

# Mizrahi-Tefahot Bank

Periodic report

# 2019



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To:  
Israel Securities Authority  
22 Kanfey Nesharim Street  
Jerusalem 95464

Dear Sir/Madam,

## **Re: 2019 Periodic Report**

Pursuant to the Securities Regulations (Periodic and immediate reports), 1970, we hereby present the Bank's 2019 periodic report.

### **Corporate information**

Name of Corporation:	Bank Mizrahi Tefahot Ltd.
Company ID with Registrar	520000522
Corporation's address of record:	7 Jabotinsky Street, Ramat Gan
Corporation's telephone:	03-7559219 fax: 03-7559923
Balance Sheet Date:	December 31, 2019
Report date:	February 24, 2020
Reported period:	2019

### **Regulation 9 – Financial statements**

This periodic report includes the Report of the Board of Directors and Management, Description of Bank Group Business and the opinion of the Bank's Independent Auditor dated February 24, 2020.

### **Regulation 10c – Use of proceeds from securities pursuant to prospectus**

No securities were issued pursuant to a prospectus in the reported period.

**Regulation 11 – List of investments in subsidiaries and affiliates  
as of December 31, 2019**

	Share ID on the Stock Exchange	Share class	Shares held by the Bank	
			Number of shares	Total par value (in NIS / foreign currency)
Bank Yahav for Government Employees Ltd.	Non-negotiable	Ordinary NIS 0.01	12,194,973	121,950
		Base NIS 0.01 par value	1	(1) -
		Ordinary NIS 0.01 par value	1	(1) -
United Mizrahi International Holding Company Ltd. B.V. (Holland)	Non-negotiable	Ordinary USD 45	1,813,020	\$ 81,585,900
Mizrahi Tefahot Underwriting and Issuance (1980) Ltd.	Non-negotiable	Ordinary NIS 0.01	2,500,000	25,000
Mizrahi Tefahot Trust Company Ltd.	Non-negotiable	Ordinary NIS 0.0001	1,000	(1) -
Mizrahi-Tefahot Factoring Ltd.	Non-negotiable	Ordinary NIS 0.001	250,000,000	250,000
Etgar Investment Portfolio Management Company of the Mizrahi Tefahot Group Ltd.	Non-negotiable	Ordinary NIS 1	1,650,012	1,650,012
United Mizrahi International Investment N.V.	Non-negotiable	Ordinary USD 1,000	100	\$ 100,000
HaMizrahi Land Development Company Ltd.	Non-negotiable	Base NIS 0.0001 par value	10	(1) -
	Non-negotiable	Ordinary NIS 0.0001	987	(1) -
Mizrahi Tefahot Security Services Ltd.	Non-negotiable	Ordinary NIS 0.001	1,000,100	1,000
Bank Mizrahi-Tefahot Technology Division Ltd.	Non-negotiable	Ordinary NIS 0.0001	50,000	5
Netzivim Assets and Equipment Ltd.	Non-negotiable	Ordinary NIS 0.0001	1,397,209,107	139,721

(1) Less than NIS 1.

(2) Less than NIS 1 thousand.

(3) Non-linked capital notes, non-interest bearing, maturing at least 5 years after the issue date thereof.

**Periodic report**  
As of December 31, 2019

**Capital investments and other investments**

Cost of share purchase	Adjusted carrying amount	Loan balance	(Obligatory notes / debentures)	Holding stake		
NIS / foreign currency in thousands	NIS in millions			Of capital	Of voting rights (in %)	of right to appoint Board members
419,184	777	—	—	50.0	50.0	50.0
\$ 46,884	236	—	—	100.0	100.0	100.0
38,153	39	—	—	100.0	100.0	100.0
7	53	—	—	100.0	100.0	100.0
42,419	69	—	—	100.0	100.0	100.0
1,785	28	—	—	100.0	100.0	100.0
\$ 100	2	—	—	100.0	100.0	100.0
(2) -						
(2) -	—	—	—	100.0	100.0	100.0
590	34	—	—	100.0	100.0	100.0
3,255	207	—	—	100.0	100.0	100.0
260,176	863	—	(3)30	100.0	100.0	100.0

**Regulation 11 – List of investments in subsidiaries and affiliates  
as of December 31, 2019 – Continued**

Share ID on the Stock Exchange			Shares held by the Bank	
	Share class		Number of shares	Total par value (in NIS / foreign currency)
Mizrahi Tefahot Registration Company Ltd.	Non-negotiable	Ordinary NIS 0.0001	1,000	(1) -
H.M.B. Ltd. (in voluntary dissolution)	Non-negotiable	Ordinary NIS 0.0001	35,000,000	3,500
Psagot Jerusalem Ltd.	Non-negotiable	Management NIS 1	5	5
	Non-negotiable	Ordinary NIS 1	29,970	29,995
Planus Technologies Ltd.	Non-negotiable	Ordinary NIS 1	200	200
TAM Information Systems Ltd.	Non-negotiable	Ordinary NIS 0.001	10,000	(1) -
Mizrahi Tefahot Issue Company Ltd.	Non-negotiable	Ordinary NIS 1	10,703,000	10,703,000
Tefahot Insurance Agency (1989) Ltd.	Non-negotiable	Ordinary NIS 1	201	201
UMTB Insurance Ltd	Non-negotiable	Ordinary USD 1	1,000,000	1,000,000
Rosario Capital Ltd.	Non-negotiable	Ordinary NIS 0.01	2,499	25
Mustang Mezzanine Fund	Non-negotiable	–	–	–

(1) Less than NIS 1.

(2) Less than NIS 1 thousand.

(3) Permanent capital note, non-linked and non-interest-bearing.

Capital investments and other investments							
Cost of share purchase	Adjusted carrying amount	Loan balance	(Obligatory notes / debentures)	Holding stake			
NIS / foreign currency in thousands	NIS in millions			Of capital	Of voting rights (in %)	of right to appoint Board members	
(2) -	26	—	—	100.0	100.0	100.0	
11,139	—	—	—	100.0	100.0	100.0	
—	—	—	—	20.0	20.0	20.0	
1	(16)	—	(3)35	20.0	20.0	20.0	
1	—	—	—	20.0	20.0	20.0	
12	3	—	—	100.0	100.0	100.0	
3,968	50	—	—	100.0	100.0	100.0	
1	1,044	—	—	100.0	100.0	100.0	
\$1,000	20	—	—	100.0	100.0	100.0	
1,962	2	—	—	19.99	19.99	19.99	
911	11	—	—	20.0	20.0	20.0	



### Regulation 13 – Revenues of subsidiaries and affiliates and Bank revenues there from<sup>(1)</sup>

NIS in millions

Company name	For the year ended December 31, 2019				
	Net profit (loss) <sup>(2)</sup>	Pre-tax profit (loss) <sup>(2)</sup>	Interest	Management fee	Dividends
Bank Yahav for Government Employees Ltd.	83	127	–	–	–
United Mizrahi International Holding Company Ltd. B.V. (Holland)	(7)	(5)	–	–	–
Etgar Investment Portfolio Management Company of the Mizrahi Tefahot Group Ltd.	–	–	–	–	–
Tefahot Insurance Agency (1989) Ltd.	83	108	2	10	–
Bank Mizrahi-Tefahot Technology Division Ltd.	11	15	–	–	–
Netzivim Assets and Equipment Ltd.	49	64	–	2	–
Mizrahi Tefahot Issue Company Ltd.	3	4	–	–	–
Mizrahi Tefahot Trust Company Ltd.	9	12	–	–	–

(1) Only results of subsidiaries and affiliates with significant information are presented.

(2) As reported by the companies.

### Regulation 14 – List of loan balance groups as of the balance sheet date

See Note 30.C to the financial statements.

### Regulation 20 - Trading on stock exchange – securities listed for trading – dates and reasons for trading halts

During the reported period, 71,811 ordinary shares of NIS 0.1 par value each were listed for trading due to options exercise by Bank managers pursuant to an option plan. For more information see Note 23 to the financial statements.

During the reported period, there were no trading halts on the stock exchange.

### Regulation 21 – Remuneration of interested parties and senior officers

For more information about remuneration of interested parties and senior officers in 2019, see "Details of senior officer remuneration" in chapter "Corporate Governance" of the financial statements, as well as chapter "Remuneration" on the Risks Report available on the Bank website.

Payments to members of the Bank Board of Directors, including VAT (except for payments to the Chairman of the Board of Directors) in 2019 amounted to NIS 6 million. Total pay and associated expenses for the Chairman of the Board of Directors and for the Bank President & CEO amounted to NIS 7 million (for more information see Notes 22.A, 23.B And 34.C to the financial statements, as well as the section "Details of senior officer remuneration" in chapter "Corporate governance" of the financial statements).

### Regulation 21a – Names of controlling shareholders of the corporation

For details of the names of controlling shareholders of the corporation, see "Controlling shareholders" in chapter "Corporate governance" of the financial statements.

### Regulation 22 – Transactions with controlling shareholder

For more information about transactions with controlling shareholders in 2019, see "Transactions with controlling shareholders and related parties" in chapter "Corporate governance" of the financial statements.

**Regulation 24 – Shares and securities held by interested parties in the corporation**  
**As of February 16, 2020**

Ordinary shares NIS 0.1 par value and other securities of the Bank held by interested parties (security ID on the stock exchange - 0695437):

Name of interested party <sup>(5)</sup>	Company ID with Registrar / ID	Number of Shares	Holding stake in %	Number of options	Holding stake, fully diluted <sup>(4)</sup>
L.A.B.M. (Holdings) Ltd. <sup>(1)</sup>	51-2008442	30,537,192	12.99	–	9.08
L.I.N (Holdings) Ltd. <sup>(1)</sup>	51-1349896	21,669,015	9.22	–	6.45
F & W (Registered Partnership) <sup>(2)</sup>	54-0183118	30,712,844	13.07	–	9.14
M.W.Z Holdings Ltd. <sup>(2)</sup>	51-2024225	20,045,785	8.53	–	5.96
Eldad Fresher	58368333	–	–	40,558	0.01
Moshe Lari	28405934	–	–	122,852	0.04
Israel Engel	50402866	–	–	122,852	0.04
Ayala Hakim	56593767	–	–	120,949	0.04
Dinah Navot	55610612	–	–	120,948	0.04
Ofir Morad	24607806	–	–	118,562	0.04
Nisan Levi	59857946	–	–	116,909	0.03
Galit Weiser	23878341	–	–	90,664	0.03
Doron Klauzner	51277556	–	–	89,063	0.03
Menahem Aviv	12390175	–	–	88,043	0.03
Racheli Friedman	57222200	–	–	86,730	0.03
Maya Feller	52346327	–	–	30,432	0.01
The Public		132,037,355	56.19	<sup>(3)</sup> 5,473,016	69.00
<b>Total</b>		<b>235,002,191</b>	<b>100.00</b>		<b>100.00</b>

(1) Ofer Group company.

(2) Wertheim Group company.

(3) Includes option plan approved for Bank employees, other than interested parties, pursuant to Regulation 24 of the Securities Regulations (Periodic and Immediate Reports), 1970.

(4) The fully diluted holding stake was calculated assuming issuance of the maximum number of shares that may be issued upon conversion into shares of subordinated notes issued by the Bank, i.e. 94,554,683 shares.

(5) For more information about holdings of interested parties and agreements between controlling shareholders, see section "Controlling shareholders" in chapter "Corporate governance" of the financial statements.

### Regulation 24a –Registered capital, issued capital and convertible securities<sup>(1)</sup>

Pursuant to Section 24a of the Securities Regulations, below is information about registered capital, issued capital and convertible securities (in NIS):

	Registered		Issued and paid-in	
	December 31		December 31	
	2019	2018	2019	2018
<b>Ordinary shares, NIS 0.1 par value<sup>(2)</sup></b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>23,490,740</b>	<b>23,334,947</b>

(1) For allotment of stock options – see Note 23 to the financial statements.

(2) The shares are listed for trading on the Tel Aviv Stock Exchange.

During the reported period, the issued and paid-in share capital increased by NIS 15,579 due to options exercised for shares by Bank managers.

All shares confer identical voting rights.

### Regulation 24b – Shareholder registry as of February 16, 2020

	Number of Shares	Holding stake
<b>Wertheim Group</b>		
MWZ (Holdings) Ltd.	53	–
F & W Registered Partnership	29,275,441	12.4575
<b>Total – Wertheim Group</b>	<b>29,275,494</b>	<b>12.4575</b>
<b>Ofer Group</b>		
L.A.B.M. (Holdings) Ltd.	29,512,972	12.5586
<b>Total – Ofer Group</b>	<b>29,512,972</b>	<b>12.5586</b>
<b>Mizrahi Tefahot Registration Company Ltd.</b>	<b>176,213,521</b>	<b>74.9838</b>
<b>Fishman Mordechai</b>	<b>3</b>	<b>–</b>
<b>Savyon Tal</b>	<b>2,100</b>	<b>0.0009</b>
<b>Pentzer Nathan</b>	<b>200</b>	<b>0.0001</b>
<b>Feldman avi</b>	<b>1</b>	<b>–</b>
<b>Grand total</b>	<b>235,002,191</b>	<b>100.0000</b>

	Number of options
<b>Registry of option holders</b>	
MizTef F CEO 2014	40,558
Option warrants to employees MizTef F 2014	436,168
Option warrants to employees MizTef F 2017	674,750
Option warrants to employees MizTef F 2019	4,363,275
<b>Total</b>	<b>5,514,751</b>

### Registry of holders of subordinated capital notes

	Number of capital notes
<b>Registry of holders of subordinated capital notes – Series A</b>	
<b>(Holder: Registration Company)</b>	<b>1,701,984,302</b>

## Regulation 26 – Board members of the Bank

Below is information about Board members of the Bank as of the report issue date:

### **Moshe Vidman, Chairman<sup>(1)(2)</sup>**

ID	690875
Year of birth	1943
Formal Address	9 Katzenelson Street, Tel Aviv
Citizenship	Israeli
Membership of Board of Directors' committees	Credit Committee – Chairman; Risks Management Committee Chairman; IT and Technology Innovation Committee – Chairman
Start date in office as member of the Bank's Board of Directors	August 2, 2010
Education	Undergraduate degree – Economics and Political Science, Hebrew University, Jerusalem. MBA (Financing), Hebrew University, Jerusalem.
Current occupation	Volunteer service: Member, Executive Board of the Jerusalem Foundation (since 2000); Member, Executive Board of Magnes Books and Publishers. Member, Board of Trustees of the Hebrew University of Jerusalem (since 1995);
Previous occupation (in past 5 years, other than current occupation)	Board member of: Ofer Bros. Raanana Ltd. (In voluntary dissolution Neot Hof HaAlmog 1990 Ltd. Chairman, Hebrew University Assets Ltd.
External Board member as defined in Proper Conduct of Banking Business Directive 301	No
External Board member as defined in the Companies Law	No
Independent Board member	No
Has accounting and financial expertise?	Yes
Has professional qualifications?	Yes
Expert Board member <sup>(3)</sup>	Yes
Employed by the corporation, subsidiary, affiliate or an interested party?	No
Family member of another interested party in the corporation?	No
Board member regarded by the corporation as having accounting and financial expertise for meeting the minimum number specified by the Board?	Yes

(1) Has "banking experience", pursuant to directives of the Supervisor of Banks.

(2) Serves as Chairman of the Board of Directors as from December 1, 2012.

(3) As this term is defined in the Companies Regulations (Rules for remuneration and expense reimbursement for external board members), 2000.

## Regulation 26 – Board members of the Bank – Continued

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### **Eli Elroy**

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ID	050606318
Year of birth	1951
Formal Address	24 Amirim, Savyon
Citizenship	Israeli
Membership of Board of Directors' committees	IT and Technology Innovation Committee
Start date in office as member of the Bank's Board of Directors	June 25, 2019
Education	Academic, B.SC. in Science, specialized in Civil Engineering undergraduate –The Technion Israeli Technology Institute. Since 1974 M.Sc. in Science – Stanford University, California, since 1982/
Current occupation	Board member at Globalworth Real Estate Investment Limited; member of O.G. Advisory committee; Board member of L.I.N (Holdings Ltd.); CEO and Board member of AIRAD Investments Ltd.; and Board member of the following: L.I.N Innovation Ltd., L.A.B.M. (Holdings) Ltd., OG Tech Holdings 2017 Ltd.; OG Tech Ventures Ltd., OG Tech Partners Ltd., L.I.N – L.A.B.M Holdings Ltd.,
Previous occupation (in past 5 years, other than current occupation)	Board member of the following: Ofer Investments Ltd., Ofer Bros. Holdings (1989) Ltd., Abir Haber Ltd., Bizaboo Ltd., Healarium Inc., Shachal Telemedicine Ltd., A.F.A Real Estate Investments Ltd., Robotime Ltd., Cloud 9 Wellness and Fitness Ltd., AIADR Ltd., Quick Check Ltd.
External Board member as defined in Proper Conduct of Banking Business Directive 301	No
External Board member as defined in the Companies Law	No
Independent Board member	No
Has accounting and financial expertise?	No
Has professional qualifications?	Yes
Expert Board member <sup>(1)</sup>	Yes
Employed by the corporation, subsidiary, affiliate or an interested party?	No
Family member of another interested party in the corporation?	No
Board member regarded by the corporation as having accounting and financial expertise for meeting the minimum number specified by the Board?	No

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(1) As this term is defined in the Companies Regulations (Rules for remuneration and expense reimbursement for external board members), 2000.

## Regulation 26 – Board members of the Bank – Continued

### **Yoav Asher Nachshon**

ID	57081630
Year of birth	1961
Formal Address	42 HaOranim Blvd., Ramat Efal
Citizenship	Israeli
Membership of Board of Directors' committees	Credit and IT and Technology Innovation Committees
Start date in office as member of the Bank's Board of Directors	February 27, 2012
Education	Academic, undergraduate degree in Economics and Accounting, Tel Aviv University; MBA (specialized in Strategy), Hebrew University, Jerusalem
Current occupation	CFO; VP, Finance and Business Development; Central Bottling Company Ltd. (Coca Cola) Board member of: Keshet International Broadcasting Ltd., Israel Beer Breweries (Import Export 1995) Ltd., Transport Industries Ltd., Neviot Teva HaGalil Ltd. Dairy Manufacturers Association Ltd. (in voluntary dissolution), Tavor Winery (2005) Ltd., Keshet Broadcasting Ltd., Mira Trading Ltd., TURK TUBORG BIRA VE MALT, SANAYII A.S (Turkey), PAZARLAMA A.S TUBORG (Turkey), INTERNATIONAL DAIRIES CORPORATION B.V. (Holland), AL BREWERIES B.V (הולנד), UNITED ALBANIAN BREWERIES SH.P.K (Albania).
Previous occupation (in past 5 years, other than current occupation)	Chairman of the Board of Directors, Neviot Teva HaGalil Ltd.; Board member of: Mey Galil Ltd.; Central Beverage Distribution Company Ltd.
External Board member as defined in Proper Conduct of Banking Business Directive 301	No
External Board member as defined in the Companies Law	No
Independent Board member	No
Has accounting and financial expertise?	Yes
Has professional qualifications?	Yes
Expert Board member <sup>(1)</sup>	Yes
Employed by the corporation, subsidiary, affiliate or an interested party?	Yes
Family member of another interested party in the corporation?	No
Board member regarded by the corporation as having accounting and financial expertise for meeting the minimum number specified by the Board?	Yes

(1) As this term is defined in the Companies Regulations (Rules for remuneration and expense reimbursement for external board members), 2000.

## Regulation 26 – Board members of the Bank – Continued

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### **Sabina Biran**

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ID 014949192	014949192
Year of birth	1967
Formal Address	5a Yitzhak Sadeh Street, Kfar Saba
Citizenship	Israeli
Membership of Board of Directors' committees	Audit, Credit, Risks Management, IT and Technology Innovation and Remuneration Committees.
Start date in office as member of the Bank's Board of Directors	February 27, 2012
Education	Undergraduate degree in Political Science, Haifa University; MBA, Harriett-Watt University; MA studies in Political Studies and International Relations, Tel Aviv University.
Current occupation	Owner and Co-CEO of MVP-B Ltd.
Previous occupation (in past 5 years, other than current occupation)	Board member of Shufersal Ltd.
External Board member as defined in Proper Conduct of Banking Business Directive 301	Yes
External Board member as defined in the Companies Law	No
Independent Board member	Yes
Has accounting and financial expertise?	Yes
Has professional qualifications?	Yes
Expert Board member <sup>(1)</sup>	Yes
Employed by the corporation, subsidiary, affiliate or an interested party?	No
Family member of another interested party in the corporation?	No
Board member regarded by the corporation as having accounting and financial expertise for meeting the minimum number specified by the Board?	Yes

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(1) As this term is defined in the Companies Regulations (Rules for remuneration and expense reimbursement for external board members), 2000.

**Regulation 26 – Board members of the Bank – Continued**

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**Ron Gazit<sup>(1)</sup>**

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ID	050688605
Year of birth	1951
Formal Address	8 Herzl Rosenblum Street, Tel Aviv
Citizenship	Israeli
Membership of Board of Directors' committees	IT and Technology Innovation Committee
Start date in office as member of the Bank's Board of Directors	December 14, 2003
Education	Undergraduate degree (LLB) Law degree, Attorney – Tel Aviv University
Current occupation	Founder, Ron, Gazit, Ruthenberg & Co. – law firm; Consultant to Tanzanite Capital Ltd.
Previous occupation (in past 5 years, other than current occupation)	Founder and Manager, Ron, Gazit, Ruthenberg & Co. – law firm;
External Board member as defined in Proper Conduct of Banking Business Directive 301	No
External Board member as defined in the Companies Law	No
Independent Board member	No
Has accounting and financial expertise?	No
Has professional qualifications?	Yes
Expert Board member <sup>(2)</sup>	Yes
Employed by the corporation, subsidiary, affiliate or an interested party?	No
Family member of another interested party in the corporation?	No
Board member regarded by the corporation as having accounting and financial expertise for meeting the minimum number specified by the Board?	No

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(1) Has "banking experience", pursuant to directives of the Supervisor of Banks.

(2) As this term is defined in the Companies Regulations (Rules for remuneration and expense reimbursement for external board members), 2000.



## Regulation 26 – Board members of the Bank – Continued

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### **Avraham Zeldman<sup>(1)</sup>**

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ID	5795919
Year of birth	1948
Formal Address	6 Shivtey Israel Street, Ra'anana
Citizenship	Israeli
Membership of Board of Directors' committees	Audit, Risk Management
Start date in office as member of the Bank's Board of Directors	February 26, 2015
Education	Studied Statistics and Economics, Business Administration at Haifa University (not eligible for degree)
Current occupation	Chairman of the Board of Directors of Fox Wiezel Ltd. Board member of A. Zeldman Management Ltd. Consultant to Polyeurethane Ltd. Executive Board member, MATI Raanana. Member, Investments Committee of Dualis Fund for Social Investments.
Previous occupation (in past 5 years, other than current occupation)	Board member of: Liliot Group Ltd.; Liliot Baker Ltd.
External Board member as defined in Proper Conduct of Banking Business Directive 301	No
External Board member as defined in the Companies Law	No
Independent Board member	No
Has accounting and financial expertise?	Yes
Has professional qualifications?	Yes
Expert Board member <sup>(2)</sup>	Yes
Employed by the corporation, subsidiary, affiliate or an interested party?	No
Family member of another interested party in the corporation?	No
Board member regarded by the corporation as having accounting and financial expertise for meeting the minimum number specified by the Board?	Yes

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(1) Has "banking experience", pursuant to directives of the Supervisor of Banks.

(2) As this term is defined in the Companies Regulations (Rules for remuneration and expense reimbursement for external board members), 2000.

## Regulation 26 – Board members of the Bank – Continued

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### **Hannah Fayer<sup>(1)</sup>**

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ID	053549523
Year of birth	1955
Formal Address	13 HaChermesh Street, Savyon
Citizenship	Israeli
Membership of Board of Directors' committees	Remuneration – Chair, Audit, Credit
Start date in office as member of the Bank's Board of Directors	August 30, 2018
Education	Graduate in Sociology, Tel Aviv University Studies in Accounting, California State University Northridge
Current occupation	
Previous occupation (in past 5 years, other than current occupation)	Poalim Capital Markets Ltd. – CFO and executive in all Poalim Capital Markets Ltd. Group companies Board member of: Poalim Real Estate Fund (Israel) Ltd., Poalim Real Estate Fund Ltd. External Board member of the following: Discount Capital Ltd., OWC – Pharmaceutical Research Corp .
External Board member as defined in Proper Conduct of Banking Business Directive 301	Yes
External Board member as defined in the Companies Law	Yes
Independent Board member	Yes
Has accounting and financial expertise?	Yes
Has professional qualifications?	Yes
Expert Board member <sup>(2)</sup>	Yes
Employed by the corporation, subsidiary, affiliate or an interested party?	No
Family member of another interested party in the corporation?	No
Board member regarded by the corporation as having accounting and financial expertise for meeting the minimum number specified by the Board?	Yes

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(1) Has "banking experience", pursuant to directives of the Supervisor of Banks.

(2) As this term is defined in the Companies Regulations (Rules for remuneration and expense reimbursement for external board members), 2000.

## Regulation 26 – Board members of the Bank – Continued

### **Yosef Plus**

ID	051641025
Year of birth	1953
Formal Address	11 Yehuda HaLevi, Raanana
Citizenship	Israeli
Membership of Board of Directors' committees	Audit – Chairman; Risk Management, Remuneration
Start date in office as member of the Bank's Board of Directors	August 20, 2019
Education	Academic, undergraduate degree in Economics and Accounting, Tel Aviv University
Current occupation	Practical engineering, Electronics (Technicum Yad Singalovski) Board member of: Kaitz BeYafo Ltd., Massa Kaitz Ltd., Hayde Yafo Ltd., Meitav HaTene Holdings (1977) Ltd., Meitav HaTene Land Holdings Ltd., Bar Pal Foreign Investments Ltd. Chairman of the Board of Directors and CEO of Yosef Plus Accountants Ltd.
Previous occupation (in past 5 years, other than current occupation)	Consulting and CFO service provider (as CFO) to a private company and to three subsidiaries thereof.
External Board member as defined in Proper Conduct of Banking Business Directive 301	Yes
External Board member as defined in the Companies Law	Yes
Independent Board member	Yes
Has accounting and financial expertise?	Yes
Has professional qualifications?	Yes
Expert Board member <sup>(1)</sup>	Yes
Employed by the corporation, subsidiary, affiliate or an interested party?	No
Family member of another interested party in the corporation?	No
Board member regarded by the corporation as having accounting and financial expertise for meeting the minimum number specified by the Board?	Yes

(1) As this term is defined in the Companies Regulations (Rules for remuneration and expense reimbursement for external board members), 2000.

## Regulation 26 – Board members of the Bank – Continued

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### Jonathan Kaplan

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ID	055251391
Year of birth	1958
Formal Address	2 Haim Zakay Street, Petach Tikva
Citizenship	Israeli
Membership of Board of Directors' committees	Credit, Risk Management
Start date in office as member of the Bank's Board of Directors	May 12, 2011
Education	Undergraduate degree in Economics and Accounting, Tel Aviv University; CPA; graduate degree in Political Science and National Security, Haifa University; National Security College, Tel Aviv.
Current occupation	Economic Advisor. Board member of: Central Bottling Company Ltd.; International Breweries Ltd.; Novolog PharmUp Marketing (1966) Ltd.
Previous occupation (in past 5 years, other than current occupation)	Board member of: Clal Biotechnology Industries Ltd. Amir Agricultural Marketing and Investments Ltd.
External Board member as defined in Proper Conduct of Banking Business Directive 301	No
External Board member as defined in the Companies Law	No
Independent Board member	No
Has accounting and financial expertise?	Yes
Has professional qualifications?	Yes
Expert Board member <sup>(1)</sup>	Yes
Employed by the corporation, subsidiary, affiliate or an interested party?	No
Family member of another interested party in the corporation?	No
Board member regarded by the corporation as having accounting and financial expertise for meeting the minimum number specified by the Board?	Yes

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(1) As this term is defined in the Companies Regulations (Rules for remuneration and expense reimbursement for external board members), 2000.

## Regulation 26 – Board members of the Bank – Continued

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### **Ilan Kremer**

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ID	059841742
Year of birth	1967
Formal Address	7 HaDror, Mevaseret Zion 9079307
Citizenship	Israeli
Membership of Board of Directors' committees	Risk Management
Start date in office as member of the Bank's Board of Directors	March 27, 2019
Education	Academic, Ph.D in Financing from Northwestern Kellogg.
Current occupation	Professor of Economics and Financing at Hebrew University, 2011-date.
Previous occupation (in past 5 years, other than current occupation)	Professor of Economics at Warwick University, 2012-date. Professor of Financing at Stanford, 2000-2012. External consultant to Research Department of the Bank of Israel, August 2014 to March 2019.
External Board member as defined in Proper Conduct of Banking Business Directive 301	No
External Board member as defined in the Companies Law	No
Independent Board member	No
Has accounting and financial expertise?	Yes
Has professional qualifications?	Yes
Expert Board member <sup>(1)</sup>	Yes
Employed by the corporation, subsidiary, affiliate or an interested party?	No
Family member of another interested party in the corporation?	No
Board member regarded by the corporation as having accounting and financial expertise for meeting the minimum number specified by the Board?	Yes

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(1) As this term is defined in the Companies Regulations (Rules for remuneration and expense reimbursement for external board members), 2000.

**Regulation 26 – Board members of the Bank – Continued**

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**Gilad Rabinowitz**

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ID	057153603
Year of birth	1961
Formal Address	7 Mitzpeh Street, Shoham
Citizenship	Israeli
Membership of Board of Directors' committees	Audit, IT and Technology Innovation and Remuneration Committees
Start date in office as member of the Bank's Board of Directors	March 12, 2019
Education	Graduate in Economics, Bar Ilan University; MA in Israeli Studies, Haifa University
Current occupation	Owner and CEO of A.T. Statgee; guest lecturer at Kiryat Ono College
Previous occupation (in past 5 years, other than current occupation)	Director General of the Labor Party; Deputy Head of Town Council, Shoham; Manager, Education Department, Town Council, Shoham.
External Board member as defined in Proper Conduct of Banking Business Directive 301	Yes
External Board member as defined in the Companies Law	Yes
Independent Board member	Yes
Has accounting and financial expertise?	Yes
Has professional qualifications?	Yes
Expert Board member <sup>(1)</sup>	Yes
Employed by the corporation, subsidiary, affiliate or an interested party?	No
Family member of another interested party in the corporation?	No
Board member regarded by the corporation as having accounting and financial expertise for meeting the minimum number specified by the Board?	Yes

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(1) As this term is defined in the Companies Regulations (Rules for remuneration and expense reimbursement for external board members), 2000.

## **Regulation 26 – Board members of the Bank – Continued**

**Below is additional information about Board members with accounting and financial qualifications**

### **Moshe Vidman**

Undergraduate degree in Economics; Graduate degree in Business Administration; specialized in Financing; served as CEO of two industrial companies; Board member at leading companies for over 25 years; member, Finance Committee and Audit Committee, served as Chairman of multiple companies. Serves as Chairman of the Bank Board of Directors.

### **Yoav Asher Nachshon**

Undergraduate degree in Economics and Accounting, Tel Aviv University; MBA (specialized in Strategy); CFO, VP, Finance and Business Development; Board member of private and public companies.

### **Sabina Biran**

Undergraduate degree in Political Science and Economics, Haifa University; MBA; served as CEO of two airlines; Board member of private and public companies; formerly – Chairperson of the Board of Directors of an industrial company.

### **Avraham Zeldman**

Studied Statistics and Economics, Business Administration at Haifa University (not eligible for degree). Serves as Chairman of the Board of Directors of a public company. Has served as executive at Bank Leumi, as Chairman of the Board of Directors at Bank Leumi LeMashkantaot and as CEO at Leumi Partners Ltd. Has served as Board member with private and public companies.

### **Hannah Fayer**

Undergraduate degree in Sociology, Tel Aviv University. Graduate in Accounting, California State University Northridge. Served as CFO and executive of Poalim Capital Markets Group companies, 2003-2017.

### **Yosef Plus**

Undergraduate degree in Accounting and Economics, Tel Aviv University; has served as partner of PwC Consulting, engaged in audit work at public and private companies.

### **Jonathan Kaplan**

Undergraduate degree in Economics and Accounting, Tel Aviv University; CPA; graduate degree in Political Science and National Security; Economic Advisor; Board member of private and public companies; formerly – Income Tax Commissioner.

### **Ilan Kremer**

Professor of Financing at Stanford, 2000-2012. Professor of Economics and Financing at Hebrew University, 2011-date. Professor of Economics at Warwick University, 2012-date. External consultant to Research Department of the Bank of Israel, August 2014 to March 2019.

### **Gilad Rabinowitz**

Graduate in Economics, Bar Ilan University; MA in Israeli Studies, Haifa University. Served as CEO of high-tech and communications companies and as Board members of public and private companies.

The Bank's Board of Directors thanks the Bank President & CEO, management and employees for their efforts to promote the Bank, the result of their diligent efforts to maintain the Bank's services with due responsibility. The Board of Directors appreciates the constant efforts of the Bank President & CEO, Bank management and Bank employees to expand the business activities and client base.

## Regulation 26a – List of senior Bank executives<sup>(2)</sup>

Below is information about senior Bank officers as of the issue date of the financial statements:

### **Eldad Fresher<sup>(1)(3)</sup>**

ID	058368333
Birth date	1963
Title	President & CEO
Start of term in office	November 3, 2004 (since August 16, 2013 – as Bank President & CEO)
Position held with the banking corporation	President & CEO
Position held with the subsidiary	Chairman, Mizrahi Bank Switzerland
Family member of another senior officer or of an interested party in the banking corporation	No
Education	Undergraduate degree in Business Administration, Hebrew University, Jerusalem. Graduate degree in Businesses Administration, Hebrew University, Jerusalem.
Business experience (in past 5 years)	President & CEO of Bank Mizrahi-Tefahot Ltd.

### **Menahem Aviv**

ID	012390175
Birth date	1959
Start of term in office	April 13, 2005
Title	Vice-President
Position held in banking corporation, subsidiary, affiliate or interested party in the corporation	Manager, Financial Information and Reporting Division and Chief Accountant Board member of Mizrahi Tefahot Issue Company Ltd.
Family member of another senior officer or of an interested party in the banking corporation	No
Education	Undergraduate degree in Accounting and Economics – Tel Aviv University Graduate degree in Business Administration (MBA) Tel Aviv University, CPA
Business experience (in past 5 years)	Chief Accountant, Bank Mizrahi-Tefahot Ltd.

### **Israel Engel**

ID	50402866
Birth date	1950
Start of term in office	January 1, 2005
Title	Vice-President
Position held in banking corporation, subsidiary, affiliate or interested party in the corporation	Manager, Retail Division Chairman of the Board of Bank Yahav; Board member of Tefahot Insurance <sup>(4)</sup>
Family member of another senior officer or of an interested party in the banking corporation	No
Education	Undergraduate degree in Economics and Accounting from Bar Ilan University. Graduate degree in Business Administration (Financing) from Bar Ilan University, CPA
Business experience (in past 5 years)	Manager, Retail Division at Bank Mizrahi Tefahot Ltd.

(1) On February 19, 2020, the Bank President & CEO, Mr. Eldad Fresher, informed the Bank Board of Directors of his intention to conclude his term in office in the coming months. The end date of his term in office has yet to be determined, and would be agreed after the Bank Board of Directors would complete the process of appointment of the next Bank President & CEO.

(2) Senior officers include no family members of another senior officer or interested party.

(3) Mr. Eldad Fresher is an interested party due to his office as President & CEO of the Bank.

(4) Tefahot insurance – Tefahot Insurance Agency (1989) Ltd.



## Regulation 26a – List of senior Bank executives<sup>(1)</sup> – Continued

### **Galit Weiser<sup>(2)</sup>**

ID	023878341
Birth date	1968
Start of term in office	July 7, 2011
Position held in banking corporation, subsidiary, affiliate or interested party in the corporation	Chief Internal Auditor; Manager, Internal Audit Division Chief Internal Auditor, Bank Yahav and of the following companies: Etgar, Ne'emanut, Mizrahi Tefahot Issuance, Netzivim, Tefahot Insurance <sup>(3)</sup> .
Family member of another senior officer or of an interested party in the banking corporation	No
Education	Undergraduate degree in Accounting and Statistics from the Hebrew University. Graduate degree in Business Administration from the Hebrew University; CPA
Business experience (in past 5 years)	Chief Internal Auditor; Manager, Internal Audit Division, Bank Mizrahi Tefahot Ltd.

### **Ayala Hakim**

ID	056593767
Birth date	1960
Start of term in office	July 1, 2013
Position held in banking corporation, subsidiary, affiliate or interested party in the corporation	Manager, Mizrahi-Tefahot Technology Division Ltd.; CIO for the Bank
Family member of another senior officer or of an interested party in the banking corporation	No
Education	Undergraduate degree in Accounting and Political Science – Bar Ilan University; Graduate degree in Business Administration – Bar Ilan University;
Business experience (in past 5 years)	Manager, Mizrahi-Tefahot Technology Division Ltd.; CIO of Bank Mizrahi Tefahot Ltd.

### **Moshe Lari**

ID	28405934
Birth date	1971
Start of term in office	November 8, 2009 (since August 16, 2013 – in their current office)
Title	Vice-President
Position held in banking corporation, subsidiary, affiliate or interested party in the corporation	Manager, Financial Division – CFO Chairman, Mizrahi Tefahot Issuance Company Ltd., Chairman of Mizrahi Tefahot Trust Company Ltd., Board member of Bank Yahav
Family member of another senior officer or of an interested party in the banking corporation	No
Education	Undergraduate degree in Economics and Accounting, Hebrew University, Jerusalem. Graduate degree in Business Administration from Tel Aviv University; CPA
Business experience (in past 5 years)	Manager, Financial Division – CFO at Bank Mizrahi Tefahot Ltd.

(1) Senior officers include no family members of another senior officer or interested party.

(2) Pursuant to provisions of Section 146(B) of the Corporations Act, 1999 – the Internal Auditor is not an interested party of the corporation, an officer or relative thereof.

(3) Etgar – Etgar Investment Portfolio Management Company of the Mizrahi Tefahot Group Ltd.

Ne'emanut – Mizrahi Tefahot Trust Company Ltd.

Mizrahi Tefahot Issuance – Mizrahi Tefahot Issue Company Ltd.

Netzivim – Netzivim Assets and Equipment Ltd.

Tefahot insurance – Tefahot Insurance Agency (1989) Ltd.

**Regulation 26a – List of senior Bank executives<sup>(1)</sup> – Continued**

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**Nisan Levi**

ID	59857146
Birth date	1967
Start of term in office	February 2, 2014
Title	Vice-President
Position held in banking corporation, subsidiary, affiliate or interested party in the corporation	Manager, Human Capital, Resources and Operations Division. Chair, Tefahot Insurance <sup>(2)</sup> , Chair, Mizrahi-Tefahot Security Services Ltd.; Chair, Netzivim Assets and Equipment Ltd.
Family member of another senior officer or of an interested party in the banking corporation	No
Education	Undergraduate degree in Economics and Accounting, Hebrew University, Jerusalem. Graduate degree in Business Administration from the Hebrew University, Jerusalem; CPA
Business experience (in past 5 years)	Manager, Planning, Operations and Customer Asset Division at Bank Mizrahi Tefahot Ltd.

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**Ofir Morad**

ID	24607806
Birth date	1969
Start of term in office	January 1, 2014
Title	Vice-President
Position held in banking corporation, subsidiary, affiliate or interested party in the corporation	Manager, Business Banking Division
Family member of another senior officer or of an interested party in the banking corporation	No
Education	Undergraduate degree in Economics and Business Administration; Graduate degree in Industrial Engineering.
Business experience (in past 5 years)	Manager, Business Banking Division at Bank Mizrahi Tefahot Ltd.

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**Dinah Zuretz Navot**

ID	055610612
Birth date	1959
Start of term in office	March 5, 2012
Title	Vice-President
Position held in banking corporation, subsidiary, affiliate or interested party in the corporation	Manager, Marketing, Promotion and Business Development Division
Family member of another senior officer or of an interested party in the banking corporation	No
Education	Undergraduate degree in Social Work, Tel Aviv University; graduate degree in Journalism and Media, Bar Ilan University; graduate degree in Social Psychology and Sociology, Bar Ilan University
Business experience (in past 5 years)	Manager, Marketing, Advertising and Business Development Division – Bank Mizrahi-Tefahot Ltd.

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(1) Senior officers include no family members of another senior officer or interested party.

(2) Tefahot insurance – Tefahot Insurance Agency (1989) Ltd.

**Regulation 26a – List of senior Bank executives<sup>(1)</sup> – Continued**

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**Maya Feller**

ID	52346327
Birth date	1954
Start of term in office	April 20, 1997
Position held in banking corporation, subsidiary, affiliate or interested party in the corporation	Corporate Secretary
Family member of another senior officer or of an interested party in the banking corporation	No
Education	Undergraduate degree (BA) Humanities – Tel Aviv University
Business experience (in past 5 years)	Secretary, Bank Mizrahi-Tefahot Ltd.

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**Racheli Friedman**

ID	057222200
Birth date	1961
Start of term in office	January 1, 2015
Title	Vice-President
Position held in banking corporation, subsidiary, affiliate or interested party in the corporation	Chief Legal Counsel; Manager, Legal Division
Family member of another senior officer or of an interested party in the banking corporation	No
Education	Undergraduate Law degree (LL. B) – Tel Aviv University, Graduate Law degree (LL. M) – Tel Aviv University.
Business experience (in past 5 years)	Chief Legal Counsel; Manager, Legal Division of Bank Mizrahi Tefahot Ltd.

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**Doron Klauzner**

ID	51277556
Birth date	1952
Start of term in office	November 8, 2009 (since January 1, 2014 – in their current office)
Title	Vice-President
Position held in banking corporation, subsidiary, affiliate or interested party in the corporation	Manager, Risks Control Division, CRO.
Family member of another senior officer or of an interested party in the banking corporation	No
Education	Undergraduate degree in Economics and Business Administration – Bar Ilan University
Business experience (in past 5 years)	Manager, Risks Control Division – CRO at Bank Mizrahi Tefahot Ltd.

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(1) Senior officers include no family members of another senior officer or interested party.

### **Regulation 26b – Authorized signatories of the Bank**

The Bank has no sole authorized signatory.

### **Regulation 27 – Independent Auditor of the Bank**

Brightman Almagor Zohar & Co., CPAs, 1 Azrieli Center, Tel Aviv.

### **Reg. 28 - Changes to Articles of Incorporation or to Bylaws**

In the reported period, no changes were made to Articles of Incorporation nor to Bylaws of the Bank.

### **Regulation 29 - Recommendations and decisions by Board members**

A. Recommendations by Board members to the General Meeting and resolutions not requiring approval by the General Meeting, with regard to matters listed in the Bylaws:

On November 21, 2016, the Bank's Board of Directors approved a five-year strategic plan for 2017-2021 and resolved to approve a revised dividends policy as from 2017, with distribution of dividends equal to 30% of net income attributable to Bank shareholders.

On February 26, 2018, the Bank's Board of Directors resolved to update the Bank's dividends policy for 2018 through 2021, after monitoring the execution of the aforementioned strategic plan.

The Bank's revised dividends policy is to distribute dividends, as from 2018, with respect to quarterly earnings, at 40% of net profit attributable to shareholders of the Bank. This policy is subject to the Bank achieving a ratio of Tier I capital to risk components as required by the Supervisor of Banks and maintaining appropriate safety margins.

On March 12, 2019, the Bank's Board of Directors approved the signing of a DPA agreement with the US Department of Justice to conclude the investigation into the Bank Group's business with its US clients. For more information see chapter "Business goals and strategy" and chapter "Explanation and analysis of results and business standing (Significant Events in the Bank Group's Business)", as well as Note 26.C.12 to the financial statements.

On August 12, 2019, the Bank Board of Directors approved a dividend distribution amounting to NIS 392 million with respect to earnings in the first half of 2019.

On November 18, 2019, the Bank Board of Directors approved a dividend distribution amounting to NIS 168.8 million with respect to earnings in the third quarter of 2019.

For more information see report dated August 12, 2019, reference no. 2019-01-083407, report dated August 18, 2019, reference no. 2019-01-085546, report dated November 18, 2019 reference no. 2019-01-098940, and report dated November 24, 2019, reference no. 2019-01-101235.

This information constitutes forward-looking information, as defined in the Securities Act, 1968 and based on assumptions, facts and data underlying the strategic plan and listed therein, which may fail to materialize due to factors not solely under Bank control, causing the strategic plan, including with regard to the policy of distribution of dividends, to fail to materialize.

Below are details of dividend distributions by the Bank in the reported period:

- On August 27, 2019: NIS 392.0 million.
- On December 3, 2019: NIS 168.8 million.

B. Amendment of Bylaws

On April 2, 2019, the General Meeting of Bank shareholders approved an amendment of Bank Bylaws, with regard to appointment of Board members (other than external Board members) by the General Meeting and their term in office. For more information see report dated April 2, 2019 (reference: 2019-01-031993).

C. Resolutions by the General Meeting made other than in accordance with recommendations made by Board members on issues set forth in sub-section (a): None

D. Resolutions by an extraordinary General Meeting:

The Extraordinary General Meeting held on March 12, 2019, resolved to appoint Mr. Gilad Rabinowitz as external Board member. As from the appointment approval date, Mr. Gilad Rabinowitz serves as member of the IT and Technology Innovation Committee, reference no. 2019-01-021505.

The General Meeting convened on April 2, 2019 resolved to appoint Mr. Abraham Neyman as external Board member; and further approved amendment of regulations 55, 89 and 92 of Bank Bylaws - see section B. above.

The Extraordinary General Meeting held on August 20, 2019, resolved to appoint Mr. Yosef Plus as external Board member. Reference no. 2019-01-086653.

The General Meeting held on December 18, 2019 resolved as follows:

- To re-appoint Board members Mr. Moshe Vidman, Mr. Ron Gazit, Mr. Yonatan Kaplan, Mr. Avi Zeldman, Mr. Ilan Kremer, Mr. Eli Elroy.
- To re-appoint the Bank's Independent Auditors and to report their pay for 2018.
- To approve the revised remuneration policy for Bank officers.
- To approve the terms of office and employment of the Bank President & CEO, Mr. Eldad Fresher, report dated December 18, 2019, reference no. 2019-01-111267, and report dated December 22, 2019, reference no. 2020-01-112224.

**Regulation 29a(4) – Corporate resolutions**

See Note 26.C.(4-9) to the financial statements.

Ramat Gan, February 24, 2020.

**Names of signatories:**

**(1) Menahem Aviv**  
**(2) Maya Feller**

**Positions:**

**Vice-president, Chief Accountant**  
**Bank Secretary**

## CORPORATE GOVERNANCE SURVEY<sup>1</sup>

BOARD OF DIRECTORS INDEPENDENCE			
		True	False
1.	<p>Throughout the reported period, two or more external Board members served the Corporation.</p> <p>This question may be answered True if the period in which no two external Board members served the Corporation does not exceed 90 days, as per Section 363a.(b)(10) of the Corporate Act; however, for any answer, indicate the period during the reported period(in days) in which no two external Board members served the Corporation (including any term of office approved retroactively, separately for the individual external Board members):</p> <p>Board member A: <b><u>Ms. Hanna Feuer</u></b></p> <p>Board member B: <b><u>Mr. Gilad Rabinovich (started their term in office on March 12, 2019)</u></b></p> <p>Board member C: <b><u>Mr. Joseph Fellus (started their term in office on August 20, 2019)</u></b></p> <p>Board member D: <b><u>Mr. Abraham Jacob Neyman (concluded their term in office on December 31, 2019)</u></b></p> <p>Number of external Board members who serve the Corporation as of the publication date of this survey: <b><u>3.</u></b></p>	✓	

<sup>1</sup> Published in conjunction with proposed legislation for improvement of reports on March 16, 2014.

2.	<p>Percentage<sup>2</sup> of independent Board members<sup>3</sup> who serve the Corporation as of the publication date of this survey: <u>4/11</u>.</p> <p>The percentage of Independent Board Members stipulated in the bylaws<sup>4</sup> of the Corporation<sup>5</sup>:</p> <p><b><u>In conformity with Proper Conduct of Banking Business Directive with regard to the Board of Directors, issued by the Supervisor of Banks, at least one third of Board members of a banking corporation must be external Board members, as this term is defined in the aforementioned directive ('External Board members pursuant to the Supervisor's directive'). As of the issue date of this survey, the Bank has four (4) External Board members pursuant to the Supervisor's directive, of which three (3) external directors appointed pursuant to the Corporate Act. All external Board members are also independent Board members.</u></b></p> <p><input type="checkbox"/> N/A (no provisions included in the bylaws).</p>		
3.	<p>In the reported period, the external (and independent) Board members were verified to be in compliance, during the reported period, with provisions of Sections 240(b) and (f) of the Corporate Act with regard to absence of affinity for external (or independent) Board members serving the Corporation - and verified to fulfill the requirements for the office of an external (or independent) Board member.</p> <p><b><u>The external Board members and the independent Board members have certified to the Bank their compliance with requirements for the office of an external Board member and absence of affinity, as aforementioned. Two of the external Board members have provided such certification to the Bank in early January 2020.</u></b></p>	✓	

<sup>2</sup> In this survey, "percentage" means a ratio out of the total number. Thus, for example: 3/8.

<sup>3</sup> Including "External Board Members" as defined in the Corporate Act.

<sup>4</sup> For this matter, "Bylaws" including pursuant to specific statutory provisions applicable to the Corporation (for example, for a banking corporation – directives of the Supervisor of Banks).

<sup>5</sup> A debenture company is not required to answer this item.

4.		<p>All Board members who served the Corporation during the reported period do <u>not</u> report<sup>6</sup> to the CEO, directly or indirectly (except for any Board member who is an employee representative - if employees are represented at this Corporation).</p> <p>If you answered False (i.e. a Board member reports to the CEO) - please indicate the percentage of Board members who did <u>not</u> comply with the aforementioned restriction: _____</p>	✓	
5.		<p>All Board members who disclosed their personal interest in approval of a transaction on the agenda for the meeting, did not take part in the aforementioned discussion and/or voting (except for any discussion and/or voting conducted under circumstances pursuant to Section 278(b) of the Corporate Act):</p> <p>If you answered False –</p> <p>Was this for the purpose of presenting a certain matter thereby, in conformity with provisions of the end of section 278(a):</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No (Please mark X in the appropriate box).</p> <p>Indicate the percentage of meetings attended by such Board members during discussion and/or voting, other than under circumstances listed in sub-section A: _____</p>	✓	

<sup>6</sup> With regard to this question – merely holding the office of Board member with a corporation owned and controlled by the Corporation shall not constitute "reporting"; conversely, holding the office of Board member with a corporation that is an officer (other than Board member) and/or employee of a corporation owned and controlled by the Corporation shall constitute "reporting" for the purpose of this question.



6.	<p>The controlling shareholder (including any relative thereof and/or anyone on behalf thereof), <u>other than</u> a Board member or other senior officer of the Corporation, <u>did not attend</u> the Board meetings held during the reported period.</p> <p>If you answered False (i.e. the controlling shareholder and/or any relative thereof and/or anyone on behalf thereof, other than a Board member and/or other senior officer of the Corporation, did attend the Board meetings) – please indicate the following information with regard to attendance by any other person at the aforementioned Board meetings:</p> <p>Identity: _____</p> <p>Position with the Corporation (if any): _____</p> <p>Details of affinity to the controlling shareholder (if the person present was other than the controlling shareholder themselves): _____</p> <p>Was this for the purpose of presenting a certain matter thereby: <input type="checkbox"/> Yes <input type="checkbox"/> No (Please mark X in the appropriate box).</p> <p>Their attendance percentage<sup>7</sup> of Board meetings held during the reported period for the purpose of presenting a certain matter thereby: _____, Other attendance: _____</p> <p><input type="checkbox"/> Not applicable (the Corporation does not have a controlling shareholder).</p>	✓	
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<sup>7</sup> Separating the controlling shareholder, any relative thereof and/or anyone on behalf thereof.

BOARD MEMBER COMPETENCE AND QUALIFICATIONS				
			True	False
7.		<p>The Corporation Bylaws do <u>not</u> include a provision which restricts the option to immediately terminate the office of all Board members of the Corporation, other than external Board members (for this matter – a vote passed by simple majority does <b>not</b> constitute a restriction)<sup>8</sup>.</p> <p>If you answered False (i.e. such a restriction exists), please indicate –</p>	✓	
	A.	The duration specified in Bylaws for the term in office of a Board member: _____		
	B.	The majority required in Bylaws for termination of Board members' office: _____		
	C.	The legal quorum specified in Bylaws for the General Meeting to terminate Board members' office: _____		
	D.	The majority required to amend these provisions of the Bylaws: _____		

<sup>8</sup> A debenture company is not required to answer this item.

8.		<p>The Corporation has prepared a training program for new Board members, covering the Corporation's business and the laws applicable to the Corporation and to Board members, and has prepared a further training program for incumbent Board members aligned, <i>inter alia</i>, with the Board member's role within the Corporation.</p> <p>If you answered True – please indicate if the program was offered during the reported period: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> <del>No</del> (Mark X in the appropriate box)</p>	✓	
9.		<p>A. The corporation has specified the minimum number of Board members to have accounting and financial expertise.</p> <p>If you answered True – please indicate the minimum number specified. <u>At least three (3) Board members (pursuant to a resolution by the Board of Directors) and at least one fifth (<math>\frac{1}{5}</math>) of all Board members (in conformity with Proper Conduct of Banking Business Directive with regard to the Board of Directors, issued by the Supervisor of Banks).</u></p>	✓	

		B.	<p>Number of Board members who served the Corporation during the reported period:</p> <p>Have accounting and financial expertise<sup>9</sup>: <u>9</u></p> <p>Have professional qualifications<sup>10</sup>: <u>11</u>.</p> <p>In case there was a change to the number of such Board members during the reported period, please provide the lowest number (other than within 60 days from such a change) of Board members of each category who served during the reported period.</p> <p><b><u>As of the issue date of this survey, all Board members at the Bank are classified as "Expert" Board members with respect to Corporate Regulations (Rules for remuneration and expense reimbursement for external board members), 2000.</u></b></p>		
10.		A.	<p>Throughout the reported period, the Board was composed of members of both genders.</p> <p>If you answered False - please indicate the duration (in days) in which the aforementioned was false: _____</p> <p>This question may be answered True if the period in which no Board members of both genders served the Corporation does not exceed 60 days; however, for any answer, please indicate the period during the reported period (in days) in which no Board members of both genders served the Corporation: _____</p>	✓	

<sup>9</sup> After assessment by the Board of Directors, in conformity with Corporate Regulations (Requirements and tests for Board members with accounting and financial skills and for Board members with professional skills), 2005.

<sup>10</sup> See footnote 9.

		B.	Number of Board members of each gender who serve on the Corporation's Board of Directors as of the publication date of this survey:  Men: <u>9</u> , Women: <u>2</u> .	_____	_____
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BOARD MEETINGS (AND CONVENING OF A GENERAL MEETING)					
11.		A.	Number of Board meetings held in each quarter of the reported period:  First quarter (2019):    9.  Second quarter:                   5.  Third quarter:                   5.  Fourth Quarter:                9.	_____	_____
		B.	Next to the name of each Board member who served the Corporation during the reported period, please indicate their attendance rate <sup>11</sup> at Board meetings (in this sub-Section - including meetings of Board committees they are members of, as noted below) held during the reported period (with reference to their term in office):  (Please add more rows based on the number of Board members).	_____	_____

<sup>11</sup> See footnote 2.

			Board member name	Their attendance rate at Board meetings of the <b>Board of Directors</b>	Their attendance rate at Board meetings of the <b>Audit Committee</b> <sup>12</sup>	Their attendance rate at Board meetings of the <b>Financial Statements Review Committee</b> <sup>13</sup>	Their attendance rate at Board meetings of the <b>Remune ration Committee</b> <sup>14</sup>	Their attendance rate at meetings of <b>other Board committees of which they are a member</b> (please indicate the committee name)		
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<sup>12</sup> For any Board member who is a member of this Committee.

<sup>13</sup> For any Board member who is a member of this Committee.

<sup>14</sup> For any Board member who is a member of this Committee.

				<p>The Audit Committee also serves as the Financial Statement Review Committee. Details of attendance rate at meetings of the Audit Committee (as set forth in the third column of this table) refer to meetings of the Audit Committee, other than meetings involving the financial statements. Furthermore, details of attendance rate at meetings of the Financial Statements Review Committee (as set forth in the fourth column of this table) refer to meetings of the Audit Committee involving the financial statements.</p>		<p><b>Credit Comm ittee</b></p>	<p><b>Risk Manag ement Comm ittee</b></p>	<p><b>IT and Technolo gy Innovatio n Committ ee</b></p>		
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			<b><u>Moshe Vidman</u></b>	100%	–	–	–	100%	100%	100%	Mr. Vidman (who serves as Chairman of the Board of Directors) is not member of the Audit Committee but attends as observer the meetings of the Audit Committee in conjunction with the approval process of financial statements <sup>15</sup> .
			<b><u>Ron Gazit</u></b>	93%	–	–	–	57%	100%	86%	
			<b><u>Jonathan Kaplan</u></b>	93%	–	–	–	–	100%	100%	


<sup>15</sup> This is in conformity with the position of the Supervisor of Banks, as provided in "Q&A regarding implementation of Proper Conduct of Banking Business Directive 301 with regard to the Board of Directors".



			<b><u>Sabina Biran</u></b>	96%	96%	100%	100%	100%	100%	100%	
			<b><u>Avraham Zeldman</u></b>	89%	91%	100%	–	–	92%	–	
			<b><u>Hanna Feuer</u></b>	100%	96%	100%	100%	100%	100%	–	
			<b><u>Gilad Rabinovich</u></b>	100%	100%	100%	100%	–	–	100%	On March 12, 2019, Gilad Rabinovich started their term in office as Bank Board member
			<b><u>Ilan Kremer</u></b>	84%	–	–	–	–	90%	–	On March 27, 2019, Ilan Kremer started their term in office as Bank Board member
			<b><u>Eli Alroy</u></b>	86%	–	–	–	–	100%	–	On June 26, 2019, Eli Alroy started their term in office as Bank Board member

			<b><u>Joseph Fellus</u></b>	100%	100%	100%	100%	–	100%	–	On August 20, 2019, Joseph Fellus started their term in office as Bank Board member
			<b><u>Joav-Asher Nachshon</u></b>	79%	–	–	–	100%	–	86%	Joav Nachshon served as Bank Board member through December 18, 2019; on January 1, 2020 he started a further term in office as Bank Board member
			<b><u>Abraham Jacob Neyman</u></b>	82%	91%	75%	100%	–	92%	100%	On December 31, 2019, Abraham Neyman concluded their term in office as Bank Board member
			<b><u>Zvi Ephrat</u></b>	93%	–	–	–	67%	–	–	On June 25, 2019, Zvi Ephrat concluded their term in office as Bank Board member

			<b><u>Joseph Shachak</u></b>	91%	86%	100%	—	100%	67%	—	On April 25, 2019, Joseph Shachak concluded their term in office as Bank Board member
			<b><u>Mordechai Meir</u></b>	100%	100%	100%	—	—	—	—	On March 28, 2019, Mordechai Meir concluded their term in office as Bank Board member

			<u><b>Liora Ofer</b></u>	50%	—	—	—	0%  [Durin g the term in office of Ms. Liora Ofer, in 2019, one meetin g of the Credit Comm ittee was held]	—	—	On February 7, 2019, Liora Ofer concluded their term in office as Bank Board member	
											<b>True</b>	<b>False</b>
12.		During the reported period, the Board of Directors conducted at least one discussion concerning the management of the Corporation's business by the CEO and officers reporting there to, without the latter being present, after allowing them an opportunity to express their views.										

SEPARATION OF ROLES BETWEEN THE CEO AND THE CHAIRMAN OF THE BOARD OF DIRECTORS			True	False
13.		<p>Throughout the reported period, a Chairman of the Board of Directors has served the Corporation.</p> <p>This question may be answered True if the period in which no Chairman of the Board of Directors served the Corporation does not exceed 60 days, as per Section 363a(2) of the Corporate Act; however, for any answer, please indicate the period during the reported period (in days) in which no Chairman of the Board of Directors served the Corporation: _____</p>	✓	
14.		<p>Throughout the reported period, a CEO has served the Corporation.</p> <p>This question may be answered True if the period in which no CEO served the Corporation does not exceed 90 days, as per Section 363a(6) of the Corporate Act; however, for any answer, please indicate the period during the reported period (in days) in which no CEO served the Corporation: _____</p>	✓	
15.		<p>For a corporation where the Chairman of the Board of Directors also serves as the CEO and/or exercises the authority thereof - this dual office was approved in conformity with provisions of Section 121(c) of the Corporate Act<sup>16</sup>.</p> <p><input checked="" type="checkbox"/> Not applicable (as there is no such dual office at the Corporation).</p>		

<sup>16</sup> For a debenture company – approval pursuant to Section 121(d) of the Corporate Act.

16.		The CEO is <u>not</u> related to the Chairman of the Board of Directors. If you answered False (i.e. the CEO is related to the Chairman of the Board of Directors) –	✓	
		A. Indicate the family relationship between the parties: _____	_____	_____
		B. The appointment was approved in conformity with Section 121(c) of the Corporate Act <sup>17</sup> :  <input type="checkbox"/> Yes  <input type="checkbox"/> No  <i>(Mark X in the appropriate box)</i>	_____	_____
17.		The controlling shareholder or a relative thereof do <u>not</u> serve as CEO or as senior officer of the Corporation, other than as Board member.  <input type="checkbox"/> Not applicable (the Corporation does not have a controlling shareholder).	✓	

<sup>17</sup> For a debenture company – approval pursuant to Section 121(d) of the Corporate Act.

AUDIT COMMITTEE				
			True	False
18.		During the reported period, the Audit Committee did <u>not</u> include as member -	_____	_____
	A.	The controlling shareholder or a relative thereof. <input type="checkbox"/> Not applicable (the Corporation does not have a controlling shareholder).	✓	
	B.	Chairman of the Board of Directors	✓	
	C.	A Board member employed by the Corporation or by the controlling shareholder of the Corporation or by a corporation controlled there by.	✓	
	D.	A Board member who regularly provides services to the Corporation or to the controlling shareholder of the Corporation or to a corporation controlled there by.	✓	
	E.	A Board member whose livelihood primarily depends on the controlling shareholder. <input type="checkbox"/> Not applicable (the Corporation does not have a controlling shareholder).	✓	
19.		During the reported period, any person not eligible to be a member of the Audit Committee, including a controlling shareholder or relative thereof, did not attend meetings of the Audit Committee, other than in conformity with provisions of Section 115(e) of the Corporate Act.	✓	

20.		<p>The legal quorum for discussion and passing resolutions at all Audit Committee meetings held during the reported period was a majority of Committee members, with a majority of those present being independent Board members and at least one of them was an external Board member.</p> <p>If you answered False - please indicate the percentage of meetings which failed to fulfill this requirement: _____</p>	✓	
21.		During the reported period, the Audit Committee held one or more meetings attended by the Internal Auditor and by the Independent Auditor, with no officers of the Company, other than Committee members, attending - concerning faults in business management of the Corporation.	✓	
22.		For all Audit Committee meetings attended by any person not eligible to be a Committee member - this was approved by the Committee Chairman and/or at the Committee's request (with regard to Legal Counsel and Corporate Secretary other than a controlling shareholder or relative thereof).	✓	
23.		During the reported period, there were valid arrangements specified by the Audit Committee with regard to handling complaints by employees of the Corporation with regard to faults in management of corporate business and with regard to protection to be extended to employees who made such complaints.	✓	
24.		The Audit Committee (and/or the Financial Statements Review Committee) was satisfied that the scope of work of the Independent Auditor and their fee with regard to the financial statements in the reported period, were appropriate for carrying out proper audit and review work.	✓	



**ROLES OF THE FINANCIAL STATEMENTS REVIEW COMMITTEE (HEREINAFTER "THE COMMITTEE") IN ITS WORK PRIOR TO APPROVAL OF THE FINANCIAL STATEMENTS**

			<b>True</b>	<b>False</b>
25.	A.	Please indicate the duration (in days) determined by the Board of Directors to be a reasonable time for providing recommendations of the committee prior to a Board meeting convened to approve the financial statements: <b><u>3 days – however, in conformity with a resolution by the Board of Directors, the Chairman of the Board of Directors may direct, at their discretion, that the recommendations be provided to Board members even sooner or later than the foregoing, provided that this is reasonable under the circumstances.</u></b>		_____
	B.	<p>The number of days actually elapsed between the date on which recommendations were submitted to the Board and the discussion by the Board of Directors for approval date of the financial statements:</p> <p>Report for the first quarter (2019): 7.</p> <p>Report for the second quarter: 7.</p> <p>Report for the third quarter: 5.</p> <p>Annual report: 6.</p>	_____	_____

	C.	<p>The number of days elapsed between the date on which the draft financial statements were provided to Board members and the date of discussion by the Board of Directors for approval date of the financial statements:</p> <p>Report for the first quarter (2019): 7.</p> <p>Report for the second quarter: 7.</p> <p>Report for the third quarter: 7.</p> <p>Annual report: 6.</p>		
26.	<p>The Corporation's Independent Auditor attended all meetings of the Committee and of the Board of Directors convened to discuss the Corporation's financial statements for periods within the reported period.</p> <p>If you answered False, please indicate their attendance rate: _____</p>		✓	
27.	<p>Throughout the reported period and through publication of the annual report, the Committee was in compliance with all of the following conditions:</p>		_____	_____
	A.	<p>Committee members counted no fewer than three (as of the date of discussion by the Committee and approval of the financial statements).</p>	✓	
	B.	<p>Fulfilled all conditions listed in Section 115(b) and (c) of the Corporate Act (with regard to the office of Audit Committee members).</p>	✓	
	C.	<p>The Committee Chairman is an external Board member.</p>	✓	


	D.	All Committee members are Board members and most members are independent Board members.	✓	
	E.	All Committee members are capable of reading and understanding financial statements and at least one of the independent Board members has accounting and financial expertise.	✓	
	F.	All Committee members provided a statement prior to their appointment.	✓	
	G.	The legal quorum for discussion and for passing resolutions by the Committee was a majority of Committee members, provided that a majority of those present were independent Board members and at least one of them was an external Board member.	✓	
	If you answered False to any sub-items in this question, indicate for which report (periodic / quarterly) the condition was not fulfilled, and which condition was not fulfilled: _____		_____	_____

REMUNERATION COMMITTEE					
				True	False
28.		<p>During the reported period, the Committee included at least three members and external Board members constituted a majority of Committee members (on the date of discussion by the Committee).</p> <p><input type="checkbox"/> Not applicable. (No discussions took place).</p>		✓	
29.		<p>Terms of office and employment of all members of the Remuneration Committee in the reported period are in conformity with Corporate Regulations (Rules for remuneration and expense reimbursement for external board members), 2000.</p>		✓	
30.		<p>During the reported period, the Remuneration Committee did <u>not</u> include as member -</p>		_____	_____
		A.	<p>The controlling shareholder or a relative thereof.</p> <p><input type="checkbox"/> Not applicable (the Corporation does not have a controlling shareholder).</p>	✓	
		B.	<p>Chairman of the Board of Directors</p>	✓	

		C.	A Board member employed by the Corporation or by the controlling shareholder of the Corporation or by a corporation controlled there by.	✓	
		D.	A Board member who regularly provides services to the Corporation or to the controlling shareholder of the Corporation or to a corporation controlled there by.	✓	
		E.	A Board member whose livelihood primarily depends on the controlling shareholder. <input type="checkbox"/> Not applicable (the Corporation does not have a controlling shareholder).	✓	
31.		During the reported period, a controlling shareholder, or relative thereof, did not attend meetings of the Remuneration Committee, unless the Committee Chair has ruled that they are required to attend for presentation of any particular matter.		✓	
32.	The Remuneration Committee and the Board of Directors have not exercised their authority pursuant to Sections 267a(c), 272(c)(3) and 272(c1)(1)(c) to approve any transaction or remuneration policy despite objection by the General Meeting of Shareholders.  If you answered False, please indicate -  The type of transaction thus approved: _____  The number of times they exercised their authority during the reported period: _____			✓	

INTERNAL AUDITOR			
		True	False
33.	The Chairman of the Board of Directors or the CEO of the Corporation is the organizational supervisor of the Internal Auditor of the Corporation.	✓	
34.	<p>The Chairman of the Board of Directors or of the Audit Committee have approved the work plan during the reported period.</p> <p>Also elaborate the audit topics addressed by the Internal Auditor in the reported period: 2019 (Mark X in the appropriate box).</p> <p><b><u>The Internal Auditor operates based on a risk-based audit plan. In 2019, the Internal Auditor addressed, <i>inter alia</i>, topics related to credit risk, financial risk, compliance risk, operating risk, AML etc. For more information see disclosure with regard to the Internal Auditor of the Corporation in chapter "Corporate governance and audit" in the Bank's 2019 annual report.</u></b></p>	✓	
35.	Scope of work by the Internal Auditor for the Corporation in the reported period (in hours) <sup>18</sup> : <b><u>Full-time</u></b>  <b><u>For more information see disclosure with regard to the Internal Auditor of the Corporation in chapter "Corporate governance and audit" in the Bank's 2019 annual report.</u></b>		
	In the reported year, the Audit Committee or the Board of Directors discussed the Internal Auditor's findings.	✓	

<sup>18</sup> Including work with regard to investees and audit work outside of Israel, as the case may be.

36.	The Internal Auditor is not an interested party in the Corporation, relative thereof, Independent Auditor or anyone on behalf thereof and has no material business relationship with the Corporation, the controlling shareholder thereof or corporations controlled thereby.		
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TRANSACTIONS WITH INTERESTED PARTIES			
		True	False
37.	<p>The controlling shareholder or relative thereof (including a company controlled there by) is <u>not</u> employed by the Corporation nor provides management services to the Corporation.</p> <p>If you answered False (i.e. the controlling shareholder or relative thereof is employed by the Corporation nor provides management services to the Corporation), please indicate –</p> <p>– The number of relatives (including the controlling shareholder) employed by the Corporation (including companies controlled thereby and/or through management companies): _____</p> <p>- Were these employment contracts and/or management services approved by the organs as stipulated by law:</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>(Mark X in the appropriate box)</p> <p><input type="checkbox"/> Not applicable (the Corporation does not have a controlling shareholder). _____</p>	✓	



38.	<p>To the best of the Corporation's knowledge, the controlling shareholder has <u>no</u> other business in the Corporation's field of business (in one or more segments).</p> <p>If you answered False – please indicate if an arrangement has been agreed to separate the operations of the Corporation from those of the controlling shareholder:</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>(Mark X in the appropriate box)</p> <p><input type="checkbox"/> Not applicable (the Corporation does not have a controlling shareholder).</p>	✓	
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**Chairman of the Board of Directors: Mr. Moshe Vidman**

**Chairman of the Audit Committee (also serves as the Financial Statement Review Committee): Mr. Joseph Fellus**