

Mizrahi Tefahot Bank Ltd.'s Immediate Reports are published in Hebrew on the Israel Securities Authority and the Tel Aviv Stock Exchange websites.

The English version is prepared for convenience purposes only. The only binding version of the Immediate Reports is the Hebrew version.

In the event of any discrepancy or inconsistency between the Hebrew version and the translation to English, the Hebrew version shall prevail and supersede, for all purposes and in all respects.

T460

Public

MIZRAHI TEFAHOT BANK LTD

No. with the Registrar of Companies: 520000522

Securities of the Corporation Listed for Trading on the Tel Aviv Stock Exchange

Abbreviated name: Mizrahi Tefahot

7 Jabotinsky Street, Ramat Gan 52520, Israel

Telephone: 972-3-7559207, 972-3-7559720; Fax: 972-3-7559913

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Date of transmission: February 25, 2016

Reference: 2016-01-034534

To

Israel Securities Authority

www.isa.gov.il

To

Tel Aviv Stock Exchange Ltd

www.tase.co.il

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 offer, Form T133 or T138 must be filled first, respectively, and thereafter a report should be filed on this form as well.

The corporation announces: *The convening of a meeting*

The reference number of the last meeting notice is _____. It was called for _____.
Reason of postponement or cancellation: _____

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

1. Type of security: *Share*

Name of the entitling security: *Mizrahi Tefahot (MZTF)*

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

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 and vote at the meeting: *March 3, 2016.*

2. On *February 24, 2016*

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

to be held on *April 4, 2016*, at *15:00*

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

3. On the agenda:

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

Issues/resolutions which will be raised at the meeting:

1

The issue/resolution and its details:

To appoint Mr. Avraham Neyman as an External Director at the bank, per the meaning of this term in the Companies Law 5759-1999, for an additional tenure period of three (3) years that will start on 11.4.2016; subject to the Supervisor of Banks not announcing his objection to the aforesaid appointment, or that he will announce his approval thereof.

Appointment/extension of an External Director's tenure as stated in 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 Internet voting system. For the conversion table, click here.

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

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

Reference of 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

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 is not ordinary majority.

The proposed resolution is subject to the approval of the general meeting of the Bank, in accordance with the provisions of Article 245(a1)(2) and 239(b) of the Companies Law, of 5759-1999.

The majority required at the general meeting and at the deferred general meeting in the resolution to approve the appointment of Mr. Avraham Neyman, as an External Director at the bank, per the meaning of this term in the Companies Law 5759-1999, 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:

(1) The counting of the majority votes at the general meeting will include a majority of the total votes of shareholders who are not controlling shareholders at the bank and who have no personal interest in the approval of the appointment, excluding personal interest which is not the result of 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 Section (1) above does not exceed two percent (2%) of the total voting rights in the bank.

2

The issue/resolution and its details:

To appoint Mr. Yossef Shachak as an external director in the bank, according to the meaning of this term in the Proper Conduct of Banking Business regulation number 301, in the matter of Board of Directors, according to the Supervisor of Banks in accordance with provision 5(c1) of the Banking Ordinance – 1941, for an additional tenure period of three (3) years that will start on 26.4.2016; subject to the Supervisor of Banks not announcing his objection to the aforesaid appointment, or that he will announce his approval thereof.

An appointment or dismissal of a director as stated in provisions 59 and 230 of the Companies Law.

Notice: A value in this table sets the text of the shareholder's declaration in the internet voting system. For the conversion table, click here.

Reference of 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 of 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

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 an approval *ordinary majority* _____

3

The issue/resolution and its details:

Description of the nature of the issue: Approving the granting to Mr. Moshe Vidman, the Chairman of the Board of Directors of the Bank (hereinafter – "the Chairman" or "the Chairman of the Board of Directors") of a part of the annual bonus for 2015 (until 30.11.2015), based on the evaluation of the Remuneration Committee and the Board of Directors of the fulfillment of the Chairman's special roles in the areas set in this matter (hereinafter-"Discretion Component"); This according to the previous terms of service and employments of Mr. Vidman as Chairman of the Board of Directors of the Bank, that were approved by the general meeting, on 17.6.2013.

Facts: On June 17, 2013, the general meeting approved Mr. Vidman's previous terms of service and employment, as the Chairman of the Board of Directors of the Bank, including an annual bonus, all as detailed in the (amending) report published by the Bank on June 6, 2013. In Appendix B of said report, it was determined, inter alia, that starting from 2013, the Chairman shall be entitled to an annual bonus for each calendar year during which he will serve as chairman, including 2015. The Chairman's entitlement to an annual bonus is conditioned by prerequisites and determined on the basis of quantitative indices (85% of the annual bonus cap) and one qualitative index – the Discretion Component (15% of the annual bonus cap).

It is hereby Clarified that the subject on hand, that is on the agenda of the general meeting of the Bank (namely, approving the Discretion Component in the annual bonus to the Chairman of the Board of Directors for 2015 (until 30.11.2015)), is according to the previous employment terms of the Chairman, as determined in the previous employment agreement and not according to the additional employment agreement, which is brought for the approval of the general meeting, on 8.3.2016, as detailed in the immediate report published by the Bank on 25.1.2016.

Proposed resolution's language: To approve granting the Chairman of the Board of Directors an annual bonus amounting to ILS 246 thousand (1.35 salaries) for 2015 (until 30.11.2015), which is the full amount on account of the Discretion Component in the annual bonus cap for 2015 (until 30.11.2015); this according to the previous terms of service and employment of the Chairman of the Board of Directors, approved by the general meeting on June 17, 2013.

Transaction with a director as to the terms of his service and employment, as stated in Section 273 of the Companies Law.

Notice: a value in this table sets the text of the shareholder's declaration in the internet voting system. For the conversion table, click here.

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

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

Reference of 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

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 an approval *ordinary majority* _____

Attached is the report on the convening of the meeting. *a_isa.pdf*

4.

Attached:

Yes a voting paper

No position notice

b_isa.pdf

Yes declaration of the candidate to serve as corporate director

Yes declaration of an independent director

Yes declaration of an External Director

_____ *declaration of a representative's appoint to representation*

_____ *amended deed of trust*

_____ *an application to approve a Creditors Arrangement under Article 350*

_____ other [HNS isa.pdf](#)

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

Address of the voting website: Voting system

Explanation: Those who are entitled to vote through the system will receive access information from stock exchange members.

5. The legal quorum for holding the meeting:

The legal quorum 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 quorum, the deferred meeting will be held on *April 11, 2016 at 15:00*, at the following address: *7 Jabotinsky Street, Ramat Gan, Israel, 13th floor*

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

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 (Tel: 03-7559720), 7 Jabotinsky Street (13th Floor), Ramat Gan, during standard business hours, until the time set for the meeting.

The above report was signed by Ms. Racheli Friedman, Chief Legal Advisor.

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

2016-01-020929

Previous names of reporting entity: United Mizrahi Bank Ltd

Form updated on: January 1, 2016

Name of the person reporting electronically: Friedman Rachel, Position held: Legal Advisor,
Name of employing company:

7 Jabotinsky Street, Ramat Gan, 52520, Israel, Tel: 972-3-7559500, Fax: 972-3-7559655,
Email: rachelifr@umtb.co.il

Mizrahi Tefahot Bank Ltd

Re: Immediate Report on the Convening of a Special General Meeting of the Shareholders of the Bank, Pursuant to the Securities Regulations (Periodic and Immediate Reports) 5730-1970 (hereinafter: "Periodic and Immediate Report Regulations"), the Companies Regulations (Notice and Announcement of General Meeting and Class Meeting in Public Company and Adding a Subject to the Agenda), 5760-2000 (hereinafter: "Companies Regulations") and the Companies Law, 5759-1999 (hereinafter: "Companies Law")

Pursuant to the Periodic and Immediate Report regulations, the Companies Regulations and the Companies Law, Mizrahi Tefahot Bank Ltd (hereinafter: "**Bank**") hereby announces the convening of a special general meeting (hereinafter – General Meeting) on Monday, April 4, 2016, at 15:00, at the Bank's offices, 7 Jabotinsky Street, Ramat Gan, 13th floor.

The issues on the agenda of the special general meeting and the summary of the proposed resolutions are as follows:

1. **Appointing Mr. Avraham Neyman as an External Director, according to the Companies Law**
 - 1.1 **Description of the nature of the subject:** Appointing an External Director in the bank, per the meaning of this term in the Companies Law (Hereinafter – "**An External Director according to the Companies Law**").
 - 1.2 **The proposed resolution:** To appoint Mr. Abraham Neyman as an External Director according to the Companies Law, for an additional tenure period of three (3) years that will start on April 11, 2016; subject to the Supervisor of Banks not announcing his objection to the aforesaid appointment, or that he will announce his approval thereof.
 - 1.3 **The main facts which are required for the understanding of the issue:**
 - 1.3.1 Mr. Avraham Neyman was first appointed as an External Director according to the Companies Law, on April 11, 2013 , for a tenure period of three (3) years, and was evaluated by the Board of Directors as a Director with accounting and financial expertise, per the meaning of this term in the Companies Regulations (Conditions and Criteria for a Director with Accounting and Financial Expertise and for a Director with Professional Competence), 5766 – 2005 (hereinafter – "**Regulations Regarding Expertise and Competence Criteria** "). In addition, on February 19, 2015

Mr. Neyman was evaluated by the Board of Directors, also having professional competence according to the Regulations Regarding Expertise and Competence Criteria. On February 24, 2016, the Board of Directors re-evaluated (for the sake of a good order) Mr. Neyman as having accounting and financial expertise and professional competence according to said regulations.

- 1.3.2 It is suggested to appoint Mr. Avraham Neyman as an External Director. According to the Companies Law, for an additional tenure period of three (3) years (second tenure term), starting on April 11, 2016; subject to the Supervisor of Banks not announcing his objection to the aforesaid appointment, or that he will announce his approval thereof. The nomination of Mr. Neyman for an additional tenure term of three (3) years, was suggested by the Bank's Board of Directors, according to Article 245(a1)(2) of the Companies Law.
- 1.3.3 The Bank hereby refers to the details required by Regulation 26 of the Periodic and Immediate Reports Regulations, regarding Mr. Avraham Neyman, as included in the periodic report of 2015, published by the Bank on February 25, 2016 (hereinafter – "**The Periodic Report of 2015**"). This reference constitutes incorporation by reference of the information included in this regard, in the said periodic report.
- 1.3.4 Mr. Neyman has given the Bank a declaration, according to Articles 224b and 241 of the Companies Law, attached as **Appendix A** to this immediate report.
- 1.3.5 The Audit Committee examined the relations between the Bank and Mr. Neyman having paid attention that Mr. Neyman, his wife and a body included on the other factors that were prohibited to have "connection" to the Bank, according to Article 240 of the Companies Law, are customers of the Bank, and manage accounts at the Bank, through regular course of business. Accordingly, on February 21, 2016, the Audit Committee confirmed, based on facts presented before it, and on the basis of Mr. Neyman's declarations, that managing accounts at the Bank and receiving banking services from the Bank, through regular course of business, as aforesaid, do not constitute "connection" to the Bank, per its meaning in Article 240 of the Companies Law, including according to Regulation 5 of the Companies' Regulations (Matters that Do Not Constitute a Connection).

5767-2006 (hereinafter – "**the Regulations Regarding Matters that Do Not Constitute a Connection**").

1.3.6 It is hereby clarified, that the remuneration that will be paid to Mr. Neyman, as an External Director, having accounting and financial expertise and professional competence, will be according to the resolution with respect to the compensation to directors, as detailed in the immediate report published by the Bank, on September 15, 2014 (reference number 2014-01-157959); this reference constitutes incorporation by reference of the information contained in this matter, in the said immediate report.

Further clarified here, that Mr. Neyman is entitled to officers' exemption, indemnification and insurance, as approved by the general meeting of the Bank, as detailed in section 1.4 of the amended immediate report published by the Bank on December 7, 2015 (reference number 2015-01-175365) and in section 2 of the immediate report published by the Bank on March 8, 2015 (reference number: 2015-01-088308).

1.4 The majority required for the approval of the resolution to appoint Mr. Neyman, as an External Director according to the Companies Law

The majority required at the general meeting and at a deferred meeting for the resolution to appoint Mr. Avraham Nayman, as an External Director according to the Companies Law, as per section 1.2 above, is an ordinary majority of the shareholders participating in 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 of the total votes of shareholders who are not controlling shareholders at the Bank or have a personal interest in the approval of the appointment, excluding personal interest which is not the result of connections with the controlling shareholder, who are participating in the vote; abstaining votes will not be counted in the counting of those total votes of the aforesaid shareholders.

2) The total opposing votes of the shareholders mentioned in Section (1) has not exceeded two percent (2%) of the total voting rights in the Bank.

A shareholder participating in the vote, on the resolution detailed in section 1 above, shall notify the Bank prior to voting, and if the vote is through the voting paper – shall mark the designated section in part B of the voting paper, attached to this immediate report, whether he is considered a controlling shareholder in the Bank or a representative thereof, or has a personal interest in the approval of

the matter in the agenda as the matter may be; and describe the relevant connection, insofar as it exists.. In the event that the shareholder failed to notify as such or failed to mark as mentioned above, or had marked without the required description, 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 a 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.

2. **Appointment of Mr. Yossef Shachak as an external director according to the supervisor of banks' instructions**

2.1 **Description of the nature of the subject:** Appointment of an External Director at the Bank, according to the meaning of this term in the Proper Conduct of Banking Business regulation number 301, in the matter of Board of Directors, instructed by the Supervisor of Banks in accordance with provision 5(c1) of the Banking Ordinance – 1941 (hereinafter – "**an External Director According to the Supervisor's Instructions** ").

2.2 **Text of the proposed resolution:** To appoint Mr. **Yossef** Shachak as an External Director According to the Supervisor's Instruction, for an additional tenure of three (3) years from 26.4.2016; subject to the Supervisor of Banks not announcing his objection to the aforesaid appointment, or that he will announce his approval thereof.

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

2.3.1 Mr. **Yossef** Shachak was first appointed as an External Director According to the Supervisor's Instruction, on April 26, 2010 , for a tenure of three (3) years. Thereafter, Mr. Shachak was re-appointed as an External Director According to the Supervisor's Instruction, for an additional tenure term, starting on April 26, 2013, ending three (3) years from this date. Mr. Shachak was evaluated by the board of directors as a director with accounting and financial expertise, per its definition in the **Regulations Regarding Expertise and Competence**

Criteria. In addition, on February 19, 2015 Mr. Shachak was evaluated by the board of directors, also as having professional competence, per its definition in the **Regulations Regarding Expertise and Competence Criteria** .

On February 24, 2016, Mr. Shachak was re-evaluated by the board of directors (for the sake of good order) as having accounting and financial expertise and professional competence, per the **Regulations Regarding Expertise and Competence Criteria**.

2.3.2 It is proposed hereby to appoint Mr. Yossef Shachak as an External Director According to the Supervisor's Instruction, for an additional tenure period of three (3) years (a third tenure period), starting on April 26, 2016, subject to the Supervisor of Banks not announcing his objection to the aforesaid appointment, or that he will announce his approval thereof.

2.3.3 The Bank hereby refers to the details required by Regulation 26 of the periodic and immediate reports regulations, regarding Mr. Yssef Shachak, as included in the annual report for 2015. This reference constitutes incorporation by way of reference of the information which is included in this regard in the aforesaid Periodic Report.

2.3.4 Mr. Shachak has given the Bank a declaration, in accordance with Articles 224B and 241 of the Companies Law, attached as **Appendix B** to this immediate report.

2.3.5 The Audit Committee examined the relations between the Bank and Mr. Shachak having paid attention that Mr. Shachak and his relatives are customers of the Bank, and manage accounts at the Bank, through regular course of business.
Accordingly, on February 21, 2016, the Audit Committee confirmed, based on facts presented before it, and on the basis of Mr. Shachak's declarations, that managing accounts at the Bank and receiving banking services from the Bank, through regular course of business, as aforesaid, do not constitute "connection" to the Bank, per its meaning in Article 240 of the Companies Law, including according to Regulation 5 of the Regulations Regarding Matters that Do Not Constitute a Connection..

2.3.6 It is hereby clarified that the remuneration paid to Mr. Shachak, as an External Director According to the Supervisor's Instruction,

having accounting and financial expertise and professional competence will be in accordance with the resolution in respect of directors' remuneration, as detailed in the immediate report published by the Bank on September 15, 2014 (ref. no. 2014-01-157959).

It is clarified in addition that Mr. Shachak is entitled to officers' exemption, indemnification and insurance, as approved by the general meeting of the Bank, as details in section 1.4 to the amending immediate report published by the Bank on December 7, 2015 (ref. no. 2015-01-175365) and section 2 to the immediate report published by the Bank on August 3, 2015 (reference number: 2015-01-088308).

2.4 The majority required for the approval of the resolution appointing Mr. Shachak, as an External Director According to the Supervisor Instructions

The majority required at the general meeting and at a deferred meeting to approve the appointment of Mr. Yossef Shachak, as an External Director According to the Supervisor Instructions, as per section 2.2 above, is an ordinary majority of the shareholders participating in the general meeting, who are entitled to vote and voting thereat; without taking into account the abstaining votes.

3. Approval of the Discretion Component in the Chairman of the Board of Directors Annual Bonus, for 2015 (until 30.11.2015), according to his previous terms of service and employments

3.1 Description of the nature of the subject:

To approve granting Mr. Moshe Vidman, Chairman of the Bank's Board of Directors of the Bank (the "**Chairman**" or "**Chairman of the Board of Directors of the Bank**"), part of the annual bonus for 2015 (until 30.11.2015), based on the Remuneration Committee and the Board of Directors' evaluation of the fulfillment of the Chairman's special roles in the areas set in this matter (hereinafter: "**Discretion Component**"); This, according to the previous terms of service and employments of Mr. Vidman as the chairman of the board of directors of the Bank, approved by the general meeting, on June 17, 2013.

3.2 Text of the proposed resolution: To approve granting the Chairman of the Board of Directors an annual bonus amounting to ILS 246 thousand (1.35 salaries) for 2015 (until 30.11. 2015), which is the full amount on account of the Discretion Component in the annual bonus cap for 2015 (until 30.11. 2015); this according to the previous terms of service and employment of the Chairman of the Board of Directors, approved by the general meeting on June 17, 2013 (hereinafter: "**the Decision Regarding Approving the Discretion Component to the Chairman**").

3.3 The main facts which are required for the understanding of the issue:

3.3.1 **Background**

A. On June 17, 2013, having received the approval of the Bank's Remuneration Committee and Board of Directors, the general meeting approved the previous terms of service and employment of the Chairman of Mr. Moshe Vidman, as the Bank's Board of Directors Chairman, in accordance with the employment agreement for a defined term of three (3) years, beginning on January 12, 2012 and until November 30, 2015 (hereinafter - "**Previous Employment Agreement**" and "**Previous Employment Terms**", as per the matter). Previous Employment Terms included, *inter alia*, the entitlement terms of the Board of Directors' Chairman for receiving an annual bonus and an additional deferred bonus, all as detailed in the (amended) immediate report published by the Bank on June 6, 2013, reference number 2013-01-059052 (hereinafter – "**the Immediate Report of June 6, 2013**"); the information regarding the Previous Employment Terms, as detailed in article 2 and in Appendix B to the Immediate Report of June 6, 2013, is included in this report by reference to the above report¹.

B. It is hereby clarified that Mr. Vidman's entitlement to an annual bonus, as detailed in section 3.3.2 below, for each of the calendar years 2013 to 2015 (until 30.11 2015), is according to Previous Employment Agreement.

Therefore, the subject on the Bank's general meeting's agenda, as detailed in this immediate report – meaning, the approval of the Discretion Component in the annual bonus to the Chairman of the Board of Director's for 2015 (until 30.11 2015) - is according to the Previous Employment Terms of the Chairman, as were determined in the Previous Employment Agreement, and not according to the Additional Employment Agreement, which is brought for approval of the general meeting on March 8, 2016, as detailed in the immediate report published by the Bank, on January 25, 2016 and mentioned in sub-section D below.

C. (1) For the details regarding the approval of the Discretion Component in the annual bonus that was paid to the Chairman for 2013, please see section 3 of the immediate report published by the Bank on May 4, 2014 (reference number 2014-01-056838)

(2) For the details regarding the approval of the Discretion Component in the annual bonus that was paid to the Chairman for 2014,

¹ Regarding updating sections 2.5 and 2.8 of the Immediate Report of June 6, 2013, regarding the Bank's liability for severance pay, see note 4© to the table in section 3.5 below.

please see section 1 of the immediate report published by the Bank on August 3, 2015 (reference number 2015-01-088308)

D. (1) It should be noted that on January 25, 2016, the Bank published an immediate report for convening a special general meeting (reference number 2016-01-017614) (hereinafter – "**the Immediate Report of January 25, 2016**"), under which will be brought for the approval of the Bank's general meeting, that will be held on March 8, 2016, *inter alia*, the terms of service and employment of Mr. Vidman as the Chairman of the Board of Directors of the Bank, including, the Bank's engagement in an Additional Employment Agreement with the Chairman of the Board of Directors, which will take effect on January 12, 2015 (hereinafter – "**the Additional Employment Agreement**"); this, following the approval by the Remuneration Committee and the Board of Directors of the terms of service and employment of the Chairman, including the additional Employment Agreement

(2) As was detailed in the Immediate Report of January 25, 2016, the terms of service and employment of the Chairman of the Board of Directors, according to the Additional Employment Agreement, that are subject to the approval of the general meeting, as said above, include a fixed remuneration only and social benefits and related expenses, and do not include a variable remuneration, and within that, do not include an annual bonus, all as detailed in the Immediate Report of January 25, 2016.

3.3.2 **The Annual Bonus according to the Previous Employment Agreement:**

As part of the Previous Employment Terms of the Chairman of the Board of Directors, as detailed in Appendix B to the Immediate Report of June 6, 2013, it was established, *inter alia*, that starting 2013, the Chairman will be entitled to an annual bonus for each calendar year during which he will serve as a Chairman, (according to the Previous Employment Agreement), including 2015 (each of these shall be referred to hereinafter as "**Grant Year**"), according to the following provisions:

a. The prerequisites in the matter of the annual bonus entitlement

The Chairman's entitlement to an annual bonus, for each of the Grant Years, is conditional upon all prerequisites being fulfilled in the Grant Year, as detailed below:

- 1) Return on equity, according to the annual financial reports of the Bank for that year, at a rate no less than 9%;

- 2) The total capital adequacy ratio and core equity ratio of the Bank, according to the annual financial reports for that year, are no less than the minimum total capital adequacy ratio and core equity ratio, respectively, as required by the Bank of Israel regulations.

b. The annual bonus cap and the indices used as basis for determining entitlement

According to the Previous Employment Terms the maximum annual bonus for which the Chairman of the Board of Directors shall be entitled for any Grant Year shall not exceed 9 monthly salaries, per their definition in Section 2.2 of the Immediate Report of June 6, 2013 (hereinafter: "**Annual Bonus Cap**").

According to the Previous Employment Terms, the Chairman's entitlement to an annual bonus for any Grant Year shall be determined on the basis of quantitative indices, the total weight of which shall be 85% of the Annual Bonus Cap, as well as one qualitative indicator - the Discretion Component, which weighs 15% of the Annual Bonus Cap, all according to the entitlement formula detailed in Appendix B to the Immediate Report of June 6, 2013; this Discretion Component, as per the Previous Employment Terms, is compatible with the Bank's remuneration policy for the serving Chairman.

c. The Discretion Component

Under the terms of the annual bonus approved for the Chairman of the Board of Directors according to the Previous Employment Agreement, it was determined that the Discretion Component in the annual bonus would be based upon the Board of Directors' evaluation of the Chairman of the Board of Directors' fulfillment of his special roles, in areas related to corporate governance, supervision over the Bank's risk management according to the board of directors policy, the proper and efficient functioning of the board, and compliance with the law and regulations.

3.3.3 Fulfilment of Prerequisites

- a. According to the Bank's annual financial reports for 2015, the Bank meets the Prerequisites set in the Chairman's Previous Employment Terms, as a precondition to his entitlement to an annual bonus, as detailed in Section 3.3.2a above.

b. According to the Bank's annual financial reports for 2015, the return on equity ratio for 2015 was 10.0%, higher than the required 9% rate set as a prerequisite according to the Previous Employment Terms of the Chairman; furthermore, the total capital adequacy ratio of the Bank and the Bank's tier 1 capital ratio (core capital) as per said reports, are 13.29% and 9.50%, respectively, and are not lower than the minimum ratios required by the Bank of Israel (on December 31, 2015, were 12.80% and 9.30%, respectively), which were the prerequisites for entitlement to the annual bonus.

3.3.4 **The amount of the annual bonus suggested to grant to the Chairman of the Board of Directors on Account of the Discretion Component, as approved by the Remuneration Committee and the Board of Directors, and the manner of its approval**

On February 24, 2016, the Bank's Board of Directors adopted the evaluation of the Remuneration Committee regarding the Chairman's functioning in 2015, considering the criteria set out in Section 3.3.2 c. above; this for the purposes of determining the portion of the annual bonus for which the Chairman is entitled for 2015 (until 30.11. 2015), due to the Discretion Component, and as per the Chairman's Previous Employment Terms.

Further to the above, the Bank's Board of Directors approved, after receiving the approval of the Remuneration Committee from February 24, 2016,(in which discussed this matter, also in meeting of February 15, 2016), granting the Chairman an annual bonus in the amount of ILS 246,000 (1.35 salaries) for 2015 (until 30.11. 2015), which is the full amount due to the Discretion Component, in the Annual Bonus Cap for 2015 (until 30.11. 2015), according to the Chairman's Previous Employment Terms; this in addition to the part of the annual bonus for which the Chairman is entitled, due to the quantitative measures, as set out in the table in Section 3.5 below.

3.4 **Reasoning of the Remuneration Committee and the Board of Directors**

Below are the reasons of the Remuneration Committee as were adopted by the Board of Directors, for the approval of the portion of the annual bonus to the Chairman, due to the Discretion Component, for 2015 (until 30.11. 2015):

- (1) The Chairman's considerable contribution to the implementation of corporate governance principles at the Bank, the efficient operation of the Bank's Board of Directors.
- (2) The professional and businesslike manner in which the Chairman fulfills his role;

(3) The Chairman's involvement in the supervision of risk management at the Bank, according to the Board of Directors' policy and mindful of the Bank of Israel's instructions.

(4) The Chairman's knowledge of the issues at the Board of Directors' door and his contribution to the Board of Directors discussions.

3.5 Below is a concentration of the remuneration costs, of the Chairmen of the Board of Directors, Mr. Moshe Vidman, for 2015:

Details of the officer			
Name	Position	Position capacity	Holding percentage of the corporation's equity
Moshe Vidman	Chairman of the Board of Directors	100%	-

Annual remuneration (in ILS thousands) for 2015 ¹ Mr. Moshe Vidman, Chairman of the Board of Directors of the Bank (in terms of cost to the Bank)								
Salary ²	Additional wage components ³	Other		Annual bonus ⁶	Deferred bonus ⁷	Stock-based payment	Management fee/Counselling fee/Commission/Rent	Total wage cost for 2015
		Social provisions ⁴	Value of benefits and interest ⁵					
2,226	152	373	123	764	711	-	-	4,349

Table Footnotes:

(1)

(a) The remuneration amounts are presented in terms of annual cost to the Bank (not including salary tax, at a rate of 17%).

(b) The annual remuneration detailed in the above table, is for the entire year of 2015 (1.1.2015 – 31.12.2015);

(c) The amounts of the salary, the additional wage components, the social provisions, and the value of benefits and interest (hereinafter – "**Salaries and Related**"), detailed in the above table, were calculated according to the terms of the Previous Employment Agreement, for the period from 1.1.2015 until 30.11.2015 (when the term of the employment of the Chairman according to the Previous Employment Agreement ended); the amounts of Salaries and

Related detailed in the table above, for December 2015, were calculated according to the Additional Employment Agreement which was approved by the Remuneration Committee and by the Bank's Board of Directors, and will be presented for approval of the general meeting on March 8, 2016, as detailed in section 3.3.1d above.

(2)

The salary amount for the period of 1.1.2015 until 30.11.2015, as per the Previous Employment Agreement, is fully linked to CPI increases, as described in Section 2.2 of the Immediate Report of June 6, 2013; the salary amount for the month of December 2015, as per the Additional Employment Agreement, is fully linked to CPI increases, as described in Section 2.3.2b of the Immediate Report of January 25, 2016; the salary does not include social provisions or other benefits.

(3)

These components include a gross up for a car, mobile and home phones and convalescence pay.

(4)

(a) Provisions for annuity, pension, compensation, training fund, national insurance pay (employer's share) and annual leave, including the ongoing provision with respect to extra compensation as described in Section 2.8.3 of the Immediate Report of June 6, 2013 (hereinafter – "**Retirement Bonus**") in an amount equal to 150% of the amount of the chairman's last salary, according to the Previous Employment Agreement multiplied by the number of years of employment according to the Previous Employment Agreement (three (3) years).

(b) It should be noted that in the Bank's annual financial reports for 2015, a reduction was recorded in the provision for the adjustment bonus, in the amount of six (6) monthly salaries and social provisions, that the Chairman of the Board of Directors was entitled to, according to the Previous Employment Agreement (approximately ILS 1,322 thousand), and a provision for the adjustment bonus of three (3) monthly salaries without social provisions (approximately ILS 661 thousands) according to the Additional Employment Agreement was recorded.

(c) As part as the Previous Employment Agreement, it was agreed that the Bank will purchase for the Chairman loss of work capacity insurance and that the Bank's payments for the account of severance pay, will replace severance pay, according to article 14 of the severance pay law, 5733 – 1963 (hereinafter – "**Severance Pay Law**"); however, since it turned out, the loss of work capacity insurance could not be bought for the Chairman due to his age, it was agreed as part of the Additional Employment Agreement, that in the event that the Chairman will be entitled to a Severance Pay, according to the Severance Pay Law, and the accumulated

amount in the provident funds - as a result of the Bank's payments toward severances (8.33%), including the earnings gained, as of the time of the employment termination, and according to the Severance Funds report - will not add up to the amount of Severance Pay, as required in the Severance pay Law, in a gross form of payment, (hereinafter – "**Severance Pay as per the Law**"), the retirement bonus that will be paid to the Chairman according to the Previous Employment Agreement, in full, will come in lieu against the Severance Pay as per the Law; If the accumulated amount in the funds and the amount of the retirement bonus will not add, both together, to the Severance Pay as per the Law, the Bank will make up the difference up to the Severance Pay as per the Law. In the Bank's annual financial reports of 2016 and until the time of the Chairmen's employment termination, a provision for completing Severance pay as required will be included.

(5)

Car, mobile and home phones, vacation, holiday gifts, life insurance and value of benefit due to interest over loans given by the Bank, under the conditions granted to all Bank employees.

As of December 31, 2015, no balances exist on loans given under regular conditions or for which benefits were given by the Bank, under conditions granted to all Bank employees.

(6)

This amount detailed in the table above, includes the portion of the annual bonus for 2015 (until 30.11. 2015), with respect to quantitative indicators, at the amount of ILS 518 thousand, as detailed in Appendix B to the Immediate Report of June 6, 2013, and the portion of the annual bonus for the stated period, due to the Discretion Component, according to the said Appendix B, amounting to ILS 246 thousand, as approved by the Remuneration Committee and the Bank's Board of Directors, and is subject to approval by the general meeting, as set out in this report.

(7)

Under the Previous Employment Agreement, the Chairman is entitled to an "additional deferred bonus" (per its meaning in Sections 2 and 6 to 8 of Appendix B of the Immediate Report of June 6, 2013), adjacent after the approval of the Bank's annual financial reports for 2015; in the Previous Employment Agreement it was specified that the additional deferred bonus will be granted to the Chairman, subject to fulfilling the prerequisites, for each of the years during which he served as Chairman (according to the Previous Employment Agreement), and it will be calculated on the basis of a three-year average of return on equity for 2013, 2014 and 2015, all as detailed in Appendix B to the Immediate Report of June 6, 2013.

The additional deferred bonus sum, as detailed in the table above , was calculated based on the following factors: (a) the prerequisites for the grant of the additional deferred bonus, were

met (namely, the return on equity rates for each one of the years, 2013, 2014 and 2015, exceeded 8%); (b) the return on equity rates for each of the years 2013 and 2014 (as published, in the Bank's annual financial reports for these years), stood on 11.5% and 10.4%, respectively. The return on equity rate for 2015 (as published, in the Bank's annual financial reports for 2015), stood on 10.0%; accordingly, the average of the return on equity rates for the years 2013, 2014, and 2015, stood on 10.6% entitling the Chairman to 3.9 salaries for the three (3) specified years (2013, 2014 and 2015 – until 30.11. 2015). Accordingly, the additional deferred bonus sum, detailed in the above table, will be paid to the Chairman for the three (3) specified years and not for 2015 alone.

3.6 The majority required for the approval of the Discretion Component in the annual bonus to the Chairman of the Board of Directors

The majority required at the special general meeting and at a deferred general meeting, for the approval of the resolution to approve the Discretion Component to the Chairman, as stated in section 3.2 above, is an ordinary majority of the shareholders present at the general meeting, who are entitled to vote and voting thereat, without taking into account the abstaining votes.

3.7 Identity of the members of the Remuneration Committee and Board of Directors members who participated at the meeting in which the Discretion Component in The Chairman's bonus was approved

(a) In the Remuneration Committee meeting in which the approval of the Discretion Component to the Chairman was approved, had participated the following directors: Avi Zigelman (chairman) (external director), Gideon Siterman (external director), Sabina Biran, Yossef Shachak, and Avraham Neyman (external director).

(b) In the Board of Directors meeting in which the approval of the Discretion Component to the Chairman was approved, had participated the following directors: Zvi Ephrat, Ron Gazit, Liora Ofer, Avi Zigelman (external director), Mordechai Meir, Gideon Siterman (external director), Yossef Shachak, Sabina Biran, Yoav-Asher Nachshon, Avraham Neyman (external director), and Avraham zeldman.

Mr. Moshe Vidman, the Chairman of the Board of Directors of the Bank, has a personal interest in the approval of the suggested resolution in this section 3 above; therefore, Mr. Vidman was not present and did not participate in the Board of Directors' vote on this matter. The other Bank's directors do not have a personal interest in approving the decision of the Discretion Component to the Chairman.

4. **Location and time of the meeting's convening**

4.1. The general meeting will convene on Monday April 4, 2016, 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 11, 2016, at the same time and place.

The date for determining the entitlement of shareholders to vote at the general meeting, as stated in Section 182 of the Companies Law, will be March 3, 2016 (hereinafter: "**Effective Date**").

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

4.3. The Bank's controlling shareholders' holdings of the Bank's issued and redeemed capital shall not grant the Bank's controlling shareholders the majority required to approve the resolutions on the agenda of the special general meeting.

4.4. A shareholder will be entitled to vote at the general meeting, in person or by a proxy. In addition, a shareholder will be entitled to vote at the general meeting to approve the resolutions on the agenda, through a voting paper, as detailed below (hereinafter: "**Written Vote**" or "**Voting Paper**").

4.5.

4.5.1. In addition, 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**") 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**") no later than 6 hours prior to the meeting.

4.5.2. 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 in the list of those entitled to vote through the Electronic Voting System (as 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. Shareholders' instructions, as stated above, shall be transferred to the TASE member no later than 12:00 at the noon of the Effective Date, and this regarding the securities account and not particular securities held in the account.

- 4.6. Voting in writing will be performed on the second part of the voting paper, which is attached as **Appendix C** to this immediate report. The voting paper and the documents which are required to be attached thereto (the "**Attached Documents**"), as provided in the voting paper, should be delivered to the Bank's Offices by no later than 4 hours prior to the convening of the meeting. In this regard, the "time of delivery" will be the time on which voting paper and the Attached Documents will arrive at the Bank's Offices.
- 4.7. The document appointing a proxy to vote (the "**Letter of Appointment**") and the power of attorney under which the Letter of Appointment was signed (if any) or a copy thereof, certified to the Bank's satisfaction, will be prepared and signed by the appointer or by his proxy who will be authorized therefor in writing, and if the appointer is a corporation, will be signed in such manner which will bind the corporation. The Letter of Appointment will be deposited in the Bank's Offices by no later than 48 hours prior to the time scheduled for the beginning of the meeting.
- 4.8. The address of the Israel Securities Authority's distribution site and the Internet site of the Tel Aviv Stock Exchange Ltd, on which the voting papers and position notices are posted:
- 4.8.1. The distribution site of the Israel Securities Authority:
<http://www.magna.isa.gov.il/>;
- 4.8.2. The Internet site of the Tel Aviv Stock Exchange Ltd: <http://maya.tase.co.il/>
- 4.9. A shareholder is entitled to approach the Bank directly to receive the voting paper and the position notice therefrom.
- 4.10. An Unregistered Shareholder will be entitled to receive by e-mail, free of charge, a link to the voting paper and position notices on the distribution site from the TASE member through which he holds his shares, unless he has notified the TASE member that he does not wish to receive such link or that he wishes to receive voting papers by mail in consideration for payment; notice regarding voting papers shall also apply with regard to position notices.
- 4.11. A shareholder whose shares are registered with a TASE member may receive the ownership confirmation at a branch of the TASE member or via 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.
- 4.12.
- 4.12.1. 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.

- 4.12.2. The Voting Paper shall be valid with respect to a Shareholder according to Section 177(2) of the Companies Law (i.e. those registered as a shareholder in the Shareholder Registry) only if a photocopy of an identity card, a passport or an incorporation letter is attached thereto.
- 4.13. The Bank's address for the delivery of Voting Papers and Position Notices: The Bank's Offices at 7 Jabotinsky Street, Ramat Gan.
- 4.13.1. The deadline for delivery of position notices to the Bank: up to 10 days before the date of the meeting.
- 4.13.2. The deadline for delivery of the Board of Directors' response to the position notices: no later than 5 days before the date of the meeting.
- 4.14. Voting regarding each nominee for director's position as detailed in sections 1 and 2 to this Immediate Report above shall be done separately.
- 4.15. Attention is directed to Article 34(a1) of the Banking (Licensing) Law 5741-1981: *"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 to joint holders per this term's meaning in section 11d(a)(3)(b) to the Banking Ordinance 1941, regarding voting for the appointment of a director that was suggested as nominee by them according to the said section, and 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 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 provisions it arises, *inter alia*, that regarding the resolutions on the agenda, as detailed in sections 1 and 2 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 provisions.
- In the matter of additional issues on the general meeting's agenda, as detailed in Sections 3 above, there is nothing preventing a proxy vote represented more than one shareholder.
5. Furthermore, attention is directed to the Securities Authority guideline published on November 30, 2011, titled "Guideline Regarding Disclosure Of The Voting Manner Of Interested Parties, Senior Officers And Institutional Investors At Meetings" (hereinafter: the "**Guideline**"), whereby:
- An "Interested Party" (as defined in the Securities Law 5728-1968), a "Senior Officer" (As defined in Article 37(d) of the Securities Law, 5728-1968) and an**

"Institutional Investor"(as defined in Article 1 of the Control Regulations of Financial Services and Provident Funds) (Participation of a Managing Company in a General Meeting) 5769-2009, as well as the Joint Investment Trust Law 5754-1994) (together: the "Voter" or "Voters") voting at a meeting, in the resolution suggested in Section 1 of the agenda will notify the Bank prior to voting at the meeting of the details required according to Article 2(b) of the Guideline, and in the event that the voter has voted by proxy (i.e. through an empowered representative), the above details shall be provided in connection with the empowering party and the empowered party.

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

After the publication of this report, there may be changes in 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 position papers published in the Bank's reports on the distribution site.

One or more shareholders who hold shares representing at least 1% of 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 of the meeting's convening, provided that the issue is appropriate for a discussion at the general meeting.

If the board finds that the issue requested to be included on the agenda is appropriate for a discussion at the general meeting, the Bank will 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.

7. **Details regarding the Bank's representative in respect of the treatment of this report**

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

8. **Perusal of Documents**

The 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,

Racheli Friedman, Adv.

Chief Legal Advisor

Mizrahi Tefahot Bank Ltd

Supplement

Mizrahi Tefahot Bank Ltd. (hereinafter: "**the Bank**" or "**the Company**")

Declaration of a Director or Nominee for a Director's Position

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

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

1. I am a resident of the State of Israel.
2. I am not a relative of the controlling shareholder and I and/or my relatives and/or my partners and/or my employers and/or any person to whom I am directly or indirectly subordinate and/or any corporation in which I am a controlling shareholder, do not have and have not had, over the two years prior to the date on which I am due to begin my tenure as a director, any affinity to the company, the company's controlling shareholder, a relative of the controlling shareholder or any other corporation.
3. I and/or my relatives and/or my partners and/or my employers and/or any person to whom I am directly or indirectly subordinate and/or any corporation in which I am a controlling shareholder, do not have, business or professional ties with the company, the company's controlling shareholder, any relative of the controlling shareholder or any other corporation, even if such ties are not on a regular basis, other than insignificant ties, that were approved as such by the Audit Committee of the Bank, and which meet the requirements determined in this regard, in Section 5 of the Companies Regulations (Matters which do not Constitute Affinity), 5767-2006¹.
4. I have not received, in addition to the compensation and reimbursement of expenses to which I am entitled, any direct or indirect consideration for my service as a director in the Bank.
5. My position and/or other occupations do not and may not create conflict of interest with my director's position in the company and they do not impair my ability to serve as a director in the company.
6. To the best of my knowledge, none of the company's directors serve as external directors in companies in which I am a director.
7. I am not an employee of the Israel Securities Authority nor of an Israeli stock exchange.
8. I hereby declare that I comply with the qualification requirements for external director's position, specified in Sections 240(a) to (f) of the Companies Law, and I

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

have not served as a director in the Bank for over nine (9) consecutive years, and in this regard discontinuance of service which does not exceed two years will not be considered as discontinuing the sequence of service.

9. I have the required qualifications and ability to dedicate the appropriate amount of time, to the performance of my duties as an external director according to the Companies Law in the Bank, considering, *inter alia*, the Bank's special needs and size.

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

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

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

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

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

In witness whereof I have hereunto set my hand:

Date: February 24, 2016

Signature: [Avraham Neyman]

Supplement

Mizrahi Tefahot Bank Ltd. (hereinafter: "**the Bank**" or "**the Company**")

Declaration of a Director or Nominee for a Director's Position

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

I, the undersigned, Yossef Shachak, bearer of ID number 008025009, hereby declare in writing as follows:

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

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

8. I hereby declare that I comply with the qualification requirements for external director's position, per the meaning of this term in the Proper Conduct of Banking Business regulation in the matter of Board of Directors, as instructed by the supervisor of banks ("**External Director According to the Supervisor of Banks' Instructions**"), and as an independent director per the meaning of this term in the Companies Law, specified in Sections 240(a) to (f) of the Companies Law, and I have not served as a director in the Bank for over nine (9) consecutive years, and in this regard discontinuance of service which does not exceed two years will not be considered as discontinuing the sequence of service.
9. I have the required qualifications and ability to dedicate the appropriate amount of time, to the performance of my duties as an **External Director According to the Supervisor of Banks' Instructions** and as an independent director, 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:
- I am a certified accountant since 1970, and for about 28 years I have managed an active accountancy office with many hundreds of clients including public companies, likewise served as the president of the institute of certified public accountants.
- I served as a director in private and public companies and as an advisor to companies and boards of directors.
- In view of the aforesaid, I assessed that I have accounting and financial expertise.
10. I have read Sections 226 and 227 of the Companies Law, and I hereby declare that the restrictions provided in these sections do not apply to me.

In witness whereof I have hereunto set my hand:

Date: February 24, 2016

Signature: [Yossef Shachak]

Mizrahi Tefahot Bank Ltd.

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

Part One

1. Name of Company: **Mizrahi Tefahot Bank Ltd.** (hereinafter: "**Company**" or "**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: "**general meeting**"). The general meeting shall be held on Monday, April 4, 2016, at 15:00, at the Bank's offices at 7 Jabotinsky Street, 13th floor, Ramat Gan. Should the meeting be postponed, it shall take place on April 11, 2016, at the same time and place.
3. Details of the issues on the agenda, as detailed in the Immediate Report published by the Bank on February 24, 2016 (hereinafter: "**Immediate Report**"):

3.1 **The appointment of Mr. Avraham Neyman as an External Director according to the companies law – the issue detailed in Section 1 of the Immediate Report**

- 3.1.1 **Text of the Proposed Resolution**: to appoint Mr. Avraham Neyman as an External Director at the bank, per the meaning of this term in the Companies Law 5759-1999 (hereinafter "**External Director according to the Companies Law**" and "**Companies Law**", respectively), for an additional tenure period of three (3) years that will start on 11.4.2016; subject to the Supervisor of Banks not announcing his objection to the aforesaid appointment, or that he will announce his approval thereof.

Description of the nature of the issue and the main facts required to understand the issue:

- 3.1.2 Mr. Avraham Neyman was first appointed as External Director according to the Companies Law on April 11, 2013, for a tenure period of three (3) years, and was evaluated by the Board of Directors as a director with accounting and financial expertise, per its definition in the Companies' Regulations (Conditions and Criteria for Directors with Accounting and Financial Expertise and Directors with Professional Competence) 5766-2005 (the "**Regulations Regarding Expertise and Competence Criteria**"). In addition, on February 19, 2015 Mr. Neyman was evaluated by the Board of Directors as having professional

competence according to the Regulations Regarding Expertise and Competence Criteria.

On February 24, 2016 the Board of Directors re-evaluated (for the sake of good order) Mr. Neyman as having accounting and financial expertise and professional competence according to said regulations.

- 3.1.3 The nomination of Mr. Neyman for an additional tenure period of three (3) years was suggested by the Board of Directors in accordance with Article 245(A1)(2) of the Companies Law.
- 3.1.4 Mr. Neyman currently serves on the Remuneration Committee, the Risk Management Committee and the Board of Directors' Audit Committee.
- 3.1.5 The Bank hereby refers to the details required by Regulation 26 of the Securities Regulations (Periodic and immediate Reports) 5730-1970 regarding Mr. Avraham Neyman, as included in the annual report for 2015, published by the Bank on February 25, 2016 (hereinafter – "**the Periodic Report for the year 2015**"). This reference constitutes incorporation by way of reference of the information included in this regard in the aforesaid periodic report.
- 3.1.6 Mr. Neyman has given the Bank a declaration, according to Articles 224B and 241 of the Companies Law, attached as **Appendix A** to the Immediate Report.
- 3.1.7 The Audit Committee examined the relations between the Bank and Mr. Neyman having paid attention that Mr. Neyman, his wife and a body included on the other factors that were prohibited to have "connection" to the Bank, according to Article 240 of the Companies Law, are customers of the Bank, and manage accounts at the Bank, through regular course of business.
Accordingly, on February 21, 2016, the Audit Committee confirmed, based on facts presented before it, and on the basis of Mr. Neyman's declarations, that managing accounts at the Bank and receiving banking services from the Bank, through regular course of business, as aforesaid, do not constitute "connection" to the Bank, per its meaning in Article 240 of the Companies Law, including according to Regulation 5 of the Companies' Regulations (Matters that Do Not Constitute a Connection) 5767-2006 (hereinafter – "**the Regulations Regarding Matters that Do Not Constitute a Connection**").
- 3.1.8 It is hereby clarified that the remuneration which will be paid to Mr. Neyman as an External Director, having accounting and financial expertise and professional competence will be in accordance with the resolution in respect of directors' remuneration, as detailed in the

immediate report published by the Bank on September 15, 2014 (ref. no. 2014-01-157959).

- 3.1.9 It is clarified in addition that Mr. Neyman is entitled to officers' exemption, indemnification and insurance, as approved by the general meeting of the Bank, as details in section 1.4 to the amending immediate report published by the Bank on December 7, 2015 (ref. no. 2015-01-175365) and section 2 to the immediate report published by the Bank on August 3, 2015 (ref. no. 2015-01-088308).

3.2 **The appointment of Mr. Yossef Shachak as an External Director according to the supervisor of banks' instructions – the issue detailed in Section 2 of the Immediate Report**

- 3.2.1 **Text of the Proposed Resolution:** to appoint Mr. Yossef Shachak as an External Director at the bank, per the meaning of this term in the Proper Conduct of Banking Business regulation number 301, in the matter of Board of Directors, according to Section 5(c1) of the Banking Ordinance – 1941 (hereinafter "**External Director According to the Supervisor of Banks' Instructions**"), for an additional tenure period of three (3) years that will start on 26.4.2016; subject to the Supervisor of Banks not announcing his objection to the aforesaid appointment, or that he will announce his approval thereof.

Description of the nature of the issue and the main facts required to understand the issue:

- 3.2.2 Mr. Yossef Shachak was first appointed as External According to the Supervisor of Banks' Instructions on April 26, 2010. Following that, Mr. Shachak was re-appointed as External Director According to the Supervisor of Banks' Instructions for an additional tenure period, starting April 26, 2013, and until the end of three (3) years from that time. Mr. Shachak was evaluated by the Board of Directors as a director with accounting and financial expertise, according to the Regulations Regarding Expertise and Competence Criteria. In addition, on February 19, 2015 Mr. Shachak was evaluated by the Board of Directors as having professional competence according to the Regulations Regarding Expertise and Competence Criteria.

On February 24, 2016 the Board of Directors re-evaluated (for the sake of good order) Mr. Shachak as having accounting and financial expertise and professional competence according to the Regulations Regarding Expertise and Competence Criteria.

- 3.2.3 Mr. Shachak currently serves on the Remuneration Committee, the Credit Committee and the Board of Directors' Audit Committee.

- 3.2.4 The Bank hereby refers to the details required by Regulation 26 of the Periodic and immediate Reports Regulations regarding Mr. Yossef Shachak, as included in the Periodic Report for the year 2015. This reference constitutes incorporation by way of reference of the information included in this regard in the aforesaid periodic report.
- 3.2.5 Mr. Shachak has given the Bank a declaration, according to Articles 224B and 241 of the Companies Law, attached as **Appendix B** to the Immediate Report.
- 3.2.6 The Audit Committee examined the relations between the Bank and Mr. Shachak having paid attention that Mr. Shachak and his relatives are customers of the Bank, and manage accounts at the Bank, through regular course of business.
- Accordingly, on February 21, 2016, the Audit Committee confirmed, based on facts presented before it, and on the basis of Mr. Shachak's declarations, that managing accounts at the Bank and receiving banking services from the Bank, through regular course of business, as aforesaid, do not constitute "connection" to the Bank, per its meaning in Article 240 of the Companies Law, including according to Regulation 5 of the Regulations Regarding Matters that Do Not Constitute a Connection.
- 3.2.7 It is hereby clarified that the remuneration which will be paid to Mr. Shachak as an External Director According to the Supervisor of Banks' Instructions, having accounting and financial expertise and professional competence will be in accordance with the resolution in respect of directors' remuneration, as detailed in the immediate report published by the Bank on September 15, 2014 (ref. no. 2014-01-157959).
- It is clarified in addition that Mr. Shachak is entitled to officers' exemption, indemnification and insurance, as approved by the general meeting of the Bank, as details in section 1.4 to the amending immediate report published by the Bank on December 7, 2015 (ref. no. 2015-01-175365) and section 2 to the immediate report published by the Bank on August 3, 2015 (ref. no. 2015-01-088308).

3.3 **Approval of the Discretion Component in the Annual Bonus to the Chairman of the Board of Directors for 2015 (until 30.11.2015), according to his previous terms of service and employment.**

- 3.3.1 **Text of the Proposed Resolution:** to approve granting Mr. Moshe Vidman, the Chairman of the Board of Directors (hereinafter – "**the Chairman**") an annual bonus amounting to ILS 246 thousands (1.35 salaries), for 2015 (until 30.11.2015), which is the full amount on account of the Discretion Component in the annual bonus cap for 2015

(until 30.11.2016); this according to the previous terms of service and employment of the Chairman of the Board of Directors, approved by the general meeting, on June 17, 2013 (hereinafter – "**the Decision Regarding Approving the Discretion Component for the Chairman**")

In this matter, the "**Discretion Component**" means the portion of the annual bonus, for 2015 (until 30.11.2015) that is based on the evaluation of the Remuneration Committee and the Board of Directors of the fulfilment of the special roles of the Chairman in the areas determined for this matter in the previous employment agreement.

Description of the nature of the issue and the main facts required to understand the issue:

3.3.2 **Background**

(a) On June 17, 2013 the general meeting approved the previous service and employment terms of the Chairman, according an employment agreement for the period that started on December 1, 2012 and ended on November 30, 2015 (hereinafter – "**the Previous Employment Agreement**" and "**the Previous Service and Employment Terms**" as the case may be), all as detailed in the (amending) immediate report published by the Bank on June 6, 2013, ref. no. 2013-01-059052 (hereinafter – "**the Immediate Report Dated June 6, 2013**").

(b) It is clarified that the Chairman's entitlement to an annual bonus, as details in section 3.3.3 hereinafter, for each of the calendar years 2013 to 2015) until 30.11.2015), is according to the Previous Employment Agreement.

For additional details in this matter and for details regarding approving the Discretion Component for the Chairman for the years 2013 – 2014, see section 3.3.1 to the Immediate Report.

3.3.3 **The annual bonus, according to the Previous Employment Agreement**

Within the previous terms of employment of the Chairman, as detailed in Appendix B to the Immediate Report Dated June 6, 2013, it was determined, *inter alia*, that starting 2013, the Chairman will be entitled to an annual bonus, for each calendar year in which he will serve as chairman (according to the Previous Employment Agreement), including 2015 (any of these will be referred to as "**Grant Year**"), according to the provisions included in the Previous Employment Agreement, including the pre-requisites regarding entitlement to the

annual grant, the annual grant cap and the indices that are the basis to determining the entitlement; for additional details in this matter, see sections 3.3.2a and 3.3.2b to the Immediate Report.

Likewise, within the conditions of the annual grant according to the Previous Employment Agreement, it was determined that the Discretion Component will be based on the Board of Directors evaluation of the fulfilment of the Chairman's special roles, in areas relating to corporate governance, supervision of risk management in the Bank in accordance with the policy of the Board of Directors, the proper and efficient functioning of the Board of Directors, and compliance with the law and regulation.

3.3.4 **Fulfillment of the pre-requisites**

According to the annual financial reports of the Bank for 2015, the Bank meets the pre-requisites determined within the Chairman's previous employment terms; for additional details see section 3.3.3 to the Immediate Report.

3.3.5 **The amount of the annual bonus that is suggested to grant the Chairman due to the Discretion Component, as approved by the Remuneration Committee and the Board of Directors, and the manner of its approval**

On February 24, 2016, after receiving the approval of the Remuneration Committee from February 24, 2016 (which discussed this matter also in its meeting of February 15, 2016), the Board of Directors approved to grant the Chairman an annual bonus amounting ILS 246 thousands (1.35 salaries) for 2015 (until 30.311.2015), which is the full amount on account of the Discretion Component in the annual bonus cap for 2015 (until 30.11.2016), according to the Chairman's previous terms of employment; this, in addition to the portion of the annual bonus that the Chairman is entitled to due to the quantitative indices, as detailed in the table in section 3.5 of the Immediate Report.

3.3.6 For the reasons of the Remuneration Committee for the Decision Regarding Approving the Discretion Component for the Chairman, and for the summary of the cost of the Chairman remuneration, for 2015, see sections 3.4 and 3.5 to the Immediate Report, respectively.

4. **The majority required for the approval of resolutions at the general meeting, in each of the issues on the agenda:**

4.1 The majority required at the general meeting and at the deferred general meeting to approve the appointment of Mr. Avraham Neyman as an External Director according to the companies law, as detailed in Section 1 of the Immediate Report

(that is, according to section 3.1 to this voting paper, above), is an ordinary majority of all shareholders present at the general 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 meeting will include a majority of the total votes of shareholders who are neither controlling shareholders at the Bank nor have a personal interest in the approval of the appointment, other than personal interest that is not the resulting from their relations with the controlling shareholder, who are participating in the vote; in the counting of the 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 with respect to the resolutions specified in Sections 3.1 in this voting paper above, shall notify the Bank prior to voting, and if voting through a voting paper – shall mark in Part B of the voting paper in the designated place, whether he is considered a controlling shareholder at the Bank or a representative thereof, or has a personal interest in the approval of the issues on the agenda, as the matter may be; and describe the relevant connection, insofar as it exists. Should a shareholder fail to notify or mark as aforesaid, or if he has marked and not described as stated above, 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 a 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.

- 4.2 The majority required at the general meeting and at the deferred general meeting to approve the appointment of Mr. Yossef Shachak as an External Director according to the supervisor of banks' instructions, as detailed in Section 2 of the Immediate Report (that is, according to section 3.2 to this voting paper, above), is an ordinary majority of all shareholders present at the general meeting, who are entitled to vote and voting thereat, without taking into account the abstaining votes.
- 4.3 The majority required at the general meeting and at the deferred general meeting in the matter of approving the Discretion Component to the Chairman, as detailed in Section 3 of the Immediate Report (that is, according to section 3.3 to this voting paper, above), is an ordinary majority of all shareholders present at the general

meeting, who are entitled to vote and voting thereat, without taking into account the abstaining votes.

5.

5.1 Attention is directed to Article 34(a1) of the Banking (Licensing) Law 5741-1981: *"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 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"*.

5.2 From the aforesaid provisions it arises, *inter alia*, that where concerns the appointment of directors, as detailed in Section 3.1 and 3.2 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 provisions.

In the matter of additional issues on the general meeting's agenda, as detailed in Sections 3.3 above, there is nothing preventing a proxy vote represented more than one shareholder.

6. Furthermore, attention is directed to the Securities Authority guideline published on November 30, 2011, titled "Guideline Regarding Disclosure Of The Voting Manner Of Interested Parties, Senior Officers And Institutional Investors At Meetings" (hereinafter: the "**Guideline**"), whereby:

An "Interested Party" (as defined in the Securities Law 5728-1968), a "Senior Officer" (As defined in Article 37(d) of the Securities Law, 5728-1968) and an "Institutional Investor"(as defined in Article 1 of the Control Regulations of Financial Services and Provident Funds) (Participation of a Managing Company in a General Meeting) 5769-2009, as well as the Joint Investment Trust Law 5754-1994) (hereinafter, together: the "Voter" or "Voters") voting at a meeting, in the resolution suggested in Section 1 of the Immediate Report will notify the Bank prior to voting at the meeting of the details required according to Article 2(b) of the Guideline, and in the event that the voter has voted by proxy (i.e. through an empowered representative), the above details shall be provided in connection with the empowering party and the empowered party.

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., 13th floor, 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 the nominees for tenure as directors:** as detailed in Section 3.1 and 3.2 above, as the matter may be.

To remove doubt, it is clarified that each nominee for tenure as a director, as detailed in this voting paper, shall be voted on separately.

9. A shareholder is entitled to contact the Bank directly and to receive the text of the voting paper and the position notices.

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 Voter**")), 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 Section 177(2) of the Companies Law (i.e. those registered as a shareholder in the Shareholder Registry) only if a photocopy of an identity card, a passport or an incorporation letter is attached thereto.

11. The voting paper and the documents which are required to be attached thereto (the "**Attached Documents**"), as provided in the voting paper, should be delivered to the Bank's Offices by no later than 4 hours prior to the convening of the meeting. In this regard, the "time of delivery" will be the time on which voting paper and the Attached Documents will 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**") no later than 6 hours prior to the meeting.

13. **The Bank's address for the delivery of voting papers and position notices:** the Bank's Offices on 7 Jabotinsky Street, Ramat Gan.

13.1 **The deadline for delivery of position notices to the Bank:** up to 10 days prior to the date of the meeting.

- 13.2 **The deadline for delivery of the Board of Directors' response to the position notices:** no later than 5 days prior to the date of the meeting.
14. The address of the Israel Securities Authority's distribution site and the Internet site of the Tel Aviv Stock Exchange Ltd, on which the voting papers and position notices are posted:
- 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 via 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 will be entitled to receive by e-mail, free of charge, a link to the text of the voting paper and position notices on the distribution site from the TASE member through which he holds his shares, unless he has notified the TASE member that he does not wish to receive such link or that he wishes to receive voting papers by mail in consideration for payment; notice regarding voting papers shall also apply with regard to position notices.
17. One or more shareholders holding shares which constitute five percent or more of all the voting rights in the Bank, and anyone holding such percentage of all of the voting rights that are not held by the Bank's controlling shareholder, as defined in Article 268 of the Companies Law, may inspect the voting papers and voting records through the Electronic Voting System that have arrived at the Bank, as stipulated in Section 10 of the Regulations.
- The quantity of shares constituting 5% of all voting rights in the Bank is: 11,595,517 ordinary shares of ILS 0.1 par value each.
- The quantity of shares constituting 5% of all voting rights in the Bank, which are not held by the Controlling Shareholder, is: 6,447,275 ordinary shares of ILS 0.1 par value each.
18. Adding an Issue to the Agenda After the publication of this report, there may be changes in 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 position papers published in the Bank's reports on the distribution site.

One or more shareholders who hold shares representing at least 1% of 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 of the meeting's convening, provided that the issue is appropriate for a discussion at the general meeting.

If the Board of Directors finds that the issue requested to be included on the agenda is appropriate for a discussion at the general meeting, the Bank will 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 aforesaid. It is clarified that the publication of the updated agenda, as aforesaid, does not change the Effective Date as determined in the Immediate Report.

19. A shareholder shall note his manner of voting in regard to the issue on the agenda on the form that constitutes the second part of this voting paper, and in case where the shareholder is voting according to power of attorney (i.e. by proxy), said details shall be given for both the appointer of the power of attorney and his appointee.

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

Time of Meeting: April 4, 2016

Type of Meeting: Special

Effective date: March 3, 2016

(Hereunto to be filled by the Company).

Details of the Shareholder

Shareholder Name - _____

Identity No. - _____

If the shareholder does not have an Israeli ID -

Passport No. - _____

Issuing Country - _____

Valid Until - _____

If the Shareholder is a Corporation -

Corporation No. - _____

Country of Incorporation - _____

Details

In the matter of the resolution to approve the appointment of Mr. Avraham Neyman as an External Director according to the Companies Law: Issue 1 on the agenda in the Immediate Report (see Section 3.1 of this voting paper):

Below are details in connection with my "having a personal interest in the approval of the resolution", in the matter of the resolution to approve The appointment of Mr. Avraham Neyman as an External Director according to the companies law:
