

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

e-mail: mangment@umtb.co.il

Date of transmission: August 3, 2015

Reference: 2015-01-088308

To

Israel Securities Authority

www.isa.gov.il

To

Tel Aviv Stock Exchange Ltd

www.tase.co.il

Immediate Report on the Convening/Postponement/Cancellation 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 should be filed, 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 convening or postponement must be referenced.

1. On August 3, 2015

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

to be held on *Wednesday, September 9, 2015, at 10:00*
at the following address: *7 Jabotinsky Street, Ramat Gan, 13th Floor*

2. The number of the security on the Tel-Aviv Stock Exchange (“TASE”) entitling the holder thereof to participate at the meeting: *695437*.

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

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

Type of security: *share*

The effective date for entitlement to attend and vote at the meeting: *August 10, 2015*.

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:

Description of the nature of the issue: Approving the grant of part of the annual bonus for 2014 to the Chairman of the Board of Directors, 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 ("Discretion Component").
Facts: On June 17, 2013, the General Meeting approved the Chairman of the Board of Directors' terms of service and employment, including an annual bonus, as detailed in the report dated June 6, 2013. In Appendix B of said report, it was decided that beginning in 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 measures (85% of the annual bonus cap) and one qualitative index – the Discretion Component (15% of the annual bonus cap).
Proposed resolution: To approve granting the Chairman of the Board of Directors an annual bonus amounting to ILS 246 thousand (1.35 salaries) for 2014, which is the

full amount on account of the Discretion Component in the annual bonus cap for 2014; this according to the terms of service and employment of the Chairman of the Board of Directors, approved by the General Meeting on June 17, 2013.

For further details, see Section 1 of the Immediate Report concerning the convening of the General Meeting on this matter.

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 therein as stated in Sections 275 and 320(F) of the Companies Law.

Reference of the last report on the subject (T133): _____

Explanation for the Section in the Companies Law, for the approval of the resolution:

Explanation: in a transaction with a controlling shareholder that does not fit any field in the law Sections table, the field "Declaration: no appropriate field exists for classification" should be chosen, and "Yes" transaction with controlling shareholder. Only in the event that this is not a transaction with a controlling shareholder and no appropriate field can be found in the table, the relevant Sections of the law by power of which the resolution is required must be detailed and explained.

Disclosure of an amendment

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

Explanation: following the effective date, a resolution cannot be amended except an amendment of the transaction conditions that benefits the company.

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

Type of majority required for approval *is regular*.

2

The issue/resolution and its details:

Description of the nature of the issue: Engagement in an insurance policy to insure directors and other officers, including the Chief Internal Auditor.

Key facts needed for understanding the matter: the Bank will enter into a liability insurance policy for directors and officers, including the Chief Internal Auditor, who are periodically serving or have served at the Bank and in companies in the Bank's group, which includes subsidiaries of the Bank; controlling shareholders at the Bank who are periodically serving or have served as directors at the Bank, as well as the Bank's CEO, will also be insured under the aforesaid insurance policy, all as set forth below: (a) the insurer under the insurance policy is Clal Insurance Company Ltd. (b) The period of insurance is 18 months, beginning on October 1, 2015 (c) the premium to be paid for the insurance policy for the insurance period will be approximately USD 609,000 (d) the limits of the insurer's liability under the insurance policy are USD 140 million for one event and USD 140 million, in the aggregate, for the entire insurance period. In addition, the policy includes coverage for reasonable legal expenses, amounting to 20% of the insurance amount.

Proposed resolution: To approve the engagement in said insurance policy.

For further details, see Section 2 of the Immediate Report concerning the convening of the General Meeting on this matter.

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 therein as stated

in Sections 275 and 320(F) of the Companies Law.

Reference of the last report on the subject (T133): ____

Explanation for the Section in the Companies Law, for the approval of the resolution:

Explanation: in a transaction with a controlling shareholder that does not fit any field in the law Sections table, the field "Declaration: no appropriate field exists for classification" should be chosen, and "Yes" transaction with controlling shareholder. Only in the event that this is not a transaction with a controlling shareholder and no appropriate field can be found in the table, the relevant Sections of the law by power of which the resolution is required must be detailed and explained.

Disclosure of an amendment

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

Explanation: following the effective date, a resolution cannot be amended except an amendment of the transaction conditions that benefits the company.

The resolution on the agenda is brought for a vote

Type of majority required for approval is regular.

Attached is the report on the convening of the meeting.

convening_of_a_meeting_isa.pdf

4. Attached:

Yes a voting paper

No position notice

voting_paper_isa.pdf

No declaration of the candidate to serve as corporate director

No declaration of an independent director

No declaration of an External Director

Explanation: if a voting paper and/or a position notice are attached, they should 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.

The e-mail address wherein the stock exchange member may produce the material it is required to produce to the company according to Regulation 4 (C) (1) to the Companies Regulations (Voting in Writing and Position Notices) 5766-2005: _____

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 adjourned meeting will be held on *September 16, 2015 at 10:00*, 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 places where any proposed resolution which was not described in full in the above description of the agenda may be inspected:

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

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

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

Previous names of reporting entity: United Mizrahi Bank Ltd.

Name of the person reporting electronically: Feller Maya, Position held: Bank Secretary,

Name of employing company:

7 Jabotinsky Street, Ramat Gan, 52520, Israel, Tel: 972-3-7559500, Fax: 972-3-7559655,

Email: mangment@umtb.co.il

Mizrahi Tefahot Bank Ltd.

Date: August 3, 2015

To

Israel Securities Authority

www.isa.gov.il

To

Tel Aviv Stock Exchange Ltd

www.tase.co.il

Re: Immediate Report on the Convening of a Special General Meeting of the Bank's Shareholders, Pursuant to the Securities Regulations (Periodic and Immediate Reports) 5730-1970 (The "Reports Regulations"), Companies' Regulations (Notice And Announcement Regarding A General Meeting And A Category Meeting At A Public Company And The Addition Of An Issue To The Agenda) 5760-2000 (The "Companies' Regulations") and the Companies Law 5759-1999 (The "Companies Law")

Pursuant to the Reports Regulations, the Companies' Regulations and the Companies Law, Mizrahi Tefahot Bank Ltd. (the "**Bank**") hereby announces the convening of a special general meeting (the "**Special Meeting**") on Wednesday, September 9, 2015, at 10:00, at the Bank's offices, 7 Jabotinsky Street, Ramat Gan, 13th floor.

1. Issue on the Agenda and summary of the proposed resolution:

Approval of the Discretion Component in the Chairman of the Board of Directors Annual Bonus

1.1 Nature of the issue:

To approve granting Mr. Moshe Vidman, Chairman of the Bank's Board of Directors (the "**Chairman**" or "**Chairman of the Bank's Board of Directors**"), part of the annual bonus for 2014 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**").

- 1.2 **Text of the proposed resolution:** To approve granting the Chairman of the Board an annual bonus amounting to ILS 246 thousand (1.35 salaries) for 2014, which is the full amount on account of the Discretion Component in the annual bonus cap for 2014; this according to the terms of service and employment of the Chairman of the Board, approved by the General Meeting on June 17, 2013 (hereinafter: "**Suggested Resolution**").

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

1.3.1 Background

On June 17, 2013, having received the approval of the Bank's Remuneration Committee and Board of Directors, the general meeting approved the service and employment terms of the Chairman of the Bank's Board of Directors, including an annual bonus, all as detailed in the (amending) immediate report published by the Bank on June 6, 2013, reference no. 2013-01-059052 (hereinafter: "**Immediate Report Dated June 6, 2013**"); the information in the matter of the Chairman of the Board of Directors' terms of service and employment, as detailed in Section 2 and in Appendix B of the Immediate Report Dated June 6, 2013 is included in this report by way of reference to the aforesaid report.

For details regarding the approval of the Discretion Component in the annual bonus paid to the Chairman for 2013, see Section 3 of the immediate report published by the Bank on May 4, 2014 (reference no: 2014-01-056838).

1.3.2 Annual Bonus

Under Appendix B to the Immediate Report Dated June 6, 2013, it was established, *inter alia*, that beginning in 2013, the Chairman would be entitled to an annual bonus for each calendar year during which he will serve as chairman, including 2015 (each of these shall be referred to hereinafter as "**Bonus Year**"), according to the following provisions:

a. The Prerequisites In The Matter Of Annual Bonus Entitlement

The Chairman's entitlement to an annual bonus, for each of the Bonus Years, is conditional upon all Prerequisites being fulfilled, 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 capital ratio of the Bank, according to the annual financial reports for that year, are no less than the minimal total capital adequacy ratio and core capital ratio, respectively, as stipulated by the Bank of Israel.

b. The Annual Bonus Cap and the Indicators Used As A Basis For Determining Entitlement

The maximum annual bonus for which the Chairman shall be entitled for any Bonus Year shall not exceed 9 monthly salaries, per their definition in Section 2.2 of the Immediate Report Dated June 6, 2013 (hereinafter: "**Annual Bonus Cap**"). The Chairman's entitlement to an annual bonus for any Bonus Year shall be determined on the basis of quantitative indicators, 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 Dated June 6, 2013; the Discretion Component is compatible with the Bank's remuneration policy for the current Chairman.

c. The Discretion Component

Under the terms of the annual bonus approved for the Chairman of the Board of Directors, 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's policy, the proper and efficient functioning of the board, and compliance with the law and regulations.

1.3.3 Fulfillment of Prerequisites

According to the Bank's financial reports for 2014, the Bank meets the Prerequisites set in the Chairman's service and employment terms, as detailed above in Section 1.3.2. According to the Bank's financial reports for 2014, the return on equity ratio was 10.4% in 2014 – higher than the required 9% rate set as a prerequisite according to the Chairman's service and employment terms; furthermore, the total capital adequacy ratio of the Bank and the Bank's capital adequacy ratio were 13.03% and 9.12%, respectively, and are not lower than the minimal ratios stipulated by the Bank of Israel (12.5% and 9.0%, respectively), which were the prerequisites for entitlement to the annual bonus.

1.3.4 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

On March 9, 2015, the Bank's Board of Directors adopted the evaluation of the Remuneration Committee regarding the Chairman's functioning in 2014, considering the criteria set out in Section 1.3.2 c. above; this for the purposes of determining the annual bonus for which the chairman is entitled for 2014, due to the Discretion Component.

Accordingly, on March 9, 2015, after receiving the approval of the Remuneration Committee on March 3, 2015, the Bank's Board of Directors approved granting the chairman the full amount due to the Discretion Component, amounting to ILS 246 000 million (1.35 salaries), which is 15% of the maximum annual bonus for 2014, according to the chairman's terms of service and employment; 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 1.3.6 below.

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

Below are the reasons for the Remuneration Committee and Board of Directors' approval of the annual bonus to the chairman, due to the Discretion Component, for 2014:

- (1) The chairman's great contribution to the implementation of corporate governance principles at the Bank, the efficient functioning 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 review of risk management at the Bank, according to the Board of Directors' policy and mindful of the Bank of Israel's stipulations.
- (4) The chairman's knowledge of the issues at the board of directors' door and his contribution to the board's discussions.

1.3.6 Below is a concentration of the Chairman's remuneration costs due for 2014, in accordance with the chairman's terms of service and employment, as approved by the Remuneration Committee, the Board of Directors and the General Meeting:

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 thousands of shekels) for 2014 ¹ Mr. Moshe Vidman, chairman of the Bank's board of directors (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 2014
		Social provisions ⁴	Value of benefits and interest ⁵					
2,189	155	807	143	611	269	-	-	4,174

Table Footnotes:

(1) The remuneration amounts are presented in terms of annual cost to the Bank (not including salary tax, at a rate of 18%).

(2) The salary is fully linked to CPI increases, as described in Section 2.2 of the Immediate Report Dated June 6, 2013; the above amount 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) Provisions for annuity, pension, compensation, training fund, adjustment grant, 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 Dated June 6, 2013) in an amount equal to 150% of the amount of the chairman's last salary, multiplied by the number of years of employment.

(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.

The balances of loans, as of December 31, 2014, for which the Bank has given benefits, under conditions granted to all Bank employees, are at a total of approx. ILS 499 Thousand; as of December 31, 2014, no balances exist on loans given under regular conditions.

(6) This amount includes the portion of the annual bonus for 2014, with respect to quantitative indicators, at the amount of ILS 365 Thousand, as detailed in Appendix B to the Immediate Report Dated June 6, 2013, and the portion of the annual bonus for 2014 given due to the Discretion Component, amounting to ILS 246 Thousand, as approved by the Remuneration Committee and the Bank's board of directors, subject to approval by the general meeting, as set out in this report.

(7) Under the service and employment terms approved for the chairman of the board, the chairman is entitled to an "additional deferred bonus" at the termination of his tenure, as defined in Sections 2 and 6 to 8 of Appendix B the Immediate Report Dated June 6, 2013; the additional deferred bonus will be granted to the chairman in accordance with the terms and conditions described in the above sections, subject to fulfilling the prerequisites determined for this purpose, for each of the years during which he served as chairman. It was further determined that the additional deferred bonus shall be calculated on the basis of a three-year return on equity average for 2013, 2014 and 2015, all as detailed in Appendix B to the Immediate Report Dated June 6, 2013.

The additional deferred bonus amount, as detailed in the above table, was calculated according to its relative share in 2014, based on the assumptions and data below: (a) the prerequisites for granting the additional deferred bonus were fulfilled; (b) the additional deferred bonus amount was calculated based on the average of the return on equity rates in 2013 and 2014 alone, which stood at 10.95% and which confer entitlement to 4.425 salaries due to three (3) years (i.e., an average of 1.475 salaries per year).

It is clarified that the additional deferred bonus amount which will actually be paid to the chairman of the board shall be calculated with the approval of the Bank's financial reports for 2015, based on the average of the return on equity rates in 2013, 2014 and 2015, as mentioned above, and it may differ from the amount detailed in the above table.

1.4 The Majority Required for the Approval of the Discretion Component in the Annual Bonus to the Chairman of the Board, For 2014, Per Section 1.2 Above

The majority required at the special general meeting and at a deferred general meeting for the approval of the suggested resolution 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.

1.5 Identity of the Members of the Remuneration Committee and Board Members Who Participated At The Meeting Where The Discretion Component In The Chairman's Bonus Was Approved

1.5.1 The following directors participated in the Remuneration Committee meeting wherein the suggested resolution was approved: Mr. Avi Zigelman (external director), Mr. Gideon Siterman (external director), Ms. Sabina Biran, Mr. Abraham Jacob Neyman (external director) and Ms. Osnat Ronen (external director).

1.5.2 The following directors participated in the Board of Directors meeting wherein the suggested resolution was approved: Ms. Sabina Biran, Mr. Avi Zigelman (external director), Mr. Abraham Jacob Neyman (external director), Mr. Zvi Ephrat, Mr. Joav-Asher Nachshon, Mr. Gideon Siterman (external director), Mr. Ron Gazit, Mr. Avraham Zeldman, Mr. Jonathan Kaplan and Ms. Osnat Ronen (external director).

Mr. Moshe Vidman, the Chairman of the Board of Directors of the Bank, has a personal interest in the approval of the suggested resolution; therefore, Mr. Vidman was not present and did not participate in the Board of Directors' vote on this matter.

2. Approval of Engagement In A Policy To Insure The Liability of Directors and Other Officers

2.1 **Nature of the Issue:** Engagement in a policy for insuring the liability of the directors and other officers, including the Chief Internal Auditor.

2.2 **Text of the proposed resolution:** To approve engagement in a policy for insuring the liability of the directors and other officers, including the Chief Internal Auditor, who serve periodically or who have served at the Bank, and in companies in the Bank's group,

including the Bank's subsidiaries; the insurance policy, as aforesaid, will also insure officers who are controlling shareholders at the Bank, who serve periodically or who have served as directors at the Bank and the Bank's CEO, all as detailed in Section 2.3 below.

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

2.3.1 The Bank will engage in a policy (the "Insurance Policy") for insuring the liability of the directors and other officers, including the Chief Internal Auditor (the "Officers"), who serve periodically or who have served at Mizrahi Tefahot Bank Ltd. (the "Bank"), and in companies in the Bank's group, which includes the Bank's subsidiaries, including Yahav Bank for Government Employees Ltd. (the "Bank's Group"); the Insurance Policy will also insure officers who are controlling shareholders at the Bank, who serve periodically or who have served at the Bank and the Bank's CEO, all as provided below:

- (1) The insurer according to the Insurance Policy is Clal Insurance Company Ltd. (the "Insurer").
- (2) The insurance period is 18 months, beginning on October 1, 2015, and ending on March 31, 2017 (the "Insurance Period").
- (3) The premium which will be paid for the Insurance Policy will be approx. 609,000 American Dollars (hereinafter: "USD").
- (4) The limits of the Insurer's liability according to the Insurance Policy are USD 140 million per event and USD 140 million, in the aggregate, for the entire Insurance Period. In addition, the Policy includes insurance coverage for reasonable legal expenses at up to 20% of the insurance amount.

(hereinafter: the "Insurance Decision"; the engagement with Clal Insurance Company Ltd., as aforesaid, will be referred to hereinafter as the "Engagement").

2.3.2 (1) Ms. Liora Ofer, who is among the controlling shareholders at the Bank, serves as a director at the Bank. In addition, Mr. Yuli Ofer, OBM, Ms. Liora Ofer's father, served as a director at the Bank until December 24, 2008; and Mr. Idan Ofer, who is the brother of Mr. Eyal Ofer, one of the Bank's controlling shareholders, has also served in the past as a director at the Bank. In addition, Mr. Moshe Wertheim, who is among the controlling shareholders at the Bank, served as a director until September 15, 2014.

Therefore, the Insurance Policy, which will apply to the officers who are periodically serving or who have served at the Bank, subject to the conditions stipulated therein,

will also apply to the above-mentioned Ms. Liora Ofer, Mr. Idan Ofer, Mr. Yuli Ofer, OBM, and Mr. Moshe Wertheim, due to their service as directors, as aforesaid.

(2) In addition, the Insurance Policy will also apply to the Bank's CEO.

- 2.3.3 The Bank will approach the Bank's subsidiaries and propose to them, subject to the approval of the Insurance Decision by the general meeting, to participate in the Insurance Policy and to bear their share in the premium. If any of the subsidiaries does not engage in the Insurance Policy, the Bank's share in the premium amount will increase, up to the full premium amount.

2.4 **The reasoning of the Remuneration Committee and the Board of Directors**

2.4.1 The reasoning of the Remuneration Committee and the Board of Directors:

- (1) The insurance amount of USD 140 million was determined in view of the risk involved in the activity of the Officers at the Bank, while taking into account the Bank's areas and scope of activity and those of its subsidiaries, as well as the Bank's status as a public company.
- (2) The insurance amount of USD 140 million is deemed reasonable considering the current market data regarding this type of insurance.
- (3) The premium to be paid for the acquisition of the insurance amount of USD 140 million is approx. USD 19,000 higher than the premium paid for the current insurance policy (which ends on September 30, 2015, and under which the insurance amount is USD 130 million) and is reasonable, considering market data for the insurance of the liability of Officers in the Banking system.
- (4) It was resolved to engage in the Insurance Policy, for a period of 18 months, as was done with regard to previous policies (starting in April 2011), instead of a period of 12 months, as was customary at the Bank in the past (until March 31, 2011). Indeed, this way, the insurance amount cap of USD 140 million will be valid for a period of 18 months instead of just 12 months, and no additional insurance cap will be created after the first 12 months. However, considering the possibility of a future increase in the premium costs, it is advisable to set the insurance premium for a period which will be longer than one year.
- (5) The Bank's engagement in the Officers' liability Insurance Policy, as aforesaid, is for the benefit of the Bank, since it contributes to the directors and Officers fulfilling their duties appropriately, while taking into account the risks involved therein.

2.4.2 Mr. Gideon Siterman (who serves as an external director at the Bank, per this term's definition in the Companies Law, 5759-1999) expressed his opposition to the Insurance Decision, as detailed in Section 2.6 below.

2.5 **The Majority Required for the Approval of the Insurance Decision, Per Section 2.2 Above**

The majority required at the special general meeting and at a deferred general meeting for the approval of the Insurance Decision, per Section 2.2 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.

2.6 **Identity of the Members of the Remuneration Committee and Board Members Who Participated At The Meeting Where The Insurance Decision Was Approved**

2.6.1 The following directors participated in the Remuneration Committee meeting wherein the suggested resolution was approved: Mr. Avi Zigelman (external director), Mr. Gideon Siterman (external director), Ms. Sabina Biran, Mr. Abraham Jacob Neyman (external director), Mr. Joseph Shachak, and Ms. Osnat Ronen (external director).

2.6.2 The following directors participated in the Board of Directors meeting wherein the suggested resolution was approved: Mr. Moshe Vidman, Mr. Zvi Ephrat, Mr. Ron Gazit, Ms. Liora Ofer, Mr. Avi Zigelman (external director), Mr. Mordechai Meir, Mr. Gideon Siterman (external director), Mr. Joseph Shachak, Mr. Jonathan Kaplan, Ms. Sabina Biran, Mr. Joav-Asher Nachshon, Mr. Abraham Jacob Neyman (external director), Ms. Osnat Ronen (external director) and Mr. Avi Zeldman.

Mr. Gideon Siterman (who serves as an external director at the Bank, per this term's definition in the Companies Law, 5759-1999) expressed his opposition to the Insurance Decision; his position is that the change in the risk potential involved in the activity of the Officers and the scope of the change required in the insurance amount as a result thereof should have been analyzed prior to the negotiations with the insurers, rather than increasing the insurance amount from USD 130 million (according to the policy ending on September 30, 2015) to USD 140 million, according to the suggested policy.

3. **Location and Time of the General Meeting's Convening**

3.1 The general meeting will convene on Wednesday, September 9, 2015, at 10:00, at the Bank's offices, 7 Jabotinsky St., Ramat Gan, 13th floor (the "**Bank's Offices**"). If the meeting is postponed, it will be held on September 16, 2015, at the same time and place. The date for determining the entitlement of the shareholders to vote at the general meeting, as stated in Section 182 of the Companies Law, will be on August 10, 2015 (the "**Effective Date**").

- 3.2 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.
- 3.3 A shareholder will be entitled to vote at the special meeting, in person or by a proxy. In addition, a shareholder will be entitled to vote at the general meeting, for approving the resolutions on the agenda, through a voting paper, as detailed below (hereinafter: "**Written Vote**" or "**Voting Paper**").
- 3.4 3.4.1 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.
- 3.4.2 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 aforesaid, 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.
- 3.5 Voting in writing will be performed on the second part of the voting paper, which is attached as **Appendix B** 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.
- 3.6 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.

- 3.7 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:
- 3.7.1 The distribution site of the Israel Securities Authority:
<http://www.magna.isa.gov.il/>;
- 3.7.2 The Internet site of the Tel Aviv Stock Exchange Ltd: <http://maya.tase.co.il/>
- 3.8 A shareholder is entitled to approach the Bank directly to receive the voting paper and the position notice therefrom.
- 3.9 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.
- 3.10 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.
- 3.11 3.11.1 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.
- 3.11.2 The Voting Paper shall be valid with respect to an Unregistered 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.
- 3.12 The Bank's address for the delivery of voting papers and position notices: the Bank's Offices on 7 Jabotinsky Street, Ramat Gan.
- 3.12.1 The deadline for delivery of position notices to the Bank: up to 10 days before the date of the meeting (the "**Deadline for Delivery of Position Notices by the Shareholders**").

3.12.2 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. 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 a 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 aforesaid. It is clarified that the publication of an updated agenda, as aforesaid, shall not change the effective date as set forth in this report.

5. 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

6. Inspection of documents

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

Respectfully,
Maya Feller
Bank Secretary

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.** (the "**Company**" or the "**Bank**")
2. The type of general meeting and the date, time and place thereof: special general meeting of all of the Bank's shareholders. The general meeting shall be held on Wednesday, September 9, 2015, at 10:00, at the Bank's offices at 7 Jabotinsky Street, 13th floor, Ramat Gan. Should the meeting be postponed, it shall take place on September 16, 2015, at the same time and place.
3. Details of the matters on the agenda which can be voted on through a voting paper, as detailed in the immediate report published by the Bank on August 3, 2015 (the "**Immediate Report**"):
 - 3.1 Approval of the Discretion Component in the Annual Bonus to the Chairman of the Board for 2014 – The Issue Detailed in Section 1 of the Immediate Report
 - 3.1.1 **Nature of the issue**: Approval of granting Mr. Moshe Vidman, Chairman of the Bank's Board of Directors (hereinafter: "**Chairman**" or "**Chairman of the Board**"), part of the annual bonus for 2014, based on the Remuneration Committee and the Board of Directors' evaluation of the performance of his special roles in the areas set for this matter (hereinafter: "**Discretion Component**").
 - 3.1.2 **Text of the proposed resolution**: To approve granting the Chairman of the Board an annual bonus amounting to ILS 246 thousand (1.35 salaries) for 2014, which is the full amount on account of the Discretion Component in the annual bonus cap for 2014; this according to the terms of service and employment of the Chairman of the Board of Directors, approved by the General Meeting on June 17, 2013.
 - 3.1.3 **The main facts which are required for the understanding of the issue**:
 - 3.1.3.1 **Background**

On June 17, 2013, the general meeting approved the service and employment terms of the Chairman of the Bank's Board of Directors, including an annual bonus, all as

detailed in the (amending) immediate report published by the Bank on June 6, 2013, reference no. 2013-01-059052 (hereinafter: "Immediate Report Dated June 6, 2013"). For details regarding the approval of the Discretion Component in the annual bonus paid to the Chairman for 2013, see Section 3 of the immediate report published by the Bank on May 4, 2014 (reference no: 2014-01-056838).

3.1.3.2 **Annual Bonus**

Under Appendix B to the Immediate Report Dated June 6, 2013, it was established, inter alia, that beginning in 2013, the Chairman would be entitled to an annual bonus for each calendar year during which he will serve as chairman, including 2015 (each of these shall be referred to hereinafter as "Bonus Year"), according to the following provisions:

a. The Prerequisites In The Matter Of Annual Bonus Entitlement

The Chairman's entitlement to an annual bonus, for each of the Bonus Years, is conditional upon all Prerequisites being fulfilled, as detailed in Section 1.3.2a of the immediate report.

b. The Annual Bonus Cap and the Indicators Used As a Basis for Determining Entitlement

The maximum annual bonus for which the Chairman shall be entitled for any Bonus Year shall not exceed 9 monthly salaries, per their definition in Section 2.2 of the Immediate Report Dated June 6, 2013 (hereinafter: "Annual Bonus Cap").

The Chairman's entitlement to an annual bonus for any Bonus Year shall be determined on the basis of quantitative indicators, 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 Dated June 6, 2013; the Discretion Component is compatible with the Bank's remuneration policy for the current Chairman.

c. The Discretion Component

Under the terms of the annual bonus approved for the Chairman of the Board of Directors, 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's policy, the proper and efficient functioning of the board, and compliance with the law and regulations.

3.1.3.3 **Fulfilment of Prerequisites**

According to the Bank's financial reports for 2014, the Bank meets the Prerequisites set in the Chairman's service and employment terms, as detailed above in Section 1.3.2.

3.1.3.4 **The Amount of the Annual Bonus Suggested to Grant to the Chairman of the Board of Directors On Account of the Discretion Component**

On March 9, 2015, the Bank's Board of Directors adopted the evaluation of the Remuneration Committee regarding the Chairman's functioning in 2014, considering the criteria set out in Section 1.3.2 c. above; this for the purposes of determining the annual bonus for which the chairman is entitled for 2014, due to the Discretion Component.

Accordingly, on March 9, 2015, after receiving the approval of the Remuneration Committee on March 3, 2015, the Bank's Board of Directors approved granting the chairman the full amount due to the Discretion Component, amounting to ILS 246,000 million (1.35 salaries), which is 15% of the maximum annual bonus for 2014, according to the chairman's terms of service and employment; 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 1.3.6 of the immediate report.

3.1.3.5 **Reasoning**

For details regarding the reasoning of the Remuneration Committee and the Board of Directors' approval of the annual bonus to the chairman, due to the Discretion Component, for 2014, see Section 1.3.5 of the immediate report.

3.1.3.6 **Cost of the Chairman's Remuneration For 2014**

For details regarding the cost of the Chairman's remuneration, in accordance with his terms of service and employment, as approved by the Remuneration Committee, the Board of Directors and the General Meeting, see Section 1.3.6 of the immediate report.

3.2 Approval of Engagement In An Insurance Policy To Insure The Liability Of Directors And Officers - The Issue Detailed in Section 2 of the Immediate Report

3.2.1 **Nature of the issue:** Engagement in an insurance policy to insure directors and other officers, including the Chief Internal Auditor.

3.2.2 **Text of the proposed resolution:** To approve engagement in a policy for insuring the liability of the directors and other officers, including the Chief Internal Auditor, who

serve periodically or who have served at the Bank, and in companies in the Bank's group, including the Bank's subsidiaries; the insurance policy, as aforesaid, will also insure officers who are controlling shareholders at the Bank, who serve periodically or who have served as directors at the Bank and the Bank's CEO, all as detailed in Section 3.2.3 below.

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

3.2.3.1 The Bank will engage in a policy (the "**Insurance Policy**") for insuring the liability of the directors and other officers, including the Chief Internal Auditor (the "**Officers**"), who serve periodically or who have served at the Bank, and in companies in the Bank's group, which includes the Bank's subsidiaries, including Yahav Bank for Government Employees Ltd. (the "**Bank's Group**"); the Insurance Policy will also insure officers who are controlling shareholders at the Bank, who serve periodically or who have served at the Bank and the Bank's CEO, all as provided below:

- (a) The insurer according to the Insurance Policy is Clal Insurance Company Ltd. (the "**Insurer**").
- (b) The insurance period is 18 months, beginning on October 1, 2015, and ending on March 31, 2017 (the "**Insurance Period**").
- (c) The premium which will be paid for the Insurance Policy will be approx. 609,000 American Dollars (hereinafter: "**USD**").
- (d) The limits of the Insurer's liability according to the Insurance Policy are USD 140 million per event and USD 140 million, in the aggregate, for the entire Insurance Period. In addition, the Policy includes insurance coverage for reasonable legal expenses at up to 20% of the insurance amount.

(hereinafter: the "**Insurance Decision**")

3.2.3.2 **Further Details:**

(a) (1) Ms. Liora Ofer, who is among the controlling shareholders at the Bank, serves as a director at the Bank. In addition, Mr. Yuli Ofer, OBM, Ms. Liora Ofer's father, served as a director at the Bank until December 24, 2008; and Mr. Idan Ofer, who is the brother of Mr. Eyal Ofer, one of the Bank's controlling shareholders, has also served in the past as a director at the Bank. In addition, Mr. Moshe Wertheim, who is among the controlling shareholders at the Bank, served as a director until September 15, 2014.

Therefore, the Insurance Policy, which will apply to the officers who are periodically serving or who have served at the Bank, subject to the conditions stipulated therein,

will also apply to the above-mentioned Ms. Liora Ofer, Mr. Idan Ofer, Mr. Yuli Ofer, OBM, and Mr. Moshe Wertheim, due to their service as directors, as aforesaid.

(2) In addition, the Insurance Policy will also apply to the Bank's CEO.

(b) The Bank will approach the Bank's subsidiaries and propose to them, subject to the approval of the Insurance Decision by the general meeting, to participate in the Insurance Policy and to bear their share in the premium. If any of the subsidiaries does not engage in the Insurance Policy, the Bank's share in the premium amount will increase, up to the full premium amount.

3.2.3.3 Reasoning:

For the details of the Remuneration Committee and the Board of Directors' reasons, see Section 2.4 of the immediate report.

Note that Mr. Gideon Siterman (ED) expressed his opposition to the Insurance Decision; his position is that the change in the risk potential involved in the activity of the Officers and the scope of the change required in the insurance amount as a result thereof should have been analyzed prior to the negotiations with the insurers, rather than increasing the insurance amount from USD 130 million (according to the policy ending on September 30, 2015) to USD 140 million, according to the suggested policy.

4. **Place and time during which the full text of the proposed resolution can be perused:**

This immediate report released by the Company on August 3, 2015, 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.

5. **The Majority Required for the Approval of the Resolution In The Subject on the Agenda**

The majority required at the general meeting and at a postponed general meeting to approve the resolution detailed in Sections 1 and 2 of the Immediate Report (i.e. according to Sections 3.1 and 3.2 of this voting paper, above) is an ordinary majority of all the shareholders participating in the meeting, who are entitled to vote and voting thereat, without taking into account the abstaining votes.

6. 6.1. **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.

6.2. The Voting Paper shall be valid with respect to a Registered 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.

7. 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.
8. 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.
9. **The Bank's address for the delivery of voting papers and position notices:** the Bank's Offices on 7 Jabotinsky Street, Ramat Gan.

9.1 **The deadline for delivery of position notices to the Bank:** up to 10 days prior to the date of the meeting (the "**Deadline for Delivery of Position Notices by the Shareholders**").

9.2. **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.

10. 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:

10.1 The distribution site of the Israel Securities Authority:
<http://www.magna.isa.gov.il/>;

10.2 The Internet site of the Tel Aviv Stock Exchange Ltd: <http://maya.tase.co.il/>

11. 11.1 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.

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

12. 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.
13. 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 section 268 of the Companies Law (the "**Controlling Shareholder**") 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: 11,581,878 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: 6,433,636.6 ordinary shares of ILS 0.1 par value each

14. 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 a 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 aforesaid.

15. 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.** (the "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: September 9, 2015

Type of Meeting: Special

Effective date: August 10, 2015

(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 - _____

Manner of voting

Number of issue on the agenda	Manner of voting ¹		
	For	Against	Abstain
1 (The issue detailed in Section 3.1 of this voting paper)			
2 (The issue detailed in Section 3.2 of this voting paper)			

Date

Signature

For shareholders holding shares through a TASE member (in accordance with Section 177(1) – this voting paper is only valid when accompanied by a certificate of title, excluding cases where voting is done through the Internet.

For shareholders registered in the Bank's register of shareholders – the voting paper is valid when accompanied by a photocopy of the identity certificate/passport/certificate of incorporation.

¹ Failure to mark will be considered as abstaining from vote.