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MIZRAHI TEFAHOT BANK LTD

No. with the Registrar of Companies: 520000522

To	<u>Israel Securities Authority</u>	To	<u>Tel-Aviv Stock Exchange Ltd</u>	T460 (Public)	Date of transmission: March 6, 2019
	www.isa.gov.il		www.tase.co.il		Ref: 2019-01-019816

Amending report to an impaired report sent on March 6th, 2019 the reference no. of which is 2019-01-019651

The impairment:

The immediate ("original") report on the convening of a general meeting, which was published by the bank on February 25th, 2019 (reference no. 2019-01-016471) and its appendices were attached by error to the impaired report (i.e. the supplementary report dated March 6th, 2019, reference no. 2019-01-019651), in lieu of the supplementary immediate report and its appendices, in their updated version.

Reason for the impairment:

Technical error

Primary amendments made:

The amending report on the convening of a general meeting and its appendices are attached to this report (in lieu of the attachments attached by error to sections 3 and 4 of the impaired report).

The details added/supplemented by the report are as follows:

In Section 1.2.3 of the supplementary immediate report (i.e. the version of the proposed resolution to amend the bank's articles of association), in the amendment proposed for Regulation 89.2 of the bank's articles of association, in place of the words: "If directors who were candidates for reappointment at any annual meeting (hereinafter: 'the meeting to appoint directors') were not appointed, the tenure of which ended at the end of that annual meeting", it shall say, "if directors who were candidates for reappointment at any annual meeting (hereinafter: 'the meeting to appoint directors') are not reappointed, effective immediately (i.e. the commencement of the tenure of the aforesaid directors, who were appointed at the meeting to appoint directors, is contingent upon some condition which has yet to be fulfilled)".

In addition, an example to clarify the above amendment was added in Section 1.2.2 of the supplementary immediate report.

An identical amendment was made to the amended and marked version of the bank's articles of association, attached as Appendix B to the supplementary immediate report.

In addition, a clarification was added to Section 1.2.2 of the supplementary immediate report, in which, inter alia, it was said that the length of the tenure of the directors who were appointed at the annual meeting in 2018, is until the end of the annual meeting to be held in 2019.

The aforesaid amendments to sections 1.2.2 and 1.2.3 of the supplementary immediate report, as well as the amendment to Regulation 89.2 of the bank's articles of association (attached as Appendix B to the supplementary immediate report), as opposed to the version published by the bank on February 25th, 2019, are marked in red and either by an underline or a strikethrough; all other amendments to regulations 55, 89 and 92 of the bank's articles of association, as detailed in Section 1.2.3 of the immediate report published by the bank on February 25th, 2019 and in Appendix B of this immediate report, are marked in black and either by an underline or a strikethrough.

It is hereby clarified that there has been no change to the effective date which determines the eligibility to participate and vote at the general meeting; and likewise, no change has been made to the date of the general meeting itself.

Immediate Report of a Meeting

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

Explanation: Insofar as any of the matters on the meeting's agenda is the approval of a transaction with a controlling shareholder or the approval of an extraordinary proposal, Form T133 or T138 must be filled first, respectively, and thereafter a report should be filed on this form as well.

Is there a possibility to vote through the electronic voting system: Yes

Note: The possibility of selecting this field is only for corporations that are not registered in Israel.

The corporation announces: *The convening of a meeting*

Note: In the event of a change to the meeting's date (postponement or a move forward), choose "meeting postponement" or "court-ordered postponement" or "postponement to an unknown date".

The reference number of the last meeting notice is 2019-01-019651. It was called for April 2nd, 2019.

Reason of postponement or cancellation: _____

Explanation: The reference number of the previous meeting's convening or postponement should be referenced.

1. Type of security: *Share*

Name of the entitling security: *Regular shares of NIS 0.1 N.V.*

The number of the security on the Tel-Aviv Stock Exchange entitling the holder thereof to participate at the meeting: *695437*

The effective date for entitlement to attend the meeting and vote thereat: *March 3rd, 2019.*

Explanation: If a meeting is required for more than one security number, a T460 must be filed separately for any additional security. Reports listing additional security numbers will require the filing of an amending form.

2. On *February 25th, 2019*

it was resolved to *convene a meeting special meeting* _____

to be held on *Tuesday, April 2nd, 2019*, at 15:00

at the following address: *7 Jabotinsky Street (13th Floor), Ramat-Gan*

3. On the agenda:

Explanation: The numbering of the agenda topics shall be according to the order of their appearance in the meeting's convening report, if attached as a file.

Issues/resolutions which will be raised at the meeting:

1

The issue/resolution and its details:

Appointment of an outside director.

The proposed resolution:

To appoint Mr. Abraham Neyman as an outside director at the bank, per the meaning of this term in the Companies Law, 5759-1999 (who also meets the qualifications of an outside director under the Proper Conduct of Banking Business Directive in the matter of the Board of Directors, issued by the Supervisor of Banks), for an additional service period of three (3) years (a third tenure), to commence on April 11th, 2019, subject to the Supervisor of Banks not announcing her objection to the appointment or announcing her consent thereto.

Additional details:

For additional details, see Section 1.1 of the immediate report (dated February 25th, 2019) on the convening of the special general meeting regarding this matter, as well as Mr. Abraham Neyman's statement, which is attached as Appendix A to the aforesaid immediate report.

Appointment/Tenure extension of an outside director per Articles 239(b) or 245 of the Companies Law.

Notice: A value in this table sets the text of the shareholder's declaration in the online voting system. For the conversion table, [click here](#).

Reference to the last report on the subject of approving a private proposal (T138):

Not a transaction between the company and a controlling shareholder therein as stated in Articles 275 and 320(f) of the Companies Law.

Reference to the last report on the subject (T133):

Explanation of the article in the Companies Law or the Securities Law or in another law for the approval of the resolution:

Explanation: In a transaction with a controlling shareholder that does not fit any field in the law articles table, the fields "Declaration: No appropriate classification field exists" and "Yes" transaction with controlling shareholder should be selected.

Only in the event of a bonds meeting or that this is not a transaction with a controlling shareholder and no appropriate field can be found in the table, should the relevant articles of the law by power of which the resolution is required be detailed and explained.

Does the issue require the disclosure of a connection or another characteristic of the voting shareholder:

Notice: These values can only be selected if the field "Declaration: No appropriate classification field exists" was marked in the previous table and the transaction at hand is not between the company and its controlling shareholder.

In the event of a bonds meeting

The existence of another issue has been decided:

Details of the other issue:

Notice: The details of the other issue establish the text of the declaration which will be included in the online voting system. The question must be worded so as to have a "Yes/No" answer. The question will appear in the voting system next to the resolution on the agenda and the voter will be able to choose between "Yes"/"No" and be able to add details if the answer is "Yes".

It was decided to require additional information from the holders:

Details of the additional information required from the holders or manner of meeting convention (in the event of a meeting according to 350):

Notice: This field establishes the text of the requirement for additional information which will be included in the online voting system. The voter will have the possibility to add the information in a text field.

- Amendment of a disclosure
- Negligible amendment or one that only benefits the company compared with the text of a resolution detailed in a last report.
- Off the agenda
- The subject was discussed in a previous meeting
- The subject was added to the agenda by court order
- The subject was added to the agenda according to Regulation 5b of the Companies Regulations (Notice of General Meetings and of Category Meetings in a Public Company, and Addition of an Issue to the Agenda) 5760-2000
- The subject was added to the agenda after the effective date due to a technical error, as specified:

Explanation: After the effective date, a resolution cannot be amended except an amendment of the transaction conditions that benefits the company or a negligible change. Likewise, new issues cannot be added to the agenda after the effective date, except by court order or in accordance with Regulation 5B of the Notice of General Meetings Regulations.

The resolution on the agenda is brought to *a vote*

Type of majority required for approval *is not an ordinary majority*

The majority required at the general meeting and at a deferred meeting is an ordinary majority of the shareholders present at the general meeting, who are entitled to vote and voting thereat, provided that one of the following takes place:

a. The counting of the majority votes at the general meeting will include a majority among the votes of shareholders who are not controlling shareholders at the company or have personal interest in the approval of the appointment, except for a personal interest not deriving from his connections with the controlling shareholder, who are participating in the vote; in the counting of the total votes of the aforesaid shareholders, abstaining votes will not be taken into account;

b. The total opposing votes of the shareholders referred to in SS a. above does not exceed two percent (2%) of the total voting rights in the bank.

Does the rate of the controlling shareholder's holdings of the corporation's shares bestow the controlling shareholder with the required majority to accept the proposed resolution in this matter *No*

2

The issue/resolution and its details:

Description of the nature of the issue:

The amendment of regulations 55, 89 and 92 of the bank's articles of association.

The proposed resolution:

To amend regulations 55, 89 and 92 of the bank's articles of association, per the amended, marked version detailed in Section 1.2.3 of the amending immediate report (dated March 6th, 2019) on the convening of the special general meeting on this matter, and to approve the aforesaid amended version, which includes the proposed amendments.

Additional details:

For further details, see Section 1.2 of the amending immediate report (dated March 6th, 2019) on the convening of the special meeting on this matter.

Amendment of the Articles of Association per Article 20 of the Companies Law

Notice: A value in this table sets the text of the shareholder's declaration in the online voting system. For the conversion table, [click here](#).

Reference to the last report on the subject of approving a private proposal (T138):

Not a transaction between the company and a controlling shareholder therein as stated in Articles 275 and 320(f) of the Companies Law.

Reference to the last report on the subject (T133):

Explanation of the article in the Companies Law or the Securities Law or in another law for the approval of the resolution:

Explanation: In a transaction with a controlling shareholder that does not fit any field in the law articles table, the fields "Declaration: No appropriate classification field exists" and "Yes" transaction with controlling shareholder should be selected.

Only in the event of a bonds meeting or that this is not a transaction with a controlling shareholder and no appropriate field can be found in the table, should the relevant articles of the law by power of which the resolution is required be detailed and explained.

Does the issue require the disclosure of a connection or another characteristic of the voting shareholder:

Notice: These values can only be selected if the field “Declaration: No appropriate classification field exists” was marked in the previous table and the transaction at hand is not between the company and its controlling shareholder.

In the event of a bonds meeting

The existence of another issue has been decided:

Details of the other issue:

Notice: The details of the other issue establish the text of the declaration which will be included in the online voting system. The question must be worded so as to have a “Yes/No” answer. The question will appear in the voting system next to the resolution on the agenda and the voter will be able to choose between “Yes”/”No” and be able to add details if the answer is “Yes”.

It was decided to request additional information from the holders:

Details of the additional information requested from the holders or manner of meeting convention (in the event of a meeting according to 350):

Notice: This field establishes the text of the request for additional information which will be included in the online voting system. The voter will have the possibility to add the information in a text field.

- Amendment of a disclosure
- Negligible amendment or one that only benefits the company compared with the text of a resolution detailed in a last report.
- Off the agenda
- The subject was discussed in a previous meeting
- The subject was added to the agenda by court order
- The subject was added to the agenda according to Regulation 5b of the Companies Regulations (Notice of General Meetings and of Category Meetings in a Public Company, and Addition of an Issue to the Agenda) 5760-2000
- The subject was added to the agenda after the effective date due to a technical error, as specified:

Explanation: Following the effective date, a resolution cannot be amended except an amendment of the transaction conditions that benefits the company or a negligible change. Likewise, new issues cannot be added to the agenda after the effective date, except by court order or in accordance with Regulation 5B of the Notice of General Meetings Regulations.

The resolution on the agenda is brought to *a vote*

Type of majority required for approval *an ordinary majority*.

Does the rate of the controlling shareholder's holdings of the corporation's shares bestow the controlling shareholder with the required majority to accept the proposed resolution in this matter *No*

Attachment of the report on the convening of the meeting:
consolidatedamending_isa.pdf

4. Attached:
Yes a voting paper
No position paper

1
On _____
The company received a position paper, per its meaning in Article 88 of the companies Law 5759-1999 from _____
in connection with an issue which will be raised for discussion at the convened general meeting.
See page _____ for the position paper file.

Amending_votingpaper_isa.pdf

No statement of Mr. Neyman to serve as corporate director
No statement of an independent director
Yes statement of an outside director

_____ statement of a representative's appointment to representation
_____ amended deed of trust
_____ an application to approve a creditors' arrangement under Article 350
_____ other _____

Short_statement_appendix_a_isa.pdf

Explanation: If a voting paper and/or a position notice are attached, it must be verified that they have been prepared in accordance with the provisions of the Companies Regulations (Written Votes and Position Papers), 5766-2005.

Link to the voting system website where voting may take place: [The voting system](#)
Explanation: Those who are entitled to vote through the system will receive access information from stock exchange members.

5. The legal counting for holding the meeting:

The legal counting for holding the general meeting will be constituted upon the presence, in person or by proxy, of two shareholders holding at least twenty- five

percent (25%) of the voting rights, within half an hour from the time set for the beginning of the meeting.

6. In the absence of a legal counting, the postponed meeting will be held on *April 10th, 2019 at 15:00*, at the following address: *7 Jabotinsky Street, Ramat-Gan*

No meeting shall be held in the absence of a legal counting.

7. The times and place where any proposed resolution which was not described in full in the above description of the agenda may be perused:

At the bank's offices, 7 Jabotinsky Street, Ramat-Gan, during the bank's standard business hours, until the time set for the meeting.

Meeting identifier: *2019-01-016471*

Note: The meeting identifier is the reference of the initial report. In the initial report on the meeting, the field will remain empty.

The above report was signed by Ms. Maya Feller, Bank Secretary.

Reference numbers of previous documents concerning the issue reported herein (the mention does not constitute inclusion by way of reference):

2019-01-012327 2019-01-016471 2019-01-19651

Securities of a Corporation Listed for Trading on the Tel Aviv Stock Exchange Form structure revision date: February 19, 2019

Abbreviated Name: Mizrahi Tefahot

Address: 7 Jabotinsky Street, Ramat Gan, 52520 Tel:03-7559720 Fax:03-7559923

E-mail: Company website:

mangment@umtb.co.il <https://www.mizrahi-tefahot.co.il>

Previous name of the reporting entity: United Mizrahi Bank Ltd

Name of the person reporting electronically: Position: Name of Employing
Feller Maya Bank Secretary Company:

Address: 7 Jabotinsky Street, Ramat Gan, 52520 Tel: 03-7559720 Fax: 03-7559923 E-mail: mangment@umtb.co.il

Mizrahi Tefahot Bank Ltd

Amending report dated March 6th, 2019
(for the supplementary report dated
March 6th, 2019)

Re: Amending Immediate Report on the Convening of a Special General Meeting

Pursuant to the Companies Law, 5759-1999 (hereinafter: “**the Companies Law**”); the Companies Regulations (Notice of General Meetings and of Category Meetings in a Public Company, and Addition of an Issue to the Agenda) 5760-2000; and the Securities Regulations (Periodic and Immediate Reports) 5730-1970 (hereinafter: “**the Periodic And Immediate Report Regulations**”), Mizrahi Tefahot Bank Ltd. (hereinafter: “**the Bank**” or “**the Company**”) hereby announces the convening of a special general meeting (hereinafter: “**the general meeting**”) on Tuesday, April 2nd, 2019, at 15:00, at the Bank’s offices, 7 Jabotinsky Street, Ramat-Gan, 13th floor.

1. The issues on the agenda of the general meeting and a summary of the proposed resolutions

1.1 Appointment of Mr. Abraham Neyman as an outside director, under the Companies Law

1.1.1 Description of the nature of the issue:

Appointment of an outside director at the Bank, per this term’s meaning under the Companies Law (hereinafter: “**outside director under the Companies Law**”).

1.1.2 The principle facts required to understand the matter:

- a. Mr. Abraham Neyman was first appointed as an outside director under the Companies Law on April 11th, 2013, for a service period of three (3) years. Pursuant to this, Mr. Neyman was reappointed as an outside director under the Companies Law for an additional service period of three (3) years (a second tenure), which commenced on April 11th, 2016 and shall end on April 10th, 2019. Prior to his first appointment and prior to his reappointment (to a second tenure), the Board of Directors evaluated Mr. Neyman as a director with accounting and financial expertise, per this term’s definition in the Companies Regulations (Conditions and Criteria for a Director with Accounting and Financial Expertise and for a Director with Professional Qualifications) 5766-2005 (hereinafter:

“the Regulations on Conditions and Criteria for Expertise and Qualifications”). In addition, on February 19th, 2015, as well as prior to his reappointment (to a second tenure), the Board of Directors also evaluated Mr. Neyman as having professional qualifications, per the Regulations on Conditions and Criteria for Expertise and Qualifications.

On February 25th, 2019, the Board of Directors once again reevaluated (for the sake of good order) Mr. Neyman as having accounting and financial expertise and as having professional qualifications, per the aforesaid regulations.

- b. It is proposed to appoint Mr. Abraham Neyman as an outside director under the Companies Law (who also meets the qualifications of an outside director under Proper Conduct of Banking Business Directive No. 301 (hereinafter: **“Directive 301”**)) for an additional service period of three (3) years (a third tenure), commencing on April 11th, 2019, subject to the Supervisor of Banks not announcing her objection to the appointment or announcing her consent thereto.
- c. Mr. Neyman’s candidacy for an additional service period of three (3) years was proposed by the Bank’s Board of Directors under Article 245(a1)(2) of the Companies Law.
- d. The Bank hereby refers to the details on Mr. Abraham Neyman required by Regulation 26 of the Periodic and Immediate Report Regulations, as these were included in the periodic report for 2017, which was published by the Bank on February 27th, 2018 (reference no. 2018-01-019303) (hereinafter: **“Periodic Report”**), subject to the update detailed below. This mention constitutes inclusion by way of reference to all information included in this matter in the aforesaid Periodic Report.

The change in the details specified regarding Mr. Neyman in the Periodic Report, with respect to Regulation 26 of the Periodic and Immediate Report Regulations, is that on December 31st, 2018, Mr. Neyman ceased his service as a director at Abraham Neyman Investments Ltd.

- e. Mr. Neyman has given a statement to the Bank, per Articles 224b. and 241 of the Companies Law, which is attached as **Appendix A** to this immediate report.
- f. It is hereby clarified that the remuneration that shall be paid to Mr. Neyman as an outside director under the Companies Law shall be per the resolution on directors' remuneration, as detailed in the immediate report submitted by the Bank on June 19th, 2017 (reference no. 2017-01-051271); this mention constitutes inclusion by way of reference to all information included in this matter in the aforesaid immediate report.

It is further clarified that Mr. Neyman is entitled to the exemption, indemnification and insurance of officers, as approved by the Bank's general meeting, as detailed in Section 1.4 of the amended immediate report published by the Bank on December 7th, 2015 (ref. no. 2015-01-175365); Section 1.2 of the amended immediate report published by the Bank on July 24th, 2018 (ref. no. 2018-01-069970); and the immediate report published by the Bank on September 6th, 2018 (ref. no. 2018-01-083194).

1.1.3 The Audit Committee has examined the existence of an "affinity" to the Bank, per Article 240 of the Companies Law, regarding having accounts at the Bank by Mr. Neyman and his wife, and by third parties, as detailed below:

- a. (1) Mr. Neyman and his wife are customers of the Bank and have accounts at the Bank, under the ordinary course of business.
- (2) A body which may be counted among those prohibited from having an affinity to the Bank, under Article 240 of the Companies Law, is a customer of the Bank and has accounts at the Bank, under the ordinary course of business.
- (3) Mr. Neyman is a shareholder at a private company (hereinafter: "**Private Company**"); negotiations (which are at their beginning) between the Private Company and investors, including another company (hereinafter: "**Other Company**") have led to the signing of a (non-binding) summary of terms, according to which, the Other Company is expected to invest in the Private Company and become a

shareholder therein, if and insofar as the transaction is completed (hereinafter: “**Transaction**”).

The Other Company is controlled by a holdings company (hereinafter: “**Holdings Company**”), which guarantees to the Bank credit received by the companies held by it, which have accounts at the Bank, under the ordinary course of business.

- b. The Audit Committee, in its meeting on February 21st, 2019, approved the following, based on facts presented to it and based on Mr. Neyman’s statements:

“Affinity” to the Bank (per its meaning in Article 240 of the Companies Law) is not to be attributed to Mr. Neyman in the matter of the connections specified above in subsection a.; alternatively, even if these connections may constitute an “affinity” as aforesaid, these would merely be negligible connections, in the Bank’s view and in Mr. Neyman’s view (and that of his wife, in the matter of the connections stated in subsection a.(1) above); as such, they do not constitute an “affinity” under Regulation 5(a) of the Companies Regulations (Matters Which Do Not Constitute Affinity) 5766-2006 (hereinafter: “**Regulations Regarding A Lack of Affinity**”); and in the matter of the connections stated in subsection a.(3) above, also under Regulation 5(b) of the Regulations Regarding A Lack of Affinity; this, *inter alia*, with attention to the details below:

- (1) In the matter of the connections specified above in subsection a.(1) – since these accounts do not carry debt (including credit), the accounts carry only liability reserves, held at the Bank under the ordinary course of business, which by their nature and quality do not create a dependence of the customer upon the Bank in which they are held.
- (2) In the matter the connections specified above in subsection a.(2) - since these accounts do not carry debt (including credit), the accounts carry only liability reserves (monetary deposits made to the Bank, under the ordinary course of business). It is further noted that the deposit of the aforesaid monetary deposits are considered interchangeable

transactions, which could have been made at another commercial bank under the ordinary course of business. Furthermore, Mr. Neyman has never been involved in any way in the relations between the Bank and the body making the deposits (as stated in subsection a.(2) above).

- (3) In the matter the connections specified above in subsection a.(3) (insofar as the Transaction may be completed) – since the Private Company and the Other Company are not Bank customers, and neither do they have accounts at the Bank. Likewise, the relations between Mr. Neyman and the Other Company (insofar as the Transaction may be completed) shall amount only to being shareholders at the Private Company, without a mutual voting agreement regarding the exercise of their rights to the Private Company. In accordance with this, considering the nature and quality of the relations, Mr. Neyman and the Other Company cannot be considered ‘partners’, per this term’s meaning in Article 240 of the Companies Law. Alternatively, even if they are seen as ‘partners’, as aforesaid, the business relationships between the Bank and the Holdings Company and the companies held by it (hereinafter: “**Group of Companies**”) are not to be attributed to Mr. Neyman; this, *inter alia*, since the Other Company is not in control of the Group of Companies (which are Bank customers), but rather a subsidiary of the Holdings Company; and as such, it is not included among the companies to which the relationships between the Group of Companies and the Bank should be attributed;

Alternatively (and for the sake of prudence), even if the business relationships between the Group of Companies and the Bank were to be attributed to the Other Company, then all circumstances of the matter considered, these should be seen as merely negligible connections in Mr. Neyman’s view, which mirrors the view of the Bank; this, *inter alia*, considering that the holdings and rights of Mr. Neyman and the Other Company at the Private Company (insofar as the

transaction may be completed) will be separate from each other and independent of each other. In addition, Mr. Neyman is not an officer at the Private Company, is not entitled to any remuneration from the Private Company, is not involved in the running of the Private Company's current business operations, his livelihood is not dependent upon the Private Company, the investment in the Private Company constitutes a negligible percentage of his total assets; and neither is he involved in the banking relations between the Group of Companies and the Bank.

Considering all circumstances, as detailed above, there is no genuine concern that the handling of the accounts at the Bank, as detailed in subsection a. above, could affect the independence of Mr. Neyman's discretion in his tenure as an outside director at the Bank.

1.1.4 Text of the proposed resolution

To appoint Mr. Abraham Neyman as an outside director at the Bank under the Companies Law (who also meets the qualifications of an outside director under Directive 301) for an additional service period of three (3) years (a third tenure), to commence on April 11th, 2019, subject to the Supervisor of Banks not announcing her objection to the appointment or announcing her consent thereto.

1.1.5 The majority required to approve Mr. Neyman's appointment as an outside director at the Bank under the Companies Law

The majority required at the general meeting and at a deferred meeting to approve Mr. Abraham Neyman's appointment as an outside director at the Bank under the Companies Law, as stated in Section 1.1.4 above, is an ordinary majority of the shareholders present at the meeting, who are entitled to vote and voting thereat, provided that one of the following takes place:

- a. The counting of the majority votes at the general meeting will include a majority among the votes of shareholders who are not controlling shareholders at the Bank or have personal interest in the approval of the appointment, except for a personal interest not deriving from his connections with the controlling shareholder, who are participating in the vote; in the counting of the total votes

of the aforesaid shareholders, abstaining votes will not be taken into account;

- b. The total opposing votes of the shareholders referred to in Subsection a. above does not exceed two percent (2%) of the total voting rights in the Bank.

A shareholder participating in the vote, with regard to the resolution detailed above in this Section 1.1, shall notify the Company prior to voting at the meeting; and if the vote is through a voting paper – shall mark in the designated place in the second part of the voting paper attached to this immediate report whether he is considered a controlling shareholder at the Bank or any party on behalf thereof, or whether he has a personal interest in the approval of the appointment, or whether he does not, and also describe the relevant affinity, if any. Should a shareholder fail to notify or mark as aforesaid, or if he has marked and not described as aforesaid, his vote shall not be counted.

In this report – “**personal interest**” – an individual’s personal interest in any activity or transaction of a company, including the personal interest of his relative and another corporation wherein he or his relative are interested parties, excluding personal interest arising from holding shares at the company, including the personal interest of an individual voting by power of attorney granted to him by another individual even if the other has no personal interest; likewise, the vote of an individual who has been granted power of attorney to vote on behalf of an individual who has personal interest will be considered as a vote by the holder of the personal interest, and all whether the judgment in the vote is that of the voter or not.

1.2 **The Amendment of Regulations 55, 89 and 92 of the Bank’s Articles of Association**

- 1.2.1 Description of the nature of the issue: The amendment of Regulations 55, 89 and 92 of the Bank’s Articles of Association, regarding the appointments of directors at the Bank’s general meeting and the length of their tenure; this amendment does not apply in the matter of the appointments of outside directors, per this term’s meaning in the Companies Law, and does not apply in the matter of the appointments of outside directors, per this term’s meaning in the Proper Conduct of Banking Business Directive in the matter of the Board of Directors,

issued by the Supervisor of Banks (hereinafter, jointly: “**Outside Director**”).

1.2.2 The principle facts required to understand the issue:

It is proposed to amend regulations 55, 89 and 92 of the Bank’s Articles of Association, per the amended, marked version detailed in Section 1.2.3 below, including that which is detailed henceforth:

a. Regulation 89:

- (1) In accordance with the amendment proposed for the Bank’s Articles of Association, directors shall be appointed at the annual meeting; and the length of their tenure, except Outside Directors, shall be until the end of the third annual meeting held after the annual meeting at which their appointment was approved (this in place of “until the conclusion of the first annual meeting following their appointment”, as established in the current version of the Bank’s Articles of Association).
- (2) It is further proposed to establish in the Articles of Association that despite the aforesaid in Subsection (1) above, if directors who were candidates for reappointment at any annual meeting and their tenure period ended at the conclusion of that annual meeting (hereinafter: “**the meeting to appoint directors**”) are not reappointed, effective immediately (i.e. the commencement of the tenure of the aforesaid directors, who were appointed at the meeting to appoint directors, is contingent upon some condition which has yet to be fulfilled), then these directors shall continue in their tenure until the end of the third annual meeting held after the meeting to appoint directors, unless their tenure was terminated earlier, in accordance with the law.
Thus, for example, if a resolution to reappoint a director was passed at the annual meeting, according to which the commencement of the new tenure was subject to the Supervisor of Banks not announcing objection to the appointment or announcing consent thereto, this director would continue to serve under the conditions detailed above.

It is hereby clarified that should the Supervisor of Banks' notice received after the annual meeting contain an objection to the aforesaid appointment, the director's tenure would be terminated, in accordance with the law, as described above.

- b. Regulation 92: In accordance with the amendment proposed for the Bank's Articles of Association, directors who are appointed at a special general meeting, except Outside Directors, shall end their tenure at the end of the third annual meeting held after the special general meeting at which their appointment was approved (this in place of "at the end of the annual meeting following their appointment", as established in the current version of the Bank's Articles of Association).
- c. Regulation 55: Furthermore, pursuant to the amendments proposed for Regulations 89 and 92, as detailed above, it is proposed to amend Regulation 55 of the Bank's Articles of Association, so that the agenda of the annual meeting may include the appointment of directors and the determination of their terms of employment (this in place of the current version of the Articles of Association, according to which the agenda of the annual meeting shall include the appointment of directors and the establishment of their terms of employment).

It is hereby clarified that in accordance with Regulation 89.1 of the Bank's Articles of Association, per its version prior to the approval of the amendments proposed in Section 1.2.3 below, the tenure length of the directors appointed at the 2018 annual meeting is until the end of the annual meeting that will be held in 2019. It is further clarified that in accordance with Regulation 89.3 of the Bank's Articles of Association (for which no amendment has been proposed), directors whose tenure has ended may be reappointed.

1.2.3 Text of the proposed resolution

It is proposed to amend Regulations 55, 89 and 92 of the Bank's Articles of Association, in accordance with the amended and marked version below, and to approve the amended version below which

includes the proposed amendments (marked by an underline and a strikethrough¹):

“55. The agenda at the annual general meeting may include the appointment of directors and the determination of their terms of employment, as well as the following matters:

55.1 a discussion on the Company's financial statements and the board of directors' report on the state of the Company's affairs, which is submitted to the general meeting

~~55.2 the appointment of directors and the determination of their employment terms;~~

~~55.3~~ 55.2 the appointment of an auditor;

~~55.4~~ 55.3 the board of directors' report on the auditor's remuneration for the audit and for other services, if any;

~~55.5~~ 55.4 in addition to the aforesaid, any other matter specified on the agenda may be included on the annual meeting's agenda, as provided in article 58 below.

A general meeting as aforesaid shall be called an "annual meeting" and any other general meeting shall be called a "special meeting".

...

89. 89.1 The directors shall be appointed at the annual meeting, and they shall hold office, save for the external directors, until the conclusion of the ~~first~~ third annual meeting following their appointment.

89.2 Notwithstanding the aforesaid, if directors who were candidates for reappointment at any annual meeting ~~and their term of tenure ended at the conclusion of that annual meeting~~ (hereinafter: “the meeting to appoint directors”) are not appointed, effective

¹ The amendments to the Bank's Articles of Association, which are detailed in Section 1.2.3 above and in Appendix B of this report, are marked by an underline or a strikethrough in red, compared to the version published by the bank on February 25th, 2019; all other amendments to Regulations 55, 89 and 92 of the Bank's Articles of Association, as detailed in Section 1.2.3 of the immediate report published by the Bank on February 25th, 2019 and in Appendix B of this immediate report, are marked either by an underline or a strikethrough in black.

immediately (i.e. the commencement of the tenure of the aforesaid directors, who were appointed at the meeting to appoint directors, is contingent upon some condition which has yet to be fulfilled), then these directors shall continue in their tenure until the end of the third annual meeting held after the meeting to appoint directors, unless their tenure was terminated earlier, in accordance with the law. ~~the directors appointed at the previous annual meeting shall continue to hold office~~

89.3 Directors whose terms of office have terminated may be re-elected.

...

92. The Company may, at a special meeting, appoint an additional director or additional directors to the Company, whether to fill the office of a director which has been vacated for any reason or as an additional director or additional directors, provided that the number of director shall not exceed the maximum number specified in article 87 above. Directors appointed as aforesaid, save for the external directors, shall cease to hold office at the end of the third annual meeting following ~~their appointment~~ the special meeting at which their appointment was approved."

An amended and marked version of the Bank's Articles of Association, per the amendments detailed above in this Section 1.2.3, is hereby attached as **Appendix B** (the amendments are marked by an underline and a strikethrough)².

1.2.4 The majority required for the approval of the proposed amendments to the Bank's Articles of Association

The majority required at the general meeting and at a deferred meeting to approve the proposed amendments to the Bank's Articles of Association, as stated in Section 1.2 above, is an ordinary majority of the shareholders present at the meeting, who are entitled to vote and have voted thereat, without taking abstaining votes into account.

2. **Location and Time of the Meeting's Convening**

² See footnote (1) above.

- 2.1 The general meeting will convene on Tuesday, April 2nd, 2019, at 15:00, at the Bank's offices, 7 Jabotinsky St., Ramat-Gan, 13th floor (hereinafter: "**Bank's Offices**"). If the meeting is deferred, it will be held on April 10th, 2019, at the same time and place.
- The date for determining the entitlement of shareholders to vote at the general meeting, as stated in Article 182 of the Companies Law, shall be March 3rd, 2019 (hereinafter: "**Effective Date**").
- 2.2 The legal counting for holding the general meeting will be constituted upon the presence, in person or by proxy, of two shareholders with at least twenty-five percent (25%) of the voting rights, within half an hour from the time scheduled for the beginning of the meeting.
- 2.3 The Bank's controlling shareholders' holdings of the Bank's issued and outstanding capital shall not grant the Bank's controlling shareholders the majority required to approve the resolutions on the agenda of the general meeting.
- 2.4 A shareholder is entitled to vote at the general meeting, in person or through an agent granted power of attorney to vote. In addition, a shareholder is entitled to vote at the general meeting at the vote to approve the resolution specified above in Section 1.1.4 via voting paper, as detailed below (hereinafter: "**Written Vote**" or "**Voting Paper**").
- 2.5
- 2.5.1 In addition, an unregistered shareholder (i.e. a person to whom shares are registered with a TASE member, and those shares are also included in the Shareholder Registry under a registration company's name) (hereinafter: "**Unregistered Shareholder**") is also entitled to vote through an electronic Voting Paper, which shall be transferred to the Bank through the electronic voting system (hereinafter: "**Electronic Voting System**") up to 6 hours prior to the meeting.
- 2.5.2 An Unregistered Shareholder may, at any time, announce by writing to the TASE member through which he holds shares that he is not interested in being included on the list of those entitled to vote through the Electronic Voting System (as it was set at the Effective Date). If he has done so, then the TASE member shall not deliver information about him according to the Companies Regulations (Written Votes and Position Papers) 5766-2005, as long as no other instruction has arrived from the Unregistered Shareholder. Such instructions from shareholders, as stated above, shall be delivered to the TASE member

no later than 12:00 noon on the Effective Date, with regard to the securities account and not particular securities held in the account.

- 2.6 A Written Vote will be made through the second part of the Voting Paper, attached to this immediate report as **Appendix C**. The Voting Paper and the documents which must be attached thereto (hereinafter: “**Attached Documents**”), as provided in the Voting Paper, should be delivered to the Bank’s Offices up to 4 hours prior to the convening of the meeting (with respect to an Unregistered Shareholder) and up to 6 hours prior to the convening of the meeting (with respect to a registered shareholder). In this regard, the “time of delivery” shall be the time at which the Voting Paper and the Attached Documents arrive at the Bank’s Offices.
- 2.7 The document appointing an agent to vote (hereinafter: “**Letter of Appointment**”) and the power of attorney under which the Letter of Appointment was signed (if any) or a copy thereof, certified to the Bank’s satisfaction, is to be prepared and signed by the appointer or by an agent authorized therefor in writing; and if the appointer is a corporation, will be signed in a manner such that binds the corporation. The Letter of Appointment will be deposited at the Bank’s Offices no later than 48 hours prior to the time scheduled for the beginning of the meeting.
- 2.8 The address of the Israel Securities Authority’s distribution site and the website of the Tel-Aviv Stock Exchange Ltd, on which the voting papers and position papers are posted:
- 2.8.1 The distribution site of the Israel Securities Authority:
<http://www.magna.isa.gov.il/>
- 2.8.2 The website of the Tel-Aviv Stock Exchange Ltd: <http://maya.tase.co.il/>
- 2.9 A shareholder is entitled to approach the Bank directly to receive the text of the Voting Paper and position papers therefrom.
- 2.10 An Unregistered Shareholder is entitled to receive a link to the text of the Voting Paper and position papers on the distribution site via e-mail from the TASE member through which he holds his shares, free of charge, unless he has notified the TASE member that he does not wish to receive such a link, or that he wishes to receive voting papers by regular mail in return for payment; a notice regarding voting papers shall also apply to receiving position papers.
- 2.11 A shareholder whose shares are registered with a TASE member may receive the ownership confirmation at a branch of the TASE member or by mail, if he has requested it. A request in this matter shall be given in advance regarding a

particular securities account.

An Unregistered Shareholder may instruct that his ownership confirmation be transferred to the Bank through the Electronic Voting System.

- 2.12 2.12.1 A Voting Paper shall be valid with respect to an Unregistered Shareholder only if an ownership confirmation has been attached thereto, or if such a confirmation has been transferred to the Bank through the Electronic Voting System.
- 2.12.2 The Voting Paper shall be valid with respect to a shareholder according to Article 177(2) of the Companies Law (i.e. those registered as a shareholder in the Shareholder Registry) only if a photocopy of one's identification card, passport or incorporation certificate is attached thereto.
- 2.13 The Bank's address for the delivery of voting papers and position papers: The Bank's Offices at 7 Jabotinsky Street, Ramat-Gan
- 2.13.1 The deadline for the delivery of position papers to the Bank: Up to 10 days before the meeting.
- 2.13.2 The deadline for the delivery of the Board of Directors' response to the position papers: Up to 5 days before the meeting.
- 2.14 2.14.1 Attention is directed to Article 34(a1) of the Banking (Licensing) Law 5741-1981, according to which:
- “A person shall not make an agreement with another in regard to their vote for the appointment of a director in a banking corporation or in a Bank holding corporation, including in regard to their vote for his dismissal, except under a permit issued by the Governor, after consulting with the Licensing Committee; this provision shall not apply [...] or to a holder of means of control who agrees with another that the other will vote in his name and on his behalf without any discretion, as the said holder of means of control instructs him, provided that if the other holds, on his own behalf, means of control in the banking corporation or in the Bank holding corporation, as the case may be, he shall not vote in the name and on behalf of more than one other holder”.***
- 2.14.2 From the aforesaid instructions it arises, *inter alia*, that where concerns the appointment of the outside director, as detailed in Section 1.1 above, a voting proxy who is also a shareholder at the

Bank may only vote in the name of and on behalf of one other shareholder, as detailed in the aforesaid instructions.

3. Any holder of securities at the Bank voting at the meeting on the resolution in Section 1.1.4 on the agenda, regarding the appointment of outside director Mr. Abraham Neyman, who is an interested party at the Bank (per its definition in Article 1 of the Securities Law 5728-1968), a senior officer at the Bank (per its definition in Article 37(d) of the Securities Law 5728-1968), institutional body (per its definition in the Supervision of Financial Services (Insurance) Law 5741-1981) or fund manager (per its definition in the Joint Investment Trust Law 5721-1961) is required to notify the Bank, prior to voting at the meeting, with the following details regarding the manner of his vote at the meeting:

- 3.1 The identity of the voter: For an individual, first name and last name; for a corporation, the name of the corporation and its number;

- 3.2 The amount of securities by which power the vote was made;

- 3.3 The voting manner;

- 3.4 Whether the voter has a personal interest or another characteristic, as determined in the table in the addition to the Companies Regulations (Written Votes and Position Papers) 5766-2005;

- 3.5 Additional connections between the voter and the Company, a controlling shareholder or a senior officer therein, with specifications regarding the nature of the connections;

- 3.6 If the voting is by proxy, such details shall be given with respect to both the grantor of the power of attorney and the proxy.

4. **Adding an Issue to the Agenda**

After the publication of this report, there may be changes to the agenda, including the addition of an issue thereto, and position papers may be published; it will be possible to review the current agenda and published position papers in the Bank's reports on the distribution site.

One or more shareholder(s) who hold(s) shares representing at least 1% of the voting rights at the general meeting of the Bank may request the Board of Directors to include an issue on the agenda of the meeting up to 7 days after the notice regarding the convening of the meeting, provided that the issue is appropriate for a discussion at the annual general meeting.

Should the Board of Directors find that the issue requested to be included on the agenda is appropriate for a discussion at the annual general meeting, the Bank shall prepare an updated agenda and an amended Voting Paper, insofar as this may be required, which

will be published no later than 7 days after the final date to produce a request to include another issue on the agenda, as stated above. It is clarified that the publication of an updated agenda, as stated above, shall not change the Effective Date as set forth in this report.

5. **Details regarding the Bank's representative in respect of the handling of this report**

Racheli Friedman, Adv., Chief Legal Advisor, Mizrahi Tefahot Bank Ltd, 7 Jabotinsky St., Ramat-Gan, Tel: 03-7559500, Fax: 03-7559655

6. **Perusal of Documents**

This immediate report and the full text of the proposed resolutions may be perused at the Bank's offices, Tel: 03-7559720, during standard business hours, until the time scheduled for the meeting.

**Respectfully,
Maya Feller
Bank Secretary**

Date: February 21st, 2019

To

Mizrahi Tefahot Bank Ltd (hereinafter: “**the Bank**” or “**the Company**”)

Statement of an Outside Director

Pursuant to Section 224B, 240 and 241 of the Companies Law, 5759-1999 (“**the Companies Law**”)

I, the undersigned, **Abraham Neyman**, bearer of ID No. **004526372**, hereby state in writing as follows:

1. I am a resident of Israel.
2. 2.1 I am not a relative of the controlling shareholder and I and/or my relatives and/or my partners and/or my employers and/or any person to whom I am directly or indirectly subordinate and/or any corporation in which I am a controlling shareholder, do not have at the time of appointment and have not had, over the two years prior to the time of appointment as a director, any affinity to the Company, the Company’s controlling shareholder, a relative of the controlling shareholder or any other corporation.
- 2.2 I and/or my relatives and/or my partners and/or my employers and/or any person to whom I am directly or indirectly subordinate and/or any corporation in which I am a controlling shareholder, do not have, business or professional ties with the company, the company’s controlling shareholder, any relative of the controlling shareholder or any other corporation, even if such ties are not on a regular basis.

In this matter,

“**affinity**”: the existence of work relations, the existence of regular business or professional relations or control, as well as service as an officer, except for the service of a director appointed to serve as an outside director (per its meaning in the Companies Law) at a company about to offer shares to the public for the first time.

“**other corporation**”: a corporation in which the controlling shareholder, at the date of the appointment or in the two years prior to the appointment, is the Company or its controlling shareholder.

“**relative**”: a spouse, sibling, parent, grandparents, child; as well as a child, sibling, or parent of the spouse, or the spouse of any of these.

The aforesaid in my statement in Section 2 above is excluding the holding of accounts at the Bank, by myself and by my wife, as well as by third parties (hereinafter, jointly: “**connections**”), due to which, as I was told, the Audit Committee confirmed that I am not to be attributed “affinity” to the Bank (per its meaning in Article 240 of the Companies Law). Alternatively, the Audit Committee confirmed that even if these connections may constitute an “affinity” as aforesaid, these would merely be negligible connections, in the Bank’s view and in my view and that of my wife; as such, they do not constitute an “affinity” under Regulation 5 of the Companies Regulations (Matters Which Do Not Constitute Affinity) 5766-2006.

3. I have not received, in addition to the remuneration and reimbursement of expenses to which I am entitled, any direct or indirect consideration for my service as a director at the Bank.
4. My position and/or other occupations do not and may not create conflict of interest with my position as a director at the Company and they do not impair my ability to serve as a director at the Company.
5. To the best of my knowledge, none of the Company’s directors serve as outside directors, per its meaning in the Companies Law, in companies in which I am a director.
6. I am not an employee of the Israel Securities Authority nor of an Israeli stock exchange.
7. I hereby declare that I comply with the requirements for my appointment as an outside director, per its meaning in the Companies Law (“**Outside Director According to the Companies Law**”), which are established in Article 240(a) through (f) of the Companies Law, as well as requirements for my appointment as an outside director, per its meaning in Proper Conduct of Banking Directive no. 301 Regarding the Board of Directors, issued by the Supervisor of Banks (“**Outside Director According to the Supervisor’s Directives**”) and I have not served as a director at the Bank for over nine consecutive years (and in this regard, discontinuance of service which does not exceed two years will not be considered as discontinuing the sequence of service).
8. I have the required qualifications and ability to dedicate the appropriate amount of time, to the performance of my duties as an Outside Director According to the Companies Law and as an Outside Director According to the Supervisor’s Directives considering, *inter alia*, the Bank’s special needs and size.

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

8.1 **Education:**

Ph.D. Philosophy (Mathematics) – the Hebrew University in Jerusalem

8.2 Experience:

8.2.1 Between 1982 and 1990 – Professor at the Institute of Mathematics and the Department of Economics at the Hebrew University in Jerusalem.

Between 1990 and 2015 - Professor at the Institute of Mathematics and the Center for the Study of Rationality at the Hebrew University in Jerusalem.

In 2015, I retired, and as of this date I am an emeritus professor.

8.2.2 I serve as a director at the following companies: Abraham Neyman Ltd, NAE Holdings Ltd, bidorbuy.com (chairman of the Board of Directors), TLD Holdings Ltd (chairman of the Board of Directors).

9. In view of the aforesaid in Section 8, I evaluate myself as having “accounting and financial expertise” and having “professional qualifications”, per these terms’ definitions in the Companies Regulations (Conditions and Criteria for a Director with Accounting and Financial Expertise and for a Director with Professional Qualifications) 5766-2005.
10. I have read Articles 226 and 227 of the Companies Law, and I hereby declare that the limitations provided in these articles do not apply to me. The instructions of these articles, in their wording at the time of my statement’s signing, are detailed in the appendix attached to this statement which constitutes an inseparable part thereof.
11. I am aware that my statement will be attached to the immediate report that the Bank will publish on the matter of convening a general meeting, upon the agenda of which, *inter alia*, shall be my reappointment as a director at the Bank for third tenure.

In witness whereof I have hereunto set my hand:

Date: February 21st, 2019

Signature: [**Abraham Neyman**]

Articles 226 and 227 of the Companies Law 5759-1999

Article 226 of the Companies Law

- (a) A person convicted by a conclusive judgment of one of the following offenses shall not hold office as a director at a public company or a private company which has issued corporate bonds, unless five years have passed from the date on which the judgment by which he was convicted was passed:
- (1) offenses under articles 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 5737-1977, and under articles 52C, 52D, 53(a) and 54 of the Securities Law.
 - (2) conviction by a court outside Israel of the offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information.
- (a1) A person convicted by a conclusive judgment of an offense which is not listed in sub-article (a) shall not hold office as a director at a public company or a private company which has issued corporate bonds, if the court has determined that due to its nature, severity or circumstances, he is not fit to serve as a director at a public company or a private company which has issued corporate bonds, for the period determined by the court, which shall not exceed five years from the date on which the judgment was passed.
- (b) A court may determine, at the date of the conviction or thereafter, at the request of a person seeking to be appointed as a director, that despite his conviction of offenses specified in sub-article (a) - and taking into account, *inter alia*, the circumstances in which the offense took place – he is not precluded from holding office as director of a public company or a private company which has issued corporate bonds; or that the period during which he is precluded from holding office as director of a public company or a private company which has issued corporate bonds is shorter than five years.
- (c) The Minister may prescribe additional offenses to those specified in sub-article (a)(1).

Article 227 of the Companies Law

- (a) No person who is a minor; incompetent; declared bankrupt so long as he is not discharged; nor a corporation that has resolved to enter into voluntary liquidation or in respect of a liquidation order has been issued shall be appointed director.

- (b) A candidate to hold office as director to whom the aforesaid in sub-article (a) applies shall disclose this to the appointer.

**ARTICLES OF ASSOCIATION
OF
MIZRAHI TEFAHOT BANK LTD**

- * The text of the Articles of Association was approved by the general meeting on March 23rd, 2000.
- * At a general meeting convened on November 3rd, 2005, it was resolved to change the name of the Company from United Mizrahi Bank Limited to Mizrahi Tefahot Bank Ltd. The validity of the resolution was conditional upon the approval of the Registrar of Companies as provided in Section 31 of the Companies Law, 5759 – 1999. Such approval was received on November 7th, 2005.
- * At a general meeting convened on May 14th, 2006, it was resolved as follows:
 - a. To increase the authorised capital of the Bank, by NIS 10,000,000 which shall be divided into 100,000,000 ordinary shares of NIS 0.1 n.v. each, so that after the said approval of the increase of the authorised capital, the authorised capital of the Bank shall be NIS 40,000,000 n.v. divided into 400,000,000 ordinary shares of NIS 0.1 n.v. each. This amendment appears in Section 11 of the Memorandum: Likewise:
 - b. Pursuant to the enactment of the Companies Law (Amendment No. 3), 5765-2005, to amend the following articles in the Articles of Association of the Bank: Article 1.1 (definition of "shareholder") 14.1.2, 56, 59, 86, 100, 106, 107, 123, 124, 141, 143, 144, 145 and 177, all as provided in the Immediate Report published by the Bank on April 4th, 2006, Reference No. 2006-01-0353076.
- * At a general meeting convened on November 9th, 2011, it was resolved to amend the following articles in the Articles of Association of the Bank regarding indemnity and insurance: 1, 142 to 145 and 146A, in consequence of the enactment of the Increasing of Effectiveness of Enforcement Proceedings at the Israel Securities Authority (Legislative Amendments) Law, 5771-2011, including the indirect amendment of the Companies Law, 5759-1999, as provided in paragraph 1.1 and Appendix "A" to the Immediate Report published by the Bank on October 3rd, 2011 (Reference No. 2011-01-290787).
- * At a general meeting convened on September 20th, 2012, it was resolved as follows:
 - a. To amend the following articles in the Articles of Association of the Bank, regarding indemnity and insurance: 1, and 142 to 145, inter alia, in consequence of the enactment of the Stricter Enforcement on the Capital Market (Legislation) Law, 5771-2011 and the Restrictive Trade Practices (Amendment No. 13) Law, 5772-2012, which amended the Restrictive Trade Practices Law, 5748-1988, as provided in paragraph 1.5 and Appendix "B" to the Immediate Report published by the Bank on August 15th, 2012 (Reference No. 2012-01-211839);
 - b. In addition, to amend the following articles in the Articles of Association of the Bank 1 (in addition to the amendments detailed in sub-paragraph a. above), 48, 88, 90, 91, 92A, 95, 98A to 99B.4, 108, 109, 116 and 122. The said amendments are based, inter alia, on the

provisions of the Banking (Legislative Amendments) Law, 5772-2012, Proper Conduct of Banking Business Directives, with regard to a board of directors, issued by the Supervisor of Banks, and amendments to the Companies Law, 5759-1999, as provided in paragraph 1.7 and Appendix "B" to the Immediate Report published by the Bank on August 15th, 2012 (Reference No. 2012-01-211839)

* At a general meeting convened on March 8th, 2016, it was resolved as follows:

- a. To add a definition to the terms "control" and "controlling shareholder" in Article 1.1 of the Bank's Articles of Association.
- b. To amend Article 141 of the Bank's Articles of Association, in the matter of an officer's exemption from liability.
- c. To amend scribble errors in Articles 142.5 and 144.5 of the Bank's Articles of Association.

* At a general meeting convened on December 28th, 2016, it was resolved as follows:

- a. To amend Article 59 of the Bank's Articles of Association, regarding the publication of a notice and an advertisement on the convening of a general meeting.
- b. To add Article 183 to the Bank's Articles of Association regarding exclusive jurisdiction.

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MIZRAHI TEFAHOT BANK LTD

ARTICLES OF ASSOCIATION

Introduction

1. 1.1 In these articles, unless the context otherwise admits:

"person" or "persons" - includes a corporation;

"in writing" or "written" - handwriting, print, typewriting, photocopy, telex, facsimile or any other legible form;

"shareholder" - anyone who is a shareholder, as hereinafter defined in article 14, on the determining date as stipulated in section 182 of the Companies Law, if there is a determining date for such matter;

"registered shareholder" - a shareholder entered in the Company's shareholders' register;

"unregistered shareholder" - a shareholder within the meaning thereof in section 177(1) of the Law;

"the Company" - Mizrahi Tefahot Bank Ltd.;

"the Law" or "the Companies Law" - the Companies Law, 5759-1999, as shall be from time to time, and any regulations promulgated by virtue thereof;

"the secretary" - whoever is appointed as the Company's secretary;

"the register" or "the shareholders' register" - the Company's register of shareholders which must be kept in accordance with the Law;

"the office" or "the registered office" - the Company's office, whose address shall be recorded at the Registrar, as shall be from time to time;

"the Ordinance" or "the Companies Ordinance" - the Companies Ordinance (New Version), 5743-1983, as shall be from time to time, and any regulations promulgated by virtue thereof;

"legally incapacitated" - within the meaning thereof in the Legal Capacity and Guardianship Law, 5722-1962, a minor who has not reached 18 years of age and

an undischarged bankrupt;

"special majority" - a majority of 75% of all the votes of the shareholders present at a general meeting or class meeting, as the case may be, who are entitled to vote and vote thereat, without taking into account the votes of abstainees;

"ordinary majority" - an ordinary majority of all the votes of the shareholders present at a general meeting or class meeting, as the case may be, who are entitled to vote and vote thereat, without taking into account the votes of abstainees;

"year" or "month" - shall be reckoned according to the Gregorian calendar;

"corporation" - a company, partnership, co-operative society, amuta and any other corporate or unincorporated body of persons;

"these articles" or "the articles" - these articles of association, as altered from time to time.

1.2 Any expression in these articles that has not been defined above shall bear the meaning attributed thereto in the Companies Law, unless the context otherwise admits; words appearing in the singular shall incorporate the plural, and vice versa, and words appearing in the masculine gender shall incorporate the feminine gender.

1.3 The headings in these articles are designated for convenience purposes only and shall not be used in the interpretation hereof.

1.4 Wherever it is determined in these articles that the provisions hereof shall be subject to the provisions of the Ordinance or the Companies Law or any other law, the intention is the provisions of the Ordinance or the Companies Law or any other law which may not be subjected to conditions, unless the context otherwise admits.

1.5 The provisions which may be qualified in the Companies Law shall apply to the Company, insofar as not otherwise provided herein and insofar as there is no contradiction between them and the provisions hereof.

The Company's Name

2. The Company's name is as follows:

2.1 in Hebrew - Bank Mizrahi Tefahot Be' Am;

2.2 in English - Mizrahi Tefahot Bank Ltd.

Limitation of Liability

3. The shareholders' liability is limited, as provided in the Company's memorandum of association.

The Company's Objects

4. The Company's objects are as provided in the Company's memorandum of association.

Donations

5. The board of directors may donate reasonable amounts for worthy objects, even if the donation is not within the framework of the Company's business considerations.

Business

6. The Company may at any time engage in any branch or type of business which it is expressly or impliedly permitted to engage in pursuant to article 4 above. The Company may also cease to engage in such business, whether or not it has commenced engaging in such branch or type of business.

The Registered Office

7. The Company's registered office shall be in Tel Aviv, at the address determined by the board of directors, as altered from time to time.

The Articles

8. The Company may alter these articles in a resolution passed at the general meeting by an ordinary majority.

9. A resolution passed at the general meeting by the majority required to alter the articles, as

mentioned in article 8 above, which alters any of the provisions hereof, shall be deemed a resolution to alter these articles, even if this is not expressly stated in the resolution.

10. Subject to the provisions of the Companies Law, alterations hereto shall be valid from the

date of passing the resolution thereon in the Company or from a later date specified in the resolution.

Authorised Share Capital

11. The Company's authorised share capital is NIS 40,000,000 divided into 400,000,000 ordinary shares of NIS 0.1 n.v. each. The Company may alter the authorised share capital in accordance with the provisions of the Companies Law and these articles.

The Shares

12. Each ordinary share in the Company's capital shall rank equally, for all intents and purposes, with any other ordinary share, including in respect of the right to dividend, bonus shares and participation in a distribution of the Company's surplus assets on winding up, pro rata to the nominal value of each share, without having regard to any premium paid thereon, and all subject to the provisions hereof.

13. Each of the ordinary shares shall vest the holder thereof with the right to participate in the

Company's general meeting and to one vote thereat.

14. 14.1 14.1.1 A shareholder in the Company is one who is registered as a shareholder in the shareholders' register, one in whose favor a share is registered with a stock exchange member, where such share is included amongst the shares recorded in the Company's shareholders' register in the name of a nominee's company, and one holding a share deed issued by the Company, as stipulated in article 36 below.

14.1.2 (a) A shareholder who is a trustee shall report the same to the Company, and the Company shall record him in the shareholders' register, whilst noting his trusteeship, and he shall be deemed to be a shareholder for the purposes of the Companies Law. Without derogating from the aforesaid, the Company shall recognize a

trustee, as aforesaid, as a shareholder, for all intents and purposes, and shall not recognize any other person, including the beneficiary, as holding any right in the share.

(b) The provisions of article 14.1.2(a) shall not apply to a shareholder as defined in section 177(1) of the Companies Law, unless a reporting obligation applies to him pursuant to any other provision at law.

14.2 Without derogating from the aforesaid and subject to the provisions hereof, save for the Company's shareholders, as mentioned in article 14.1 above, no person shall be recognised by the Company as holding any right to a share and the Company shall not be bound by and shall not recognise any equitable benefit, fiduciary relationship, contingent, future or partial, interest in any share or in any benefit in a fraction of a share or any other interest in respect of a share, save for the right of a shareholder as stipulated in article 14.1 above in a share in its entirety, unless a competent court otherwise directs.

Share Certificates

15. The certificates attesting to a proprietary right in shares shall bear the Company's stamp and the signatures of two directors, or of one director together with the Company's general manager or secretary.

The board of directors may resolve that the signatures shall be effected mechanically, as determined by the board of directors.

16. Save where the issue terms of shares otherwise provide:

16.1 Every registered shareholder is entitled to receive from the Company, on his request, without payment, within two months of the allotment or registration of the transfer, one certificate attesting to his title to the shares registered in his name. The Company shall not refuse the demand of a registered shareholder to receive a number of certificates instead of one certificate, unless the demand is

unreasonable, in the board of directors' opinion. A shareholder who has sold or transferred some of his shares shall be entitled to receive, without payment, a certificate in respect of his remaining shares;

16.2 a registration company is entitled to receive from the Company, at its request, without payment, within two months of the allotment or registration of the transfer, as shall be relevant, a certificate attesting to the number of shares and the class of shares recorded in its name in the shareholders' register.

17. Subject to the provisions of the Companies Law, each certificate shall detail the quantity of shares in respect of which it has been issued, their nominal value and their serial numbers.

18. A certificate relating to a share registered in the name of two or more persons shall be delivered to the person whose name appears first in the shareholders' register in relation to such share, unless all the registered holders of the share instruct the Company in writing to deliver it to another registered holder.

19. If a share certificate is defaced, spoiled, lost or impaired, the board of directors may issue

a new certificate in its stead, provided that the share certificate is furnished to the Company and destroyed by it, or it is proven to the board of directors' satisfaction that the certificate has been lost or destroyed and the Company receives guarantees to the board of directors' satisfaction for any possible damage.

Payments for Shares

20. All the shares in the Company's issued capital shall be fully paid up shares.

Forfeiture of Shares

21. Without derogating from the provisions of article 20 above, the board of directors may forfeit a share allotted by the Company and sell it, if the consideration undertaken by the shareholder, or any part thereof, is not paid to the Company, and the provisions of the Companies Law shall apply in such regard.

Transfer and Transmission of Shares

22. Any share transfer recorded in the shareholders' register in the name of a registered shareholder, including a transfer by or to the registration company, shall be effected in writing, as provided in article 23 below, provided that the transfer instrument is signed by hand alone, by the transferor and the transferee, or on their behalf, and sent to the registered office or any other place determined by the board of directors for such object. Subject to the provisions of the Companies Law, a share transfer shall not be recorded in the shareholders' register until a transfer instrument has been sent to the Company as provided above; the transferor shall continue to be deemed the holder of the transferred shares until the transferee's name is recorded in the shareholders' register as the holder of the transferred shares.

23. A share transfer instrument shall be drawn up in writing, in the following form or in a form

as similar thereto as possible, or in another form approved by the board of directors:

"I _____ of _____, ID No. _____ (hereinafter referred to as the "transferor") transfer to Mr _____, ID No. _____ of _____ (hereinafter referred to as the "transferee"), in consideration for NIS _____ which he has paid me, the shares of class _____ of NIS _____ n.v. each which are marked with the numbers _____ to _____ (inclusive) of _____ Ltd, and they shall be held by the transferee pursuant to the same terms on which I held them at the time of signing this instrument, and I, the transferee, agree to accept the aforementioned shares on these terms.

As witness our hands this ___ day of _____.

The Transferor's Signature The Transferee's Signature

Witness to Transferor's Signature Witness to Transferee's Signature"

24. The Company may close the shareholders' register for a period of time determined by the

board of directors, provided that it does not exceed, in total, 30 days in any year. Share transfers shall not be recorded in the register whilst it is closed.

25. Subject to the provisions of these articles or the issue terms of shares of any class, the shares may be transferred without the need for the board of directors' approval.

26. Every transfer instrument shall be submitted to the office or any other place determined by

the board of directors for registration, together with the share certificates in respect of the shares to be transferred and any other proof required by the board of directors regarding the transferor's proprietary right or his right to transfer the shares. Transfer instruments that are registered shall be kept by the Company but any transfer instrument which the board of directors refuses to register shall be returned to the person who submitted it, on his request.

27. If the board of directors refuses to approve a share transfer, it shall notify the transferor thereof no later than one month from the transfer instrument's receipt.

28. A transfer instrument shall only relate to one class of shares, unless the board of directors

otherwise determines.

29. The Company shall be entitled to collect payment for the transfer's registration, in the amount determined by the board of directors, from time to time, which shall be reasonable having regard to the circumstances of the case.

30. Subject to the provisions of the Companies Law and these articles, if it is proved to the Company to the board of directors' satisfaction and in ways determined by it that the legal conditions for the transmission of the right to shares recorded in the register have been fulfilled, the Company shall recognize the transmittee, and him alone, as holding the right to the said shares.

31. 31.1 Subject to the provisions of these articles, the Company shall alter the registration of title to shares in the shareholders' register if the Company is given a court order to amend the register or if it is proved to the Company, to the board of directors'

satisfaction and in the manner determined by it, that the legal conditions for transmission of the right to the shares have been fulfilled, and the Company shall not recognize any right of a person in shares before his right has been proven as aforesaid.

31.2 Without derogating from the aforesaid, the board of directors may refuse to effect registration or delay it, as it might have done had the registered holder of the share transferred the share himself prior to the right's transmission.

32. Subject to the provisions of the Companies Law and these Articles, a person becoming entitled to a share as provided in article 30 above shall be entitled to dividends and other rights in respect of the share as though he were the registered holder of the share, even if he has not yet been recorded as such; however, prior to being recorded in the shareholders' register in respect of the share, he shall not be entitled by virtue of the share to benefit from any right of a shareholder with regard to the Company's meetings.

33. Notwithstanding the aforesaid, the board of directors may, at any time, make demand of the person entitled to a share as mentioned in article 30 above to himself be registered in the register or to transfer the share to another. If the said demand is not complied with within 60 days of being sent, the board of directors may withhold dividends or other rights in respect of the share, until the demand is complied with. If a demand is made as aforesaid, such shall be deemed the board of directors' approval to register the person entitled to the share as the holder thereof in the Company's shareholders' register; however, the directors shall retain their right to refuse to approve the share's transfer to another in accordance with the provisions of article 31.2 above.

34. The Company may destroy share transfer instruments after six years have elapsed from the registration; the Company may also destroy share certificates which have been cancelled, after three years have elapsed from the cancellation thereof, and there shall be a prima facie presumption that all the transfer instruments and certificates destroyed as aforesaid were fully valid and that the transfers, cancellations and registrations, as the

case may be, were duly effected.

35. The board of directors may recognize a waiver of a share allotment by the allottee in favor

of another, on such terms as it determines.

Bearer Shares

36. A share deed issued by the Company grants the bearer the right to the shares included therein; these shares may be transferred by delivering the deed to the transferee and the provisions of these articles regarding share transfers shall not apply to the shares included in the share deed. The board of directors may determine, by way of vouchers or otherwise, the manner of paying dividends or granting other rights in respect of the shares included in the deed.

37. A shareholder holding a share deed may return the deed to the Company for the cancellation thereof and the conversion thereof into a registered share. Upon the cancellation, the shareholder's name shall be recorded in the shareholders' register, stating the number of shares registered in his name, as required by the Companies Law.

38. A shareholder holding a share deed may deposit the share deed at the office or any other place determined for such purpose by the board of directors and after 48 hours have elapsed from the deposit, and so long as the share deed remains deposited as aforesaid, the depositor shall have the right to sign a requisition to convene a general meeting of the Company, to participate in any general meeting of the Company, to vote thereat and to exercise the other rights given to a shareholder at any general meeting, as though his name were recorded in the shareholders' register as the holder of the shares included in the deposited share deed. Only one person shall be recognized as the depositor of a particular share deed. The Company shall return the share deed to the depositor within 48 hours of receiving a written demand from the depositor for the share deed's return.

If the Company is given bank confirmation of the deposit at the bank of a share deed in favor of the shareholder, stating the name, identity and address of the depositor and the

bank's undertaking to notify the Company of the deposit's cancellation at least 48 hours prior to returning the share deed to the depositor, the share deed shall be deemed, for the purpose of this article, as though deposited at the Company's office from the date of the confirmation's receipt by the Company until the date on which the Company's receives notice from the bank of the deposit's cancellation, or until the date on which the board of directors learns that the deposit has been cancelled, whichever is the earlier.

39. Unless expressly otherwise provided in these articles, a person holding a share deed may not sign a requisition to convene a general meeting of the Company or participate in a general meeting or vote thereat and may not exercise other rights of a shareholder at general meetings of the Company; however, the holder of the share deed shall be a shareholder in the Company and shall have, in all other respects, all the rights as though his name were recorded in the shareholders' register as the holder of the shares included in the share deed.

40. The board of directors may, if it deems fit, determine and alter, from time to time, the terms for issuing a new share deed or a new voucher instead of a share deed or voucher issued in the past by the Company; however, the board of directors shall not issue a share deed or voucher as aforesaid unless the previous voucher or share deed together with all the vouchers issued in respect thereof and not yet paid are given to the Company for cancellation, or it is proved to the board of directors' satisfaction that they have been destroyed or if the board of directors agrees thereto in its absolute discretion, and the Company is given a guarantee or indemnity, to the board of directors' full satisfaction, to cover any damage that might be occasioned as a result thereof.

Alterations to Capital

41. The Company may, in a resolution passed at the general meeting by an ordinary majority,

increase the Company's authorized share capital, in such classes of shares, as it determines.

42. Subject to the provisions of the Companies Law, the Company may, in a resolution

passed at the general meeting by an ordinary majority:

42.1 consolidate all or any of its shares and divide them into shares of a nominal value greater than the nominal value of its existing shares;

42.2 sub-divide all or any of its shares into shares of a nominal value smaller than the nominal value of its existing shares;

42.3 reduce the Company's capital.

For the purpose of implementing any resolution as aforesaid, the board of directors may settle any difficulty arising in such regard at its discretion.

43. Without derogating from the generality of the board of directors' authority, as mentioned

above, if shareholders are left with fractions of a share as a result of a consolidation or sub-division as aforesaid, the board of directors may, at its discretion, act as follows:

43.1 allot each shareholder who has been left with a fraction of a share, as a result of the consolidation or sub-division, shares of the class of shares which would have existed in the Company's capital prior to the consolidation or sub-division, in such number, whereby the consolidation of which, with the fraction would create one whole share, and an allotment as aforesaid shall be deemed to take effect just before the consolidation or sub-division, as the case may be;

43.2 determine the manner of paying the amounts payable for the shares allotted as provided in article 43.1 above, including the manner of paying the amounts on account of bonus shares;

43.3 determine that the holders of fractions of shares shall not be entitled to receive a whole share in respect of a fraction of a share;

43.4 determine that shareholders shall not be entitled to receive a whole share in respect of a fraction of a whole share of a certain nominal value or less and shall be entitled to receive a whole share in respect of a fraction of a whole share whose nominal value is greater than the said nominal value;

43.5 determine that fractions of shares that do not entitle the holders thereof to a

consolidated share shall be sold by the Company and the sale proceeds shall be paid to the persons entitled thereto, on the terms and in the manner specified in the resolution.

44. The Company may, in a resolution passed at the general meeting by an ordinary majority,

cancel authorized share capital not yet allotted, provided that the Company has not undertaken, including conditionally, to allot the shares.

Alteration of Rights

45. Any time the share capital is divided into various classes, the Company may, in a resolution passed at the general meeting by an ordinary majority, convert, widen, add to, reduce or otherwise alter the rights attached to a particular class of shares, provided that the written agreement of all the holders of the shares of such class is received or that the resolution is approved in a general meeting of the holders of the shares of such class by a special majority or, where the issue terms of a particular class of the Company's shares otherwise provide, as provided in the issue terms of such class.

46. The provisions herein regarding general meetings shall apply mutatis mutandis to any class meeting, provided that a quorum at a class meeting of at least two shareholders holding at least one half of the issued shares of such class; shall be present, in person or by proxy, at the time the meeting proceeds to business. However, if no quorum is constituted as aforesaid, the class meeting shall be adjourned to another time and at the adjourned meeting a quorum of any number of participants shall be deemed to be present, regardless of the number of shares held by them.

47. The rights vested in the shareholders or the holders of a class of shares issued with ordinary, preferred or other special rights shall not be deemed to have been converted, reduced, impaired or otherwise altered by the creation or issue of additional shares of any class, whether ranking equally with them or of a preferred or different rank, and shall not be deemed to have been converted, reduced, impaired or otherwise altered by the alteration of the rights attached to shares of any other class, unless expressly otherwise

provided in the issue terms of such shares.

The Issue of Shares and Other Securities

48. The board of directors may issue shares and other securities convertible or exercisable into shares, up to the limit of the Company's authorized share capital; in such regard, convertible securities which are convertible or exercisable into shares shall be deemed to have been converted or exercised on the issue date. Without derogating from the generality of the aforesaid, the board of directors may issue the shares and other securities, as aforesaid, grant options for the purchase thereof or vest them in another manner, to such persons as determined by it, and at the times and prices and on the terms determined by it, and it may make any other provision in connection therewith, including provisions regarding the manner of distributing the shares and securities issued by the Company amongst the purchasers thereof, including in the case of oversubscription, in the board of directors' discretion.

49. Without derogating from the generality of the aforesaid, and subject to the provisions of the Companies Law and these articles, the board of directors may determine that the consideration for the shares shall be paid in cash or by way of assets in specie, including by way of securities or in any other manner, in its discretion, or that the shares shall be allotted as bonus shares or that the shares shall be allotted for a consideration equal to or higher than their nominal value, in units or in series, on the terms and at the times determined by the board of directors, at its discretion.

50. The board of directors may resolve to pay commission or subscription fees to any person at the time of subscribing or agreeing to subscribe or procuring subscriptions or assuring subscriptions for shares or debentures or other securities of the Company. The board of directors may resolve that brokerage fees shall be paid on an issue of securities of the Company, in cash, in shares of the Company or in other securities issued by the Company, or in any other way, or partly in one way and partly in another, and all subject to the provisions of any law.

Redeemable Securities

51. Subject to the provisions of the Companies Law, the Company may issue redeemable securities on the terms and in the manner determined by the board of directors, in its discretion.

Additional Shareholders' Register

52. The Company may keep an additional shareholders' register outside Israel on the conditions stipulated in such regard in the Companies Law.

General Meetings

53. The Company's resolutions on the following matters shall be passed at the general meeting:

53.1 alterations to the Company's articles or memorandum of association;

53.2 the exercise of the board of directors' powers by the general meeting, if the board of directors is unable to exercise its powers and the exercise of any of its powers is essential for the Company's proper management, as provided in section 52(a) of the Companies Law;

53.3 the appointment of the Company's auditor and the termination of his employment;

53.4 the appointment and dismissal of the Company's directors;

53.5 approval of acts and transactions requiring the general meeting's approval pursuant to the provisions of sections 255 and 268 to 275 of the Companies Law;

53.6 an increase and reduction in the authorized share capital in accordance with the provisions of sections 286 and 287 of the Companies Law and alterations to capital as stipulated in article 42 above;

53.7 a merger as stipulated in section 320(a) of the Companies Law;

53.8 any resolution which, pursuant to these articles, must be passed by the general meeting.

54. The Company shall hold an annual general meeting each year by no later than the end of 15 months from the last annual meeting, at the time and place determined by the board of directors.

55. The agenda at the annual general meeting may include the appointment of directors and the determination of their terms of employment, as well as the following matters:

55.1 a discussion on the Company's financial statements and the board of directors' report on the state of the Company's affairs, which is submitted to the general meeting;

~~55.2 the appointment of directors and the determination of their employment terms;~~

~~55.3~~ 55.2 the appointment of an auditor;

~~55.4~~ 55.3 the board of directors' report on the auditor's remuneration for the audit and for other services, if any;

~~55.5~~ 55.4 in addition to the aforesaid, any other matter specified on the agenda may be included on the annual meeting's agenda, as provided in article 58 below.

A general meeting as aforesaid shall be called an "annual meeting" and any other general meeting shall be called a "special meeting".

56. The Company's board of directors shall convene a special meeting, pursuant to its resolution, and on the requisition of any of the following:

56.1 two directors;

56.2 one or more shareholders holding at least 5% of the issued capital and 1% of the voting rights in the Company, or one or more shareholders holding at least 5% of the voting rights in the Company.

If the board of directors is requisitioned to convene a special meeting, as hereinabove stipulated, it shall do so within 21 days of the requisition being submitted, at the time determined in the notice of the special meeting, as provided in article 59 below, provided that the meeting shall not be held later than 35 days from the notice's publication, unless it is provided otherwise with respect to a meeting to which Part III, Chapter 2, Article F of the Companies Law applies, and all subject to the provisions of the Companies Law.

57. If the board of directors does not convene a special meeting that has been requisitioned as provided in article 56 above, the person requisitioning the meeting, and in the case of shareholders - also some of them, holding more than one half of their voting rights, may convene the meeting himself, provided that it shall not be held after three months have elapsed from the date the requisition was submitted as aforesaid, and it shall be convened, insofar as possible, in the same manner in which meetings are convened by the board of directors.

58. 58.1 The agenda at a general meeting shall be determined by the board of directors and it shall also include the matters for which a special meeting is requisitioned pursuant to article 56 above and a matter requested as provided in article 58.2 below.

58.2 One or more shareholders holding at least 1% of the voting rights at the general meeting may request that the board of directors include a matter on the agenda of a general meeting to be convened in the future, provided that the matter is suitable for discussion at a general meeting.

58.3 A request as mentioned in article 58.2 above shall be submitted to the Company in writing before notice is given of the general meeting, and shall include the form of wording of the resolution proposed by the shareholder.

59. 59.1 Notice of a general meeting shall be published in at least two daily Hebrew language newspapers with a wide circulation; the notice shall be published at least 14 days prior to the meeting. Notwithstanding the above provision, a notice of a general meeting at which matters stipulated in section 87 of the Law appear on the agenda, shall be published at least 35 days prior to convening of such general meeting.

59.2 Save for notice of a general meeting as mentioned in article 59.1 above, the Company shall not give notice of a general meeting to registered shareholders, unregistered shareholders or shareholders holding a share deed.

60. 60.1 Notice of a general meeting shall include the place, date and time at which the meeting will convene and shall include the agenda, a summary of the proposed resolutions and any other details required pursuant to the law.

60.2 In its resolution to convene a meeting, the board of directors may determine the manner of detailing the matters on the meeting's agenda which shall be sent to the shareholders entitled to participate in the meeting, all as shall be determined at the discretion of the board of directors and subject to the provisions of the Companies Law.

60.3 Without derogating from the board of directors' powers as stipulated in this article 60 above and without derogating from the generality of the provisions of these articles regarding the delegation of powers by the board of directors, the board of directors may delegate its powers as stipulated in this article 60 above to a board of directors' committee or to an officer of the Company, for the purpose of a particular general meeting or for a particular period.

61. A defect in good faith in convening the general meeting or in the conduct thereof, including a defect deriving from non-compliance with a provision or condition laid down in the Law or these articles, including with regard to the manner of convening or conducting the general meeting, shall not invalidate any resolution passed at the general meeting and shall not impair discussions held thereat, subject to the provisions of any law.

62. The board of directors may alter the place and date of a general meeting, provided that such does not contradict the provisions of these articles regarding the minimum periods of time which must elapse between the date of the notice and the date of the general meeting, and provided that the notice of the alteration, as aforesaid, is given in the same manner in which notice of the general meeting whose place or date is being altered was given.

63. No discussion may be commenced at the general meeting unless a quorum is present at the time of the meeting proceeds to business. A quorum shall be constituted by the

presence, in person or by proxy, of two shareholders holding at least 25% of the voting rights, within half an hour of the time fixed for the meeting's commencement, unless these articles otherwise provide.

64. If a quorum is not present at the general meeting within half an hour of the time fixed for

the meeting's commencement, the meeting shall be adjourned for one week, to the same day, time and place, without it being necessary to notify the shareholders thereof, or to another date if one is stated in the notice of the meeting (hereinafter referred to as the "first adjourned meeting").

65. At the first adjourned meeting, a quorum shall be constituted by the presence at the time

the meeting proceeds to business, in person or by proxy, of two shareholders holding at least 15% of the voting rights, within half an hour of the time fixed for the adjourned meeting's commencement. If a quorum is not present, as aforesaid, at the first adjourned meeting within half an hour of the time fixed for the commencement thereof, the meeting shall be adjourned for one week, to the same day, time and place, without it being necessary to notify the shareholders thereof or to another date, if one is stated in the notice of the original meeting or in the notice of the first adjourned meeting, if given (hereinafter referred to as the "second adjourned meeting"). At the second adjourned meeting a quorum shall be constituted by the presence at the time the meeting proceeds to business, in person or by proxy, of any two shareholders, whatever their percentage holdings of the voting rights.

66. Notwithstanding the provisions of article 65 above, if the general meeting is convened pursuant to a requisition by shareholders as stipulated in article 56.2 above, the second adjourned meeting shall only be held if attended by shareholders in the number required for the purpose of convening the meeting as provided in article 56.2 above.

67. The chairman of the board of directors or any other person appointed for such purpose by

the board of directors shall chair any general meeting of the Company. If there is no such

chairman, or if he is not present at any meeting within 15 minutes of the time fixed for the meeting's commencement or he refuses to chair the meeting, the directors present may, by a majority, elect a chairman from amongst them, and if they do not do so - the shareholders present, in person or by proxy, shall elect one of the directors present to chair the meeting. If no director is present or if all the directors refuse to chair the meeting, they shall elect one of the shareholders or his proxy to chair the meeting.

68. The Company shall keep minutes of the proceedings at the general meeting, which shall include the following details:

68.1 the names of the shareholders participating in the general meeting and the number of shares held by them;

68.2 the matters discussed at the general meeting and the resolutions passed thereat.

69. Minutes signed by the meeting's chairman shall constitute prima facie proof of that stated

therein.

Voting and Passing Resolutions at General Meetings

70. A shareholder wishing to vote at a general meeting shall prove his title to a share to the Company as required by the Companies Law. Without derogating from the aforesaid, the board of directors may prescribe regulations and procedures with regard to proof of title to the Company's shares.

71. A shareholder may vote at a general meeting or at a class meeting in person or by proxy, in accordance with the provisions of these articles and subject to the provisions of the Companies Law. A proxy need not be a shareholder in the Company.

72. A proxy may participate in discussions at the general meeting and be elected as the meeting's chairman in the same way as the appointing shareholder would have been entitled thereto, unless otherwise stated in the appointment instrument.

73. Subject to the provisions of the law, in the case of joint shareholders, each of them may vote at any meeting, in person or by proxy, in relation to such share, as though he were the sole person entitled thereto. If more than one joint shareholder attends a meeting, in

person or by proxy, the vote shall be made by the joint shareholder whose name appears first in the shareholders' register in relation to the share, or in a certificate of the stock exchange member regarding his title to the share (hereinafter referred to as "certificate of title") or in another document determined by the board of directors for such purpose, as the case may be.

74. A shareholder lacking legal capacity may vote through his guardians or another person appointed by the court, and any guardian or other person as aforesaid may vote through a proxy.

75. The instrument appointing a proxy (hereinafter referred to as the "appointment instrument") and the power of attorney by virtue whereof the appointment instrument is signed (if any), or a suitable copy thereof, to the board of directors' satisfaction, shall be deposited at the registered office or at any other place or places, in Israel or abroad - as determined by the board of directors from time to time, in general or in relation to a particular case - at least 48 hours prior to the commencement of the meeting at which the proxy intends voting in reliance upon such appointment instrument. Notwithstanding the aforesaid, the meeting's chairman may, at his discretion, accept an appointment instrument and a power of attorney, as aforesaid, also after the said time if, at his discretion he deems it fit. If the appointment instrument and power of attorney is not received as provided above, they shall not be valid at such meeting.

The appointment instrument shall be drawn up in writing and signed by the appointor or by the person duly authorised therefor in writing, and by a witness to his signature, if so required by the board of directors. If the appointor is a corporation, the appointment instrument shall be drawn up in writing and signed in the manner binding the corporation. The board of directors may demand that the Company be given written confirmation, to the board of directors' satisfaction, of the signatories' authority to bind the corporation.

76. 76.1 The appointment instrument shall be drawn up in the following form of wording or in a form of wording as similar thereto as possible:

"I _____, of _____, as a shareholder of _____ Ltd, hereby appoint _____ of _____ or in his absence _____ of _____ as my proxy, to vote in my name and stead in respect of _____ * shares of _____ ** class which are held by me, at the (annual/special) general meeting of the Company to be held on _____ and at any adjourned meeting thereof.

As witness my hand on _____

Signature"

* State the number of shares.

** State the class of shares.

76.2 The appointment instrument shall state the class and number of the shares in respect of which it is being given. If the appointment instrument does not state the number of shares in respect of which it is being given or if it states a number of shares higher than the number of shares registered in the shareholder's name or specified in the certificate of title, as the case may be, the appointment instrument shall be deemed to have been given in respect of all the shareholder's shares.

76.3 If the appointment instrument is given in respect of a number of shares lower than the number of shares registered in the shareholder's name or specified in the certificate of title, as the case may be, the shareholder shall be deemed to have abstained from voting in respect of the balance of his shares and the appointment instrument shall be valid in respect of the number of shares specified therein.

77. Without derogating from the provisions of these articles regarding the appointment of a proxy, a shareholder holding more than one share shall be entitled to appoint more than one proxy, subject to the following provisions:

77.1 each appointment instrument shall state the class and number of shares in

respect of which it is being given;

77.2 if the overall number of shares of any class specified in the appointment instruments given by one shareholder exceeds the number of shares of such class registered in his name or specified in the certificate of title, as the case may be, all the appointment instruments given by such shareholder shall be void.

78. A shareholder or proxy may vote by virtue of some of the shares held by him or in respect

of which he is acting as proxy and he may vote one way by virtue of some of the shares and a different way by virtue of others.

79. A vote given by virtue of an appointment instrument shall be valid even if there is a defect

in the appointment instrument and even if prior to the vote the appointor dies or becomes legally incapacitated or the appointment instrument is cancelled or the share in respect of which it was given is transferred, unless written notice is received at the office prior to the meeting regarding the defect, death, incapacitation, cancellation or transfer, as the case may be.

80. The appointment instrument also shall be valid in respect of any adjourned meeting of the

meeting to which the appointment instrument relates, unless otherwise stated in the appointment instrument.

81. A shareholder may not participate in or vote at any general meeting, himself or by proxy, save by virtue of the shares the consideration for which has been fully paid to the Company.

82. Each of the ordinary shares vests the holder thereof with the right to participate in the Company's general meeting and to one vote.

83. A resolution put to the vote at a general meeting shall be decided on a poll; the vote on a poll shall be effected in the manner determined therefor by the meeting's chairman.

In the event of disputes whether to accept or disqualify any vote, the meeting's chairman shall decide the matter, and his decision in good faith shall be final and binding.

84. The chairman's declaration that a resolution at the general meeting has been passed or defeated, unanimously or by any majority, shall be prima proof of that stated therein, and it shall not be necessary to prove the number of votes (or their proportional part) for or against the proposed resolution.

85. Subject to the provisions of the Companies Law or these articles regarding another majority, the general meeting's resolutions shall be passed by an ordinary majority.

86. The general meeting's chairman may, with the agreement of the meeting at which a quorum is present, adjourn the meeting or adjourn the discussion or the passing of a resolution on a particular matter on the agenda to another time and at a place determined by the meeting; and the general meeting's chairman shall be compelled do so at the meeting's demand. No matter shall be discussed at an adjourned meeting save for a matter that was on the agenda and in respect of which a resolution was not passed at the meeting at which the adjournment was decided upon.

The Board of Directors

87. The number of directors shall not be less than seven nor more than 15, including the external directors.

88. A director may be a corporation; a director need not be a shareholder of the Company.

89. 89.1 The directors shall be appointed at the annual meeting, and they shall hold office, save for the external directors, until the conclusion of the ~~first~~ third annual meeting following the annual meeting in which their appointment was approved ~~the date of appointment~~.

89.2 Notwithstanding the aforesaid, if directors who were candidates for reappointment at any annual meeting ~~and their term of tenure ended at the conclusion of that annual meeting~~ (hereinafter: "**the meeting to appoint directors**") are not appointed, effective immediately (i.e. the commencement of the tenure of the aforesaid directors, who were appointed at the meeting to appoint directors, is contingent upon some condition which has yet to be fulfilled), then these directors shall continue in their tenure until the end of the third annual meeting held after the meeting to appoint directors, unless their

~~tenure was terminated earlier, in accordance with the law, the directors appointed at the previous annual meeting shall continue to hold office~~
89.3 Directors whose terms of office have terminated may be re-elected.

90. Save for someone who held office as a director until the annual meeting, a director shall not be appointed at the annual meeting unless the board of directors has recommended his appointment, or if he, or a shareholder of the Company seeking to propose him, has submitted to the office, by no later than the end of four days from publication of the notice of the meeting, a written document announcing his candidacy for the office or of the intention of such shareholder to propose him.

91. The board of directors may, from time to time, appoint an additional director or additional directors to the Company, in order to fill the office of a director which has been vacated for any reason or as an additional director or additional directors, provided that the overall number of directors does not exceed the maximum number specified in article 87 above. A director appointed as aforesaid shall cease to hold office at the end of the annual meeting following his appointment.

92. The Company may, at a special meeting, appoint an additional director or additional directors to the Company, whether to fill the office of a director which has been vacated for any reason or as an additional director or additional directors, provided that the number of director shall not exceed the maximum number specified in article 87 above. Directors appointed as aforesaid, save for the external directors, shall cease to hold office at the end of the third annual meeting following ~~their appointment~~ the special meeting at which their appointment was approved.

93. The general meeting or the board of directors may determine that the office of a director appointed by them, as the case may be, shall commence on a date subsequent to his appointment.

94. Notwithstanding all the aforesaid, the general meeting may at any time, in a resolution passed by an ordinary majority, in a special meeting, remove any director from his office, save for an external director, before the end of his term of office, provided that the director is given a reasonable opportunity to state his case before the general meeting.

95. Without prejudice to the provisions of any law, the office of a director, save for an external

director, shall lapse before the end of the period for which he was appointed on the occurrence of any of the following:

95.1 he dies or is declared legally incapacitated by a competent court;

95.2 he is declared bankrupt, and in the case of a corporation - it declares its voluntary winding up or a winding up order is given against it;

95.3 he is convicted in a final judgment of an offence as provided in section 232 of the Companies Law;

95.4 a competent court orders the termination of his office, as provided in section 233 of the Companies Law;

95.5 he resigns on notice, as provided in article 97 below;

95.6 he is removed from his office by the general meeting, as provided in article 94 above.

96. If the office of a director is vacated, the board of directors may continue to act in any matter so long as the number of directors does not fall below the minimum number of directors specified in article 87 above. If the number of directors falls below this number, the board of directors may not act save in order to convene a general meeting for the object of appointing additional directors, but not for any other object.

97. A director may resign on notice to the board of directors, the chairman of the board of directors or the Company, as required in the Companies Law, and the resignation shall enter into force on the date the notice is given, unless the notice specifies a later date. The director shall give the reasons for his resignation.

98. Subject to the provisions of the Companies Law, the following provisions shall apply to the directors:

98.1 the Company may pay directors remuneration for the performance of their position as directors;

98.2 the Company may reimburse directors for their reasonable expenses for travelling, board and lodging and the other expenses connected with their participation in the board of directors' meetings and the performance of their position as directors;

98.3 the Company may pay additional remuneration to a director who has been asked to provide the Company with special services or make special efforts for the Company, including to travel abroad or to stay there.

External Directors

99. The Company shall have at least two external directors, and the provisions laid down in the Companies Law shall apply in such regard.

The Board of Directors' Powers and Duties

100. The board of directors shall have the authorities and powers given to it pursuant to these

articles, the Companies Law and any other law. Without derogating from the provisions hereof, the board of directors shall delineate the Company's policy and shall supervise the performance of the general manager's duties and actions, and in such context:

100.1 shall determine the Company's operating plans, principles for the financing thereof and the order of priorities between them;

100.2 shall examine the Company's financial position, and determine the Company's credit framework;

100.3 shall determine the organizational structure and the remuneration policy;

100.4 may resolve to issue series of debentures;

100.5 is responsible for the financial statements' preparation and approval, as provided in section 171 of the Companies Law;

100.6 shall report to the annual meeting on the state of the Company's affairs and on the business results, as provided in section 173 of the Companies Law;

100.7 shall appoint and dismiss the general manager;

100.8 shall resolve on the acts and transactions requiring its approval pursuant to

these articles or sections 255 and 268 to 275 of the Companies Law;

100.9 may allot shares and securities convertible into shares up to the limit of the Company's authorized share capital;

100.10 may resolve on the distribution of a dividend or on the distribution of bonus shares;

100.11 may resolve on an acquisition, within the meaning of such expression in section 1 of the Companies Law, from all or some of the Company's shareholders, or from any of them, at the board of directors' discretion and on such terms as it determines;

100.12 shall give its opinion on a special tender offer, as provided in section 329 of the Companies Law.

100.13 shall determine the minimum number of directors on the board of directors, who must be accounting and financial experts as such expression is defined in section 240 of the Companies Law.

The board of directors' powers pursuant to this article may not be delegated to the general manager other than those stipulated in section 288(b)(2) of the Companies Law.

101. Any power of the Company which is not vested in another organ pursuant to the Law or these articles may be exercised by the board of directors.

102. 102.1 The board of directors may resolve, in a special resolution or within the framework of the board of directors' procedures, that powers given to the general manager shall be transferred to it, including any power as aforesaid the exercise of which by the board of directors is obliged pursuant to the Bank of Israel's directives, and all for a particular matter or for a particular period of time.

102.2 Without derogating from the aforesaid, the board of directors may instruct the general manager how to act in a particular matter. If the general manager does not heed the instruction, the board of directors may exercise the power required to implement the instruction in his stead.

102.3 If the general manager is unable to exercise his powers, the board of directors may exercise them in his stead.

103. Subject to the provisions of the Companies Law, the board of directors may delegate any of its powers to the general manager, an officer in the Company or another person. The board of directors' power may be delegated for a particular matter or for a particular period of time, in the board of directors' discretion.

Receiving Credit and Granting Guarantees and Collateral

104. Without derogating from any power given to the board of directors pursuant hereto, the

board of directors may, from time to time, at its discretion, resolve on:

104.1 the receipt of credit by the Company in any amount and securing the discharge thereof, in such manner as it deems fit;

104.2 the grant of collateral to secure credit as stipulated in article 104.1 above, of whatsoever type;

104.3 the issue of a series of debentures, including capital notes or bonds, and including debentures, capital notes or bonds convertible or exercisable into shares, and determine the terms thereof, and to charge all or any of its present or future property by way of a floating or fixed charge. Debentures, capital notes, bonds or other securities, as aforesaid, may be issued at a discount, with a premium or in any other manner, with deferred rights, special rights, privileges or other rights, all as determined by the board of directors at its discretion.

105. The provisions of article 104 above do not negate the power of the general manager or someone authorized by him therefor to resolve on the receipt of credit by the Company, within the limits of the credit framework determined by the board of directors.

The Board of Directors' Committees

106. 106.1 Subject to the provisions of the Companies Law, the board of directors may, as

it deems fit, establish committees, appoint members thereto from amongst the board of directors' members (hereinafter referred to as "board of directors' committee") and delegate all or any of its powers to the board of directors' committee. For the avoidance of doubt, a person who is not a member of the board of directors shall not be a member of a board of directors' committee to which the board of directors has delegated its powers.

Notwithstanding the aforesaid, the board of directors may not delegate its powers in respect of the following matters to a board of directors' committee:

106.1.1 the determination of the Company's general policy;

106.1.2 a distribution, unless involving a purchase of the Company's shares in accordance with a framework delineated by the board of directors in advance;

106.1.3 the determination of the board of directors' position on a matter requiring the general meeting's approval or the giving of an opinion regarding the advisability of a special tender offer, as provided in section 329 of the Companies Law;

106.1.4 the appointment of directors;

106.1.5 an issue or allotment of shares or securities convertible or realizable as shares, or of a series of debentures, other than as stipulated in section 288(b) of the Companies Law.

106.1.6 approval of the financial statements;

106.1.7 the board of directors' approval of transactions and acts requiring the board of directors' approval pursuant to the provisions of sections 255 and 268 to 275 of the Companies Law.

106.2 The board of directors may also establish committees with respect to the subjects referred to in sub-articles 106.1.1 to 106.1.7 above, that shall only be able to make recommendations.

107. A resolution passed or an act done by a board of directors' committee, in accordance with the powers that have been delegated to it by the board of directors, shall be deemed to be a resolution passed or act done by the board of directors, unless expressly otherwise provided by the board of directors with regard to a particular matter or in respect of a particular committee. The board of directors may from time to time widen, reduce or cancel the delegation of powers to a board of directors' committee; however, the reduction or cancellation of powers as aforesaid is not such as to prejudice the validity of a resolution of the committee on which the Company acted vis-a-vis another person, who was unaware of the cancellation thereof.

108. 108.1 The provisions herein regarding the board of directors' acts shall also apply mutatis mutandis to the board of directors' committees, so long as they are not replaced by regulations made by the board of directors in such regard, and all subject to the provisions of the Companies Law.

108.2 The board of directors' committee shall routinely report to the board of directors on its resolutions or recommendations.

109. 109.1 The board of directors shall appoint an audit committee from amongst its members. The number of members on the audit committee shall not be less than three and all the external directors shall be members thereof. The following shall not be members of the audit committee: the chairman of the board of directors, any director employed by the Company or providing it with services on a permanent basis, and the Company's controlling shareholder or his relative.

109.2 The audit committee's duties shall be as prescribed in the Companies Law, including any other duty imposed on it by the board of directors.

Acts of the Board of Directors

110. Subject to the provisions of these articles, the board of directors may convene in order to

perform its duties and adjourn its meetings and regulate its acts and discussions as it deems fit.

111. The board of directors shall appoint one of its members to serve as the chairman of the board of directors, and it may remove him from his office and appoint another in his stead. The board of directors may appoint an acting chairman from amongst its members, who shall fulfill the duties of the chairman in his absence.

112. The chairman of the board of directors shall chair and conduct the board of directors' meetings. If the chairman of the board of directors is absent from a board of directors' meeting, in accordance with a prior notice given by him, or does not appear at the board of directors' meeting within 15 minutes of the time fixed therefor (hereinafter referred to as "absence"), the meeting shall be chaired by the acting chairman, if elected. In the absence of both the chairman of the board of directors and the acting chairman, the members of the board of directors present shall elect one of their number to chair the meeting.

113. The board of directors shall convene its meetings in accordance with the Company's requirements.

114. The chairman of the board of directors may convene the board of directors at any time, and determine the place and time for the board of directors' meeting.

115. Without derogating from the aforesaid, the chairman of the board of directors shall be liable to convene the board of directors on the occurrence of any of the following:

115.1 the receipt of a requisition to convene the board of directors by one or more directors, for the purpose of discussing a matter specified in his requisition;

115.2 the receipt of a notice or report of the general manager obliging action by the board of directors;

115.3 the receipt of a notice from the auditor of material flaws in the audit of the Company's accounts.

Upon the receipt of a notice or report as mentioned above, the chairman of the board of directors shall convene the board of directors, without delay, and by no later than the end

of 14 days from the date of the demand, notice or report, as the case may be.

116. 116.1 Notice of the board of directors' meeting shall be given to all the board of directors'

members a reasonable time prior to the date of the meeting.

116.2 Notwithstanding the aforesaid, the board of directors may, with the agreement of all the directors, convene a meeting without notice.

117. The agenda for the board of directors' meetings shall be determined by the chairman of the board of directors, and it shall include:

117.1 matters determined by the board of directors' chairman;

117.2 matters determined as provided in article 115 above;

117.3 any matter which a director or the general manager requests the chairman of the board of directors, a reasonable time prior to the board of directors' meeting, to include on the agenda;

(hereinafter referred to as the "agenda").

118. The notice of the board of directors' meeting shall state the date and place of the meeting

and reasonable details of the matters to be discussed thereat, pursuant to the agenda.

119. Notice of the board of directors' meeting shall be sent to the address of the director that

was furnished to the Company in advance, unless the director has requested that the notice be furnished to him at another place.

120. The quorum for commencing a board of directors' meeting shall be a majority of the members of the board of directors holding office on the date of the meeting.

121. 121.1 In a vote at the board of directors, each director shall have one vote.

Resolutions of the board of directors shall be passed by a majority of votes of the directors present at the meeting and voting thereat, without taking into account the votes of abstainees. The chairman of the board of directors shall not have an additional or casting vote.

121.2 If the votes are tied, the proposed resolution which was voted upon by the

board of directors' members shall be deemed to have been defeated.

122. The board of directors may hold meetings through any media provided that all the directors participating may hear each other at the same time. The board of directors may regulate the manner and ways of conducting a meeting through the media.

123. Without derogating from the provisions of article 122:

123.1 The board of directors may also pass resolutions without actually convening, provided that all the directors entitled to participate in the discussion and vote on a matter brought for a resolution agree not to convene for a discussion with respect to that matter. The provisions of article 121 above shall apply to this resolution, mutatis mutandis, as the case may be.

123.2 If a resolution is passed in accordance with sub-article 123.1 above, minutes of the resolutions shall be prepared, including the resolution not to convene, and shall be signed by the chairman of the board of directors.

123.3 The provisions of article 124 shall apply, mutatis mutandis, to a resolution passed in accordance with sub-article 123.1.

123.4 The chairman of the board of directors shall be responsible for the implementation of this article 123.

Minutes

124. The board of directors shall procure that minutes are kept of all the proceedings at the board of directors' meetings; the minutes shall be recorded in books prepared for such object and shall include, inter alia, the following details:

124.1 the names of the directors participating and the others present at any board of directors' meeting;

124.2 the matters discussed at the board of directors' meetings and the resolutions passed.

The minutes shall be approved and by the director who chairs such meeting, other than a minute prepared pursuant to article 123 above, and shall be approved and signed by the

chairman of the board of directors. Minutes approved and signed as aforesaid shall constitute prima facie proof of that stated therein.

125. The provisions of article 124 above shall also apply to meetings of any board of directors'

committee.

The General Manager

126. The board of directors may, from time to time, appoint a general manager for the Company (hereinafter referred to as the "general manager") and it may dismiss or replace him at any time it deems fit, subject to the provisions of any contract between him and the Company.

127. The general manager need not be a director or shareholder of the Company.

128. The general manager is responsible for the routine management of the Company's affairs,

within the framework of the policy determined by the board of directors and subject to its guidelines.

129. The general manager shall have all the powers of management and implementation not vested in the Law or these articles or by virtue thereof in another organ of the Company, save for powers as aforesaid which are transferred from him to the board of directors, in accordance with the provisions of article 102.1 above, if transferred; the general manager shall be subject to supervision of the board of directors.

130. Subject to the provisions of the Companies Law and these articles, the board of directors

may, from time to time, give and grant the general manager powers which the board of directors has pursuant hereto, as it deems fit, and it may grant such powers for such period, for such objects, on such terms and with such restrictions as the board of directors deems fit, and the board of directors may grant the powers or any of them without waiving its powers in the matter or instead or in lieu thereof, and it may from time to time cancel, negate and alter these powers or any of them.

131. The general manager may, with the board of directors' approval, delegate its powers to

another or others who are subordinate to him; approval as aforesaid may be given generally or for a particular matter, in a particular resolution or within the framework of the board of directors' procedures.

132. Without derogating from the provisions of the Companies Law and any other law, the general manager shall submit reports to the board of directors on such matters, at such times and of such scope as the board of directors determine, in a particular resolution or within the framework of the board of directors' procedures.

133. The general manager's remuneration may be paid in the form of salary or commission or participation in profits or by the grant of securities or a right to purchase them, or in any other way.

Validity of Acts and Approval of Transactions

134. All the acts done by the board of directors or by a board of directors' committee or by any person acting as a director or as a member of a board of directors' committee or by the general manager, as the case may be - shall be valid even if it later transpires that there was some defect in the appointment of the board of directors, the board of directors' committee, the director, the committee member or the general manager, as the case may be, or that any of the said officers was not qualified to serve in his position.

135. 135.1 Subject to the provisions of the Companies Law, the holding of shares in the Company and the fact that an officer of the Company is an interested party or officer in any other corporation, including a corporation in which the Company is an interested party or which is a shareholder of the Company, shall not disqualify the officer from being an officer of the Company. In addition, an officer shall not be disqualified from being an officer of the Company in consequence of the fact that he, or any corporation as mentioned above, enters into a contract with the Company on any matter and in any way.

135.2 Subject to the provisions of the Companies Law, the fact that a person is an officer

of the Company shall not disqualify him or his relative or another corporation in which he is an interested party, from entering into a contract with the Company in which the officer has any personal interest.

135.3 Subject to the provisions of the Companies Law, an officer may participate in and vote at discussions on the approval of transactions or acts in which he has a personal interest.

136. Subject to the provisions of the Companies Law, a transaction of the Company with an officer therein or a transaction of the Company with another person in which an officer of the Company has a personal interest, which is not an exceptional transactions, shall be approved in the following manner:

136.1 Subject to the provisions of the Companies Law, general notice given to the board of directors by an officer regarding his office or position in certain entities or regarding his providing services to entities as aforesaid shall constitute disclosure by the officer to the Company of his personal interest, deriving from the aforesaid, for the purpose of any contracting as aforesaid in a transaction that is not exceptional.

136.2 Contracting as aforesaid in a transaction that is not exceptional shall be approved by the board of directors or by the audit committee or by another entity authorized with respect thereto by the board of directors, by a particular resolution, within the framework of the board of directors' procedures, by general authorization, with authorization of a particular class of transactions or authorization of a particular transaction.

136.3 Transactions which are not exceptional as mentioned above may be approved by granting general approval for a particular class of transactions or by approving a particular transaction.

Signatory Rights

137. Subject to the provisions of the Companies Law and these articles, the board of directors

may authorize any person to act and sign on the Company's behalf, alone or together with another person, in general or for particular matters.

138. Subject to the provisions of the Companies Law and these articles, the general manager may authorize any of the Company's employees as the authorized signatories, who are authorized to bind the Company by their signature.

139. The Company shall have a stamp bearing the Company's name. The signature on a document shall not bind the Company unless it bears the signature of those authorized to sign on the Company's behalf together with the Company's stamp or its printed name.

The Appointment of Attorneys

140. Subject to the provisions of the Companies Law, the board of directors may at any time empower any person to be the Company's attorney for such objects, with such powers and discretion, for such period and on such terms as the board of directors deems fit. The board of directors may grant such person, inter alia, the power to delegate to another, fully or partially, the powers, authorities and discretion given to him.

Exemption, Indemnity and Insurance

141. Subject to the provisions of the Companies Law, the Company may exempt an officer therein from all or any of his liability for damage in consequence of a breach of the duty of care vis-a-vis it. Notwithstanding the above, the Company may not exempt a director in advance for his liability for a breach of the duty of care in distribution.

142. Subject to the provisions of the Companies Law, the Company may enter into a contract to insure the liability of an officer therein for an obligation imposed upon him in consequence of an act done in his capacity as an officer therein, in any of the following cases:

142.1 a breach of the duty of care vis-a-vis the Company or vis-a-vis another person;

142.2 a breach of the fiduciary duty vis-a-vis the Company, provided that the officer acted in good faith and had reasonable basis to believe that the act would not harm the Company;

142.3 a monetary obligation imposed on him in favor of another person;

142.4 any other incident for which it is or shall be permitted to insure the liability of an officer.

143. Subject to the provisions of the Companies Law -

143.1 the Company may give an undertaking in advance to indemnify an officer therein in any of the following cases (hereinafter referred to as an "indemnity undertaking"):

143.1.1 for an obligation or expense as stipulated in article 144.1 below, imposed on him in consequence of an act done in his capacity as an officer therein, provided that the undertaking is limited to events which in the board of directors' opinion are foreseen in view of the actual activities of the Company, at the time the indemnity undertaking is given, as well as the amount or the criteria which the board of directors has determined as reasonable in the circumstances of the case and that the indemnity undertaking indicates the circumstances which in the opinion of the board of directors are foreseen in view of the actual activities of the Company at the time the indemnity is given as well as the amount and the criteria that the board of directors determined as reasonable in the circumstances of the case.

143.1.2 for an obligation or expense as specified in sub-articles 144.2 to 144.4 below

143.2 without derogating from the provisions of article 143.1 above, the Company may indemnify an officer therein retroactively, for an obligation or expense as specified in article 144 below, imposed on him in consequence of an act done in his capacity as an officer in the Company.

144. The indemnity undertaking or indemnity, as mentioned in article 143 above, may be given

for an obligation or expense as specified in sub-articles 144.1 to 144.4 below, imposed on the officer in consequence of an act done in his capacity as an officer in the Company, as follows:

144.1 a monetary obligation imposed on him in favor of another person pursuant to a judgment, including a judgment given in settlement or a court approved arbitrator's award;

144.2 reasonable litigation expenses, including advocates' professional fees, incurred by the officer in consequence of an investigation or proceeding conducted against him by an authority competent to conduct such investigation or proceeding, and which concluded without a criminal indictment being filed against him and without a monetary fine being imposed on him as an alternative to a criminal proceeding and which does not require proof of criminal thought; in this sub-article – conclusion of a proceeding without a criminal indictment being filed in a matter in which a criminal investigation has been commenced – shall mean the closing of a file in accordance with section 62 of the Criminal Procedure Law (Consolidated Version) 5742-1982 (in this sub-article – “Criminal Procedure Law”), or the staying of proceedings by the Attorney –General in accordance with section 231 of the Criminal Procedure Law.

“Monetary liability as a substitute for legal proceedings” – a monetary liability that has been imposed by law as a substitute for a legal proceeding, including an administrative fine pursuant to the Administrative Offences Law, 5746-1985, a fine for an offence that has been determined as a fine for an offence determined as a finable offence pursuant to the provisions of the Criminal Procedure Law, a financial sanction or penalty;

144.3 reasonable litigation expenses, including advocates' professional fees, incurred by the officer or which he is ordered to pay by a court in proceedings filed against him by the Company or on its behalf or by another person, or in a

criminal indictment of which he is acquitted, or in a criminal indictment in which he is convicted of an offence not requiring proof of criminal thought;

144.4 any other obligation or expense for which it is or shall be permitted to indemnify an officer.

145. Subject to the provisions of the Companies Law -

145.1 The Company may undertake vis-a-vis a person who holds or has held office on the Company's behalf or at its request, as a director in another company that the Company controls or vis-a-vis an employee of the Company, including an officer therein who is not a director thereof, who holds or held office on the Company's behalf or at its request as a director in another company in which the Company holds shares, directly or indirectly (hereinafter referred to as "director in the other company") to indemnify him for an obligation or expense as stipulated in article 144 above, imposed on him for an act done in his capacity as a director in the other company, and all, mutatis mutandis, in accordance with the provisions of sub-article 143.1 above.

145.2 Without derogating from the provisions of article 145.1 above, the Company may indemnify a director in the other company retroactively, for an obligation or expense as specified in article 144 above, imposed on him in consequence of an act done in his capacity as a director in the other company.

146. The provisions of these articles are not such as to howsoever restrict the Company with regard to its entering into an insurance contract or granting an exemption or indemnity:

146.1 in connection with someone who is not an officer in the Company or a director in the other company, including, but without derogating from the generality of the aforesaid, employees, contractors or consultants;

146.2 in connection with an officer in the Company or director in the other company insofar as the insurance, exemption or indemnity are not prohibited pursuant to any law.

Dividends, Funds and Capitalization of Funds and Profits

147. The board of directors may, before resolving on the distribution of a dividend, as provided

in article 150 below, set aside any amounts from the profits, as it deems fit, to a general fund or reserve fund for any requirements or objects, as determined by the board of directors at its discretion.

148. Until use is made of the said funds, the board of directors may invest the amounts set aside as aforesaid and the funds' monies in any investment whatsoever, as it deems fit, and attend to, alter or otherwise use these investments, and it may divide the reserve fund into special funds and use any fund or part thereof for the purpose of the Company's business, without keeping it separately from the Company's other assets, at the board of directors' discretion and on such terms as it determines.

149. Subject to the provisions of any law, the board of directors may, from time to time, revalue

the Company's assets and property, or any part thereof, and if the new value exceeds the value specified in the Company's last balance sheet preceding the revaluation - the board of directors may credit the difference, or any part thereof, to a revaluation fund.

150. Subject to the provisions of the Companies Law, the board of directors may pass a resolution to distribute a dividend. The board of directors resolving on the distribution of a dividend may determine that the dividend, or any part thereof, shall be paid in cash or by way of a distribution of assets in specie, including by way of securities or in any other manner, at the board of directors' discretion.

151. 151.1 (a) Subject to the provisions of the Companies Law, the board of directors may resolve to allot bonus shares and to convert part of the Company's profits, within the meaning thereof in section 302(b) of the Companies Law, into share capital, from premium on shares or from any other source included in its equity, which are mentioned in its last financial statements, in an amount determined by the board of directors, which shall not be less

than the nominal value of the bonus shares.

(b) Bonus shares allotted pursuant to this article shall be deemed fully paid up.

151.2 The board of directors resolving on an allotment of bonus shares may determine that the Company shall transfer to a special fund designated for a distribution of bonus shares in the future such amount the conversion of which into share capital shall be adequate for the allotment to anyone who at such time is, for any reason, the holder of a right to purchase shares in the Company (including a right which may only be exercised at a later date) of bonus shares which would have been due to him had he exercised the right to purchase the shares prior to the date determining the right to receive the bonus shares (hereinafter referred to as the "determining date"). If after the determining date the holder of the said right exercises his right to purchase the shares or part thereof, the Company shall allot him bonus shares of such nominal value as would have been due to him had he exercised, prior to the determining date, the right to purchase the shares which he actually purchased, by converting into share capital an appropriate part from the said special fund.

The bonus shares shall entitle the holders thereof to participate in a distribution of the dividends in cash or bonus shares commencing from the date determined by the board of directors. With regard to determination of the amount to be transferred to the said special fund, any amount transferred to such fund in respect of a previous distribution of bonus shares shall be treated as though already capitalized and as though shares entitling the holders of the right to purchase shares to bonus shares had already been allotted therefrom.

152. Subject to the rights attached to the classes of shares issued by the Company and the provisions of these articles, dividend or bonus shares shall be distributed to the shareholders pro rata to the nominal value of each share, without having regard to any premium paid thereon.

153. For the purpose of implementing a resolution regarding the distribution of a dividend or an

allotment of bonus shares, the board of directors may:

153.1 settle any difficulty arising in connection therewith as it deems fit and take all the steps it deems fit to overcome such difficulty;

153.2 resolve that fractions or fractions in an amount lower than a particular amount determined by the board of directors shall not be taken into account for the purpose of adjusting the right of the shareholders or to sell fractions of shares and pay the consideration (net) to those entitled thereto;

153.3 authorize to sign on the shareholders' behalf any contract or other document required for the purpose of granting validity to the allotment or distribution, and in particular to authorize to sign and submit for registration a written document as stipulated in section 291 of the Companies Law;

153.4 make any arrangement which in the board of directors' opinion is required in order to enable the allotment.

154. Dividends or other benefits in respect of shares shall not bear interest.

155. Without derogating from the provisions of these articles, the board of directors may withhold any dividend or bonus shares or other benefits in respect of a share all or part of the consideration for which has not been paid to the Company, and collect any amount as aforesaid or proceeds received from a sale of any bonus shares or other right on account of the debts or obligations in respect of the said share.

156. The board of directors may, but is not obliged to, as it deems beneficial and correct, appoint trustees or nominees for the holders of share deeds who for such period as determined by the board of directors have not approached the Company in order to receive dividends, shares or other securities or other benefits, and for those registered shareholders who have not performed their duty to notify the Company of a change in their address and who have not approached the Company in order to receive dividends, shares, other securities or other benefits during such period. Such nominees or trustees

shall be appointed in order to realize, collect or receive dividends, shares, other securities or other benefits and to subscribe for shares which have not yet been issued which are offered to the shareholders, but may not transfer the original shares in respect of which they were appointed or vote by virtue thereof. In the conditions of any trust or nominee appointment, the Company shall stipulate that on the first demand of the shareholder in respect of which the trustees or nominees are holding office, the trustees or nominees shall be liable to return to such shareholder the relevant share or all the rights held by them for him, as the case may be. Any act and arrangement done or reached by such nominees or trustees and any agreement between the board of directors and such nominees or trustees shall be valid and bind all the relevant parties.

157. The board of directors may from time to time determine the manner of paying dividends or

allotting the bonus shares or transferring them to those entitled thereto, and may determine regulations, procedures and arrangements in such regard, in respect of the registered shareholders, the unregistered shareholders and shareholders holding a share deed. Without derogating from the generality of the aforesaid, the board of directors may determine as follows:

157.1 (a) Subject to the provisions of sub-article (b) below, dividends or monies distributed to registered shareholders shall be paid to the registered shareholder by sending a cheque in the mail to his address as recorded in the shareholders' register. The dispatch of a cheque as aforesaid shall be effected at the risk of the registered shareholder.

Without derogating from the aforesaid, the board of directors may determine that a dividend of less than a certain amount determined by the board of directors shall not be sent by cheque as mentioned above, and the provisions of sub-article (b) below shall apply in respect thereof.

(b) The board of directors may determine that the payment of dividends or monies distributed to registered shareholders shall be effected at the office

or any other place determined by the board of directors.

157.2 Dividends distributed to unregistered shareholders shall be transferred to the said shareholders through the registration company or in any other manner determined by the board of directors.

158. Where the board of directors determines the payment of a dividend, the allotment of shares or securities or the grant of a right to subscribe for securities which have not yet been issued and are offered to shareholders, against the delivery of an appropriate voucher which is attached to any share deed, such payment, allotment or grant of a right of subscription against an appropriate voucher shall constitute, to the holder of the voucher, exemption of a debt to the Company in relation to such act vis-a-vis any person claiming a right to such payment, allotment or grant of the right of subscription, as the case may be.

159. If two or more persons are recorded in the register as the joint holders of a share, each of them may give a valid receipt for any dividend, share or other security or other monies or benefits due in respect of the share, and the cheque or payment order may be made out to the order of one of them and the cheque may be sent by registered mail to his address as recorded in the register.

The Company's Documents

160. 160.1 The shareholders shall have a right to inspect the Company's documents specified in section 184 of the Companies Law, on fulfillment of the conditions prescribed therefor.

160.2 Without derogating from the provisions of article 160.1 above, the board of directors may, in its discretion, resolve to give a right to inspect the Company's documents, or any of them, including to the shareholders, or any of them, as it deems fit.

160.3 The shareholders shall not have a right to inspect the Company's documents or any of them unless they are granted a right as aforesaid pursuant to legislation

or these articles or if they are so permitted by the board of directors, as provided in article 160.2 above.

161. Subject to the provisions of the law, every book or register which the Company is liable to

keep pursuant to the law or these articles shall be kept by technical, mechanical or other means, as the board of directors resolves.

The Auditor

162. The auditor shall be appointed at every annual meeting, and shall hold office until the end

of the following annual meeting.

163. 163.1 Once an auditor is appointed for the Company as provided in article 162 above, the board of directors shall determine his remuneration for the audit, at its discretion.

163.2 The auditor's remuneration for additional services to the Company which are not part of the audit shall be determined by the board of directors at its discretion.

164. The auditor may be present at any general meeting of the Company and express his opinion on any matter related to his position as the Company's auditor.

165. Subject to the provisions of the Companies Law, any act done by the Company's auditor shall be valid vis-a-vis any person dealing with the Company in good faith, despite any defect in the auditor's appointment or qualification.

Notices

166. The grant of notices or the delivery of documents to the shareholders and the registration

company pursuant to the provisions of the Law or these articles shall be effected in one of the following ways.

167. Notice of a general meeting shall be published as provided in article 59 above.

168. 168.1 Without derogating from the aforesaid, the Company may give a notice or document to a shareholder through personal delivery or by facsimile or by mail dispatch or by e-mail; dispatch by mail shall be effected in accordance with the

shareholder's address as recorded in the register or if there is no such address, in accordance with the address given by him to the Company for the purpose of sending notices to him. Notice sent by facsimile shall be sent to the shareholder in accordance with the facsimile number given by him to the Company. Notice sent by e-mail shall be sent to the shareholder in accordance with the e-mail address he has given the Company.

168.2 (a) A notice or document personally delivered to a shareholder shall be deemed to have been delivered on the date of delivery to him.

(b) A notice or document sent by mail shall be deemed to have been duly delivered if delivered for dispatch at the post office bearing the correct address and properly stamped. Delivery shall be deemed to have taken place at the time the letter would have been delivered in the ordinary course by mail, and no later than two days from the date on which the letter containing the notice as aforesaid was delivered to the post office.

(c) Notice sent by facsimile or e-mail shall be deemed to have been delivered 24 hours after the transmission.

169. Without derogating from the aforesaid, the Company may send notice to the registered shareholders, unregistered shareholders and shareholders holding a share deed by publishing the notice once in two Hebrew-language daily newspapers published in Israel, either in addition to or instead of delivery of the notice in person, by mail or by facsimile. The date of the newspaper's publication shall be deemed the date on which the notice was received by the shareholders.

170. The Company may give notice of the delivery of a document at the office or at any other place determined by the board of directors, or in any other manner, including through the Internet.

171. In the case of joint holders of a share, the Company may send a notice or document by sending it to the joint shareholder whose name is mentioned first in the shareholders'

register in respect of such share.

172. The delivery of a notice or document to a family member living with the person for whom it

is intended shall be deemed delivery to such person.

173. Any document or notice sent to a shareholder of the Company in accordance with the provisions of these articles shall be deemed to have been duly sent despite the death, bankruptcy or winding up of such shareholder or the legal transmission of the right in the shares (whether or not the Company was aware thereof), so long as nobody else is recorded in his stead as the holder of the shares, and dispatch or delivery as aforesaid shall be deemed for all intents and purposes as adequate in respect of any person interested in such shares or entitled thereto by virtue of the legal transmission of the right, together with such shareholder or by or through him.

174. Subject to the provisions of any law, a shareholder, director or any other person entitled to

receive notice pursuant hereto or pursuant to the Law may waive the receipt thereof, in advance or retroactively, for a particular case or in general, and once he has done so the notice shall be deemed to have been duly given, and any proceedings or act in respect of which the notice should have been given shall be deemed valid and abiding.

175. Written confirmation signed by a director or by the Company's secretary regarding the dispatch of a document or the grant of notice in one of the manners specified herein shall be deemed conclusive proof in respect of any detailed included therein.

176. Whenever is it necessary to give prior notice of a number of days or notice which is valid

for a particular period, the day of delivery shall be taken into account in reckoning the number of days or the period, unless otherwise provided. If notice is given in more than one of the ways specified above, it shall be deemed to have been received on the earliest date on which it is deemed to have been delivered, as provided above.

Merger

177. The requisite majority for a resolution of a general meeting with respect to a merger as

stipulated in Part VIII; Chapter 1 of the Companies Law if, and to the extent that, such merger requires the approval of the general meeting or a meeting of the type that pursuant to law requires an ordinary majority.

Re-Organisation

178. Subject to the provisions of any law, whenever the Company wishes to sell its enterprise,
or any part thereof (hereinafter referred to as the "enterprise") to another company (hereinafter referred to as the "other company"), the board of directors or the liquidators - where the Company is in liquidation - may, with the approval of the Company's general meeting, in a resolution passed by a special majority, accept in consideration for the enterprise shares which have been fully or partially paid up or other securities of the other company, whether the other company exists at such time or is founded for the purpose of purchasing the enterprise as aforesaid, and the board of directors or the liquidators - in the case of liquidation - may, subject to the provisions of any law, distribute amongst the shareholders (or deposit for them with trustees) shares, securities or any other property of the Company without realizing them.

Capitalization

179. Subject to the provisions of any law, if the enterprise or any part thereof is transferred to another company as provided in article 178 above, the Company may, with the approval of the Company's general meeting, by a special majority, distribute or allocate the shares, securities, cash, benefits or other property of the Company in a manner different to that in which they should have been distributed or allocated in accordance with the precise legal rights of the Company's shareholders; however, where shares of the Company, or any of them, are bearer shares or shares listed for trade on a stock exchange, the distribution or allocation shall be effected in accordance with the legal rights of the shareholders, as precisely as possible.

180. In order to implement the provisions of articles 178 and 179 above, the general meeting

may, in a resolution passed by a special majority, instruct that the shares, other securities, benefits and other property of the Company be valued in the manner and at the price resolved by the Company.

Winding Up

181. Without derogating from the liquidator's authority pursuant to section 334 of the Ordinance

and subject to the rights attached to the classes of shares issued by the Company, if the Company is wound up, voluntarily or otherwise, its assets remaining after the discharge of all its obligations shall be distributed amongst the shareholders pro rata to the nominal value of their shares without having regard to any premium paid thereon.

182. With regard to article 181 above, anyone who has submitted an application for shares and

the shares have not yet been allotted to him shall be deemed to have been allotted, prior to the winding up, the shares included in this application and the amount paid on account of the nominal value of such shares shall be deemed to have been paid in respect thereof.

183. Subject to the provisions of any law, the liquidator may, pursuant to a resolution of the general meeting passed by a special majority, distribute the surplus assets or any part thereof amongst the shareholders in specie, and the liquidator may, pursuant to a resolution of the general meeting passed by a special majority, deposit any part of the surplus assets with trustees who shall hold them on trust in favor of the shareholders, as the liquidator deems fit. For the purpose of distributing the surplus assets in specie, the liquidator may determine the proper value of the assets available for distribution and decide how the distribution will be effected amongst the shareholders having regard to the rights attached to the various classes of shares in the Company which are held by them.

Mizrahi Tefahot Bank Ltd

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

Part One

1. **Name of Company: Mizrahi Tefahot Bank Ltd.** (hereinafter: "**the Company**" or "**the Bank**")
2. **The type of general meeting and the time and place thereof:** A special general meeting of all of the Bank's shareholders (hereinafter: "**the General Meeting**"). The General Meeting shall convene on Tuesday, April 2nd, 2019, at 15:00, at the Bank's offices at 7 Jabotinsky Street, 13th floor, Ramat-Gan. Should the meeting be deferred, it shall take place on April 10th, 2018, at the same time and place.
3. **Details of the issue on the agenda, that can be voted by Voting Paper, as detailed in the amended immediate report published by the Bank on March 6th, 2019** (hereinafter: "**the Immediate Report**"):
 - 3.1 **Description of the nature of the issue:**

The appointment of Mr. Abraham Neyman as an outside director at the Bank, per this term's meaning in the Companies Law 5759-1999 (hereinafter, respectively: "**the Companies Law**" and "**outside director under the Companies Law**") – the issue detailed in section 1.1 of the Immediate Report.
 - 3.2 **Description of the nature of the issue and the principle facts required to understand the issue:**
 - 3.2.1 Mr. Abraham Neyman was first appointed as an outside director under the Companies Law on April 11th, 2013, for a service period of three (3) years. Pursuant to this, Mr. Neyman was reappointed as an outside director under the Companies Law for an additional service period of three (3) years (a second tenure), which commenced on April 11th, 2016 and shall end on April 10th, 2019.

Prior to his first appointment and prior to his reappointment (to a second tenure), the Board of Directors evaluated Mr. Neyman as a director with accounting and financial expertise, per this term's definition in the Companies Regulations (Conditions and Criteria for a Director with Accounting and Financial Expertise and for a Director with Professional Qualifications) 5766-2005 (hereinafter: "**the Regulations on Conditions and Criteria for Expertise and**

Qualifications”). In addition, on February 19th, 2015, as well as prior to his reappointment (to a second tenure), the Board of Directors also evaluated Mr. Neyman as having professional qualifications, per the Regulations on Conditions and Criteria for Expertise and Qualifications.

On February 25th, 2019, the Board of Directors once again reevaluated (for the sake of good order) Mr. Neyman as having accounting and financial expertise and as having professional qualifications, per the aforesaid regulations.

- 3.2.2 Mr. Neyman’s candidacy for an additional service period of three (3) years was proposed by the Bank’s Board of Directors under Article 245(a1)(2) of the Companies Law.
- 3.2.3 The Bank hereby refers to the details on Mr. Abraham Neyman required by Regulation 26 of the Periodic and Immediate Report Regulations, as these were included in the periodic report for 2017, which was published by the Bank on February 27th, 2018 (reference no. 2018-01-019303) (hereinafter: “**Periodic Report**”), subject to the update detailed below. This mention constitutes inclusion by way of reference to all information included in this matter in the aforesaid Periodic Report.
- The change in the details specified regarding Mr. Neyman in the Periodic Report, with respect to Regulation 26 of the Periodic and Immediate Report Regulations, is that on December 31st, 2018, Mr. Neyman ceased his service as a director at Abraham Neyman Investments Ltd.
- 3.2.4 Mr. Neyman serves on the following Board of Directors committees: Audit Committee, Remuneration Committee and the Risk Management Committee.
- 3.2.5 Mr. Neyman has given a statement to the Bank, per Articles 224b. and 241 of the Companies Law, which is attached as **Appendix A** to this immediate report.
- 3.2.6 For details regarding the remuneration to be paid to Mr. Neyman as an outside director under the Companies Law and details regarding his entitlement to the exemption, indemnification and insurance of officers, see section 1.1.2f. of the Immediate Report.

- 3.3 The Audit Committee, in its meeting on February 21st, 2019, approved that “affinity” to the Bank, per its meaning in Article 240 of the Companies Law, is not to be attributed to Mr. Neyman due to the holding of accounts at the Bank, by Mr. Neyman and his wife, as well as by third parties, as detailed in Section 1.1.3a of the Immediate Report; alternatively, the Audit Committee has confirmed that even if these connections constitute an “affinity” as aforesaid, these would merely be “negligible connections”, in the Bank’s view and in Mr. Neyman’s view and that of his wife, as the case may be; as such, these connections do not constitute an “affinity” under Regulation 5(a) of the Companies Regulations (Matters Which Do Not Constitute Affinity) 5766-2006 (hereinafter: “**Regulations Regarding A Lack of Affinity**”); and in the matter of the connections stated in Section 1.1.3a.(3) of the Immediate Report, also under Regulation 5(b) of the Regulations Regarding A Lack of Affinity. For further details, see Section 1.1.3 of the Immediate Report .
- 3.4 **Text of the proposed resolution:** To appoint Mr. Abraham Neyman as an outside director at the Bank under the Companies Law (who also meets the qualifications of an outside director under Directive 301) for an additional service period of three (3) years (a third tenure), to commence on April 11th, 2019, subject to the Supervisor of Banks not announcing her objection to the appointment or announcing her consent thereto
4. The majority required to approve Mr. Neyman’s appointment as an outside director at the Bank under the Companies Law, as specified in Section 3.4 of this voting paper:
The majority required at the General Meeting and at a deferred meeting to approve Mr. Abraham Neyman’s appointment as an outside director at the Bank under the Companies Law, as stated in Section 3.4 above (and in Section 1.1.4 of the Immediate Report), is an ordinary majority of the shareholders present at the meeting, who are entitled to vote and voting thereat, provided that one of the following takes place:
- (1) The counting of the majority votes at the general meeting will include a majority among the votes of shareholders who are not controlling shareholders at the Bank or have personal interest in the approval of the appointment, except for a personal interest not deriving from his connections with the controlling shareholder, who are participating in the vote; in the counting of the total votes of the aforesaid shareholders, abstaining votes will not be taken into account;

- (2) The total opposing votes of the shareholders referred to in paragraph (1) above does not exceed two percent (2%) of the total voting rights in the Bank.

A shareholder participating in the vote regarding the resolution detailed in Section 3.4 above (and in Section 1.1.4 of the Immediate Report) shall notify the Bank prior to voting at the meeting; and if the vote is through a voting paper – shall mark in the designated place in the second part of the voting paper attached to the Immediate Report whether he is considered a controlling shareholder at the Bank or any party on behalf thereof, or whether he has a personal interest in the approval of the appointment, or whether he does not, and also describe the relevant affinity, if any. Should a shareholder fail to notify or mark as aforesaid, or if he has marked and not described as aforesaid, his vote shall not be counted. In this voting paper – “**personal interest**” – an individual’s personal interest in any activity or transaction of a company, including the personal interest of his relative and another corporation wherein he or his relative are interested parties, excluding personal interest arising from holding shares at the company, including the personal interest of an individual voting by power of attorney granted to him by another individual even if the other has no personal interest; likewise, the vote of an individual who has been granted power of attorney to vote on behalf of an individual who has personal interest will be considered as a vote by the holder of the personal interest, and all whether the judgment in the vote is that of the voter or not.

5. Attention is directed to Article 34(a1) of the Banking (Licensing) Law 5741-1981, according to which:

“A person shall not make an agreement with another in regard to their vote for the appointment of a director in a banking corporation or in a Bank holding corporation, including in regard to their vote for his dismissal, except under a permit issued by the Governor, after consulting with the Licensing Committee; this provision shall not apply [...] or to a holder of means of control who agrees with another that the other will vote in his name and on his behalf without any discretion, as the said holder of means of control instructs him, provided that if the other holds, on his own behalf, means of control in the banking corporation or in the Bank holding corporation, as the case may be, he shall not vote in the name and on behalf of more than one other holder”.

From the aforesaid instructions it arises, *inter alia*, that where concerns the appointment of the outside director, Mr. Abraham Neyman, as detailed in Section 3.4 above, a voting

proxy who is also a shareholder at the Bank may only vote in the name of and on behalf of one other shareholder, as detailed in the aforesaid instructions.

In the matter of the additional issue on the agenda of the General Meeting (as specified in Section 1.2 of the Immediate Report), a voting proxy is not prohibited from representing more than one shareholder.

6. Any holder of securities at the Bank voting at the meeting on the resolution in Section 3.4 above (and in Section 1.1.4 of the Immediate Report), which is on the agenda, in the matter of the appointment of an Outside Director Mr. Abraham Neyman, who is an interested party at the Bank (per its definition in Article 1 of the Securities Law 5728-1968), a senior officer at the Bank (per its definition in Article 37(d) of the Securities Law 5728-1968), institutional body (per its definition in the Supervision of Financial Services (Insurance) Law 5741-1981) or fund manager (per its definition in the Joint Investment Trust Law 5721-1961) is required to notify the Bank, prior to voting at the meeting, with the following details regarding the manner of his vote at the meeting:
 - 6.1 The identity of the voter: For an individual, first name and last name; for a corporation, the name of the corporation and its number;
 - 6.2 The amount of securities by which power the vote was made;
 - 6.3 The voting manner;
 - 6.4 Whether the voter has a personal interest or another characteristic, as determined in the table in the addition to the Companies Regulations (Written Votes and Position Papers) 5766-2005;
 - 6.5 Additional connections between the voter and the Company, a controlling shareholder or a senior officer therein, with specifications regarding the nature of the connections;
 - 6.6 If the voting is by proxy, such details shall be given with respect to both the grantor of the power of attorney and the proxy.
7. Place and time during which the full text of the proposed resolutions can be perused:

The Immediate Report released by the Company regarding the convening of the meeting and the full text of the proposed resolutions may be inspected at the Bank's Offices, 7 Jabotinsky St., Ramat-Gan, Tel: 03-7559720, during standard business hours, until the time scheduled for the meeting.
8. Details to the best of the Company's knowledge regarding Mr. Neyman for directorial service: As specified in Section 3 above and in Section 1.1 to the Immediate Report.
9. A shareholder may contact the Bank directly to receive the text of the voting paper and position papers from it.

10. 10.1 The voting paper shall be valid for an unregistered shareholder (i.e. a person to whom shares are registered with a TASE member, that are also included in the shareholders' register at the registration company) (hereinafter: "Unregistered Shareholder") only if an ownership confirmation is attached thereto, or if such a confirmation has been transferred to the Bank through the electronic voting system.
- 10.2 The voting paper shall be valid with respect to a shareholder according to Article 177(2) of the Companies Law (i.e. those registered as a shareholder in the Shareholder Registry (hereinafter: "Registered Shareholder") only if a photocopy of one's identity card, passport or incorporation certificate is attached thereto.
11. The voting paper and the documents which must be attached thereto (hereinafter: "Attached Documents"), as provided in the voting paper, should be delivered to the Bank's Offices as follows:
 - 11.1 Unregistered Shareholder: Up to 4 hours prior to the scheduled convening of the meeting;
 - 11.2 Registered Shareholder: Up to 6 hours prior to the scheduled convening of the meeting.

In this regard, the "time of delivery" shall be the time at which the voting paper and the Attached Documents arrive at the Bank's Offices.
12. An Unregistered Shareholder is also entitled to vote through an electronic voting paper, which will be transferred to the Bank through the electronic voting system (hereinafter: "Electronic Voting System") up to 6 hours prior to the meeting.
13. The Bank's address for the delivery of voting papers and position papers: The Bank's Offices at 7 Jabotinsky Street, Ramat-Gan.
 - 13.1 The deadline for the delivery of position papers to the Bank: Up to 10 days before the meeting.
 - 13.2 The deadline for the delivery of the Board of Directors' response to the position papers: Up to 5 days before the meeting.
14. The distribution address of the Israel Securities Authority's site and the website of the Tel-Aviv Stock Exchange Ltd, on which the voting papers and position papers are located:
 - 14.1 The distribution site of the Israel Securities Authority:
<http://www.magna.isa.gov.il/>;
 - 14.2 The Internet site of the Tel-Aviv Stock Exchange Ltd: <http://maya.tase.co.il/>

15. 15.1 A shareholder whose shares are registered with a TASE member may receive the ownership confirmation at a branch of the TASE member or by mail, if he has requested it. A request in this matter shall be given in advance regarding a particular securities account.
- 15.2 An Unregistered Shareholder may instruct that his ownership confirmation be transferred to the Bank through the Electronic Voting System.
16. An Unregistered Shareholder is entitled to receive by e-mail, free of charge, a link to the voting paper and position papers on the distribution site from the TASE member through which he holds his shares, unless he has notified the TASE member that he does not wish to receive such a link, or that he wishes to receive voting papers by regular mail in return for payment; a notice regarding voting papers shall also apply to receiving position papers.
17. One or more shareholder(s) holding shares at a rate which constitutes five percent or more of the total voting rights at the Bank; and likewise, anyone holding such a percentage of the total voting rights that are not held by the Bank's controlling shareholder, as defined in Article 268 of the Companies Law, may peruse the voting papers and voting records through the Electronic Voting System that have arrived at the Bank, as detailed in Regulation 10 of the Regulations.
The quantity of shares constituting 5% of the total voting rights at the Bank is:
11,682,833.
The quantity of shares constituting 5% of the total voting rights at the Bank, which are not held by the controlling shareholder, is: 6,534,591.
18. Adding an issue to the agenda: After the publication of this report, there may be changes to the agenda, including the addition of an issue thereto, and position papers may be published; it will be possible to review the current agenda and published position papers in the Bank's reports on the distribution site.
One or more shareholder(s) who hold(s) shares representing at least 1% of the voting rights at the general meeting of the Bank may request the Board of Directors to include an issue on the agenda of the meeting up to 7 days after the notice regarding the convening of the meeting, provided that the issue is appropriate for a discussion at the General Meeting.
Should the Board of Directors find that the issue requested to be included on the agenda is appropriate for a discussion at the General Meeting, the Bank shall prepare an updated agenda and an amended voting paper, insofar as this may be required, which will be published no later than 7 days after the final date to produce a request to include another issue on the agenda, as stated above. It is clarified that the publication of an

updated agenda, as stated above, shall not change the effective date as set forth in the Immediate Report.

19. A shareholder shall indicate his voting manner regarding the issues on the agenda on the form which is the second part of this voting paper; and in the event that the shareholder is voting by power of attorney (i.e. through an agent), the above details shall be given both regarding the grantor of the power of attorney and the agent.

Voting Paper - Part Two

Company Name: **Mizrahi Tefahot Bank Ltd.** (hereinafter: “**Company**” or “**Bank**”)

Company Address (for delivery of voting papers): Ms. Maya Feller, Company Secretary, Mizrahi Tefahot Bank Ltd., 7 Jabotinsky Street, 13th floor, Ramat-Gan 52520.

Company No.: 520000522

Meeting Date: April 2, 2019

Meeting Type: Special

Effective Date: March 3, 2019

(Hereunto to be filled by the Company).

Shareholder Details

Shareholder's name: _____

Identity no.: _____

If the shareholder does not have an Israeli identification card:

Passport no.: _____

Issuing country: _____

Valid until: _____

If the shareholder is a corporation:

Corporation no.: _____

Country of incorporation: _____

Voting manner

Number of issue on the agenda, as detailed in the immediate report regarding the convening of the meeting	Manner of voting ¹			In the matter of Article 239(b) to the Companies Law: Are you a controlling shareholder or have a personal interest in the approval of the appointment of Mr. Abraham Neyman as an outside director at the Bank under the Companies Law (except for a personal interest not resulting from your connections with the controlling shareholder) ² ?	
	For	Against	Abstain	Yes*	No
1.1					

Are you an interested party³, a senior officer⁴, an institutional body⁵ or a fund manager⁶?

YES _____ NO _____

Date

Signature

For shareholders who are holding shares through a TASE member (according to Section 177(1) of the Companies Law) – this voting paper shall be valid only if accompanied with an ownership conformation, except in cases where the voting is through the electronic voting system.

¹ * Please detail

¹ Failure to mark will be considered as abstaining from a vote on that issue.

² A shareholder who will not fill in this column or mark "Yes" without an explanation will not be counted in the counting.

³ "Interested party", per this term's definition in Article 1 of the Securities Law 5728-1968.

⁴ "Senior officer", per this term's definition in Article 37(d) of the Securities Law 5728-1968

⁵ "Institutional body", per this term's definition in the Supervision of Financial Services (Insurance) Law 5741-1981;

⁶ "Fund manager", per its meaning in the Joint Investment Trust Law 5721-1961;

For shareholders that are registered in the company's shareholders registry – this voting paper shall be valid if accompanied with a photocopy of an identity card/a passport/an incorporation certificate.

Details

Below are details in connection with my having a “personal interest” in the approval of Mr. Abraham Neyman's appointment as an outside director at the Bank under the Companies Law (as detailed in Section 1.1 of the Immediate Report and Section 3 of the voting paper):
