account and/or another account of the Customer at the Bank replacing it, which is managed in Israeli currency, and the said debited account is in a debit balance at such time or it becomes a debit balance as a result of the debit, **the interest payable by the Customer on the debited account is likely to exceed the foreign currency default interest.**

36. Further Action Upon Repayment Default

- 36.1 Without derogating from any other right of the Bank pursuant hereto, in the event of a default in repayment of the credit, the Bank may, but is not obliged, at anytime, at its discretion, 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 existing at the Bank at the time of the purchase) 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 sale proceeds to purchase another foreign currency in which the credit was given, which is required for the repayment of any amount in default. Any purchase or sale as aforesaid shall be effected (if effected) from foreign currency or Israeli currency standing to the Customer's credit at the Bank or realised from the collateral.
- 36.2 The provisions of Clauses 37 or 38 below shall not derogate from the Bank's other rights pursuant to the law, upon a default in repayment, but are in addition thereto.

37. Israeli Currency Default Interest

If the Customer fails to pay the Bank all or any of the amounts he is obliged to repay in respect of any credit on time, all the amounts not paid as aforesaid and/or the amounts that become due for immediate payment shall bear default interest as defined below:

"Default interest" means the maximum statutory default interest rate (hereinafter referred to as "statutory default interest") existing for the time being in respect of credit of the relevant type, if there is any statutory limit on the default interest rate. If there is no statutory limit on the default interest rate, any balance in default as aforesaid shall bear interest at the maximum interest rate as provided in Clause 8.2 above.

Statutory default interest or maximum interest shall apply in respect of any amounts in default, in respect of the period commencing at the end of the date specified for payment, until the actual repayment thereof.

Default interest shall be computed by the Bank and shall apply to the entire amount in default. Written confirmation by the Bank or its official regarding the default interest rates as defined above shall serve as *prima facie* proof of the rate thereof. Default interest pursuant to the Bank's computations for the purpose of this Clause means the interest computed by the Bank on the daily balances and added by the Bank to the amount in default at such intervals as determined by the Bank from time to time and subject to the law.

38. Foreign Currency Default Interest

Any amount the Customer is obliged to pay in foreign currency pursuant hereto which is not paid on time and/or all the amounts that become immediately repayable upon the occurrence of an event of default as provided in Clause 24 above shall bear interest at the aggregate maximum interest rate for the time being prevailing at the Bank in respect of debit balances in foreign currency accounts (foreign currency deposit or foreign resident's deposit in accordance with the Customer's status and the credit's classification) without an approved framework, in accordance with the relevant type of currency (hereinafter referred to as "foreign currency maximum interest").

Foreign currency maximum interest as aforesaid shall apply in respect of all the amounts in default or one or several of the components of the amount in default (in respect of any amount or part thereof) in respect of the period beginning at the end of the date specified for payment until the actual repayment thereof.

Foreign currency maximum interest shall be computed by the Bank. Foreign currency maximum interest pursuant to the Bank's computations for the purpose of this clause means the foreign currency maximum interest computed by the Bank on the daily balances and added by the Bank to the amount in default at such intervals as determined by the Bank from time to time, subject to the law, and shall be paid by the Customer on the dates determined by the Bank. Written confirmation by the Bank or its official regarding the foreign currency maximum interest rates shall serve as *prima facie* proof of the rate thereof.

39. Special Obligations

The Customer undertakes, so long as the credit amounts, including the interest and/or linkage differentials and the other payments which he has undertaken herein, have not been fully repaid, to fulfill the following conditions:

- 39.1 To maintain the pledged and a charged assets as mentioned herein (hereinafter in this Clause 39 referred to as the "assets") and to preserve them in a good and proper condition, not to sell, pledge, charge, let or otherwise dispose of the assets, or any of them, or any right thereto, except with the Bank's prior written consent.
- 39.2 To permit the Bank's authorised employees and/or other persons authorised therefor by the Bank and/or any government and/or other authority connected with the approval and/or provision of the credit to the Customer to inspect, at reasonable times, his books of account and the condition of the assets, and to furnish these employees and/or persons acting for the Bank, with all the account documents and notes requested by them, and to facilitate their inspection and examination of the assets. The expenses with respect thereto shall be on the Customer's account and shall be paid to the Bank on its first demand.
- 39.3 To maintain the books of account in accordance with a method approved by certified accountants.
- 39.4 To furnish the Bank with the Customer's financial statements, audited and certified by certified accountants, immediately after the preparation thereof and by no later than the end of every six month period from the date to which they refer.

40. **Customer's Warranties**

- 40.1 The Customer hereby warrants and confirms as follows:
 - 40.1.1 That save as provided in the documents (including the financial statements) 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 - which are likely to change or cause a fundamental change in the Customer's financial position or legal structure.
 - 40.1.2 That there is no action pending against the Customer in any court (save for those actions which the Customer has disclosed to the Bank in writing) and that to the best of the Customer's knowledge, no material action is about to be filed against the Customer.
- 40.2 **The Customer undertakes to notify the Bank in writing in the event of any change in the facts that are the subject of the Customer's warranties pursuant to Clause 40.1 above, within two days of the occurrence of the change, detailing the nature of the change.**

41. **Purpose Of Credit**

- 41.1 The Customer hereby undertakes to use the credit solely for the purposes agreed upon between the Bank and the Customer. Without prejudice to the foregoing, the Bank may make the granting of any credit conditional upon receipt of proof to its satisfaction that such amount has actually been and/or will be utilised for such purposes.
- 41.2 The Bank shall make the credit available to the Customer, at its exclusive discretion, in a lump sum or in instalments, at such times and on such terms and conditions as the Bank deems fit, for the realisation of the aforesaid purposes, unless otherwise agreed between the Bank and the Customer.

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

- 42.1 If the date determined for the payment of any amount of principal or interest by the Customer to the Bank pursuant hereto falls on a day that is not a bank business day in Israel, the payment date shall be deferred to the first bank business day thereafter on which the banks in Israel conduct business. The credit shall bear interest until the date of actual payment and the additional interest debit days shall simultaneously be deducted from the subsequent debit.
- 42.2 The deferment of the payment date in accordance with Clause 42.1 above shall not cause a change in the index linkage computations applicable to the credit, if at all, 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 determined for the commencement of an interest period falls on a day that is not a bank business day in Israel or the country issuing the currency in which the credit is granted - and in respect of the euro, on a day that is not a bank business day in Israel or on which the inter-European automatic clearing house known as the Trans-European Automated Real Time Gross Settlement System Express Transfers (hereinafter referred to as "TARGET") does not operate - the date of the commencement of the interest period 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 is 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 conduct business in the euro and on which TARGET operates. The credit shall continue to bear the interest prescribed for the previous interest period until the date on which the new interest period actually commences, and the additional interest debit days shall simultaneously be deducted from the new interest period.

43.2 If the date determined for the payment of any amount of principal or interest by the Customer to the Bank pursuant hereto falls on a day that is not a bank business day in Israel or the country issuing the currency in which the credit is granted - and in respect of the euro, on a day that is not 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 is 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 conduct business in the euro and on which TARGET operates. The credit shall bear interest until the date of actual payment, and the additional interest debit days shall simultaneously be deducted from the subsequent debit.

44. **Undertaking To Pay In Foreign Currency**

44.1 If the credit is granted in foreign currency, it is hereby agreed that the Customer will pay the Bank or to its order, in the foreign currency in which the credit is granted, all the amounts due from him in connection with the credit, including principal, interest, commissions, levies, official fees, advocates' professional fees, stamps tax and expenses (the amounts due from the Customer as provided above in this Clause are hereinafter in this Clause 44 referred to as "foreign currency transaction amounts"). It is hereby acknowledged that if the Bank pays any of the foreign currency transaction amounts to a third party in Israeli currency and the Bank is not obliged to pay it in foreign currency, the Customer shall be liable to repay such amounts to the Bank in Israeli currency.

44.2 Without prejudice to the Customer's obligation to pay all the foreign currency transaction amounts in foreign currency as provided above, if for any reason the Customer pays the amounts in Israeli currency or the Bank is compelled to sue the Customer for foreign currency transaction amounts in Israeli currency or in consideration for Israeli currency, and the Customer pays and/or is ordered by the court and/or execution office to pay the foreign currency transaction amounts in Israeli currency or in consideration for Israeli currency, the Customer hereby agrees that such an order shall oblige him to pay the Bank such amount in Israeli currency as is adequate to convert it into foreign currency, in accordance with the maximum exchange rate for transfers and cheques at which the Bank sells foreign currency to its customers, as is necessary 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 the Customer shall only be released from his obligation after he pays the Bank in foreign currency all the foreign currency transaction amounts, or in the case mentioned in Clause 44.2 above - after he pays the Bank such amount in Israeli currency as is adequate on the date of actual payment to purchase the necessary 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 may, but is not obliged, at its exclusive discretion, from time to time, after the payment time of any foreign currency transaction amounts, to credit the Customer's foreign currency account in order to repay the foreign currency transaction amounts or any of them by debiting the Customer's Israeli currency account, and in such case, the Customer undertakes to pay the Bank all the Israeli currency amounts with which the Customer's account is 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 hereof, commencing from the date on which the Customer's account is debited in Israeli currency as aforesaid and henceforth.

For the avoidance of doubt, the foregoing is not such as to prejudice the Bank's rights to collect foreign currency maximum interest as provided in Clause 38 above and/or derogate from the provisions of Clause 35.3 above.

45. **Additional Expenses And Payments In Consequence Of Changes In The Law**

If as a result of any change in the law (as defined below) or as a result of compliance with a demand, directive or request given or addressed to the Bank by Bank of Israel or another competent authority, in Israel or abroad, or as a result of the performance of 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 derives from a 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 the Bank shall be obliged to maintain or deposit foreign currency or non-Israeli liquid assets or the foreign currency amounts or value of the non-Israeli liquid assets the Bank is obliged to maintain or deposit are increased; or

45.2 the foreign currency credit amounts the Bank may grant or continue to maintain or the amounts of the foreign currency deposits the Bank may deposit with others is limited or reduced; or

45.3 any demands are imposed on the Bank (or there is a change which in the Bank's opinion, with respect to the Bank, imposes more stringent demands) with regard to the ratio between the Bank's reserves, on the one hand, and the foreign currency credit the Bank may grant or maintain, or the non-Israeli assets or foreign currency deposits the Bank may maintain or receive, on the other hand; or

45.4 any condition or restriction is imposed on the Bank (or there is a change which in the Bank's opinion, with respect to the Bank, imposes any more stringent condition or restriction) relating to international money markets or in connection with the Bank's business or activity on these markets; or

- 45.5 interest, fines, levies or other payments are imposed on the Bank or the Bank is required to pay them (or there are changes which in the Bank's opinion, with respect to the Bank, are more stringent with respect to such payment demands);
- 45.6 and the Bank determines that as a result of all the foregoing (namely, the provisions of Clauses 45.1 to 45.5 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) will increase or that the principal and interest the Bank is entitled to receive in connection with the credit will be reduced, then, in each of the cases mentioned in the above clauses, and without derogating from and without prejudice to any right of the Bank pursuant hereto, **the Bank may refuse to grant the credit, or any part thereof, to the Customer (where it has not yet granted the credit to the Customer), and where the Bank has granted the credit or any part thereof to the Customer, the Customer shall pay the Bank, from time to time, on the Bank's first demand, an amount which, in the Bank's opinion, is sufficient to compensate it for the increase in the Bank's costs and expenses 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 Clause 45, the expression "any change in the law" means - a change in any country, of any statute, regulation, order or directive or a change in the interpretation of any statute, regulation, order or directive, by a court, tribunal or other competent authority.

PART B - SPECIAL CONDITIONS FOR ISRAELI CURRENCY LOANS

Part B(1) - Fixed Interest Loan

46. Fixed Interest

The loan shall bear annual nominal interest on the undischarged balance of the loan, at the rate agreed upon between the Bank and the Customer, in accordance with the Bank's computations, from the date the loan is 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 has been granted and which constitutes an integral part hereof.

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 Bank's computations (hereinafter in this Clause 47 referred to as the "nominal interest rate") on the undischarged balance of the loan, from the date of the granting of the loan 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 in force at the Bank on the date of the granting of the loan;**
- 47.2.2 **the fixed supplement rate (hereinafter in this Clause 47 referred to as the "fixed supplement").**
- 47.3 After the granting of the loan, a repayment schedule, which constitutes an integral part hereof, shall be sent to the Customer, stipulating the nominal interest and detailing the components thereof as well as the adjusted interest (which shall also be a floating rate).
- 47.4 **If from time to time during the loan period there is a change in the prime interest as defined in Clause 47.7 below (hereinafter in this Clause 47.4 referred to as the "new prime interest"), the nominal interest rate shall also be altered, so that a new nominal interest rate shall be determined, increased or reduced accordingly, which shall consist of the new prime interest rate together with the fixed supplement (hereinafter in this Clause 47 referred to as the "new nominal interest rate").**
- 47.5 Whenever a new nominal interest rate is 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 undischarged 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 is the earlier.
- 47.7 "Prime interest" means the nominal annual rate for the base interest prevailing at the Bank from time to time in respect of Israeli currency approved overdraft accounts, on approved credit frameworks.
- 47.8 The Bank shall give the Customer at least three business days' notice, on a notice board located at the Bank's branches and by publishing a notice in two daily newspapers, or in any other legal form, of its

intention to increase the rate of the prime interest as defined in Clause 47.7 above - and where a decrease in the prime interest rate is involved, the Bank shall publish notice as aforesaid no later than three business days after the reduction in the prime interest rate – and the Customer shall pay the Bank the new nominal interest rate which has been determined accordingly, on the undischarged balance of the loan, from the date specified in the notice.

- 47.9 The interest computations shall be calculated by the Bank and the Bank's determination 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, linked to the index, on the undischarged balance thereof, at the rate agreed upon between the Bank and the Customer, in accordance with the Bank's computations, from the date the loan is granted until the date/s designated for the repayment thereof, such index-linked annual interest being adjusted by the rate stipulated in the repayment schedule that shall be sent to the Customer after the loan has been granted and which constitutes an integral part hereof.

49. Index Linkage

- 49.1 The loan, interest and 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 determined before the granting of the loan or any instalment thereof, where the loan is granted in instalments.
- 49.3 The "new index" means the last consumer price index determined before the actual payment of any amount of the loan, principal or interest, in respect thereof.
- 49.4 "Linkage differentials" means any amount added to the principal and the interest thereon, in consequence of linkage to the consumer price index.

50. Payment Of Index Linkage

- 50.1 If on the date determined for the payment of any amount on account of the loan (principal and/or interest) the new index has risen in comparison with the base index, the Customer shall pay the principal and/or interest, increased pro rata to the rise in the new index as compared with the base index; however, if the new index is identical to or lower than the base index, the Customer shall pay the principal and/or interest in the amount stipulated in the repayment schedule.
- 50.2 If on the payment date of any principal and/or interest that has been increased pursuant to Clause 50.1 above, the index which should have been determined has still not been determined, the Customer shall pay such principal and/or interest temporarily adjusted to the index last determined prior thereto. If the new index determined after the payment date is different from the index that had 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, but no later than seven days after the Bank's first demand, or the Customer shall be credited with the linkage differentials on the next payment date, as the case may be.
- 50.3 In addition to the provisions of Clause 50.1 above, it is agreed that if the Customer defaults in paying any amount on account of principal or interest, he shall pay such amount increased pro rata to the rise in the new index compared with the base index. The provisions of this Clause 50.3 do not derogate from any other provision herein in respect of defaults in payment.
- 50.4
- 50.4.1 If the date determined for any payment is deferred pursuant to the law, the loan shall be linked in respect of the new index known at the time of actual payment in consequence of the above mentioned deferment - unless otherwise provided in such law.
- 50.4.2 If the date determined for any payment is deferred because it is not 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 Clause 42.1 above, if the date determined for any payment of principal or interest is the last day of any month and such day is not a bank business day, the payment date shall be brought forward to the last business day of such month.
- 50.5 The Bank shall determine the manner, way and form of computing the linkage differentials pursuant to these linkage conditions and the application thereof. The Bank's determination shall bind the Customer and the guarantors (if any) for all purposes.

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

51. Applicability of Terms and Conditions For Fixed Interest Index-Linked Loan

It is hereby agreed that subject to the provisions of Clauses 52 and 53 below, all the provisions of Clauses 48, 49 and 50 above shall apply, without change, to each of the interim periods, as defined in Clause 52.2 below, until the full actual repayment of the loan.

52. Variable Interest

52.1 Notwithstanding the provisions of Clause 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 Clause 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 undischarged balance of the loan at the end of every two, three, four or five year period from the date of the granting of the loan, as agreed between the Bank and the Customer (every such period is hereinafter in this part referred to as an "interim period", and the end of every such period is hereinafter in this part referred to 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's circulars to the branches, in force at such time, less the fixed annual percentage margin agreed upon between the Bank and the Customer (hereinafter in this part referred to as the "interim interest"). The interim interest for each of the interim periods shall be determined at each station, and shall be in force for the whole of such interim period until the date of the subsequent station and thereafter, until the end of the loan term.

52.4 At each station, the entire undischarged balance of the loan (principal, interest and linkage differentials on principal and interest) shall be revalued into 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 date each station commences until the date of the subsequent station, and thereafter until the end of the loan term.

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

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

52.6 Fixing of Interest

Notwithstanding the above provisions of this Clause 52, shortly prior to the end of each station, the Customer may notify the Bank in writing, on 14 days' notice, that he wishes to fix the interest on the entire loan balance for the remainder of the loan term. 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 was given to the Bank as aforesaid, in accordance with the tariff interest rate published in the Bank's circulars to its branches, in relation to fixed interest index-linked loans, for a period identical to the balance of the loan term in force at such time, less the margin stipulated in Clause 52.3 above.

The fixing of interest as aforesaid is conditional upon the Bank's circular in force on the date of the said station stipulating a tariff interest for fixed interest index-linked loans for a period identical to the remainder of the loan term as aforesaid.

The Customer hereby confirms that he has received and/or shall take upon myself to obtain from the Bank details regarding the periods in respect of which there is and/or shall be, at the time of the granting of the loan, tariff interest as aforesaid; however, the Bank does not undertake that such situation will not change in the future during the loan term.

It is also hereby acknowledged that if the Bank fixes the interest as aforesaid at the Customer's request, the Customer may not 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 is not fixed as provided in Clause 52.6 above, it is hereby agreed that shortly before any station the Customer may notify the Bank in writing, on 14 days' notice, that he wishes to change the interim period to another period of two, three, four or five years. The Bank shall change the interim period in accordance with the Customer's notice; however, the

last interim period shall not be less than two years. In the event that the last interim period created is 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 Customer's notice as aforesaid, the interest fixed for the new interim period shall be in accordance with the tariff interest published in the Bank's circular in force on the date of the station in relation to fixed interest index-linked loans for a period identical to the new interim period, less the margin stipulated in Clause 52.3 above.

So long as the Customer does not notify the Bank of his wish to change the interim period, the length of the interim period shall be as agreed between the Bank and the Customer as provided in Clause 52.2 above, and if the Customer notifies the Bank of his wish to change the interim period, the length of the interim period shall be as last changed by the Bank in consequence of the Customer's notice to the Bank.

52.8 The Bank's determination regarding 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 Clause 31 above, the Customer may pre-pay the entire undischarged balance of the loan (principal, interest and linkage differentials on the principal and interest) at any station, subject to the following cumulative conditions being fulfilled:**

53.1.1 **the Bank has received a suitable written request for pre-payment as aforesaid, at least 30 days before any station;**

53.1.2 **the necessary amounts for pre-payment as aforesaid have been deposited in the Customer's account at the Bank.**

53.2 **In the event of pre-payment pursuant to the provisions of this Clause, the Customer shall not be obliged to pay a pre-payment commission or penalty.**

54. **Warranty**

The Customer confirms that he has received and/or has taken upon himself to obtain clarifications from the Bank regarding the different and special implications of a variable interest index-linked loan and the possible risks inherent in a loan of such type.

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

55. **Foreign Currency-Linked Interest**

The loan shall bear annual nominal interest, linked to foreign currency, on the undischarged balance thereof, at the rate agreed upon between the Bank and the Customer, in accordance with the Bank's computations, from the date of the loan is granted until the date/s designated for the repayment thereof, such foreign currency - linked annual interest being adjusted by the rate stipulated in the repayment schedule that shall be sent to the Customer after the loan has been granted and which shall constitute an integral part hereof.

56. **Foreign Currency Linkage**

56.1 **The loan, the interest and all the other payments pursuant hereto shall be linked to the rise in the representative rate of the foreign currency.**

56.2 **"Foreign currency linkage" means any amount added to the principal and the interest accruing thereon pursuant to the terms and conditions of the loan as a result of linkage to the rise in the representative rate of the foreign currency.**

56.3 **The expression "foreign currency" means the foreign currency to which the loan is linked.**

56.4 **The expression the "base representative rate" means the representative rate determined on the date the foreign currency-linked loan amount is granted. If such day falls on a day on which no representative rate is determined, the base representative rate shall be the last representative rate determined prior thereto.**

56.5 **The expression the "new representative rate" means the representative rate determined on the date of effecting any payment (principal and interest), and if no representative rate is determined on such day, the new representative rate shall be the last rate determined prior thereto.**

57. **Payment Of Foreign Currency Linkage**

57.1 It is hereby agreed that the loan shall be fully linked (principal and interest) to the base representative rate and accordingly, if the new representative rate as defined above is higher than the base representative rate, the Customer shall make each payment (principal and interest) to the Bank

increased pro rata in accordance with the rise in the new representative rate as compared with the base representative rate; however, if the new representative rate is lower than the base representative rate, the Customer shall make the payment (principal and interest) in the amount stipulated in the repayment schedule.

- 57.2 In addition to the provisions of Clause 57.1 above, it is agreed that if the Customer defaults in paying any amount on account of principal or interest, the Customer shall pay such amount increased pro rata to the rise in the new representative rate compared with the base representative rate. The provisions of this Clause 57.2 shall not derogate from any other provision herein in respect of default in payment.
- 57.3 The Bank shall determine the manner, way and form of computing the linkage differentials pursuant to these linkage terms and the application thereof. The Bank's determination shall bind the Customer and the guarantors (if any) for all purposes.

Part B(6) - Foreign Currency-Linked Loan (Bearing LIBOR Interest)

58. Foreign Currency-Linked To LIBOR Interest

The loan shall bear annual nominal interest at the overall interest rate, as defined and within the meaning of Clause 60.1 below, on the undischarged balance of the loan, in accordance with the Bank's computations, from the date the loan is granted until the date/s designated for the repayment thereof. Notices regarding the annual nominal interest rate and the adjusted annual interest rate (hereinafter in this part referred to as the "notices") shall be sent to the Customer in respect of each interest period, as defined in Clause 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 has been granted. The repayment schedule and the notices shall constitute an integral part hereof.

59. Foreign Currency Linkage

- 59.1 **The loan and the interest stipulated in Clause 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 Clauses 56.2, 56.4 and 56.5 above shall also apply to a foreign currency - linked loan (bearing LIBOR interest) pursuant to this part.**

60. Determination And Computation Of LIBOR Interest

- 60.1 **The loan shall bear interest linked to the base representative rate. The interest shall be at a rate per annum equal to the "LIBOR rate" as defined below, together with the percentage margin agreed upon between the Bank and the Customer (hereinafter referred to as the "margin") (the LIBOR rate together with the margin is hereinafter referred to in this part as the "overall interest rate"). The LIBOR interest shall be determined for a period of three or six calendar months pursuant to the Gregorian calendar or any other period, as agreed between the Bank and the Customer at the time the loan is granted (hereinafter in this part referred to as the "interest period"). The overall interest rate on the loan shall be computed for each interest period on the undischarged balance of the loan which the Customer owes the Bank from time to time.**
- 60.2 **The expression "LIBOR" or "LIBOR rate" in this part shall mean the London Inter Bank Offered Rate, which is the interest rate offered to large banks on deposits in the relevant foreign currency (identical to the currency to which the loan is linked) in the London interbank market, for the interest period, as published at 11:00 am London time, two bank business days prior to the commencement of any interest period (hereinafter in this part referred to as the "interest determination date"). The source of information from which the LIBOR rate will be obtained is that appearing on the page in the Reuters system known as LIBOR01 or LIBOR02 or the page in the Bloomberg system known as BBAM or any other acceptable system - all as the Bank shall determine.**
- 60.3 It is hereby declared and agreed that if at any time the Bank determines (and every such determination shall bind the Customer for all purposes) that the Bank does not have suitable means for determining the LIBOR rate as provided in this Clause 60 above, the Bank shall determine the rate in consultation with economic experts chosen by the Bank.
- 60.4 The interest accruing in accordance with the overall interest rate for any 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 is 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 referred to as "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 the interest accruing with respect to every interest period shall be computed and paid as initially agreed.

If the Bank and the Customer come to 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 so determined.

61. Payment Of Foreign Currency Linkage

61.1 It is hereby agreed that the loan shall be fully linked (principal and interest) to the base representative rate and accordingly, if the new representative rate is higher than the base representative rate, the Customer shall make each payment (principal and interest) to the Bank increased pro rata in accordance with the rise in the new representative rate as compared with the base representative rate; however, if the new representative rate is lower than the base representative rate, the Customer shall make the payment (principal and interest) in the amounts stipulated in the repayment schedule and the notices.

61.2 In addition to the provisions of Clause 61.1 above, it is agreed that if the Customer defaults in paying any amount on account of principal or interest in accordance with the overall interest rate, the Customer shall pay such amount in default increased pro rata to the rise in the representative rate determined on the date of actual payment as compared with the base representative rate. In the event that the representative rate on the date of actual payment is lower than the representative rate on the agreed payment date stipulated in the repayment schedule, or lower than the base representative rate, the linkage differentials on the amount in default shall be computed in accordance with the higher of the said rates.

The provisions of this Clause shall not derogate from any other provision herein in respect of default in payment.

61.3 The Bank shall determine the manner, way and form of computing the linkage differentials pursuant to these linkage terms and the application thereof. The Bank's determination 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 (Bearing LIBOR Interest)

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 was granted.

63. Foreign Currency Interest

The loan shall bear interest per annum at the overall interest rate, within the meaning of Clause 64.1 below, on the undischarged balance of the loan, in accordance with the Bank's computations, from the date the loan is granted until the date/s designated for the repayment thereof. Notices regarding the interest rate per annum shall be sent to the Customer in respect of each interest period, as defined in Clause 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 has been granted. The repayment schedule and the notices shall constitute an integral part hereof.

64. Determination And Computation Of LIBOR Interest

64.1 **The loan shall bear interest at a rate per annum equal to the "LIBOR rate", together with the percentage margin agreed upon between the Bank and the Customer. The LIBOR interest shall be determined for a period of three or six calendar months pursuant to the Gregorian calendar or any other period, as agreed between the Bank and the Customer at the time the loan is granted (hereinafter in this part referred to as the "interest period"). The overall interest rate on the loan shall be computed for each interest period on the undischarged balance of the loan which the Customer owes the Bank from time to time.**

The expression "LIBOR" or "LIBOR rate" in this part shall mean the London Inter Bank Offered Rate, which is the interest offered to large banks on deposits in the relevant foreign currency (identical to the currency in which the loan is granted) in the London interbank market, for the interest period, as published at 11:00 am London time, two bank business days prior to the commencement of any interest period (hereinafter in this part referred to as the "interest determination date"). The source of information from which the LIBOR rate will be obtained is that appearing on the page in the Reuters system known as LIBOR01 or LIBOR02 or the page in the Bloomberg system known as BBAM or any other acceptable system - all as the Bank shall determine.

64.2 It is hereby declared and agreed that if at any time the Bank determines (and every such determination shall bind the Customer for all purposes) that the Bank does not have suitable means for determining the LIBOR rate as provided in this Clause 64 above, the Bank shall determine the rate in consultation with economic experts chosen by the Bank.

- 64.3 The provisions of Clause 60.5 above shall also apply to foreign currency loans (bearing LIBOR interest) pursuant to this part.
- 64.4 The interest accruing in accordance with the overall interest rate for any interest period, 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 last day of every interest period.

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

65. Foreign Currency Fixed Interest

The loan shall bear interest at the rate agreed upon between the Bank and the Customer, on the undischarged balance of the loan, in accordance with the Bank's computations, from the date the loan is granted until the date/s designated for the repayment thereof. The adjusted annual interest rate shall be stipulated in the repayment schedule to be sent to the Customer after the loan has been granted and which constitutes an integral part hereof.

66. The provisions of Clauses 60.5 and 62 above shall also apply to a fixed interest foreign currency 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 Foreign Currency Allowance For Use Abroad In Accordance With Type Of Credit Card

- 75.1 The Bank hereby notifies the Customer that from time to time the Bank determines a foreign currency allowance for use abroad for the holders of international credit cards (hereinafter in this Clause 75 referred to as a "foreign currency allowance") in accordance with the different types of credit cards.

- 75.2 The foreign currency allowance refers to all the uses made abroad, including the withdrawal of cash from Automated Teller Machines and at bank counters, and it is automatically renewed as follows:

International credit cards issued by Isracard Ltd and/or Europay (Eurocard) Israel Ltd (hereinafter in this part referred to as "Isracard" and/or by Poalim American Express Ltd (hereinafter in this part referred to as "American Express") - once every fourteen days.

International credit cards issued by Diners Club Israel Ltd and/or Israel Credit Cards Ltd (hereinafter in this part referred to as "Diners") (the allowance also relates to uses in Israel) - once every month.

International credit cards issued by Israel Credit Cards Ltd (hereinafter in this part referred to as "Visa") (except for international Visa credit cards issued every three months) - once every three months.

- 75.3 With regard to the international credit cards of Isracard and/or American Express, the amount of the foreign currency allowance is personal and applies to all credit cards of such type issued to the Customer at one branch of the Bank, in accordance with the higher allowance.

With regard to international Diners credit cards, the foreign currency allowance applies to all the credit cards of such type issued to the Customer in an account, in accordance with the higher allowance.

With regard to international Visa credit cards, the foreign currency allowance applies to all cards of such type held by the Customer.

- 75.4 If the Customer wishes to change the foreign currency allowance, he must apply for approval at the branch at which the account is maintained.
- 75.5 The Bank may, at its exclusive discretion, decline to honor withdrawals exceeding the allowance made available to the Customer, and reduce and/or cancel it - all as provided in the terms and conditions of the agreement entered into between the Customer and the Bank and the relevant credit card company.
- 75.6 The monthly debit statement sent to the Customer by the relevant credit card company shall state the foreign currency allowance available to the Customer, correct as at the date of the debit statement.
- 76. Purchases and uses made of the credit card abroad are subject to the legal provisions governing foreign currency control, as in force from time to time in Israel.
- 77. The relevant credit card company shall give the Controller of Foreign Currency reports on cash withdrawals and transactions abroad, as determined from time to time in the Israeli Foreign Currency Control Directives.
- 78. So long as there is no contradiction between the provisions of this part and the other provisions hereof, the other provisions herein shall also apply hereto.

CUSTOMER'S SIGNATURE:

DATE	NAME	SIGNATURE
ACCOUNT NO. _____ BRANCH _____		

