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**Report date: 30 of August, 2020**

**Bank Mizrahi-Tefahot Ltd.**  
**(the "Offeror" or the "Bank")**

**Shelf Offering Report Constituting as well a Full Tender Offer Specification  
by means of an Exchange Tender Offer**

**The validity whereof is contingent upon the purchase of all offered shares  
For the purchase of 73,583,024 Ordinary Shares par value NIS 0.01 each  
(Constituting 100% of the issued and paid-up share capital and voting rights)**

**of**  
**The Union Bank of Israel Ltd.**  
**("Union")**

## **INDEX**

1. **Preamble**
2. **The Offered Securities**
3. **Manner of Offering the Securities**
4. **Details regarding the Shares Offered for Purchase**
5. **Details regarding the Offered Consideration**
6. **Preconditions for the Bank's Undertaking in the Exchange Tender Offer**
7. **Decision of the Director General of the Israel Competition Authority**
8. **Details about the Bank**
9. **Details regarding the acceptance and consideration for the offered shares**
10. **Rescinding the Bank's Exchange Tender Offer**
11. **Deferral of the Last Acceptance Date and Amending the Exchange Tender Offer**
12. **Notices on behalf of Union shareholders regarding their intention to accept the Exchange Tender Offer**
13. **The provisions of sections 337 and 338 to the Companies Law**
14. **Making Union a Private Company and Delisting from trade on the Tel Aviv Stock Exchange**
15. **Report regarding the Results of the Exchange Tender Offer**
16. **Taxation**
17. **Powers of the Israel Securities Authority**
18. **Permits and Approvals**
19. **Fee Payment**
20. **Consideration and Related Expenses**
21. **Updates to the Shelf Prospectus**
22. **Letter of Consent from the Bank's Auditors**
23. **Actuary's Letter of Consent**
24. **Details regarding the Bank's Representative vis-à-vis Handling of the Specification**
25. **Legal Opinion**
26. **Signatures**

## **Annexes**

**Annex A – Acceptance notice of an unregistered holder.**

**Annex B – Acceptance notice of a Tel Aviv Stock Exchange Member.**

**Annex C – Acceptance notice of a registered holder.**

**Annex D – Share transfer deed.**

**Annex E – Letter of Consent from the Auditors.**

**Annex F – Actuary's Letter of Consent.**

## 1. **Preamble**

1.1. As specified in previous immediate reports published by the Bank,<sup>1</sup> the Bank entered into an agreement (and addendums to the agreement) with the shareholders of Union (the “**Agreement**”), who jointly hold Union shares constituting about 47.63% of Union’s issued and paid-up capital (the “**Controlling shareholders**” and the “**Shares of the Controlling shareholder**”, respectively). According to the Agreement, subject to the fulfillment of preconditions set forth in the Agreement for filing and publishing a tender offer, the Bank undertook to publish a full exchange tender offer for the purchase of Union’s shares, and on the other hand, the Controlling shareholders undertook to accept the aforementioned exchange tender offer, to be executed subject to the fulfillment of the preconditions set forth in the Agreement.

The Bank received the notices from an additional Union shareholder, who holds (through trustees) Union shares constituting about 27.12% of Union’s issued and paid-up share capital (the “**Additional shareholder**”), whereby, *inter alia*, the Additional shareholder will accept the exchange tender offer to purchase Union shares as aforementioned.

For additional details regarding the Agreement and the notices from the Additional shareholder, see section 8.4 below.

1.2. In light of the fulfillment of the preconditions set forth in the Agreement for filing and publishing the tender offer, and in accordance with the resolution of the board of directors of the Bank as of August 27, 2020,<sup>2</sup> the Bank hereby submits a Full Exchange Tender Offer, subject to Section 336 to the Companies Law, 5759 – 1999 (the “**Companies Law**”), contingent upon the

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<sup>1</sup> Including immediate reports dated November 28, 2017 (ref. no.: 2017-01-110619) and from January 16, 2018, February 7 2018, May 30, 2018, and August 5, 2018 (ref. no.: 2018-01-005313, 2018-01-053347, 2018-01-060643, and 2018-01-072859, respectively) and the immediate report dated July 8, 2019 (ref. no.: 2019-01-070000), mentioned in the Board of Directors report attached to the third quarterly report for 2019, under the section “Significant Developments in Business Operations Management”, as published on November 18, 2019 (ref. no.: 2019-01-098931) and immediate reports from November 25<sup>th</sup> and 28<sup>th</sup> 2019 (ref. no.: 2019-01-101826 and 2019-01-103980, respectively), and from January 1<sup>st</sup>, 8<sup>th</sup>, and 27<sup>th</sup>, 2020 (ref. no.: 2020-01-000351, 2020-01-003750, and 2020-01-010362, respectively), mentioned in the periodic report for 2019 under the chapter “Business Objectives and Strategy”, as published on February 25, 2020 (ref. no.: 2020-01-018930), and the content of the first quarterly report for 2020, under the chapter “Significant Developments in Business Operations Management”, as published on May 31, 2020 (ref. no.: 2020-01-055398), mentioned in the immediate report (amendment) from June 1, 2020 (ref. no.: 2020-01-055797), as well as the immediate reports from July 14<sup>th</sup> and 27<sup>th</sup>, 2020 (ref. no.: 2020-01-067528 and 2020-01-079680, respectively) (the “**Previous Reports**”). The content of the Previous Reports is included in this Report by way of reference.

<sup>2</sup> It shall be noted that for the sake of caution, the report on the resolution of the board of directors of the Bank was deferred pursuant to Regulation 36(b) of the Securities (Periodic and Immediate Reports) Regulations, 5730 – 1970, until the preconditions set forth in the Agreement have been fulfilled, due to the concern that such report might compromise the fulfillment of any of the suspending conditions and thwart the Tender Offer.

fulfillment of the terms specified in section 6 below, and is addressed to all Union shareholders, for the purchase of 73,583,024 Ordinary Shares par value NIS 0.01 each (the “**Union shares**”), constituting 100% of Union’s issued and paid-up share capital and voting rights in Union, against Ordinary Shares par value NIS 0.1 each of the Bank, issued by the Bank, thus subject to the Bank’s shelf prospectus, dated December 4, 2019 (the “**Shelf Prospectus**” or the “**Prospectus**”),<sup>3</sup> and subject to the provisions of the Securities Law, 5728 – 1968 (the “**Securities Law**”), the Securities Regulations (shelf prospectus of securities), 5765 – 2005 (the “**Shelf Prospectus Regulations**”), the Companies Law, and the Securities Regulations (tender offer), 5760 – 2000 (the “**Tender Offer Regulations**”), all subject to the terms of the Shelf Offering Report hereof (the “**Shelf Offering Report**” or the “**Report**”).

The Shelf Offering Report hereof includes and constitutes as well a tender offer specification in accordance with the Tender Offer Regulations (the “**Exchange Tender Offer**” or the “**Tender Offer**” and the “**Specification**”, respectively).

In addition to the Bank shares issued against Union shares, as part of the Exchange Tender Offer, the Union shareholders (not including the Additional shareholder) will be paid a cash consideration in the total sum of NIS 30 million which was deposited by the Additional shareholder in the hands of the Offer Coordinator prior to the publication of this Shelf Offering Report (the “**Cash Consideration**”), which constitutes an integral part of the payments to the offerees (as defined below), except for the Additional shareholder, subject to the Tender Offer. For additional information regarding the Cash consideration, including information regarding the Additional shareholder’s waiver notice vis-à-vis his share in the Cash consideration, see section 5.3 below.

- 1.3. The validity of the Tender Offer is contingent, *inter alia*, upon obtaining the minimum acceptance rate, as defined below, whereby the Offeror will purchase all of the Union shares offered for purchase, so that after the purchase the Offeror will hold Union’s full issued and paid-up share capital and voting rights, and Union will become a private company, all in accordance with and subject to the terms specified in the Exchange Tender Offer hereof. For details regarding the preconditions for the validity of the Tender Offer, see section 6 below.
- 1.4. In this Shelf Offering, the terms contained therein will be assigned the meaning as defined in the Shelf Prospectus, unless otherwise stated.

**Subject to Section 338(c) to the Companies Law, the Offeror hereby notifies that an Offeree who accepts the Tender Offer received as aforementioned in Section 337(a) or 337(a1) to the**

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<sup>3</sup> As published on December 3, 2019 (ref. no.: 2019-01-106011).

**Companies Law, will not be entitled to an appraisal remedy subject to Section 338 to the Companies Law.**

**2. The Offered Securities**

- 2.1. 19,865,165 registered Ordinary Shares, par value NIS 0.1 each of the Bank (the “**Offered Shares**” or the “**Offered Securities**”), offered by way of an Exchange Tender Offer, contingent upon the fulfillment of the terms specified in Section 6 below, including – obtaining the minimum acceptance rate, as the term is defined and in section 6.1 below, addressed to all Union shareholders who as of the date of this Report hold 73,583,024 Union shares, constituting 100% of Union’s issued and paid-up share capital and voting rights in Union (the “**Offerees**” and the “**Offerees’ Shares**”, respectively). It shall be noted that to the best knowledge of the Bank, based on the reports published by Union (which is a reporting corporation, within the definition of this term under the Securities Law), no securities which are exercisable and/or convertible to Union shares exist.
- 2.2. After their issue (if issued) the Offered Shares will constitute about 7.79% of the Bank’s issued and paid-up share capital and voting rights therein (not in full dilution), and about 5.63% of the Bank’s issued and paid-up share capital and of the voting rights therein in full dilution.<sup>4</sup>
- 2.3. As of the date of this Report, the Bank’s issued and paid-up share capital is comprised of 235,179,100 shares par value NIS 0.1 each of the Bank. The Bank’s issued and paid-up share capital assuming full dilution,<sup>5</sup> on the date of publishing this Shelf Offering Report, is comprised of 332,679,612 shares par value NIS 0.1 each of the Bank. The Bank’s issued and paid-up share capital assuming full dilution, after the publication of the Shelf Offering Report, and assuming the full amount of offered shares is issued, will be comprised of 352,544,777 shares par value NIS 0.1 each of the Bank. It shall be noted that the Bank’s registered share capital is comprised of 400,000,000 shares par value NIS 0.1 each of the bank.
- 2.4. The Offered Shares bear equal rights in all regards compared to the shares existing in the Bank’s capital. For details regarding the rights attached to the Bank’s shares see the Bank’s Articles of Association as published on April 2, 2019 (ref. no.: 2019-01-031993) and chapter 3 to the Shelf Prospectus and sections 3.6 and 3.7 to the Shelf Producer specifically, the content whereof is

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<sup>4</sup> “Full dilution” means:

- (1) Assuming the exercise of all warrants not listed for trade on the stock exchange, allocated on behalf of the Bank’s employees and officers and the Bank’s subsidiaries (not yet exercised or expired), subject to their terms, considering the sum of the monetary benefit they carry, calculated according to the maximum closing price determined for them, if any was determined;
- (2) Assuming the issue of the maximum number of shares which may be issued in the event that the deferred capital notes (series A) issued by the Bank (constituting the Bank’s tier 2 capital) are converted into shares, subject to the terms determined by the Bank for this matter.

<sup>5</sup> See footnote 4 above.

included in this Report by way of reference. In addition, please refer to the immediate report on the convening of a general meeting of the Bank's shareholders, the agenda of which pertained, *inter alia*, to the approval of the amendment to the Bank's Articles of Association, which was published by the Bank on August 27, 2020 (ref. no.: 2020-01-085165), the content whereof is incorporated herein by way of reference.

- 2.5. The Offered Shares will be fully paid-up.
- 2.6. The Offered Shares will be registered to the name of the nominee company – “Mizrahi Tefahot Nominee Company Ltd.”.
- 2.7. It is clarified that in the event of acceptance of the Exchange Tender Offer (subject to the fulfillment of the terms specified in section 6 below), and as a result of the issue of the Offered Shares (the Bank shares) subject to the terms of the Exchange Tender Offer as specified above and below in this Report, fractional shares of the Offered Shares are created, then the fractional shares as aforementioned will be transferred to the Offerees against their shares.

### 3. Manner of Offering the Securities

2.1 19,865,165 registered Ordinary Shares, par value NIS 0.1 each of the Bank, are offered to the Offerees, as defined above, as part of the Exchange Tender Offer, against the Offerees' shares (the shares the Offerees hold in Union), constituting, as aforementioned, 100% of Union's issued and paid-up share capital and Union's voting rights.

### 4. Details regarding the Shares Offered for Purchase

4.1. Below is a specification of the highest and lowest closing prices for Union shares (in Agoroth) on trading days at the Tel Aviv Stock Exchange Ltd. (the “**Tel Aviv Stock Exchange**”) for each of the twelve (12) months preceding the date of publication of this Shelf Offering Report, while taking into account any distribution of a dividend or bonus shares, split, capital consolidation, or offer by way of rights (in cases where the same price is set at the Tel Aviv Stock Exchange for a number of trading days in a certain month, the first date whereon said price was set for that month is chosen):

Year	Month	High closing price		Low closing price	
		Date	Price (in Agoroth)	Date	Price (in Agoroth)
2019	August	01/08/2019	1565.4	15/08/2019	1461.2
	September	05/09/2019	1530.7	01/09/2019	1477.2
	October	27/10/2019	1646.1	02/10/2019	1490.3
	November	28/11/2019	1913.6	12/11/2019	1584.2

	December	15/12/2019	2164	03/12/2019	1813.2
2020	January	06/01/2020	2157.6	30/01/2020	2034
	February	18/02/2020	2107	24/02/2020	1892
	March	03/03/2020	1900	23/03/2020	960.60
	April	30/04/2020	1622	01,05/04/2020	1277
	May	10/05/2020	1593	13/05/2020	1461
	June	10/06/2020	1785	01/06/2020	1533
	July	02/07/2020	1777	23/07/2020	1670
	August	26/08/2020	1905	06/08/2020	1631

- 4.2. The average price of a Union share on the Tel Aviv Stock Exchange in the six (6) months preceding the date of this Report, i.e. the period between the 28 of February, 2020, and the 27 of August, 2020, while taking into account any distribution of a dividend or bonus shares, split, capital consolidation, or offer by way of rights, was about NIS 15.81 (the “**Average Price of a Union Share**”).
- 4.3. The closing price of a Union share on the Tel Aviv Stock Exchange on the 27 of August, 2020 (the last trading day on the Tel Aviv Stock Exchange preceding the date of this Report) was NIS 18.93 (the “**Last Closing Price of a Union Share**”).
- 4.4. The equity attributed to Union’s shareholders pursuant to the reviewed and consolidated financial statements as of June 30, 2020, which are the last reviewed financial statements which were published by Union, totals about NIS 2,532,000 thousand, reflecting equity for each Union share of about NIS 34.41.

## 5. Details regarding the Offered Consideration

- 5.1. According to the Exchange Tender Offer, the Bank is offering to buy from the Offerees the Offerees’ Shares subject to the terms stated in this Report, and thus against the issue of the Offered Shares, as defined above, according to an exchange ratio of 1:0.2699694, i.e. – for each Ordinary Share par value NIS 0.01 of Union, purchased by the Bank, the Bank will issue 0.2699694 Ordinary Shares par value NIS 0.1 each of the Bank (the “**Exchange Ratio**”).

In addition, for each Ordinary Shares par value NIS 0.01 of Union (except for the Additional Shareholder’s Union shares) a sum of about NIS 0.5594308 will be paid, out of the Cash Consideration (as defined above), all as specified in section 5.3 below.

The Bank’s aforementioned undertaking to purchase all Offerees’ Shares for which acceptance notices are received, is subject to the fulfillment of the terms specified in section 6 to this Report.

5.2. It is noted that the quantity of the consideration shares was determined subject to the Agreement.<sup>6</sup>

5.3. As abovementioned, insofar as the terms for executing the Tender Offer are fulfilled as specified in section 6 below, including obtaining the minimum acceptance rate (as defined below), the Cash Consideration will as well be distributed to the Offerees (except for the Additional Shareholder, as specified below), thus in addition to the Offered Shares and as an integral part of the payments to the Offerees (except for the Additional Shareholder, as specified below), subject to the Tender Offer.

As aforementioned, the Cash Consideration was deposited by the Additional Shareholder with the Offer Coordinator prior to publishing this Shelf Offering Report.

As was disclosed to the Bank, the Cash Consideration is a payment which the Additional Shareholder undertook to pay to Union's Controlling shareholders subject to the arrangements between them, and in the distribution decided between them, thus upon the execution of the Tender Offer or Alternative Transaction (as defined below) and which Union's Controlling shareholders announced their intent to share it with Union's public shareholders, according to their holdings in Union shares (except for the Additional Shareholder).

Accordingly, in order to enable the distribution of the Cash Consideration to Union's shareholders (except for the Additional Shareholder), the Offer Coordinator received, prior to the date of publication of this Shelf Offering Report, the full Cash Consideration. In addition, the Offer Coordinator received an undertaking by the Additional Shareholder whereby, immediately following the publication of the Tender Offer, he shall deliver to the Offer Coordinator waiver notices, on account of the Cash Consideration with respect to 19,957,088 Union shares which the Additional Shareholders confirmed are owned thereby, whereby he is not entitled to any of the Cash Consideration against Union shares he holds as aforementioned. The Offered Shares and the Cash Consideration shall hereinafter jointly be referred to as the: **"Consideration of the Offer"**.

5.4. Insofar as the Exchange Tender Offer is accepted, subject to this Report and subject to section 6 below, the Bank will purchase 73,583,024 Union shares so that following the purchase the Bank will hold 100% of Union's issued and paid-up share capital and voting rights, and in consideration thereof the Bank will issue 19,865,165 Ordinary Shares par value NIS 0.1 each of the Bank, which will constitute about 7.79% of the Bank's issued and paid-up share capital after the issue.

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<sup>6</sup> For additional details see immediate report published by the Bank on July 14, 2020 (ref. no.: 2020-01-067528), regarding the parties to the Agreement entering into addendum no. 6 to the Agreement, wherein the formula for determining the quantity of the Offered Shares was amended, the content whereof is included in this Report by way of reference.

- 5.5. The Consideration of the Offer will be delivered to the Union shareholders according to the following specification: (a) To Offerees who have accepted the Exchange Tender Offer in accordance with sections 9.3.5 and 9.4.8 below; (b) To Offerees who did not give acceptance notice (if any), the Consideration of the Offer for the shares will be delivered subject to section 13.4 below.
- 5.6. The following is a specification of the highest closing price and lowest closing price of the Bank's shares, for each of the two fiscal years preceding the date of the Specification and for the period from the beginning of the current fiscal year until the date of publishing the Specification (in Agoroth) (in cases where the same price is set at the Tel Aviv Stock Exchange for a number of trading days in a certain month, the first date whereon said price was set for that month is chosen):

Year	High closing price		Low closing price	
	Date	Price (in Agoroth)	Date	Price (in Agoroth)
2018	05/08/2018	6987.15	24/12/2018	5804.14
2019	09/12/2019	9517.21	03/01/2019	6062.53
2020	6/2/2020	9476.56	23/3/2020	5244

- 5.7. Below is a specification of the highest and lowest closing prices for the Bank's shares (in Agoroth) on trading days at the Tel Aviv Stock Exchange for each of the twelve (12) months preceding the date of publication of this Report, while taking into account any distribution of a dividend or bonus shares, split, capital consolidation, or offer by way of rights (in cases where the same price is set at the Tel Aviv Stock Exchange for a number of trading days in a certain month, the first date whereon said price was set for that month is chosen):

Year	Month	High closing price		Low closing price	
		Date	Price (in Agoroth)	Date	Price (in Agoroth)
2019	August	08/08/2019	8662.83	27/08/2019	7888.08
	September	26/09/2019	8496.82	02/09/2019	7737.62
	October	22/10/2019	8719.08	03/10/2019	8555.83
	November	28/11/2019	9208.86	13/11/2019	8378.81
	December	09/12/2019	9517.21	12/12/2019	8883.66
2020	January	30/01/2020	9335.64	01/01/2020	9081.95
	February	06/02/2020	9476.56	24/02/2020	8034.08
	March	03/03/2020	8900	23/03/2020	5244
	April	19/04/2020	7279	05/04/2020	6278

<b>2020</b>	May	03/05/2020	7145	14/05/2020	6532
	June	10/06/2020	7694	30/06/2020	6424
	July	02/07/2020	7226	20/07/2020	6804
	August	19/08/2020	7321	13/08/2020	6710

- 5.8. The average price of a Bank share on the Tel Aviv Stock Exchange in the six (6) months preceding the date of this Report, i.e. the period between the 28 of February, 2020, and the 27 of August, 2020, while taking into account any distribution of a dividend or bonus shares, split, capital consolidation, or offer by way of rights, was about NIS 69.53.
- 5.9. The closing price of a Bank share on the Tel Aviv Stock Exchange on August 27, 2020 (the last trading day on the Tel Aviv Stock Exchange preceding the date of this Report) was NIS 68.90 (the “**Last Closing Price of a Bank Share**”).
- 5.10. The Consideration offered, excluding the Cash Consideration component, for each Union share is about 17.65% higher than the Average Price of a Union Share. The Consideration offered for each Union Share, including the Cash Consideration component, is about 21.19% higher than the average Price of a Union Share. For this purpose, the offered consideration was calculated in accordance with the exchange ratio, based on the Last Closing Price of the Bank’s Share.
- 5.11. The Consideration offered for each Union share, excluding the Cash Consideration component, is about 1.74% lower than the last closing price of a Union Share. The Consideration offered, including the Cash Consideration component, for each Union share is about 1.21% higher than the last closing price of a Union share. For this purpose, the offered consideration was calculated in accordance with the exchange ratio, based on the Last Closing Price of the Bank’s share.

## 6. **Preconditions for the Bank’s Undertaking in the Exchange Tender Offer**

The Bank’s undertaking to purchase the Offerees’ shares pursuant to this Report is contingent upon the fulfillment of **all** of the terms specified below:

### 6.1. Minimum acceptance rate

- 6.1.1. Pursuant to Section 337 to the Companies Law, acceptance of a tender offer and forced sale of all offered shares will be performed if (a) the holdings rate of the Offerees that did not accept the offer constitutes less than 5% of Union’s issued and paid-up share capital as of the last acceptance date (as defined in section 9.2.1 below), and more than half of the Offerees who do not have a personal interest in accepting the Exchange Tender Offer have accepted it, or if (b) the holdings rate of the Offerees who did not accept the offer constitutes less than 2% of Union’s issued and paid-up share capital as of the last acceptance date (above and below: the “**Minimum Acceptance Rate**”).

### 6.1.2. Notice regarding the existence of a personal interest in accepting the Tender Offer

Personal interest due to cross-holdings in the Bank (the Offeror) and Union

An Offeree who at the time of signing the acceptance notice holds as well shares of the Bank (the Offeror), and the rate of his holdings in Union shares is lower than the rate of his holdings in the Bank's shares, will be considered for the purpose of this Tender Offer as having a personal interest in accepting the Tender Offer (the "**Personal Interest Due to Cross-Holdings**").

Notice regarding the existence of a personal interest (including a Personal Interest Due to Cross-Holdings) as part of the acceptance notices

An Offeree wishing to provide an acceptance notice for the Tender Offer must note whether he has a personal interest (including a Personal Interest Due to Cross-Holdings) or not, thus in the designated place in the acceptance notice (attached to this Report as Annex A for a registered holder and Annex C for a non-registered holder), and specify the circumstances whereby he has the personal interest as aforementioned.

**An Offeree who fails to indicate within the acceptance notice whether he has a personal interest in accepting the Tender Offer or not, for the purpose of examining the precondition vis-à-vis the existence of a personal interest in accepting the Tender Offer, his acceptance notice will not be taken into account (so that he will be considered as someone who has a personal interest in accepting the Tender Offer).**<sup>7</sup>

- 6.1.3. Based on Union's issued share capital as of the date of the Report, the Minimum Acceptance Rate will be met where acceptance notices are received from the Offerees referring to at least 69,903,873 Union shares constituting 95% of the Offerees' shares, and more than half of the Offerees who do not have a personal interest in accepting the Exchange Tender Offer have accepted it, or where acceptance notices are received from the Offerees referring to at least 72,111,364 Union shares constituting 98% of Union's issued and paid-up share capital.
- 6.1.4. Where the acceptance rate for the Exchange Tender Offer meets the Minimum Acceptance Rate or exceeds it, and subject to the fulfillment of the rest of the terms as specified in sections 6.2, 6.3 and 6.4 below, and provided that the Bank did not withdraw the Tender Offer subject to the circumstances specified in section 6.5 below, the Bank will purchase all of the shares for which the acceptance notices were granted based on the Exchange Tender Offer. In addition, in such a case, the Bank will follow the provisions of Section 337 to the Companies Law, and purchase, by way of forced sale, also the rest of the shares of the Offerees for which not acceptance notices were granted (if any), against the

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<sup>7</sup> The precondition whereby more than half of the Offerees who do not have a personal interest in accepting the Exchange Tender Offer have accepted the Offer (see section 6.1.1 above).

Consideration of the Offer (see section 13 to the Report). After this, the Bank will act to delist Union's shares from the Tel Aviv Stock Exchange.

- 6.1.5. Where the acceptance rate for the Exchange Tender Offer is lower than the Minimum Acceptance Rate, the Exchange Tender Offer will not take effect, its provisions will not obligate the Bank, and the Bank will not purchase any shares whatsoever from the Offerees who had accepted the Exchange Tender Offer.

6.2. Permit from the Governor of the Bank of Israel

Receiving a permit from the Governor of the Bank of Israel for control and holding of means of control in Union by the Bank, all in the format and subject to the terms which the Bank deems satisfactory. If by the last business day prior to the last acceptance date (as defined below) said permit is not obtained, then in accordance with the provisions of Regulation 4b(1) to the Tender Offer Regulations, the Tender Offer will not take effect.

6.3. Permit to change of control in insurance agencies from the Capital Market, Insurance and Savings Commissioner

Receiving a permit from the Capital Market, Insurance and Savings Commissioner for change of control in Union's two insurance agencies, anticipated as a result of the execution of the Exchange Tender Offer. If by the last business day prior to the last acceptance date (as defined below) said permit is not obtained, then in accordance with the provisions of Regulation 4b(1) to the Tender Offer Regulations, the Tender Offer will not take effect.

6.4. Receiving preliminary approval (or preliminary approvals) from the Tax Authority

Receiving preliminary approval (or preliminary approvals) from the Tax Authority, for which a positive indication for its receipt (or their receipt) was granted on the date of publishing this Shelf Offering Report, as defined in section 16.2 below, which does not (or do not) reflect any change vis-a-vis the principles described in section 16.2 below. If the preliminary approval (or preliminary approvals) has not been obtained from the Tax Authority until the third trading day that precedes the last Acceptance Date (within its definition below) or if a preliminary approval (or preliminary approvals) has been obtained from the Tax Authority which does (or do) reflect changes vis-à-vis the principles set forth in section 16.2 below, then in accordance with the provisions of Regulation 4b(1) to the Tender Offer Regulations, the Tender Offer will not take effect.

- 6.5. Subject to Regulation 4(b)(3) to the Tender Offer Regulations, the Bank is entitled to rescind the Exchange Tender Offer during the acceptance period, if circumstances have occurred which the Bank did not know, and should not have known about, or did not and should not have foreseen, and under said circumstances the terms of the Exchange Tender Offer have become materially different from the terms which a reasonable offeror would have offered had he known of said circumstances on the date of this Report, all provided that notice regarding the

withdrawal of the Exchange Tender Offer is delivered to the Offer Coordinator prior to the Last Acceptance Date. For additional details see section 10 below.

In the event of failure by the Offerees to meet the Minimum Acceptance Rate as specified in section 6.1 above and/or failure to meet any of the conditions specified in sections 6.2, 6.3 and 6.4 above, or in the event that the Bank withdrew the Exchange Tender Offer subject to the provisions of section 6.5 above, the Bank will act in accordance with sections 9.3.8 and 9.4.9 below.

It is clarified that in the event that this Exchange Tender Offer is not executed, for any reason whatsoever, the Bank reserves the right to publish a new tender offer for Union shares, subject to the terms it shall deem fit, and without being obligated to the terms of this Exchange Tender Offer. In addition, if this Exchange Tender Offer is not executed, for any reason whatsoever, and subject to all legal provisions, the Bank reserves the right to purchase Union shares in the future, by any means, and to seek a merger with Union, subject to all legal provisions.

#### 7. **Decision of the Director General of the Israel Competition Authority**

As specified in the Bank's immediate report published on January 8, 2020 (ref. no.: 2020-01-003750), on January 8, 2020 the Bank received the decision of the Director General of the Israel Competition Authority (hereinafter referred to as the "**Director General**") whereby the merger between the Bank and Union subject of the Agreement was approved, based on this Exchange Tender Offer or the alternative transaction, as defined below (hereinafter referred to as in this section 7: the "**Merger**"), subject to the fulfillment of various terms, including the sale of the Bank's or Union's diamonds credit activity, in accordance with certain requirements set forth by the Director General (hereinafter referred to as the "**Director General's Decision**").

As specified in the Bank's immediate report dated July 14, 2020 (ref. no.: 2020-01-067528), included in this Report by way of reference, the Bank entered into an agreement with the Peninsula Group Ltd. (the "**Credit Portfolio Buyer**") whereby, subject to the execution of the merger transaction and receiving the approval of the Director General of the Israel Competition Authority, on the date of executing the merger transaction (i.e. – if this Tender Offer is executed, on the date of executing the Tender Offer), Union and the Credit Portfolio Buyer will sign and execute an agreement to sell the credit portfolio for financing the diamonds activity of Union's clients (the "**Credit Portfolio Sale Transaction**").

On July 27, 2020 the Director General of the Israel Competition Authority issued an amended decision (the "**Director General's Amended Decision**"),<sup>8</sup> which includes certain amendments to the Director

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<sup>8</sup> The full wording of the Director General's Amended Decision was published on the Israel Competition Authority's website. See the link:

General's Decision (the original one), which were discussed with the Director General of the Israel Competition Authority so that the Credit Portfolio Sale Transaction will comply with the terms set forth in the Director General's Decision. *Inter alia*, the Director General's Amended Decision allows executing the Credit Portfolio Sale Transaction alongside the execution of the merger. In addition, on the abovementioned date the Director General of the Israel Competition Authority authorized the identity of the Credit Portfolio Buyer and the contents of the diamonds credit activity sold pursuant to the Credit Portfolio Sale. For additional details regarding the Director General's Amended Decision see the immediate report published by the Bank on July 27, 2020 (ref. no.: 2020-01-079680), included in this Report by way of reference.

## 8. **Details about the Bank**

8.1. The Bank was incorporated in Israel as a public company on 6.6.1923, under the name HaMizrahi Bank Ltd. In 1969, upon the merging of the Bank's business with that of Hapoel HaMizrahi Bank Ltd., the Bank's name was changed to "United HaMizrahi Bank Ltd.". In 1983, as part of an arrangement between the Israeli government and the banks, the Bank's shares were transferred to the State through a securities company founded for this purpose. In 1995 and 1997 the Bank was privatized in two phases. Following the merger between United HaMizrahi Bank Ltd. and Tefahot Israel Mortgage Bank Ltd., the name of the merged bank was changed on 7.11.2005 to its current name, Bank Mizrahi Tefahot Ltd.

8.2. The address of the Bank's main office is 7 Jabotinsky St., Ramat Gan.

8.3. Information and details regarding the Bank's interested parties, to the best of the Bank's knowledge, as of June 30, 2020, and their holdings in the Bank's securities, are included in this Report by way of reference to the Bank's immediate report dated July 7, 2020 (ref. no.: 2020-01-064456) and to the Bank's immediate reports dated July 26, 2020 (ref. no.: 2020-01-078816) and August 9, 2020 (ref. no.: 2020-01-076270) (the "**Interested Parties Report**").

Details regarding the Bank's controlling shareholders are included by way of reference to the Interested Parties Report and to the Corporate Governance, Auditing, Additional Information regarding the Bank and its Management – Controlling Shareholders Chapter (p. 275) in the Annual Report for 2019 published by the Bank on February 25, 2020 (ref. no.: 2020-01-018930).

8.4. Business or family relations, that or not negligible, between the Bank and/or its interested parties and holders of Union securities

8.4.1. As abovementioned, the Bank entered into an agreement with the controlling shareholders – Union shareholders, who jointly hold about 47.63% of Union's issued and paid-up share capital.

- 8.4.2. According to this agreement, contingent upon the fulfillment of the preconditions for publishing the Exchange Tender Offer set forth in the agreement, the Bank undertook to publish the Exchange Tender Offer for the purchase of Union shares, and on the other hand, the controlling shareholders (as well as the Additional Shareholder, subject to his notices as specified in section 1.1 above), undertook to accept the Exchange Tender Offer, which will be executed subject to the preconditions set forth in the agreement, described in section 6 above.
- 8.4.3. In addition, according to the agreement it was determined that in accordance with and subject to the agreement, the Bank will purchase all of Union's issued and paid-up share capital, including the shares of the controlling shareholders, as-is, without any indemnity right whatsoever and without receiving representations, clear and free of any pledge, seizure, lien, debt, claim, right of first refusal, option right (including a call option), or any other third party right.
- 8.4.4. The agreement further stipulates that where it is not possible to execute the transaction subject of the agreement within the framework of a tender offer, the Bank and the controlling shareholders will seek to execute the transaction by way of a merger, the execution whereof will require the approval of the Bank and Union's authorized organs (above and hereinafter referred to as the "**Alternative Transaction**").
- 8.4.5. The agreement includes an undertaking by each of the controlling shareholders to refrain from selling the offered shares issued thereto for six months from the date of their issue, thus apart from a sale outside the stock exchange (subject to the terms set forth in the agreement) and/or a pledge (subject to the terms set forth in the agreement).
- 8.4.6. As abovementioned, prior to the date of entering into the agreement (and near to the date of entering into the addendums to the agreement), the notices of the Additional Shareholder were received, who holds, to the best of the Bank's knowledge, (through trustees) Union shares constituting about 27.12% of Union's issued and paid-up share capital, whereby, *inter alia*, the Additional Shareholder undertook to accept the Exchange Tender Offer, and insofar as the Alternative Transaction is executed, and the Alternative Transaction requires the approval of Union's General Meeting, to support and utilize his voting right at Union's General Meeting in order to support the Alternative Transaction, and he ordered the trustees who hold the Union shares in trust on his behalf to do so, if necessary, except where such a vote as aforementioned is forbidden subject to the instructions of a regulatory authority. Subject to his aforementioned notices, the Additional Shareholder as well undertook to refrain from selling the offered shares that will be issued thereto for a duration of six months from the date of their issue, as specified in section 8.4.5 above.

- 8.4.7. As abovementioned, prior to the publication of this Shelf Offering Report, the Additional Shareholder deposited the Cash Consideration in the hands of the Offer Coordinator, thus as aforesaid, to the best of the Bank's knowledge, and as was disclose to the Bank, in accordance with the agreements between the Additional Shareholder and Union's controlling shareholders.
- 8.4.8. For additional details regarding the agreement, see the previous immediate reports as specified in footnote 1 above, the content thereof is included in this Report by way of reference.

## 9. Details regarding the Acceptance and Consideration for the Offered Shares

### 9.1. The Offer Coordinator

This Exchange Tender Offer will be executed through the Bank itself – stock exchange member Bank Mizrahi Tefahot Ltd. (above and hereinafter referred to as the “**Offer Coordinator**”) from 7 Jabotinsky St., Ramat Gan; Tel.: 03-7559084; Fax: 03-6234833.

In order to guarantee the payment of the Consideration of the Offer, prior to the publication of this Shelf Offering Report, the Cash Consideration and documents necessary for the issue of the offered shares were deposited in the hands of the Offer Coordinator.

The Offer Coordinator, in his capacity as such, undertook to guarantee the performance of the Bank's undertakings as the Offeror subject to this Report.

### 9.2. Acceptance notices

9.2.1. The last date for delivering the acceptance notices for the Exchange Tender Offer subject to this Specification is on Sunday, September 13, 2020, at 14:00 (above and hereinafter referred to as the “**Last Acceptance Date**” or the “**Last Date for Delivering the Acceptance Notices**”).

9.2.2. The Last Acceptance Date will under all circumstances take place on a day whereon trade is being carried out on the Tel Aviv Stock Exchange (above and hereinafter referred to as the “**Trading Day**”) and whereon most banking corporations in Israel are open (above and hereinafter referred to as the “**Business Day**”). Should the Last Acceptance Date fall on a day that is not a Business Day and a Trading Day, the Last Acceptance Date will be deferred to the first and closest Business Day and Trading Day thereafter, and all of the dates stated in this Specification that are set to occur after the Last Acceptance Date will be deferred accordingly.

9.2.3. For details regarding the deferment of the Last Acceptance Date, see section 11 below.

### 9.3. Acceptance by an unregistered holder

9.3.1. Any shareholder that is not registered in Union's shareholder register, who holds Union shares through a Tel Aviv Stock Exchange member (“**Unregistered Holder**”), wishing to accept the Exchange Tender Offer, will notify the Bank via the Tel Aviv Stock Exchange

Member through whom the shares of said Unregistered Holder are held (the “**Tel Aviv Stock Exchange Member**”) regarding his acceptance of the Exchange Tender Offer by means of delivery of an acceptance notice to the Tel Aviv Stock Exchange Member, duly signed by the Unregistered Holder or by his legal representative. The acceptance notice of the Unregistered Holder will be in accordance with the format attached to this Report as **Annex A** (the “**Acceptance Notice of an Unregistered Holder**”).

- 9.3.2. The Acceptance Notice of an Unregistered Holder will include a declaration by the Unregistered Holder, according to the format stated in the Notice, stating that the shares for which the acceptance was granted will be clear of any pledge, seizure, debt, charge, or any third party right whatsoever, up to and no later than the date of their transfer to the Bank subject to this Specification. The Acceptance Notice of an Unregistered Holder shall further note that he is aware that a precondition for purchasing the shares for which the acceptance notice is granted by the Bank and transfer of their Consideration subject to the Exchange Tender Offer is the veracity of his declarations, and he is aware that he shall not be entitled to an appraisal remedy as stated in sections 13.5 and 13.6 below. Furthermore, the Acceptance Notice of an Unregistered Holder shall include a notice/declaration on his behalf regarding whether he has a personal interest in accepting the Exchange Tender Offer.
- 9.3.3. The Acceptance Notice of an Unregistered Holder may be submitted to the Tel Aviv Stock Exchange Member Sun – Thu (provided that they are Business Days), during the Tel Aviv Stock Exchange Member’s ordinary business hours, as of the date of publishing this Report until the Last Date for Delivering the Acceptance Notices (as defined in section 9.2.1 above), i.e. until the Last Acceptance Date **at 14:00** (the “**Acceptance Period**”). Any Acceptance Notices of an Unregistered Holder that are not delivered to the Tel Aviv Stock Exchange Member before the Last Date for Delivering the Acceptance Notice, will not be accepted.
- 9.3.4. The Tel Aviv Stock Exchange Member will deliver to the Offer Coordinator, on the Last Acceptance Date until **15:00**, one acceptance notice, in addition to that which is attached to this Report as **Annex B**, on account of all of the acceptance notices delivered thereto by all of the Unregistered Holders who hold Union shares through said Tel Aviv Stock Exchange Member (the “**Tel Aviv Stock Exchange Member’s Acceptance Notice**”). Tel Aviv Stock Exchange Members’ Acceptance Notices delivered to the Offer Coordinator after the aforementioned date will not be accepted. The Tel Aviv Stock Exchange Member’s Acceptance Notice will include a declaration by the Tel Aviv Stock Exchange Member that the shares for which the acceptance was granted will be clear of any pledge, seizure, debt, charge, or any third party right whatsoever, up to and no later than the date of their transfer to the Bank’s deposit account.

The Tel Aviv Stock Exchange Member's Acceptance Notice will further note that he is aware that a precondition for purchasing the shares mentioned in the acceptance notice by the Bank and transfer of their Consideration subject to the Exchange Tender Offer is the veracity of the details included in the Tel Aviv Stock Exchange Member's Acceptance Notice. Furthermore, the Tel Aviv Stock Exchange Member's Acceptance Notice will include a specification of the number of shares of the Unregistered Holders who have notified/declared that they have a personal interest in accepting the Exchange Tender Offer, thus based on the Acceptance Notices of Unregistered Holders delivered to the Tel Aviv Stock Exchange Member. The shares mentioned in the Tel Aviv Stock Exchange Member's Acceptance Notice will be delivered on the effective date (as defined in section 9.3.5 below) or the following Trading Day, to the Offer Coordinator's account at the Tel Aviv Stock Exchange Ltd.'s Clearing House (the "**Clearing House**").

- 9.3.5. The Offer Coordinator will deliver to the Bank, up to the Last Acceptance Date **at 16:00** (the "**Effective Date**"), one consolidated acceptance notice for all of the Tel Aviv Stock Exchange Members' Acceptance Notices he received.

Subject to the acceptance of this Exchange Tender Offer at the Minimum Acceptance Rate as specified in section 6.1 above, the fulfillment of the rest of the terms specified in sections 6.2, 6.3 and 6.4 above, and as long as the Bank has not rescinded this Exchange Tender Offer as specified in section 6.5 above, the Bank will deliver the Consideration of the Offer owed thereby to the Unregistered Holders against the shares for which the acceptance is executed, up to the second Trading Day following the Effective Date (the "**Consideration Delivery Date**"), through the Offer Coordinator, by crediting the accounts of the Unregistered Holders through the Tel Aviv Stock Exchange Clearing House and Tel Aviv Stock Exchange Members. Pursuant to the delivery of the consideration as abovementioned, the Offer Coordinator will credit the Bank, through the Tel Aviv Stock Exchange Members and Tel Aviv Stock Exchange Clearing House, at the account which the Bank will instruct the Offer Coordinator of, with the shares for which the acceptance of the Unregistered Holders is executed (as he will be instructed by the Bank). Should the Consideration Delivery Date fall on a day that is not a Trading Day, the Consideration Delivery Date will be deferred to the first nearest Trading Day thereafter, provided that it occurs after the Union shares are deposited in the Tel Aviv Stock Exchange Clearing House.

- 9.3.6. Subject to Regulation 7(b) to the Tender Offer Regulations, an Unregistered Holder who gave an acceptance notice to a Tel Aviv Stock Exchange Member will be entitled to withdraw his notice up to the Last Date for Delivering the Acceptance Notice.
- 9.3.7. Any Unregistered Holder who gave acceptance notices will be entitled to withdraw his acceptance notice as aforementioned up to the Last Date for Delivering the Acceptance

Notice. Withdrawing the acceptance notice of an unregistered holder will be done by way of granting written notice regarding the cancellation of the acceptance notice granted thereby, duly signed by the aforesaid unregistered holder or his legal representative (the “**Cancellation Notice**”), and will be delivered to the Tel Aviv Stock Exchange Member no later than the Last Acceptance Date. The Cancellation Notice will note the date and time of signing the Cancellation Notice.

9.3.8. If this Exchange Tender Offer is not accepted with the Minimum Acceptance Rate as specified in section 6.1 above, or if any of the terms specified in sections 6.2, 6.3, and 6.4 above are not met, or if the Bank should rescind this Exchange Tender Offer as specified in section 6.5 above, the Offer Coordinator will return to the Tel Aviv Stock Exchange Members all of the acceptance notices delivered thereby on account of the unregistered holders of shares, and attach thereto a document carrying his signature whereby the acceptance notices are cancelled.

9.4. Acceptance by a registered holder<sup>9</sup>

9.4.1. The acceptance by an Offeree registered in Union’s shareholder register (except for a Tel Aviv Stock Exchange Member’s nominee company) (the “**Registered Holder**”) of the Exchange Tender Offer, will be done by delivering the share certificate or share certificates on account of his shares along with an acceptance notice signed thereby or by his legal representative (along with the Power of Attorney) in the format attached to this Specification as **Annex C** (the “**Acceptance Notice of a Registered Holder**”), and a share transfer deed in the format attached to this Specification as **Annex D** duly signed thereby or by his legal representative, and by witnesses to the signing. If the Registered Holder is a corporation, an attorney’s confirmation will be as well attached regarding the authority of the corporation’s signatories to sign the acceptance notice and share transfer deed, and to execute the transfer of shares. The Registered Holder will deliver the aforementioned documents to the offices of the Offer Coordinator at 7 Jabotinsky St., Ramat Gan. Delivery of the aforementioned documents to the Offer Coordinator will be done against confirmation of receipt from the Offer Coordinator.

9.4.2. The acceptance notice of a Registered Holder will include the Registered Holder’s declaration in the format stated in the notice, that the shares for which the acceptance is granted will be clear of any pledge, seizure, debt, charge, or any third party right whatsoever, up to and no later than the date of their transfer to the Bank subject to this Specification. The acceptance notice of a Registered Holder shall further note that he is

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<sup>9</sup> To the best of the Bank’s knowledge, as of the date of this Report, Union’s registered holders are as specified in Union’s shareholder register published by Union on 7.6.2018 (ref. no.: 2018-01-055954).

aware that a precondition for purchasing the shares for which the acceptance notice is granted by the Bank and transfer of their Consideration subject to the Exchange Tender Offer is the veracity of his declarations, and he is aware that he shall not be entitled to an appraisal remedy as stated in sections 13.5 and 13.6 below. Furthermore, the acceptance notice of a Registered Holder shall include a notice/declaration on his behalf regarding whether he has a personal interest in accepting the Exchange Tender Offer.

- 9.4.3. Acceptance notices from Registered Holders may be submitted during the Acceptance Period, as of the date of publishing the Report and until the Last Date for Delivering Acceptance Notices. Acceptance notices of a Registered Holder that are not delivered to the Offer Coordinator up to the Last Date for Delivering the Acceptance Notices will not be accepted.
- 9.4.4. The Offer Coordinator will hold the documents mentioned in section 9.4.1 above as a trustee up to the Effective Date.
- 9.4.5. The Offer Coordinator will deliver to the Bank up to the Effective Date one consolidated acceptance notice for all of the acceptance notices of Registered Holders he received. The Offer Coordinator's acceptance notice will include a specification of the number of shares of the Registered Holders who have notified/declared that they have a personal interest in accepting the Exchange Tender Offer, and the number of shares of the Registered Holders who have notified/declared that they do not have a personal interest in accepting the Exchange Tender Offer thus based on the acceptance notices of Registered Holders delivered to the Offer Coordinator.
- 9.4.6. Subject to Regulation 7(b) to the Tender Offer Regulations, a Registered Holder who gave an acceptance notice to the Offer Coordinator will be entitled to withdraw his notice up to the Last Date for Delivering the Acceptance Notice.
- 9.4.7. Any Registered Holder who gave acceptance notices will be entitled to withdraw his acceptance notice as aforementioned up to the Last Date for Delivering the Acceptance Notice. Withdrawing the acceptance notice of a Registered Holder will be done by way of granting written notice regarding the cancellation of the acceptance notice granted thereby, duly signed by the aforesaid Registered Holder or his legal representative and return of the confirmation of receipt mentioned in section 9.4.1 above to the Offer Coordinator. Concurrently, the Offer Coordinator will return to the Holder the share certificates and share transfer deeds, delivered to the Offer Coordinator by the Registered Holder. The cancellation notices will note the date and time of signing the cancellation notice. The share transfer deeds will be returned to the Registered Holder while bearing a "cancelled" seal. It is clarified, that withdrawing acceptance by a Registered Holder can only be performed at the Offer Coordinator's offices at the address stated in section 9.4.1 above.

- 9.4.8. Subject to the acceptance of this Exchange Tender Offer at the Minimum Acceptance Rate as specified in section 6.1 above, the fulfillment of the terms specified in sections 6.2, 6.3 and 6.4 above, and as long as the Bank has not rescinded this Exchange Tender Offer as specified in section 6.5 above, the Bank will deliver the Consideration of the Offer owed thereby to the Registered Holders against the shares for which the acceptance is executed, up to the Consideration Delivery Date (as defined in section 9.3.5 above), through the Offer Coordinator, by crediting their accounts, as stated in the acceptance notice of each Registered Holder. Pursuant to the delivery of the consideration as abovementioned, on the Consideration Delivery Date the Offer Coordinator will deliver the documents mentioned in section 9.4.1 above to the Bank, so the Bank can be registered as the shareholder on account of the shares stated in said documents, in the shareholder register kept by Union. Should the Consideration Delivery Date fall on a day that is not a Trading Day, the Consideration Delivery Date will be deferred to the first nearest Trading Day thereafter, provided that it occurs after the Union shares are deposited in the Tel Aviv Stock Exchange Clearing House.
- 9.4.9. If this Exchange Tender Offer is not accepted with the Minimum Acceptance Rate as specified in section 6.1 above, or if any of the terms specified in sections 6.2, 6.3, and 6.4 above are not met, or if the Bank should rescind this Exchange Tender Offer as specified in section 6.5 above, the Offer Coordinator will return to each Registered Holder who accepted the Exchange Tender Offer all of the acceptance notices, share certificates, and share transfer deeds delivered to the Offer Coordinator thereby as stated in section 9.4.1 above, and attach thereto a document carrying his signature whereby the aforementioned acceptance notices and transfer deeds are cancelled.
- 9.4.10. It shall be clarified that the Offered Shares (the Offeror's shares) issued to registered shareholders will also be registered to the name of the nominee company – “Mizrahi Tefahot Nominee Company Ltd.”.
- 9.5. A holder, registered or unregistered, of Union shares, will not be entitled to withdraw the acceptance notice after the Last Date for Delivering the Acceptance Notices, as stated in section 9.2.1 above.
- 9.6. The Bank has full and final discretion vis-à-vis any question that arises regarding the acceptance of the shares, the validity of the holders' notices, the date of their delivery, etc. The Bank and/or Offer Coordinator are under no obligation to grant notice regarding any error in the completion of the necessary forms, and the Bank reserves the right to reject acceptance notices delivered on the wrong form and/or which are not properly completed.
- 9.7. Relevant dates for consummating the Tender Offer, if and insofar as the same is consummated

It shall be noted that after the Bank published an immediate report concerning the results of the Tender Offer as set forth in section 15 below, the trading of Union shares will be suspended (the "**Exchange Effective Date**").

No later than one Trading Day after the Exchange Effective Date, the Offer Coordinator will take actions vis-à-vis the Tel Aviv Stock Exchange Members to collect Union shares (the "**Share Stock**").

No later than two (2) Trading Days after the Exchange Effective Date and no later than at 14:00 o'clock, assuming that all the Share Stock has been cleared and exists in the Coordinator's account, the Offer Coordinator will take actions vis-à-vis the Tel Aviv Stock Exchange Members to disperse the Offered Shares and in addition he will transfer the Cash Consideration component for such Union shares for which Acceptance Notice have been delivered to the Tel Aviv Stock Exchange Members. The Share Stock should be deposited at the Clearing House for the benefit of the Bank until 14:00 o'clock.

No later than 3 Trading Days from the Exchange Effective Date and in accordance with the bylaws of the Clearing House, the Bank will coordinate with the Tel Aviv Stock Exchange the dates (both the effective date and payment date) for performing the Forced Sale. In accordance and subject to the bylaws of the Clearing House, the nominee company on behalf of Bank Hapoalim Ltd. will deliver to the Clearing House a notice setting forth the amount of credit balances for which the Forced Sale should be performed.

#### 10. **Rescinding the Bank's Exchange Tender Offer**

- 10.1. The Bank may rescind the Exchange Tender Offer during the Acceptance Period, upon the occurrence of circumstances which the Bank did not and should not have known of, or did not and should not have foreseen, and the terms of the Exchange Tender Offer under said circumstances have become materially different from the terms which a reasonable offeror would have offered had he known of said circumstances on the date of the Specification, all provided that notice about rescission of the Exchange Tender Offer is granted to the Offer Coordinator prior to the Last Acceptance Date. Should the Bank rescind as aforementioned, it will deliver notice of this to the Israel Securities Authority, the Tel Aviv Stock Exchange, and Union, subject to Regulation 25(a)(1) to the Tender Offer Regulations, by publishing an immediate report. Furthermore, within one Business Day from the date of delivery of said notice, the Bank will publish an announcement of this in the newspapers subject to Regulation 25(a)(2) to the Tender Offer Regulations. The announcement will include a specification of the special circumstances on account of which the Bank rescinded the Exchange Tender Offer. Subject to Regulation 25(b) to the Tender Offer Regulations, Union must send the notice it receives, as abovementioned, within 2 Business Days, to all Offerees registered in Union's shareholder register.

10.2. In the event that the Bank rescinds the Exchange Tender Offer as stated in section 10.1 above, or if the acceptance rate for the Exchange Tender Offer is lower than the Minimum Acceptance Rate specified in section 6.1 above, or if any of the terms specified in sections 6.2 and 6.3 above are not met, The Exchange Tender Offer will be deemed voided, and the acceptance notices granted against the shares will not be accepted, so that the Bank will not purchase any shares whatsoever from the Offerees who had accepted the Exchange Tender Offer, and in such a case the Bank will endeavor, through the Offer Coordinator, no later than one Business Day after the delivery of the offer rescission notice as aforementioned, to return to the Tel Aviv Stock Exchange Members, who delivered acceptance notices subject to this Report, the acceptance notices they had delivered along with a notice regarding their cancellation.

## **11. Deferral of the Last Acceptance Date and Amending the Exchange Tender Offer**

### **11.1. Deferral of the Last Acceptance Date**

11.1.1. Subject to Regulation 6(b) to the Tender Offer Regulations, the Bank may defer the Last Acceptance Date, through a notice delivered to the Israel Securities Authority, the Tel Aviv Stock Exchange, and Union by publishing an immediate report, and by announcing it within one Business Day in the newspapers subject to Regulation 25(a)(2) to the Tender Offer Regulations, provided that said notice is delivered up to one Business Day before the Last Acceptance Date, and the deferred Last Acceptance Date is set for a Trading Day, no later than sixty days from the date of this Report. Subject to Regulation 25(b) to the Tender Offer Regulations, Union must send the notice it receives as abovementioned within 2 Business Days to all Offerees registered in Union's shareholder register.

11.1.2. Subject to Regulation 6(c) to the Tender Offer Regulations, notwithstanding the abovementioned in section 11.1.1, if during the Acceptance Period another offeror should submit a tender offer vis-à-vis Union's shares, the Bank may defer the Last Acceptance Date up to the last acceptance date of the other tender offer. Deferral of the acceptance date will be done through a notice delivered to the Israel Securities Authority, the Tel Aviv Stock Exchange, and Union by publishing an immediate report, and by announcing it within one Business Day in the newspapers subject to Regulation 25(a)(2) to the Tender Offer Regulations. Subject to Regulation 25(b) to the Tender Offer Regulations, Union must send the notice it receives as abovementioned within 2 Business Days to all Offerees registered in Union's shareholder register.

### **11.2. Amending the Exchange Tender Offer**

11.2.1. Subject to Regulation 22(a) to the Tender Offer Regulations, up to one Business Day prior to the Last Acceptance Date, the Bank may amend the Exchange Tender Offer in a manner that improves its terms, provided that it amends the Specification accordingly and files a

copy of the amendment to the Israel Securities Authority, the Tel Aviv Stock Exchange, and Union, and publishes the amendment within one Business Day from the date of sending the aforementioned amendment, in the newspapers subject to Regulation 25(a)(2) to the Tender Offer Regulations. Subject to Regulation 25(b) to the Tender Offer Regulations, Union must send the notice it receives as abovementioned within 2 Business Days to all Offerees registered in Union's shareholder register. Where the Bank has amended the Exchange Tender Offer as aforementioned within the three Business Days that precede the Last Acceptance Date, the Last Acceptance Date will be deferred, notwithstanding the abovementioned in section 11.1.1, so that the new Last Acceptance Date will occur no less than three Business Days and no more than five Business Days as of the date of the amendment, or sixty days as of the date of the Specification, whichever is the later date. Notice regarding the deferral of the Last Acceptance Date will be included in the amendment notice.

11.2.2. Subject to Regulation 22(c) to the Tender Offer Regulations, up to one Business Day before the Last Acceptance Date, the Bank may amend in the Specification any amendment which does not affect the Offerees' considerations vis-à-vis the advisability of the Exchange Tender Offer. The Bank will send notice regarding the amendment to the Israel Securities Authority, the Tel Aviv Stock Exchange, and Union, and publish the amendment within one Business Day from the date of sending the aforementioned notice, in the newspapers subject to Regulation 25(a)(2) to the Tender Offer Regulations. Subject to Regulation 25(b) to the Tender Offer Regulations, Union must send the notice it receives as abovementioned within 2 Business Days to all Offerees registered in Union's shareholder register.

11.3. Notwithstanding the abovementioned, the Bank will be entitled to defer the Last Acceptance Date and amend the Specification, only where one of the following conditions is met: a. the Offer Coordinator has confirmed that his undertaking stated in section 9.1 above applies as well to the amended terms; or b. the Bank received an undertaking from another Tel Aviv Stock Exchange Member.

## **12. Notices on behalf of Union Shareholders regarding their Intention to Accept the Exchange Tender Offer**

As specified in section 8.4 above, the controlling shareholders and Additional Shareholder undertook to accept the Exchange Tender Offer.

## **13. The Provisions of Sections 337 and 338 to the Companies Law**

13.1. The Exchange Tender Offer subject to this Report is a full tender offer, subject to the provisions of the Third Chapter of the Eighth Part to the Companies Law.

13.2. Section 337 to the Companies Law, titled “**Forced Sale**”, stipulates:

“(a) Where a complete tender offer is accepted by the offerees in such a way that the rate of holding of the offerees who did not accept the offer is less than five percent of the issued share capital or the issued capital of a class of shares in respect of which the offer was made, and more than half of the offerees who do not have a personal interest in accepting the offer have accepted it, all of the shares that the offeror sought to purchase shall be transferred to him and the records of ownership of the shares shall be amended accordingly; anyone with a personal interest shall be subject to the provisions of section 276, *mutatis mutandis*.

(a1) Notwithstanding the abovementioned in subsection (a), a full tender offer is accepted if the rate of holding of the offerees who did not accept the offer constitutes less than two percent of the issued share capital or the issued capital of a class of shares in respect of which the offer was made.

(b) Where a complete tender offer is not accepted as referred to in subsection (a) or (a1), the offeror shall not purchase, from offerees who have accepted the offer, shares that will confer on him a holding of more than ninety percent of all the shares in the company or of all of a class of shares in respect of which the offer was made.”

13.3. Insofar as the Minimum Acceptance Rate is achieved, i.e. where acceptance notices are received from Offerees so that (a) the rate of holding of the Offerees who did not accept the Exchange Tender Offer constitutes less than 5% of Union’s issued share capital, and more than half of the Offerees who do not have a personal interest in accepting the offer have accepted it, or (b) the rate of holding of the Offerees who did not accept the Exchange Tender Offer constitutes less than 2% of Union’s issued share capital, in which case the Bank will purchase in addition to the shares for which the acceptance notices were granted, also the balance of shares held by the Offerees, for which acceptance notices were not granted, against the Exchange Tender Offer consideration and subject to the same terms, in accordance with the provisions of Section 337 to the Companies Law (the “**Forced Sale**”), in the manner specified below.

13.4. Where the circumstances specified above should apply, the Forced Sale of Offerees’ shares for which an acceptance notice was not granted shall be executed as follows:

13.4.1. The Bank will deliver to Union’s nominee company, which is, to the best of the Bank’s knowledge, the nominee company of Bank Hapoalim Ltd. (the “**Poalim Nominee Company**”), up to and no later than the Date of Delivering the Consideration, notice regarding the Forced Sale, specifying the number of shares held by Unregistered Holders for which no acceptance notice was granted, and the full consideration offered against these shares, which will be calculated as a derivative of the number of aforementioned shares. The aforesaid consideration will be delivered to the shareholders holding the aforementioned shares in accordance with the provisions of the Tel Aviv Stock Exchange

Clearing Houses' bylaws, and its guidelines vis-à-vis a Forced Sale. Subject to the delivery of the consideration to the Unregistered Holders who hold the aforementioned shares, the Poalim Nominee Company will credit, through the Tel Aviv Stock Exchange Clearing House, the Bank's account with the Unions shares of the aforementioned shareholders, for which no acceptance notices were granted as aforementioned. As for the Registered Holders – the consideration will be delivered by the Offered Coordinator to an account owned by the Bank which the Bank will instruct him on, and will be safeguarded by the Bank, who will serve as a type of trustee on behalf of the Registered Holders who did not accept the Exchange Tender Offer. Delivery of the consideration to the Bank as aforesaid will be considered delivery of the consideration to the Registered Holders who did not accept the Exchange Tender Offer.

13.4.2. Subject to the delivery of the consideration as stated in section 13.4.1 above, all of the shares held by the Offerees, for which no acceptance notices were granted, will be transferred to the Bank's ownership, so that all of Union's issued and paid-up share capital, and all of the voting rights therein, will be owned by the Bank.

13.5. Section 338 to the Companies Law, titled "**Appraisal Remedy**", stipulates:

"(a) The court may, on the application of any offeree in a full tender offer accepted as aforesaid in Sections 336(c) and 337(a) or (a1), rule that the consideration for the shares was less than their fair value, and that the fair value should be paid as determined by the court.

(b) An application as aforesaid in subsection (a) shall be submitted no later than six months after the date of acceptance of the full tender offer;

(c) The offeror may determine in the terms of the full tender offer, that an offeree who accepted the full tender offer accepted as aforementioned in Section 337(a) or (a1), will not be entitled to the remedy subject to this Section;

(d) An offeror's determination subject to subsection (c) shall be invalid if the offeror or the company failed to publish prior to the date for accepting the offer the information which must be published by law vis-à-vis the full tender offer."

13.6. **Subject to the provisions of Section 338(c) to the Companies Law, the Bank hereby announces, that should the Exchange Tender Offer be accepted in accordance with the provisions of this Report, an Offeree who accepts the Exchange Tender Offer will not be entitled to the appraisal remedy subject to Section 338 to the Companies Law.**

#### 14. **Making Union a Private Company and Delisting from trade on the Tel Aviv Stock Exchange**

14.1. Subject to the provisions of Section 339 to the Companies Law, insofar as the Exchange Tender Offer is accepted and the Bank purchases all of the Offerees' shares, Union will be made into a private company and the Bank will follow the Tel Aviv Stock Exchange's regulations, rules, and instructions in order to delist Union's shares for trade on the Tel Aviv Stock Exchange and

Union shall cease to be a reporting corporation, within the definition of this term in Section 1 of the Securities Law.

- 14.2. According to the fourth part of the Tel Aviv Stock Exchange's regulations, the Tel Aviv Stock Exchange's CEO or anyone authorized thereby will decide on the delisting of company shares from trade, if the full tender offer is accepted as stated in Section 337 to the Companies Law. The shares will be delisted from trade closely after receiving notice by the Tel Aviv Stock Exchange that the full tender offer was accepted.

#### 15. **Report regarding the Results of the Exchange Tender Offer**

- 15.1. No later than the first Business Day following the Last Acceptance Date, the Bank will file to the Israel Securities Authority, the Tel Aviv Stock Exchange, and Union a report regarding the results of the Exchange Tender Offer noting whether the full Exchange Tender Offer was accepted or not.
- 15.2. Additionally, the Bank will note in the notice whether the terms stated in Section 337(a) or (a1) to the Companies Law were met, and if so – the manner and date for executing the Forced Sale on account of the Offerees who did not accept the Exchange Tender Offer as stated in sections 13.2 – 13.5 above.

#### 16. **Taxation**

- 16.1. **It is advised that the Offerees receive specific consultation regarding the tax aspects in respect of the Exchange Tender Offer, accepting it, or the actions that may follow, in accordance with their specific individual data and circumstances. The statements hereunder do not constitute an opinion and/or recommendation to any of the Offerees subject to this Exchange Tender Offer and/or an exhaustive tax-related discussion vis-à-vis the Exchange Tender Offer or the actions that may follow.**

- 16.2. Request for the Tax Authority's preliminary approval

As a rule, exchanging Union's shares with the Bank's shares is a tax event which may cause the Offerees' to owe taxes on the date of the exchange.

Subject to the provisions of the Agreement, the Bank petitioned the Tax Authority with a request for preliminary approval, which up to the date of this Report has not yet been received, for the following:

- (a) That the tax event on account of the consideration to the Offerees of the offered shares, be **deferred** in accordance with the provisions of Section 104h to the Tax Ordinance (new version), 5721 – 1961 (the "**Ordinance**");

As for Union's controlling shareholder, the provisions of Section 104h to the Ordinance shall only apply if any of Union's controlling shareholders should request that the provisions of Section 104h to the Ordinance apply to all Union shares held thereby.

- (b) That the exchange of shares by Union's public shareholders who are not Union's controlling shareholder with the offered shares will **not be considered a sale** vis-à-vis Part E to the Ordinance on the date of the shares exchange, but only on the *de facto* date of sale of the offered shares.
- (c) To determine the method of tax withholding following the execution of the shares exchange and the date of the shares exchange.
- (d) To determine the method of tax withholding for the Cash Consideration.

As of the date of publication of this Shelf Offering Report, positive indication was received for the issuance of preliminary approval as aforementioned.

Receiving the Tax Authority's preliminary approval (or preliminary approvals) constitutes a precondition for the validity of the Tender Offer, as specified in section 6.4 above.

It is clarified that receiving the preliminary approval (or the preliminary approvals), if received, does not determine the classification of the income from the sale of Union's shares, for all intents and purposes.

Such classification can and will be examined by the relevant assessing officers, and the abovementioned shall not constitute any determination regarding the classification of the income in terms of income tax.

It is further clarified that the tax withholding for Offerees who are unregistered shareholders will be done by Tel Aviv Stock Exchange Members, and for Offerees who are registered shareholders, by the Offeror, and an Offeree who fails to show an exemption from withholding tax will be required to pay the withheld tax due to the exchange from his means. The Bank will deliver the Consideration of the Offer to the Offerees who are not registered shareholders to the Tel Aviv Stock Exchange Clearing House along with a notice that this is gross consideration from which tax was not withheld, and the Tel Aviv Stock Exchange Clearing House will transfer the consideration to the Tel Aviv Stock Exchange Members, without withholding tax, whereas the Tel Aviv Stock Exchange Members will be liable, as aforementioned, for withholding the tax.

From the Cash Consideration (gross, **without** attributing costs) paid to the Offerees who are non-registered shareholders, the relevant Tel Aviv Stock Exchange Member will withhold tax at the rate stated in the Income Tax Regulations (deducting from consideration, payment or capital gains from the sale of securities, in the sale of a trust fund unit or future transaction), 5762 – 2002, or in accordance with a valid tax withholding permit granted by the assessing officer or the Tax Authority's Professional Division vis-à-vis the rate of tax withholding or in accordance with the instructions of any other tax decision made by the Tax Authority.

Therefore, the relevant Tel Aviv Stock Exchange Member will deliver to Offerees who are non-registered shareholders the portion of the Cash Consideration they are entitled to, less the withheld tax as aforementioned.

From the Cash Consideration (gross, **without** attributing costs) paid to the Offerees who are registered shareholders, the Bank will withhold tax at the rate stated in the Income Tax Regulations (deducting from consideration, payment or capital gains from the sale of securities, in the sale of a trust fund unit or future transaction), 5762 – 2002, or in accordance with a valid tax withholding permit granted by the assessing officer or the Tax Authority's Professional Division vis-à-vis the rate of tax withholding or in accordance with the instructions of any other tax decision made by the Tax Authority. Therefore, the Bank will deliver to Offerees who are registered shareholders the portion of the Cash Consideration they are entitled to, less the withheld tax as aforementioned.

It is clarified that the abovementioned does not constitute an opinion and/or recommendation to any of the Offerees subject to this Exchange Tender Offer and/or an exhaustive tax-related discussion vis-à-vis the Exchange Tender Offer or the actions that may follow.

It is further clarified that the abovementioned is merely a summary description of the preliminary approval (or preliminary approvals) expected to be received from the Tax Authority, and accordingly, in any case of a contradiction between the abovementioned description and the Tax Authority's preliminary approval (or preliminary approvals), the Tax Authority's decision shall prevail.

## **17. Powers of the Israel Securities Authority**

- 17.1. Subject to Regulation 23 to the Tender Offer Regulations, the Bank must deliver to the Israel Securities Authority in writing, including to an employee it had authorized for this purpose (hereinafter referred to in this section as: the “**Authority**”), subject to the Authority's demand, an explanation, details, information, and documents vis-à-vis the details included in this Specification, and anything else which the Authority believes must be included in the Specification subject to the Tender Offer Regulations.
- 17.2. In addition, subject to the Tender Offer Regulations, should the Authority perceive that the Specification fails to include all of the details which it believes are vital for a reasonable offeree, or that the specification does not comply with the provisions of the Tender Offer Regulations, it may instruct during the Acceptance Period that the Acceptance Date be deferred, and it may as well instruct, after affording the Bank the proper opportunity to express its arguments before it, that within one Business Day – unless it stipulates another date – an amendment to the Specification or an amended Specification be published, in the form and manner as it so

instructs. An amendment to the Specification and an amended Specification are equivalent to a Specification.

17.3. The Authority may instruct that the Last Acceptance Date be deferred, if it decides that this would be in the best interest of the Offerees. Should the Authority instruct as aforementioned, the provisions of section 17.2 above shall apply.

17.4. Where the Authority instructs the deferral of the Last Acceptance Date, the Offer Coordinator's undertaking shall be deemed applicable to the amended Specification, unless he gave the Bank an immediate notice stating otherwise. Insofar as the Bank receives notice as aforesaid, it shall send notice of this, immediately, to the Israel Securities Authority, the Tel Aviv Stock Exchange, and Union, and publish it in the newspapers, within one Business Day from the date of delivery of the aforementioned notice, subject to Regulation 25(a)(2) to the Tender Offer Regulations.

## 18. **Permits and Approvals**

18.1. The Bank has petitioned the Israel Securities Authority for permission to publish this Shelf Offering Report, subject to the Securities Rules (cases for which publishing a Shelf Offering Report requires the permission of the Israel Securities Authority), 5776 – 2016, and permission as aforesaid was received.

**The Israel Securities Authority's permission to publish the Shelf Offering Report does not verify the details contained herein or assert their reliability or completeness, and does not offer an opinion regarding the quality of the offered shares.**

18.2. The Bank has petitioned the Tel Aviv Stock Exchange for permission to list the shares offered subject to this Shelf Offering Report for trade, and permission as aforesaid was received.

**The Tel Aviv Stock Exchange's aforementioned permission does not verify the details contained herein or assert their reliability or completeness, and does not offer any opinion whatsoever regarding the Bank, the quality of the offered shares in this Shelf Offering Report, or the price for which they are being offered.**

## 19. **Fee Payment**

Subject to the provisions of Regulation 4a to the Securities Regulations (fee for requesting permission to publish a prospectus), 5755 – 1995, the Bank will pay to the Israel Securities Authority the additional fee for the Bank's shares that are offered within this Shelf Offering Report.

## 20. **Consideration and Related Expenses**

20.1. No cash consideration will be received for the issue of securities subject to this Shelf Offering Report. The consideration which will be received, assuming the Tender Offer is executed, will be in Union shares constituting 100% of Union's issued and paid-up share capital.

20.2. The expenses of the issue subject of this Shelf Offering Report are estimated at about NIS 1,300 thousand (VAT inclusive), and include, *inter alia*, a performance-dependent commission for the consultation and assistance services provided by Leader Capital Markets Ltd., in the total sum of about NIS 560 thousand (VAT inclusive).

20.3. The offering of shares subject to this Shelf Offering Report is not guaranteed by underwriting.

21. **Updates to the Shelf Prospectus**

Subject to Regulation 4 to the Shelf Offering Regulations, all of the reports filed by the Bank after the publication of the Shelf Prospectus are included in this Shelf Offering Report by way of reference. It is possible to review the full version of the Bank's reports on the Israel Securities Authority's distribution website at [www.magna.isa.gov.il](http://www.magna.isa.gov.il) and the Tel Aviv Stock Exchange's website [maya.tase.co.il](http://maya.tase.co.il).

22. **Letter of Consent from the Bank's Auditors**

A letter of consent from the Bank's auditors to that which is included in this Report, including by way of reference, the auditor's reports included in this Report by way of reference, attached as **Annex E** to this Report.

23. **Actuary's Letter of Consent**

A letter of consent from the actuary to that which is included in this Report, including by way of reference, the actuary's opinion vis-à-vis the Bank employees' pension rights and bonuses, attached as **Annex F** to this Report.

24. **Details regarding the Bank's Representative vis-à-vis Handling of the Specification**

The Bank's representative vis-à-vis the handling of the Specification is Attorney Racheli Friedman, VP, Lead Counsel, and Head of the Legal Division. Tel.: 03-7559500; Fax: 03-7559655.

25. **Legal Opinion**

The Bank has received the following legal opinion:

ATTN:

Date: August 30, 2020

Bank Mizrahi Tefahot Ltd.

7 Jabotinsky St.

Ramat Gan

**Dear Sir/Madam,**

**Re: Shelf Offering Report (also constituting a Tender Offer Specification) of Bank Mizrahi Tefahot Ltd. dated August 30, 2020 (the "Shelf Offering Report")**

With respect to the Shelf Prospectus of Bank Mizrahi Tefahot Ltd. (the "**Bank**") dated 4.12.2019 (the "**Shelf Prospectus**") and the abovementioned Shelf Offering Report, published subject thereto, we hereby offer our opinion as follows:

1. In our opinion, the rights attached to the securities offered in the Shelf Offering Report were described correctly in the Shelf Prospectus and the Shelf Offering Report.
2. In our opinion, the Bank is authorized to issue the offered securities in the manner offered in the Shelf Prospectus and the Shelf Offering Report.
3. The Bank's directors were duly appointed, and their names are included in the Shelf Prospectus and the Shelf Offering Report.

We agree for this opinion to be included in the Shelf Offering Report published in August 2020.

Sincerely,

Moty Yamin, Adv.

Hagar Guri, Adv.

26. **Signatures**

**The Bank**

Bank Mizrahi Tefahot Ltd. \_\_\_\_\_

By

Mr. Menachem Aviv, Chief Accountant

Ms. Racheli Friedman, Deputy to the Director General, Chief Legal Advisor and Head of the Legal Department

**The Directors**

Moshe Vidman \_\_\_\_\_

Ron Gazit \_\_\_\_\_

Jonathan Kaplan \_\_\_\_\_

Sabina Biran \_\_\_\_\_

Joav Asher-Nachshon \_\_\_\_\_

Avraham Zeldman \_\_\_\_\_

Hannah Feuer \_\_\_\_\_

Gilad Rabinobich \_\_\_\_\_

Ilan Kremer \_\_\_\_\_

Eli Alroy \_\_\_\_\_

Joseph Fellus \_\_\_\_\_

Date: August 30, 2020

**Annex A – Section 9.3.1 to the Specification**

**Acceptance Notice from an Unregistered Holder**

**Subject to the Securities Regulations (Tender Offer), 5760 – 2000**

ATTN:

Bank Mizrahi Tefahot Ltd. (the “**Bank**” or the “**Offeror**”)

Through Tel Aviv Stock Exchange Member - Bank Mizrahi Tefahot Ltd.

**Re: The Shares of Union Bank of Israel Ltd. (“Union”)**

Whereas subject to the Specification dated August 30, 2020, published by the Bank (the “**Specification**”), the Bank offered a Full Tender Offer to purchase all of Union’s Ordinary Shares par value NIS 0.01 each (the “**Shares**”);

And whereas I am the owner and holder of deposit no. \_\_\_\_\_ at your branch no. \_\_\_\_\_, of \_\_\_\_\_ Shares, and I wish to accept the Bank’s Full Tender Offer included in the Specification;

I hereby notify you that I wish to accept the Bank’s Tender Offer included in the Specification, thus on account of \_\_\_\_\_ Shares\* (the “**Transferred Shares**”). My notice hereof shall be deemed an acceptance notice as it is defined in section 9.2.1 to the Specification, as well as an undertaking to transfer the Transferred Shares.

I hereby warrant and undertake that the Transferred Shares will be clear of any pledge, seizure, debt, charge, or any third-party rights whatsoever, up to and no later than the date of their transfer to the Bank.

Kindly deliver the consideration for the Transferred Shares to my abovementioned deposit.

In accordance with the provisions of Section 338(c) to the Companies Law, 5759 – 1999 (the “**Companies Law**”), and the Bank’s determination in section 13.6 to the Specification, I am aware that I will not be entitled to the remedy subject to Section 338 to the Companies Law.

**Subject to Section 337(a) to the Companies Law, and subject to section 6.1.2 to the Specification,**

**I hereby announce as follows (mark one of the options) (\*\*):**

- The Unregistered Holder and/or his legal representative (if any was appointed) does not/do not have a personal interest\*\*\* in accepting the Tender Offer.
- The Unregistered Holder and/or his legal representative (if any was appointed) has/have a personal interest in accepting the Tender Offer.

For \_\_\_\_\_ the \_\_\_\_\_ following \_\_\_\_\_ reasons:

\_\_\_\_\_  
**I am aware that a precondition for purchasing the Transferred Shares by the Bank and payment of their consideration subject to the Tender Offer is the veracity of my abovementioned declarations.**

<b>Date</b>	<b>Full Name</b>
	<hr/> <b>(ID no. / Corporation no.)</b> <hr/>
	<hr/> <b>(Signature / Seal and Signature)</b> <hr/>

(\*) The maximum number of Shares for which the acceptance notice is granted must be noted, i.e.: the full number of Shares in the aforementioned securities deposit, or a smaller amount, according to the Holder's wishes.

(\*\*) Should the shareholder fail to choose one of the options, his acceptance notice will not be counted for the purpose of examining the fulfillment of the precondition related to the existence of a personal interest (so that he will be considered a person who has noted that he has a personal interest in accepting the Tender Offer).

(\*\*\*) A personal interest in accepting the Tender Offer, including a personal interest due to cross-holdings as defined and specified in section 6.1.2 to the Specification.

**Annex B – Section 9.3.4 to the Specification**

**Acceptance Notice from a Tel Aviv Stock Exchange Member**  
**Subject to the Securities Regulations (Tender Offer), 5760 – 2000**

ATTN:

Bank Mizrahi Tefahot Ltd. (the “**Bank**”)

Through the Offer Coordinator: Bank Mizrahi Tefahot Ltd., from 7 Jabotinsky St., Ramat Gan (the “**Offer Coordinator**”).

**Re: The Shares of Union Bank of Israel Ltd. (“Union”)**

Whereas subject to the Specification dated August 30, 2020, published by the Bank (the “**Specification**”), the Bank offered a Full Tender Offer to purchase all of Union’s Ordinary Shares par value NIS 0.01 each (the “**Shares**”);

And whereas we have received acceptance notices for the Tender Offer on account of \_\_\_\_\_ shares (\*) (the “**Transferred Shares**”) from their unregistered owners and holders, of which on account of \_\_\_\_\_ shares (\*) notice was given that their holders have a personal interest in accepting the Tender Offer and on account of \_\_\_\_\_ shares notice was given that their holders do not have a personal interest in accepting the Tender Offer;

“Acceptance Notice” is hereby granted, as defined in section 9.3.4 to the Specification, and an undertaking to transfer the Transferred Shares to the Bank, as well as a declaration and undertaking that the Transferred Shares will be clear of any pledge, seizure, debt, charge, or any third party rights whatsoever, up to and no later than the date of their transfer to the Bank.

Kindly deliver the consideration for the Transferred Shares to our account with the Tel Aviv Stock Exchange Clearing House.

We are aware that a precondition for purchasing the Transferred Shares by the Bank and payment of their consideration subject to the Tender Offer is the veracity of the details and declarations included in this notice.

---

**Date**

---

**Tel Aviv Stock Exchange**

**Member no.**

---

**Tel Aviv Stock Exchange**

**Member Name**

---

**(Seal and Signature)**

(\*) Indicate the number of shares.

**Annex C – Section 9.4.1 to the Specification**

**Acceptance Notice from a Registered Holder**

**Subject to the Securities Regulations (Tender Offer), 5760 – 2000**

ATTN:

Bank Mizrahi Tefahot Ltd. (the “**Bank**” or the “**Offeror**”)

Through the Offer Coordinator: Bank Mizrahi Tefahot Ltd., from 7 Jabotinsky St., Ramat Gan (the “**Offer Coordinator**”).

**Re: The Shares of Union Bank of Israel Ltd. (“Union”)**

Whereas subject to the Specification dated August 30, 2020, published by the Bank (the “**Specification**”), the Bank offered a Full Tender Offer to purchase all of Union’s Ordinary Shares par value NIS 0.01 each (the “**Shares**”);

And whereas I am the owner of / was duly granted Power of Attorney to take action on account of (\*) \_\_\_\_\_ Union Ordinary Shares par value NIS 0.01 each, numbered \_\_\_\_\_ through \_\_\_\_\_, inclusive (the “**Transferred Shares**”), registered in Union’s shareholder register in the name of \_\_\_\_\_;

An “Acceptance Notice” is hereby granted, as defined in section 9.4.1 to the Specification, and an undertaking to transfer the aforementioned Transferred Shares, i.e.: \_\_\_\_\_ (\*\*) shares based on the attached Share Transfer Deed, all in accordance with the terms of the abovementioned Tender Offer.

The Transferred Shares are held by me / subject to a notarized Power of Attorney (\*) on behalf of \_\_\_\_\_, the shareholder, which was presented to the Offer Coordinator, and a copy whereof, approved by a notary, is attached to this Acceptance Notice.

I hereby warrant and undertake that the Transferred Shares will be clear of any pledge, seizure, debt, charge, or any third-party rights whatsoever, up to and no later than the date of their transfer to the Bank.

Kindly transfer the consideration for the Transferred Shares to bank account no. \_\_\_\_\_ in the name of \_\_\_\_\_ at Bank \_\_\_\_\_ Branch \_\_\_\_\_ no. \_\_\_\_\_ branch \_\_\_\_\_.

In accordance with the provisions of Section 338(c) to the Companies Law, 5759 – 1999 (the “**Companies Law**”), and the Bank’s determination in section 13.6 to the Specification, I am aware that I will not be entitled to the remedy subject to Section 338 to the Companies Law.

**Subject to Section 337(a) to the Companies Law, and subject to section 6.1.2 to the Specification,**

**I hereby announce as follows (mark one of the options) (\*\*\*):**

- The Registered Holder and/or his legal representative (if any was appointed) does not/do not have a personal interest\*\*\*\*\* in accepting the Tender Offer.
- The Registered Holder and/or his legal representative (if any was appointed) has/have a personal interest in accepting the Tender Offer.

For the following reasons:

\_\_\_\_\_  
Attached: (1) Share Transfer Deed on account of the Transferred Shares; (2) Share certificate / certificates / shares no. \_\_\_\_\_; (3) Notarized Power of Attorney (if applicable); (4) Exemption from tax withholding (if applicable).

**I am aware that a precondition for purchasing the Transferred Shares by the Bank and payment of their consideration subject to the Tender Offer is the veracity of my abovementioned declarations.**

<b>Date</b>	<b>Full Name</b>
	<b>(ID no. / Corporation no.)</b>
<b>Address</b>	<b>(Signature / Seal and Signature)</b>

(\*) Eliminate that which is irrelevant;

(\*\*) The maximum number of Shares for which the acceptance notice is granted must be noted, i.e.: the full number of Shares in the aforementioned securities deposit, or a smaller amount, according to the Holder's wishes.

(\*\*\*) Should the shareholder fail to choose one of the options, his acceptance notice will not be counted for the purpose of examining the fulfillment of the precondition related to the existence of a personal interest (so that he will be considered a person who has noted that he has a personal interest in accepting the Tender Offer).

(\*\*\*\*) A personal interest in accepting the Tender Offer, including a personal interest due to cross-holdings as defined and specified in section 6.1.2 to the Specification.

**Annex D – Section 9.4.1 to the Specification**

**Share Transfer Deed by a Registered Holder**

I/we the undersigned \_\_\_\_\_, ID/Company no, \_\_\_\_\_, from the address \_\_\_\_\_ (the “**Transferor**”), hereby transfer to Bank Mizrahi Tefahot Ltd. (the “**Transferee**”) against the sum of NIS \_\_\_\_\_ that will be paid to me / to us by the Transferee, \_\_\_\_\_ Ordinary Shares, par value NIS 0.01 each, of Union Bank of Israel Ltd., numbered from \_\_\_\_\_ through \_\_\_\_\_, inclusive, and they will be held by the Transferee, its legal representatives and transferees, based on the same terms whereby I / we have held them at the time of signing this Deed.

And I, the Transferee, agree to receive the aforementioned shares based on the aforementioned terms.

**In witness whereof, we have signed this document the \_\_\_\_\_ of \_\_\_\_\_, 2020**

\_\_\_\_\_  
**Transferor/s’ signature**

\_\_\_\_\_  
**Transferee’s signature**

\_\_\_\_\_  
**Witness to the Transferor/s’ signature**

**Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

\_\_\_\_\_  
**Witness to the Transferee’s signature**

**Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Annex E – Letter of Consent to include the Company’s auditor**

**Annex F – Actuary’s Letter of Consent**