

# Articles of Association

## Mizrahi Tefahot Bank Ltd.

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- The language of these Articles of Association was approved by the general meeting on March 23, 2000.
- A general meeting of November 3, 2005, resolved to change the name of the Bank from “United Mizrahi Bank Limited” to “Mizrahi Tefahot Bank Ltd.” The validity of the resolution was contingent upon the approval of the Registrar of Companies, according to Section 31 of the Companies Law, 5759-1999. Such approval was received on November 7, 2005.  
The amendment appears in the heading and in Section 2 of the Articles of Association.
- A general meeting of May 14, 2006, resolved as follows:
  - a. To increase the Bank’s authorized capital by NIS 10,000,000 to be divided into 100,000,000 ordinary shares of the Bank of par value NIS 0.1 each, such that after approval of the increase of the authorized capital as aforesaid, the Bank’s authorized capital shall be par value NIS 40,000,000, divided into 400,000,000 ordinary shares of par value NIS 0.1 each. This amendment appears in Section 11 of the Articles of Association; and
  - b. Following the enactment of the Companies Law (Amendment No. 3), 5765-2005, to amend the following articles of the Bank’s Articles of Association: 1.1 (definition of “Shareholder”), 14.1.2, 56, 59, 86, 100, 106, 107, 123, 124, 141, 143, 144, 145 and 177, and all as specified in Annex A of the immediate report released by the Bank on April 3, 2006, Ref. No.: 2006-01-0353076.
- A general meeting of November 9, 2011, resolved to amend the following articles of the Bank’s Articles of Association regarding Indemnification and Insurance: 1, 142 through 145 and 146A, following the enactment of the Improvement of Enforcement Proceedings in the ISA Law (Legislative Amendments), 5771-2011, including the indirect amendment to the Companies Law, 5759-1999 and all as specified in Section 1.1 and in Annex A of the immediate report released by the Bank on October 3, 2011 (Ref. No.: 2011-01-290787).
- A general meeting of September 20, 2012, resolved as follows:
  - a. To amend the following articles of the Bank’s Articles of Association regarding Indemnification and Insurance: 1, and 142 through 145, following, *inter alia*, the enactment of the Increase of Enforcement in the Capital Market Law (Legislation), 5771-2011 and the Restrictive Trade Practices Law (Amendment No. 13), 5772-2012, which amended the Restrictive Trade Practices Law, 5748-1988, and all as specified in

Section 1.5 and in Annex B of the immediate report released by the Bank on August 15, 2012 (Ref. No.: 2012-01-211839).

- b. And, to further amend the following articles of the Bank’s Articles of Association: 1 (in addition to the amendments specified in subsection a. above), 48, 88, 90, 91, 92A, 95, 98A through 99.4B., 108, 109, 116 and 122. The said amendments derived, *inter alia*, from the provisions of the Banking Law (Legislative Amendments) 5772-2012, from the Proper Conduct of Banking Business Directives, regarding the Board of Directors, issued by the Supervisor of Banks and from amendments made to the Companies Law, 5759-1999, and all as specified in Section 1.7 and in Annex B of the immediate report released by the Bank on August 15, 2012 (Ref No.: 2012-01-211839).
- A general meeting of March 8, 2016, resolved as follows:
    - a. To add a definition of the terms “Control” and “Controlling Shareholder”, in Article 1.1 of the Bank’s Articles of Association.
    - b. To amend Article 141 of the Bank’s Articles of Association, concerning an officer’s exemption from liability.
    - c. To amend *lapsus calami* in Articles 142.5 and 144.5 of the Bank’s Articles of Association.
  - A general meeting of December 28, 2016, resolved as follows:
    - a. To amend Article 59 of the Bank’s Articles of Association, regarding the publication of a notice and announcement on the calling of a general meeting.
    - b. To add Article 183 to the Bank’s Articles of Association, regarding exclusive jurisdiction.
  - A general meeting of April 2, 2019, resolved to amend Articles 55, 89 and 92 to the Bank’s Articles of Association, regarding the appointment of directors (who are not external directors) at the general meeting of the Bank and the duration of their tenure.

A general meeting of October 15, 2020<sup>1</sup>, resolved to amend Articles 142 and 144 to the Bank’s Articles of Association, regarding Insurance and Indemnification.

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<sup>1</sup> The date will be completed after the general meeting approval.

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**Articles of Association of**  
**Mizrahi Tefahot Bank Ltd.**

**Introduction**

1.

1.1 In these Articles of Association, unless the context prescribes otherwise

- |                                   |   |
|-----------------------------------|---|
| <b>“Person” or “Persons”</b>      | - Including a corporation;  |
| <b>“In Writing”</b>               | - In handwriting, print, typewriter, photocopy, telex, facsimile or any other legible form;   |
| <b>“Shareholder”</b>              | - Anyone who is a shareholder, as provided in Article 14 below, on the record date as stated in Section 182 of the Companies Law, if there is a record date for such matter;  |
| <b>“Registered Shareholder”</b>   | - A shareholder registered in the Company’s Shareholders’ Register;   |
| <b>“Unregistered Shareholder”</b> | - A shareholder within the meaning of Section 177(1) of the Law;  |
| <b>The “Company”</b>              | - Mizrahi Tefahot Bank Ltd.   |
| <b>“Independent Director”</b>     | - An external director according to the Companies Law or a director with respect to whom, the following terms are fulfilled, who was appointed or classified as such according to the provisions of Chapter One of Part Six of the Companies Law:<br>(1) He fulfills the qualification conditions |

- for appointment as an external director set forth in Section 240(b) to (f) of the Companies Law, and the audit committee has so confirmed;
- (2) He has not served as a director of the Company for more than nine consecutive years, and for such purpose, an interruption of service for a period not exceeding two years shall not be deemed as interrupting the continuity of the service;
- “External Director according to the Companies Law”** - An external director as defined in the Companies Law;
- “External Director according to the Supervisor’s Directives”** - External director, within the meaning thereof in the Proper Conduct of Banking Business Directives regarding the board of directors, issued by the Supervisor according to the provisions of Section 5(c1) of the Banking Ordinance;
- “External Director”** - An external director according to the Companies Law or an external director according to the Supervisor’s Directives;
- The **“Banking Law (Licensing)”** - The Banking Law (Licensing), 5741-1981;
- The **“Restrictive Trade Practices Law”** - The Restrictive Trade Practices Law, 5748-1988;
- The **“Law” or the “Companies Law”** - The Companies Law, 5759-1999, as shall be worded from time to time and the regulations promulgated thereunder;
- The **“Securities Law”** - The Securities Law, 5728-1968;
- The **“Advice Law”** - The Regulation of the Practice of Investment Advice,

	Investment Marketing and Investment Portfolio Management Law, 5755-1995;
The “ <b>Control of Insurance Law</b> ”	- The Control of Financial Services Law (Insurance), 5741-1981;
The “ <b>Control of Provident Funds Law</b> ”	- The Control of Financial Services Law (Provident Funds), 5765-2005;
The “ <b>Joint Investment Law</b> ”	- The Joint Investment Trust Law, 5754-1994;
The “ <b>Secretary</b> ”	- Whomever is appointed as the Company’s secretary;
The “ <b>Supervisor</b> ”	- The Supervisor of Banks;
The “ <b>Register</b> ” or the “ <b>Shareholders’ Register</b> ”	- The Company’s shareholders’ register, that is required to be maintained in accordance with the Law;
The “ <b>Office</b> ” or the “ <b>Registered Office</b> ”	- The Company’s office, whose address shall be recorded with the registrar, as it shall be from time to time;
The “ <b>Ordinance</b> ” or the “ <b>Companies Ordinance</b> ”	- The Companies Ordinance (New Version), 5743-1983, as it shall be worded from time to time, and the regulations promulgated thereunder;
“ <b>Officer</b> ”	- As defined in the Companies Law;
“ <b>Incompetent</b> ”	- Within the meaning thereof in the Legal Capacity and Guardianship Law, 5722-1962, a minor under the age of 18 and an undischarged bankrupt person;
The “ <b>Banking Ordinance</b> ”	- The Banking Ordinance, 1941;
“ <b>Super Majority</b> ”	- A majority of seventy five percent of all of the votes of the shareholders present at a general

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|--|---|
| <b>“Simple Majority”</b>                                   | meeting or class meeting, as the case may be, who are entitled to vote and have voted therein, excluding the abstaining votes;<br>- A simple majority of all of the votes of the shareholders present at a general meeting or class meeting, as the case may be, who are entitled to vote and have voted therein, excluding the abstaining votes; |
| <b>“Control” or “Controlling Shareholder”</b>              | - Within the meaning of the term “Control” in the Securities Law;   |
| <b>“Year” or “Month”</b>                                   | - According to the Gregorian Calendar;  |
| <b>“Corporation”</b>                                       | - A company, partnership, cooperative society, non-profit organization and any other body corporate, whether incorporated or unincorporated;  |
| <b>A “Banking Corporation without a Controlling Block”</b> | - Within the meaning thereof in Section 11B(c) of the Banking Ordinance;  |
| <b>These “Articles” or the “Articles of Association”</b>   | - The Articles of Association drafted herein, as modified from time to time;  |
- 1.2 Any expression in these Articles of Association not defined in this article above shall have the meaning ascribed thereto in the Companies Law, unless it conflicts with the subject matter or content of the text; words in the singular shall incorporate the plural, and vice versa, words in the masculine gender shall also incorporate the feminine gender.
- 1.3 The headings in these Articles of Association are intended for convenience purposes only and shall not be used for the interpretation hereof.
- 1.4 Any determination in these Articles of Association, whereby its provisions shall apply subject to the provisions of the Ordinance or the Companies Law or any other law, the reference is to the particular provisions of the Ordinance or the Companies Law or any other law, which cannot be conditioned upon or altered, unless the context prescribes otherwise.
- 1.5 The other provisions of the Companies Law, ie those that can be conditioned upon and altered, shall apply to the Company, unless

determined otherwise herein and insofar as there is no conflict between them and the provisions of these Articles of Association .

### **Name of Company**

2. The name of the Company is as follows:
  - 2.1 In Hebrew – Bank Mizrahi Tefahot Be'am. (בנק מזרחי טפחות בע"מ)
  - 2.2 In English – Mizrahi Tefahot Bank Ltd.

### **Limitation of Liability**

3. The Shareholders' liability is limited, as specified in the Company's Memorandum of Association.

### **Objectives of the Company**

4. The objectives of the Company are as specified in the Company's Memorandum of Association.

### **Donations**

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

### **Business**

6. The Company may, at any time, engage in any field or type of business which is explicitly permitted or implied to be permitted in accordance with Article 4 above. The Company may also cease to engage in such business, whether or not it has commenced engaging in such field or type of business;

### **Registered Office**

7. The Company's Registered Office shall be in Tel Aviv, at such address as the Board shall determine, as shall change from time to time.

### **The Articles of Association**

8. The Company may modify these Articles by a resolution adopted at the general meeting by a Simple Majority.
9. A resolution adopted by the general meeting with the majority required to modify these Articles of Association, as stated in Article 8 above, modifying any of the provisions hereof, shall be deemed as a resolution modifying these Articles of Association, even if not so explicitly stated in the resolution.



10. Subject to the provisions of the Companies Law, modification to these Articles of Association shall be in force from the adoption date of the resolution by the Company or at a later date determined in the resolution.

### **Authorized Capital**

11. The Company's authorized capital is NIS 40,000,000 divided into 400,000,000 ordinary shares of par value NIS 0.1 each. The Company may modify the authorized capital in accordance with the provisions of the Companies Law and these Articles of Association.

### **The Shares**

12. Each ordinary share in the Company's capital shall have equal rights, for all intents and purposes, to any other ordinary share, including the right to a dividend, stock dividend and participation in the distribution of the Company's surplus assets upon winding up, pro rata to the par value of each share, regardless of any premium paid thereon, and all subject to the provisions of these Articles of Association.
13. Each one of the ordinary shares entitles the holder thereof, the right to participate in the Company's general meeting and to one vote.

14.

14.1

14.1.1 A Shareholder of the Company is anyone registered as a Shareholder in the Shareholders' Register, in whose favor a share is registered with a stock exchange member, which share is included among the shares recorded in the Company's Shareholders' Register in the name of a nominee company, and anyone who holds a share deed issued by the Company, as provided in Article 36 below.

14.1.2

- a. A Shareholder who is a trustee shall report the same to the Company, and the Company shall record him in the Shareholders' Register, while stating his trusteeship, and he shall be deemed as a Shareholder for purposes of the Companies Law. Without derogating from the aforesaid, the Company shall recognize the trustee, as aforesaid, as a Shareholder, for all intents and purposes, and shall not recognize any other Person, including the beneficiary, as holding any right in the share.
- b. The provisions of Article 14.1.2.a. above shall not apply to a shareholder within the meaning thereof in Section 177(1) of the Companies Law, unless he has a duty to report pursuant to any other provisions of law.

- 14.2 Without derogating from the aforesaid and subject to the provisions herein, other than the Company's Shareholders, as provided in Article 14.1 above, no Person shall be recognized by the Company as holding any right to a share and the Company shall not be bound by and shall not recognize any benefit at equity or by trust relations or any proper, future or partial right in any share or any benefit in a fraction of a share or any other right regarding a share, other than the right of a Shareholder as provided in Article 14.1 above, to an entire share, and all unless a competent court instructs otherwise.

### **Share Certificates**

15. The certificates attesting to a proprietary right in shares shall bear the Company's stamp and the signatures of two directors, or of one director together with the Company's Chief Executive Officer or Secretary. The Board may resolve that the signatures be executed in a mechanical form of some sort, as determined by the Board.
16. Unless the terms of the share issuance prescribe otherwise:
- 16.1 Each Registered Shareholder is entitled to receive from the Company, at his request, free of charge, within a period of two months after the allotment or registration of the transfer, as the case may, one certificate attesting to his entitlement to the shares registered in his name. The Company shall not refuse the demand of a Registered Shareholder to receive several certificates instead of one certificate, unless the demand is unreasonable, in the opinion of the Board. A Shareholder who sold or transferred some of his shares, shall be entitled to receive, free of charge, a certificate in respect of his remaining shares.
- 16.2 A nominee company is entitled to receive from the Company, at its request, free of charge, within a period of two months after the allotment or registration of the transfer, a certificate attesting to the number and class of shares registered in its name in the Shareholders' Register.
17. Subject to the provisions of the Companies Law, each certificate shall specify the number of shares for which it was issued, their par value and their serial numbers.
18. A certificate relating to a share registered in the name of two or more Persons shall be delivered to the Person named first in the Shareholders' Register with respect to that same share, unless all of the registered holders of that share instruct the Company in Writing to deliver it to another registered holder.
19. If a share certificate is destroyed, damaged, lost or impaired, the Board may issue a new certificate to replace it, provided that the share certificate is furnished to the Company and destroyed by it, or it is proven to the Board's satisfaction that the certificate was lost or destroyed and the Company receives guarantees, to the Board's satisfaction, for any possible damage.

### **Payments for Shares**

20. Any and all shares in the Company's issued capital shall be shares that were paid for in full.

### **Forfeiture of Shares**

21. Without derogating from the provisions of Article 20 above, the Board may forfeit a share allotted by the Company and sell it, if the consideration undertaken by the Shareholder, in whole or in part, was not paid to the Company, and the provisions of the Companies Law shall apply for such purpose.

### **Transfer and Endorsement of Shares**

22. Any transfer of shares registered in the Shareholders' Register in the name of a Registered Shareholder, including a transfer by or to the nominee company, shall be made in writing, as specified in Article 23 below, provided that the letter of transfer is signed by hand only, by the transferor and the transferee, or on their behalf, and will be delivered to the Registered Office or any other place determined by the Board for such purpose. Subject to the provisions of the Companies Law, a transfer of shares shall not be registered in the Shareholders' Register until a letter of transfer has been provided to the Company as aforesaid; the transferor shall continue to be deemed the holder of the transferred shares until the transferee's registration as the holder of the transferred shares in the Shareholders' Register.
23. A letter of transfer of share shall be made in writing, in the following form or in a form similar thereto, or in another form to be approved by the Board:

"I \_\_\_\_\_, of \_\_\_\_\_, I.D. No. \_\_\_\_\_ (the "Transferor") transfer to Mr. \_\_\_\_\_, I.D. No. \_\_\_\_\_ of \_\_\_\_\_ (the "Transferee") in consideration for the sum of NIS \_\_\_\_\_ he paid me, the shares of \_\_\_\_\_ class, of par value NIS \_\_\_\_\_ each marked by numbers from \_\_\_\_\_ to \_\_\_\_\_ (inclusive) of \_\_\_\_\_ Ltd., and they shall be held by the Transferee according to the terms and conditions by which I held the shares at the time of signing of this letter, and I, the Transferee agree to accept the above shares according to such terms and conditions.

In witness whereof, we have hereunto set our hands on the \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Signature of Transferor

\_\_\_\_\_  
Signature of Transferee

\_\_\_\_\_  
Witness to signature of Transferor

\_\_\_\_\_  
Witness to signature of Transferee

24. The Company may close the Shareholders' Register for a period of time to be determined by the Board, provided that it does not exceed, in total, thirty days

each year. A transfer of shares shall not be recorded in the Register whilst it is closed.

25. Subject to the provisions of these Articles of Association or the conditions of a certain class of shares, the shares may be transferred without requiring the Board's approval.
26. Each letter of transfer shall be submitted to the Office or any other place determined by the Board for registration, together with the share certificates that are poised to be transferred and any other proof required by the Board regarding the Transferor's proprietary right or his right to transfer the shares. The Company shall keep the letters of transfer to be registered, but any letter of transfer which the Board refuses to register shall be returned to the person who submitted it, upon his request.
27. If the Board refuses to approve a transfer of shares, it shall notify the Transferor thereof no later than one month from the date of receipt of the letter of transfer.
28. Each letter of transfer shall relate to one class of shares only, unless the Board determines otherwise.
29. The Company shall be entitled to collect payment for the registration of the transfer, in the amount determined by the Board, from time to time, which shall be reasonable considering the circumstances of the case.
30. Subject to the provisions of the Companies Law and these Articles of Association, if it is proven to the Company, to the Board's satisfaction and by methods determined thereby, that the legal conditions for the endorsement of the right to shares recorded in the Register have been fulfilled, the Company shall recognize the endorsee, and none other, as the holder of the right to said shares.
31.
  - 31.1 Subject to the provisions of these Articles of Association, the Company shall change the registration of ownership of the shares in the Shareholders' Register if a court order was delivered to the Company for amending the Register or if it was proven to the Company, to the Board's satisfaction and in ways determined thereby, that the legal conditions for the endorsement of the right to the shares were fulfilled and the Company shall not recognize any right of a Person to shares before his right has been proven as aforesaid.
  - 31.2 Without derogating from the aforesaid, the Board may refuse or delay the registration, as it would have been entitled to do had the registered holder transferred the share himself prior to the endorsement of the right.
32. Subject to the provisions of the Companies Law and the provisions of these Articles of Association, a Person who becomes entitled to a share as provided in Article 30 above shall be entitled to dividends and other rights due to the share as though he were the registered holder of the share, even if he has not yet been

registered as such; however, prior to being registered as a Shareholder in the Register with respect to the share, he shall not be entitled, by virtue of such share, to benefit from any right of a Shareholder with respect to the Company's meetings.

33. Notwithstanding the aforesaid, the Board may, at any time, demand that the Person entitled to the share as provided in Article 30 above, register himself in the Register or transfer the share to another. In the event that the said requirement is not fulfilled within 60 days from the date of delivery thereof, the Board may withhold dividends and other rights stemming from the share, until the demand is fulfilled. If a demand is made as aforesaid, such shall be deemed as the Board's approval to register the person entitled to the share as the holder thereof in the Company's Shareholders' Register; however, the directors reserve the right to refuse to approve the transfer of the share to another in accordance with the provisions of Article 31.2 above.
34. The Company may destroy letters of share transfers after six years have elapsed from the date of registration in the Register; the Company may also destroy share certificates which were cancelled, after three years have elapsed from the date of cancellation thereof, and there shall be a *prima facie* presumption that any and all letters of transfer and certificates destroyed as aforesaid were fully valid and that the transfers, cancellations and registrations, as the case may be, were duly made.
35. The Board may recognize a waiver of a share allotment by the recipient of the allotment in favor of another, on such terms as it shall determine.

### **Bearer Shares**

36. A share deed issued by the Company grants the bearer the right to the shares included therein; these shares may be transferred by delivering the deed to the transferee and the provisions of these Articles of Association regarding the transfer of shares shall not apply to the shares included in the share deed. The Board may determine, by way of coupons or otherwise, the methods for payment of dividends or granting of other rights due to the shares included in the deed.
37. A Shareholder holding a share deed may return the deed to the Company for the cancellation thereof and the conversion thereof into a registered share. Upon the cancellation, the Shareholder's name shall be recorded in the Shareholders' Register, including the number of shares registered in his name, as required by the Companies Law.
38. A Shareholder holding a share deed may deposit the share deed at the Office or any other place determined therefor by the Board and after 48 hours from the deposit onwards, and so long as the share deed remains deposited as aforesaid, the depositor shall have the right to sign a demand to convene a general meeting of the Company, to participate in any general meeting of the Company, to vote therein and use the other rights granted to a Shareholder at any general meeting that is convened, as though his name was recorded in the Shareholders' Register as the holder of the shares included in the deposited share deed. Only one Person

shall be recognized as the depositor of a specific share deed. The Company shall return the share deed to the depositor within 48 hours from the receipt of a written demand from the depositor to return the share deed.

If the Company is provided with a bank confirmation of the deposit at the bank of a share deed in favor of the Shareholder, stating the name, identity and address of the depositor and the bank's undertaking to notify the Company of the cancellation of the deposit at least 48 hours prior to returning the share deed to the depositor, the share deed shall be deemed, for purposes of this article, as though deposited at the Company's Office from the date of receipt of the confirmation by the Company until the date on which the Company receives notice from the bank regarding the cancellation of the deposit, or until the date on which the Board learns that the deposit has been cancelled, whichever is earlier.

39. Unless specifically determined otherwise in these Articles of Association, a Person holding a share deed may not sign a demand to convene a general meeting of the Company or participate in a general meeting or vote therein and may not exercise other rights of a Shareholder at general meetings of the Company; however, the holder of the share deed shall be a Shareholder of the Company and shall have, in all other respects, any and all rights as though his name was recorded in the Shareholders' Register as the holder of the shares included in the share deed.
40. The Board may, if it deems fit, determine and modify, from time to time, the terms for issuing a new share deed or new voucher instead of a share deed or voucher previously issued by the Company; however, the Board shall not issue a share deed or voucher as aforesaid unless the previous voucher or share deed together with all of the vouchers issued therefor and not yet paid, are given to the Company for cancellation, or it is proven, to the Board's satisfaction, that they have been destroyed or if the Board agrees thereto at its absolute discretion, and the Company is given a guarantee or indemnification letter, to the Board's full satisfaction, to cover any damage that might be incurred as a result thereof.

### **Changes in Capital**

41. The Company may, in a resolution adopted at the general meeting by a Simple Majority, increase the Company's authorized capital, in such classes of shares, as it determines.
42. Subject to the provisions of the Companies Law, the Company may, in a resolution adopted at the general meeting, by a Simple Majority:
  - 42.1 Consolidate its shares, in whole or in part, and divide them into shares of par value greater than the par value of its existing shares;
  - 42.2 Split its shares, in whole or in part, into shares of a par value lower than the par value of its existing shares;
  - 42.3 Reduce the Company's capital.

For the purpose of implementing any resolution as aforesaid, the Board may settle any difficulty arising in connection therewith, at its discretion.

43. Without derogating from the generality of the Board's powers, as aforesaid, if as a result of the consolidation or split as aforesaid, the Shareholders are left with fractions of a share, the Board is entitled, at its discretion, to:
  - 43.1 Allot each Shareholder who has been left with a fraction of a share, as a result of the consolidation or split, shares of the class of shares that existed in the Company's capital prior to the consolidation or split, in such number, whereby consolidation thereof with the fraction would create one whole share, and such an allotment shall be deemed as valid shortly before the consolidation or split, as the case may be;
  - 43.2 Determine the manner in which the amounts due and payable for the shares allotted as provided in Article 43.1 above, shall be paid, including the manner in which amounts may be paid on account of stock dividends;
  - 43.3 Determine that holders of fractions of shares shall not be entitled to receive a whole share for a fraction of a share;
  - 43.4 Determine that Shareholders shall not be entitled to receive a whole share for a fraction of a whole share at a specific par value or lower and shall be entitled to receive a whole share for a fraction of a whole share whose par value is higher than the said par value;
  - 43.5 Determine that fractions of shares which shall not entitle the holders thereof to a consolidated share, shall be sold by the Company and the sale proceeds shall be paid to the Persons entitled thereto, on the terms and in the manner determined in the resolution.
44. The Company may, in a resolution adopted at the general meeting by a Simple Majority, cancel authorized capital not yet allotted, provided that the Company has no undertaking, including a contingent undertaking, to allot the shares.

#### **Change of Rights**

45. Any time in which the share capital is divided into various classes, the Company may, in a resolution adopted by the general meeting in a Super Majority, convert, expand, add to, reduce or otherwise modify the rights of a particular class of the Company's shares, provided that written consent of all of the holders of the shares of such class is received or that the resolution is approved at the general meeting of the holders of the shares of such class by a Super Majority or, where stipulated otherwise in the terms of issue of a specific class of the Company's shares, as stipulated in the terms of issue of such class.
46. The provisions set forth herein regarding general meetings shall apply *mutatis mutandis* to any class meeting, provided that a quorum at a class meeting of at least two Shareholders holding at least one half of the issued shares of such class shall be present, in person or by proxy, at the time of opening of the meeting.

However, if no quorum is constituted as aforesaid, the class meeting shall be adjourned to another time and at the adjourned meeting a quorum shall be formed with any number of participants, regardless of the number of shares held by them.

47. The rights conferred on the Shareholders or the holders of a class of shares issued whether with ordinary, preferred or other special rights shall not be deemed as converted, reduced, impaired or otherwise modified by the creation or issue of additional shares of any class, whether on an equal, different or superior rank thereto, and shall not be deemed as converted, reduced, impaired or otherwise modified by the change of the rights attached to shares of any other class, and all unless expressly provided otherwise in the terms of issue of such shares.

### **The Issue of Shares and Other Securities**

48. The Board may issue or allot shares and other securities either convertible into or exercisable for shares, up to the limit of the Company's authorized capital; for this purpose, convertible securities which are convertible into or exercisable for shares shall be deemed as converted or exercised on the issue date. Without derogating from the generality of the aforesaid, the Board may issue the shares and other securities, as aforesaid, grant optional rights for the purchase thereof including options or otherwise confer the same, and all to such Persons as determined thereby, and at the dates, on prices and terms determined thereby, and determine any other instruction related thereto, including instructions regarding the methods of distribution of the shares and securities to be issued by the Company among the purchasers thereof, including in the case of oversubscription, and all at the Board's discretion.
49. Without derogating from the generality of the aforesaid, and subject to the provisions of the Companies Law and these Articles of Association, the Board may determine that the consideration for the shares shall be paid in cash or by assets in kind, including by way of securities or in any other way, at its discretion, or that the shares shall be allotted as a stock dividend or for a consideration equal to or higher than their par value, whether in units or in series, and all on the terms and dates determined by the Board, at its discretion.
50. The Board may resolve to pay commission or underwriting fees to any Person upon the underwriting or consent to underwrite or the procurement of underwriting or the securing of underwriting for shares or bonds or other securities of the Company. The Board may also resolve that brokerage fees shall be paid in any event of an issue of securities of the Company, in cash, in shares of the Company or in other securities issued by the Company, or in any other method, or partially by one method and partially by another, and all subject to the provisions of any law.

### **Redeemable Securities**



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

### **Additional Shareholders' Register**

52. The Company may conduct an additional shareholders' register outside of Israel under the conditions stipulated for such purpose in the Companies Law.

### **General Meetings**

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

53.1 Modifications to the Company's Articles of Association or its Memorandum of Association;

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

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

53.4 Appointment and dismissal of the Company's directors;

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

53.6 Increase of and reduction in the authorized capital in accordance with the provisions of Sections 286 and 287 of the Companies Law and changes in the capital as provided in Article 42 above;

53.7 Merger as provided in Section 320(a) of the Companies Law;

53.8 Any resolution which, pursuant to these Articles, must be adopted by the general meeting.

54. The Company shall hold an annual general meeting each year by no later than the lapse of fifteen months from the last annual meeting, on the date and place determined by the Board.

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

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

- 55.2 Appointment of an auditor;
- 55.3 Report of the Board on the auditor's fees for the audit and for other services, if any;
- 55.4 Further to the aforesaid, the agenda of the annual meeting may include any other issue determined on the agenda, as provided in Article 58 below.

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

- 56. The Company's Board shall convene a special meeting, at its decision, and upon the demand of any one of the following:
  - 56.1 Two directors;
  - 56.2 One or more Shareholder holding at least five percent of the issued capital and one percent of the voting rights in the Company, or one or more Shareholders holding at least five percent of the voting rights in the Company.

If the Board is required to call a special meeting, as aforesaid, it shall call it within twenty one days from the date on which the demand was made thereto, for the date set in the notice of a special meeting, as provided in Article 59 below, provided that the date of convening shall be no later than thirty five days from the date of publication of the notice, unless determined otherwise regarding a meeting, which is subject to Title G of Chapter Two of Part Three of the Companies Law, and all subject to the provisions of the Companies Law.

- 57. In the event that the Board does not call a special meeting that was required according to Article 56 above, the Person demanding, and in the case of Shareholders – also some of them, holding more than one half of their voting rights, may convene the meeting himself, provided that it shall not be held later than three months from the date of submission of such demand, and it shall be convened, insofar as possible, in the same manner in which meetings are convened by the Board.

- 58.
  - 58.1 The agenda of a general meeting shall be determined by the Board and it shall also include the issues which require the convening of a special meeting according to Article 56 above and an issue required as provided in Article 58.2 below.
  - 58.2 One or more Shareholders holding at least one percent of the voting rights at the general meeting may request from the Board to include an issue on the agenda of a general meeting to be convened in the future, provided that the issue is suitable for discussion at a general meeting.
  - 58.3 A request as stated in Article 58.2 above shall be submitted to the Company in Writing before giving of the notice of the convening of a

general meeting, and the language of the resolution proposed by the Shareholder shall be attached thereto.

59.

59.1 Notice of a general meeting shall be published in at least two Hebrew language daily newspapers of wide circulation, or on the Company's website; the notice shall be published at least fourteen days prior to the convening of the meeting. Notwithstanding the aforesaid, a notice of a general meeting whose agenda includes any of the issues under Section 2(a) of the Companies Regulations (Written Ballot and Position Statements), 5766-2005, shall be published at least 35 days prior to the date of convening of the general meeting.

59.2 Other than a notice of a general meeting as provided in Article 59.1 above, the Company shall not give notice of a general meeting to both Registered and Unregistered Shareholders and to Shareholders holding a share deed.

60.

60.1 Notice of a general meeting shall specify the place, date and time at which the meeting will convene and shall include the agenda, a summary of the proposed resolutions and any other specification required by law.

60.2 In its resolution to convene a meeting, the Board may determine the method of specification of the issues on the meeting's agenda, which shall be sent to the Shareholders entitled to participate in the meeting, and all at the discretion of the Board and subject to the provisions of the Companies Law.

60.3 Without derogating from the powers of the Board as provided in this Article 60 above and without derogating from the generality of the provisions of these Articles of Association regarding the transfer of powers by the Board, the Board may transfer its powers as provided in this Article 60 above to a Board Committee or an Officer of the Company, whether for the purpose of a specific general meeting or for a period of time.

61. A flaw, which was made in good faith, in the convening or conduct of the general meeting, including a flaw deriving from non-compliance with a provision or condition set forth in the law or these Articles of Association, including with respect to the method of convening or conduct of the general meeting, shall not invalidate any resolution adopted by the general meeting and shall not impair discussions held therein, subject to the provisions of any law.

62. The Board may change the place of convening and date of a general meeting, provided that doing so does not prejudice the provisions of these Articles of Association regarding the minimum periods of time which must elapse between the date of the notice and the date of the general meeting, and provided that the

notice of the change, as aforesaid, is given in the same method in which was given the notice of the general meeting whose place or date was changed.

63. No discussion may be commenced at the general meeting unless a quorum is present at the time of opening of the meeting. A quorum shall be constituted upon the presence, in person or by proxy, of two Shareholders holding at least twenty five percent of the voting rights, within one half hour from the time set for the opening of the meeting, unless provided otherwise herein.
64. If no quorum is present at the general meeting one half hour from the time set for the opening of the meeting, the meeting shall be adjourned for one week, to the same day, time and place, without having to notify the Shareholders thereof, or shall be adjourned to a different date if such other date is stated in the notice of the meeting (the “**First Adjourned Meeting**”).
65. At the First Adjourned Meeting, a quorum shall be constituted, upon the presence at the time of opening of the meeting, in person or by proxy, of two Shareholders holding at least fifteen percent of the voting rights, within one half of an hour from the time set for the opening of the Adjourned Meeting. If no such quorum is present at the First Adjourned Meeting one half hour from the time set for its commencement, the meeting shall be adjourned for one week, to the same day, time and place, without having to notify the Shareholders thereof or shall be adjourned to a different date, if such other date is stated in the notice of the original meeting or in the notice of the First Adjourned Meeting, if given (the “**Second Adjourned Meeting**”). At the Second Adjourned Meeting a quorum shall be constituted upon the presence at the time of its opening, in person or by proxy, of any two Shareholders, be their share in the voting rights what it may.
66. Notwithstanding the provisions of Article 65 above, if the general meeting is convened by demand of Shareholders as provided in Article 56.2 above, the Second Adjourned Meeting shall be held only if attended by Shareholders in the number required for the purpose of convening the meeting as provided in Article 56.2 above.
67. The chairman of the Board or any other Person appointed for such purpose by the Board shall preside over every general meeting of the Company. If there is no such chairman, or if he is not present at any meeting within fifteen minutes from the time set for commencement of the meeting or if he refuses to preside over the meeting, the directors present may, by a majority of votes among them, elect a chairman from among them, and if they do not do so – the Shareholders present, in person or by proxy, shall elect one of the directors present, to preside over the meeting. If no director is present or if all of the directors refuse to preside over the meeting, they shall elect one of the Shareholders or proxy of the aforesaid shareholder, to preside over the meeting.
68. The Company shall keep protocols of the proceedings at the general meeting, which shall include the following details:
  - 68.1 The names of the Shareholders participating in the general meeting and the number of shares held by them;

- 68.2 The matters discussed at the general meeting and the resolutions adopted.
69. Protocols signed by the chairman of the meeting shall constitute *prima facie* evidence of the provisions thereof.

### **Voting and Adopting Resolutions at the General Meetings**

70. A Shareholder wishing to vote at the general meeting shall prove to the Company that he owns the share, as required by the Companies Law. Without derogating from the aforesaid, the Board may determine regulations and procedures with respect to proof of ownership of the Company's shares.
71. A Shareholder may vote at a general meeting or at a class meeting in person or by proxy, all in accordance with the provisions herein and subject to the provisions of the Companies Law. A proxy is not required to be a Shareholder of the Company.
72. A proxy may participate in discussions at the general meeting and be elected as chairman of the meeting in the same way as the appointing shareholder would have been entitled, unless stated otherwise in the letter of appointment.
73. Subject to the provisions of any law, in the case of joint holders of a share, each one of them may vote at any meeting, whether in person or by proxy, with respect to such share, as though he were the sole Person entitled thereto. If more than one joint holder of the share attends a meeting, in person or by proxy, the vote shall be made by the Person named first in the Shareholders' Register with respect to the share, or in the confirmation by the stock exchange member of his ownership of the share (the "**Confirmation of Ownership**") or in another document determined by the Board for such purpose, as the case may be.
74. An Incompetent Shareholder may vote through his guardians or another Person appointed by the court, and any guardian or other person as aforesaid may vote through a proxy.
75. The document appointing a proxy (the "**Letter of Appointment**") and the power of attorney by virtue of which the Letter of Appointment was signed (if any), or a suitable copy thereof, to the Board's satisfaction, shall be deposited at the Registered Office or at any other place or places, in or out of Israel – as determined by the Board from time to time, in general or in relation to a specific case – at least forty eight hours prior to the commencement of the meeting at which the proxy intends to vote based on such Letter of Appointment. Notwithstanding the aforesaid, the chairman of the meeting may, at his discretion, accept a Letter of Appointment and a power of attorney, as aforesaid, also after the said time if, at his discretion, he deems it fit. If the Letter of Appointment and power of attorney are not received as provided in this article above, they shall not be valid at such meeting.

The Letter of Appointment shall be made in Writing and signed by the appointor or by the person duly authorized therefor in Writing, and by a witness to his signature, if so required by the Board. If the appointor is a Corporation, the

Letter of Appointment shall be made in Writing and signed in the manner binding the Corporation. The Board may demand that the Company be given written confirmation, to the Board's satisfaction, regarding the signatories' authority to bind the Corporation.

76.

76.1 A Letter of Appointment appointing a proxy for voting, shall be made in the following language, or, insofar as possible, in a form similar thereto:

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

In witness whereof, I have hereunto set my hand on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Signature"

\* State the number of shares.

\*\* State the class of shares.

76.2 The Letter of Appointment shall state the class and number of shares for which it is given. If the Letter of Appointment does not state the number of shares for which it is given, or states a number of shares higher than the number of shares registered in the name of the Shareholder or specified in the Confirmation of Ownership, as the case may be, the Letter of Appointment shall be deemed to have been given for all of the Shareholder's shares.

76.3 If the Letter of Appointment is given in respect of a number of shares lower than the number of shares registered in the Shareholder's name or specified in the Confirmation of Ownership, as the case may be, the Shareholder shall be deemed as though he refrained from being present at the vote for the balance of his shares and the Letter of Appointment shall be valid for the number of shares stated therein.

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

77.1 Each Letter of Appointment shall state the class and number of shares for which it is given;

- 77.2 If the overall number of shares of any class specified in the Letters of Appointment given by one Shareholder exceeds the number of shares of such class registered in his name or specified in the Confirmation of Ownership, as the case may be, all of the Letters of Appointment given by such Shareholder shall be void.
78. A Shareholder or proxy may vote by virtue of some of the shares held by him or for which he serves as proxy and he may vote some of the shares one way and some of the shares another way.
79. A vote given by virtue of a Letter of Appointment shall be valid even if there is a defect in the Letter of Appointment and even if prior to the vote the appointor passed away or becomes Incompetent or the Letter of Appointment is revoked or the share for which the Letter of Appointment was given is transferred, unless written notice is received at the Office prior to the meeting regarding the defect, death, incompetency, revocation or transfer, as the case may be.
80. A Letter of Appointment shall also be valid in respect of any adjourned meeting of the meeting to which the Letter of Appointment relates, unless otherwise stated in the Letter of Appointment.
81. A Shareholder shall not be entitled to participate in or vote at any general meeting, himself or by proxy, other than by virtue of the shares with regard to which their full consideration was paid to the Company.
82. Each one of the ordinary shares entitles the owner thereof to the right to participate in the Company's general meeting and to one vote.
83. A resolution put to the vote at a general meeting shall be settled by a count of votes; the vote by a count of votes shall be carried out in the manner determined therefor by the chairman of the meeting.
- In the event of disputes as to whether to accept or disqualify any vote, the chairman of the meeting shall determine the matter, and his decision, made in good faith, shall be final and conclusive.
84. The chairman's declaration that a resolution at the general meeting has been adopted or denied, whether unanimously or by any majority, shall constitute *prima facie* evidence thereof, and there shall be no need to prove the number (or proportion) of the votes cast for or against the proposed resolution.
85. Subject to the provisions of the Companies Law or these Articles of Association regarding a different majority, the resolutions of the general meeting shall be adopted by a Simple Majority.
86. The chairman of a general meeting may, with the consent of a meeting at which a quorum is present, adjourn the meeting or adjourn the discussion or the adoption of a resolution on a specific issue on the agenda to another date and place determined by the meeting; the chairman of the general meeting shall be required to do so at the demand of the meeting; no issue shall be discussed at an adjourned meeting other than an issue that was on the agenda and on which no

resolution was adopted at the meeting from which the adjournment was decided upon.

### **The Board of Directors**

87. The number of directors shall be no less than seven and no more than fifteen, including the External Directors.
88. A director is not required to be a Shareholder of the Company.
- 89.
- 89.1 The directors shall be appointed at the annual meeting, and their term of office, other than the External Directors, shall be until the conclusion of the third annual meeting held after the annual meeting in which their appointment was approved.
- 89.2 Notwithstanding the aforesaid, if no directors who were candidates for reappointment at any annual meeting (the “**Meeting for Appointment of Directors**”) are appointed, with immediate effect (i.e. the commencement of office of the said directors, who were appointed at the Meeting for Appointment of Directors, is contingent upon a certain condition which has yet to be fulfilled), said directors shall continue in office until the end of the third annual meeting held after the Meeting for Appointment of Directors, unless their term of office is terminated earlier, by law.
- 89.3 Directors whose terms of office ended may be reappointed.
90. Other than someone who served as a director until the date of the annual meeting, a director shall not be appointed at the annual meeting unless the Board recommended his appointment, or if he, or a Shareholder of the Company seeking to nominate him, has submitted to the Office, by no later than fourteen days from the date of publication of the notice calling for the meeting, within the meaning thereof in Article 92A.1 below, a written document announcing his candidacy for office or of the intention of such shareholder to nominate him.
91. [**Cancelled**]
92. The Company may, at a special meeting, appoint an additional director or directors to the Company, whether to fill the office which has been vacated for any reason or as an additional director or directors, provided that the number of directors shall not exceed the maximum number determined in Article 87 above. Directors appointed as aforesaid, other than the External Directors, shall end their office at the end of the third annual meeting held after the special meeting at which their appointment was approved.
- 92A. The following provisions shall apply regarding the appointment of directors, their office and termination of office:
- 92A.1 No general meeting shall be called whose agenda includes the appointment or termination of office of directors, unless the Company



has published advance notice thereof in the method by which the notice of the general meeting is published, at least 21 days prior to publication of the notice of the general meeting, and the advance notice is also delivered at the same time to the Supervisor;

- 92A.2 The Board may not appoint directors to the Company, and may not nominate candidates for the office of a director to the Committee for the Appointment of Directors in Banking Corporations appointed in accordance with Section 36A of the Banking (Licensing) Law;
  - 92A.3 Notwithstanding the provisions of Article 92A.2 above, the Board may appoint directors to the Company, if a place becomes vacant on the Board after the previous annual meeting, or with the Supervisor's approval, provided that the term of office of a director appointed as aforesaid shall terminate no later than by the next annual meeting;
  - 92A.4 Voting at the general meeting on the appointment of directors and termination of their office shall take place separately for each candidate for office or for each director, as the case may be;
  - 92A.5 The general meeting's resolutions on the appointment of a director or termination of his office shall be adopted by a Simple Majority; abstaining votes shall not be taken into account in the count of participating votes;
  - 92A.6 If the number of candidates for office as directors, gaining a majority of the participating votes at the general meeting, exceeds the number of vacant positions for office as aforesaid, the candidates who gained the highest number of supporting votes at the general meeting, shall be elected.
- 93. The general meeting or the Board may determine that the office of a director appointed thereby, as the case may be, shall commence on a date later than his appointment.
  - 94. Notwithstanding all of the aforesaid, the general meeting may at any time, in a resolution adopted by a Simple Majority, at a special meeting, remove any director from his office, other than an External Director, before the end of his term of office, provided that the director is given a reasonable opportunity to voice his position before the general meeting.
  - 95. Without prejudice to the provisions of any law, the office of a director, other than an External Director, shall expire prior to the end of the term for which he was appointed, in any of the following instances:
    - 95.1 He passes away or is declared Incompetent by a competent court;
    - 95.2 He is declared bankrupt;
    - 95.3 He is convicted in a final judgment of an offense as provided in Section 232 of the Companies Law;

- 95.4 A competent court ordered the expiration of his office, as provided in Section 233 of the Companies Law;
  - 95.5 He resigns by giving notice, as provided in Article 97 below;
  - 95.6 He is removed from office by the general meeting, as provided in Article 94 above;
  - 95.7 The Board resolves to terminate his office, as provided in Section 231 of the Companies Law;
  - 95.8 The Administrative Enforcement Committee decides to impose enforcement measures on him prohibiting him from serving as a director, in accordance with Section 232A of the Companies Law;
  - 95.9 He no longer meets a condition required by the Companies Law, for his office as a director, or he fulfills grounds for expiration of office as a director.
96. If the office of a director becomes vacant, the Board may continue to act in any matter so long as the number of directors does not fall below the minimum number of directors stipulated in Article 87 above. If the number of directors falls below such number, the Board shall not be entitled to act other than to convene a general meeting for the purpose of appointing additional directors, but for no other purpose.
97. A director may resign upon giving notice to the Board, the chairman of the Board or the Company, as required by the Companies Law, and the resignation shall enter into force on the date the notice is given, unless the notice specifies a later date. The director shall give reasons for his resignation.
98. Subject to the provisions of the Companies Law, the following provisions shall apply to the directors:
- 98.1 The Company may pay directors remuneration for the fulfillment of their office as directors;
  - 98.2 The Company may reimburse directors for reasonable expenses for travel, board and lodging and other expenses associated with their participation in the Board meetings and the performance of their position as directors;
  - 98.3 The Company may pay additional fees to a director who has been asked to provide the Company with special services or to make special efforts for the Company, including foreign travel or stay.
- 98A. Notwithstanding any other provision in these Articles of Association, if the Company becomes a Banking Corporation without a Controlling Block, the provisions of Sections 11D and 11E of the Banking Ordinance shall apply with respect thereto.

### **External Directors**

99. There shall be at least two External Directors according to the Companies Law, as well as External Directors according to the Supervisor's Directives in accordance with the Proper Conduct of Banking Business Directives given by the Supervisor, regarding a board of directors.
- 99A. An External Director according to the Companies Law, shall be subject to the provisions of the Companies Law in such regard.
- 99B.
- 99B.1. The provisions of Sections 239(d), 241, 244, 245(a), 245(a3), 245(b), 246, 247 and 249 of the Companies Law shall apply to an External Director according to the Supervisor's Directives.
- 99B.2. The following provisions shall apply to External Directors according to the Supervisor's Directives, holding office in the Company on September 20, 2012:
- (a) The office of an External Director according to the Supervisor's Directives shall terminate upon the lapse of three years from the day on which he was first appointed as an External Director according to the Supervisor's Directives, and if more than three years have elapsed since he was first appointed, as aforesaid, his office shall terminate upon the lapse of three years from the date on which his first three years of office have ended.
  - (b) The Company may appoint a director, as provided in Sub-article 99B.2.(a) above for additional terms of office of three years each, provided that the total term of office in the Company of each director as aforesaid shall not exceed nine consecutive years.
- 99B.3. Notwithstanding the provisions of Section 245(b) of the Companies Law
- 
- (a) The Supervisor may terminate the office of an External Director according to the Supervisor's Directives, in accordance with Section 11A(e) of the Banking Ordinance;
  - (b) The Supervisor may approve termination of office of an External Director according to the Supervisor's Directives, other than in accordance with the provisions of Section 245(b) of the Companies Law; in such case, the Company may, in a resolution of a Simple Majority, at a special meeting, terminate the said director's office, provided that the director is given a reasonable opportunity to voice his position before the general meeting.

### **The Powers and Duties of the Board**

100. The Board shall have the authorities and powers granted thereto by these Articles of Association, the Companies Law and any other law. Without derogating from the provisions of these Articles of Association, the Board shall

set out the Company's policy and supervise the performance of the CEO's duties and acts, including—

- 100.1 Shall determine the Company's operating plans, principles for the financing thereof and the order of priority among them;
- 100.2 Shall examine the Company's financial position, and determine the credit facility that the Company may take;
- 100.3 Shall determine the organizational structure and the remuneration policy;
- 100.4 May resolve to issue a series of Bonds;
- 100.5 Shall be responsible for the preparation of the financial statements and approval thereof, as provided in Section 171 of the Companies Law;
- 100.6 Shall report to the annual meeting on the state of the Company's affairs and on the business results, as provided in Section 173 of the Companies Law;
- 100.7 Shall appoint and dismiss the CEO;
- 100.8 Shall decide on acts and transactions requiring its approval pursuant to these Articles of Association or according to the provisions of Sections 255 and 268 through 275 of the Companies Law;
- 100.9 May allot shares and securities convertible into shares up to the limit of the Company's authorized share capital;
- 100.10 May decide on the distribution of a dividend or distribution of stock dividends;
- 100.11 May decide on an acquisition, within the meaning of such term in Section 1 of the Companies Law, from all or some of the Company's Shareholders, or any one of them, at the Board's discretion and on such terms to be determined thereby;
- 100.12 Shall give its opinion on a special tender offer, as provided in Section 329 of the Companies Law;
- 100.13 Shall determine the minimum required number of directors on the Board, who must have accounting and financial expertise within the meaning of such term in Section 240 of the Companies Law.

The Board's powers pursuant to this article may not be delegated to the CEO other than as specified in Section 288(b)(2) of the Companies Law.

101. Any power of the Company which is not conferred by law or these Articles of Association on another organ, may be exercised by the Board.

102.

- 102.1 The Board may resolve, whether by a specific resolution or as part of the Board's procedures, that powers granted to the CEO shall be transferred thereto, including any such power, the exercise of which by the Board, is required according to the Bank of Israel's directives, and all with respect to a specific matter, or for a specific period of time.
- 102.2 Without derogating from the aforesaid, the Board may instruct the CEO how to act in a specific matter. If the CEO does not comply with the instruction, the Board may exercise the power required to implement the instruction in his stead;
- 102.3 If the CEO is unable to exercise his powers, the Board may exercise them in his stead.
103. Subject to the provisions of the Companies Law, the Board may delegate any of its powers to the CEO, an Officer of the Company or another Person. The Board's power may be delegated for a specific matter or for a specific period of time, and all at the Board's discretion.

#### **Receiving Credit and Granting Guarantees and Collateral**

104. Without derogating from any power given to the Board pursuant to these Articles of Association, the Board may, from time to time, at its discretion, decide on:
- 104.1 The receipt of credit by the Company in any amount and securing the repayment thereof, in such manner as it deems fit;
- 104.2 The grant of collateral to secure credit as provided in Article 104.1 above, of any kind whatsoever;
- 104.3 The issuance of a series of bonds, including capital notes or letters of undertaking, including bonds, capital notes or letters of undertaking that are convertible or exercisable into shares, and determine the terms thereof, and to collateralize its property in whole or in part, whether in the present or in the future, by way of a floating or fixed charge. Bonds, capital notes, letters of undertaking or other collateral, as aforesaid, may be issued either at a discount, a premium or otherwise, whether with deferred rights, special rights, privileges or other rights, and all as determined by the Board, at its discretion.
105. The provisions of Article 104 above, do not preclude the power of the CEO or whoever he has authorized therefor, to decide on the receipt of credit by the Company, within the limits of the credit facility determined by the Board.

#### **Board Committees**

- 106.
- 106.1 Subject to the provisions of the Companies Law, the Board may, as it deems fit, establish committees, appoint members thereto from among the members of the Board (a "**Board Committee**") and delegate its

powers, in whole or in part, to a Board Committee. For the avoidance of doubt, anyone who is not a member of the Board shall not be a member of a Board Committee to which the Board has delegated powers.

Notwithstanding the aforesaid, the Board is not entitled to delegate its powers to a Board Committee on the following matters:

- 106.1.1 Determining the general policy of the Company;
- 106.1.2 Distribution, other than in the case of a purchase of the Company's shares in accordance with a framework set out in advance by the Board;
- 106.1.3 Determining the Board's position on a matter requiring the approval of the general meeting or providing an opinion on the advantageousness of a special tender offer, as provided in Section 329 of the Companies Law;
- 106.1.4 Appointment of directors;
- 106.1.5 An issue or allotment of shares or securities convertible into or exercisable for shares, or of a series of bonds, other than as specified in Section 288(b) of the Companies Law;
- 106.1.6 Approval of financial statements;
- 106.1.7 Board approval of transactions and acts requiring the approval of the Board according to the provisions of Sections 255 and 268 through 275 of the Companies Law.

106.2 The Board may establish committees also on issues referred to in Sub-articles 106.1.1 to 106.1.7 above, for recommendation only.

107. A resolution adopted or an act carried out by a Board Committee, in accordance with any of the Board's powers delegated thereto, shall be deemed as a resolution adopted or an act carried out by the Board, unless expressly provided otherwise by the Board with regard to a specific matter or committee. The Board may from time to time expand, decrease or nullify a delegation of powers to a Board Committee; however, no such decrease or nullification of powers shall impair the validity of a resolution of a committee on which the Company acted vis-à-vis another person, who was unaware of the nullification thereof.

108.

108.1 The provisions included herein regarding the acts of the Board, shall apply *mutatis mutandis* also to the Board Committees, so long as they are not replaced by instructions given by the Board on this matter, and all subject to the provisions of the Companies Law.

108.2 A Board Committee shall report to the Board on a regular basis regarding its resolutions or recommendations.

Resolutions or recommendations of a Board Committee which require the approval of the Board shall be brought to the directors' knowledge a reasonable time prior to the discussion at the Board.

109.

109.1 The Board shall appoint an audit committee from among its members. The number of members of the audit committee shall be no less than three, all of the External Directors according to the Companies Law shall be members thereof and the majority of its members shall be Independent Directors.

The following shall not be members of the audit committee: the chairman of the Board and any director employed by the Company or its controlling shareholder or by a corporation under the control of the controlling shareholder as aforesaid, a director who regularly provides services to the Company, its controlling shareholder or a corporation under the control of the controlling shareholder as aforesaid, a director whose main livelihood depends on the controlling shareholder, and the Company's controlling shareholder or his relative.

109.2 The audit committee's functions shall be as determined in the Companies Law, including any other function imposed thereon by the Board.

#### **The Acts of the Board**

110. Subject to the provisions of these Articles of Association, the Board may convene in order to perform its functions and adjourn its meetings and regulate its acts and discussions as it deems fit.
111. The Board shall appoint one of its members to serve as chairman of the Board, and it may remove him from his office and appoint another in his stead. The Board may also appoint one of its members to serve as acting chairman of the Board, who shall serve as his stand-in in his absence.
112. The chairman of the Board shall chair and conduct the Board's meetings. If the chairman of the Board is absent from a Board meeting, in accordance with a prior notice given by him, or does not appear at the Board meeting within 15 minutes from the time set therefor ("**Absence**"), the meeting shall be presided over by the acting chairman of the Board, if elected. In the Absence of both the chairman of the Board and the acting chairman from the meeting, the members of the Board present shall elect one of them to preside over the meeting.
113. The Board shall convene its meetings according to the Company's needs.
114. The chairman of the Board may convene the Board at any time, and determine the place and time for the Board's meeting.
115. Without derogating from the aforesaid, the chairman of the Board shall be required to convene the Board upon the occurrence of any one of the following:

- 115.1 Receipt of a demand to convene the Board by one or more directors, to discuss a matter to be specified in his demand;
- 115.2 Receipt of a notice or report from the CEO which requires action by the Board;
- 115.3 Receipt of a notice from the auditor on material deficiencies in the Company's accounting audit.

Upon the receipt of a notice or report as aforesaid, the chairman of the Board shall convene the Board, with no delay, and by no later than the lapse of 14 days from the date of the demand, notice or report, as the case may be.

116.

- 116.1 Prior notice on the convening of the Board shall be given to all of the Board members, a reasonable time prior to the date of the meeting.
- 116.2 Notwithstanding the aforesaid, in urgent cases, the Board may, with the consent of a majority of the directors, convene a meeting without notice.

117. The agenda of the Board meetings shall be determined by the chairman of the Board and it shall include:

- 117.1 Issues determined by the chairman of the Board;
- 117.2 Issues determined as provided in Article 115 above;
- 117.3 Any issue which a director or the CEO request the chairman of the Board to include on the agenda, a reasonable time prior to the convening of the Board meeting.

(the "**Agenda**")

118. The notice of the Board meeting shall state the date and place of the meeting and reasonable details on the issues to be discussed at the meeting, according to the Agenda.

119. A notice of the Board meeting shall be sent to the address of the director provided to the Company in advance, unless the director has requested that the notice be delivered to him elsewhere.

120. The quorum for opening a Board meeting shall be a majority of the Board members holding office on the date of the meeting.

121.

- 121.1 Each director shall have one vote at a vote held by the Board. Resolutions of the Board shall be adopted by a majority of votes of the directors present at the meeting and voting therein, without taking into



account abstaining votes. The chairman of the Board shall have no additional or casting vote.

- 121.2 In the event of a tie, the proposed resolution which was voted upon by the Board members shall be deemed voted down.
122. Subject to the provisions of the law, the Board may hold meetings through use of any means of communication, provided that all of the directors participating are able to hear one another simultaneously. The Board may arrange the method and ways of conducting a meeting through means of communication.
123. Without derogating from the provisions of Article 122:
- 123.1 The Board may adopt resolutions even without actually convening, provided that all of the directors entitled to participate in the discussion and vote on a matter presented for resolution, have agreed not to convene for a discussion on that matter. The provisions of Article 121 above shall apply to such resolution, *mutatis mutandis*, as the case may be.
- 123.2 If resolutions are adopted in accordance with Sub-article 123.1 above, protocols of the resolutions shall be drawn up, including the decision not to convene, and shall be signed by the chairman of the Board.
- 123.3 The provisions of Article 124 shall apply, *mutatis mutandis*, to a resolution adopted in accordance with Sub-article 123.1.
- 123.4 The chairman of the Board shall be responsible for the implementation of this Article 123.

### **Protocols**

124. The Board shall ensure that protocols are taken of the proceedings at the Board meetings; the protocols shall be recorded in books prepared for such purpose and shall include, *inter alia*, the following details:
- 124.1 The names of the directors participating and the others present at any Board meeting;
- 124.2 The matters discussed at the Board meetings and the resolutions adopted.

Any and all protocols shall be approved and signed by the director who presides over such meeting, other than protocols pursuant to Article 123 above, that shall be approved and signed by the chairman of the Board; Protocols approved and signed as aforesaid shall constitute *prima facie* evidence of the provisions thereof.

125. The provisions of Article 124 above shall also apply to meetings of any Board Committee.

### **The Chief Executive Officer**

126. The Board may, from time to time, appoint a Chief Executive Officer for the Company (the “CEO”) and it may dismiss or replace him at any time it deems fit, subject to the provisions of any contract between him and the Company.
127. The CEO is not required to be a director or Shareholder of the Company.
128. The CEO is responsible for the ongoing management of the Company’s affairs, within the framework of the policy determined by the Board and subject to its direction.
129. The CEO shall have any and all executive and managerial powers not conferred by or pursuant to these Articles of Association or the law on another organ of the Company, other than powers as aforesaid to be transferred from him to the Board, in accordance with the provisions of Article 102.1 above, if transferred; the CEO shall be subject to the supervision of the Board.
130. Subject to the provisions of the Companies Law and these Articles of Association, the Board may, from time to time, give and grant the CEO powers held by the Board according to these Articles of Association, as it deems fit, and it may grant any such powers for such period and purposes, on such terms and with such limitations as the Board deems fit, and the Board may grant such powers, either without waiving its powers in the matter or instead or in lieu thereof, in whole or in part, and it may from time to time nullify, revoke and modify such powers, in whole or in part.
131. The CEO may, with the Board’s approval, delegate any of his powers to another or others who report to him; such approval may be given either generally or for a specific matter, either on a specific decision or within the framework of the Board’s procedures.
132. Without derogating from the provisions of the Companies Law and any other law, the CEO shall submit reports to the Board on such matters, at such times and of such scope as the Board determines, either in a specific decision or within the framework of the Board’s procedures.
133. The CEO’s remuneration may be paid in the form of a salary or fees or participation in profits or by the grant of securities or a right to purchase the same, or otherwise.

#### **Validity of Actions and Approval of Transactions**

134. Any and all acts carried out by the Board or by a Board Committee or by any Person acting as a director or as a member of a Board Committee or by the CEO, as the case may be – shall be valid, notwithstanding a subsequent discovery of any defect in the appointment of the Board, the Board Committee, the director who is the committee member or the CEO, as applicable, or that any of the said Officers were not qualified to serve in their position.
135.
  - 135.1 Subject to the provisions of the Companies Law, the holding of shares in the Company and an Officer of the Company being an interested party

or an Officer in any other Corporation, including a Corporation in which the Company is an interested party or which is a Shareholder of the Company, shall not disqualify the Officer from being an Officer of the Company. In addition, an Officer shall not be disqualified from being an Officer of the Company due to his engagement or the engagement of any Corporation as aforesaid, in a contract with the Company on any matter whatsoever and howsoever.

- 135.2 Subject to the provisions of the Companies Law, the fact that a Person is an Officer of the Company shall not disqualify him or his relative or another Corporation in which he is an interested party, from engaging with the Company in transactions in which the Officer has any personal interest.
- 135.3 Subject to the provisions of the Companies Law, an Officer may participate in and vote at discussions regarding the approval of transactions or acts in which he has a personal interest.
136. Subject to the provisions of the Companies Law, a transaction of the Company with an Officer therein or a transaction of the Company with another Person in which an Officer of the Company has a personal interest, which are not irregular transactions, shall be approved in the following manner:
- 136.1 Subject to the provisions of the Companies Law, a general notice given to the Board by an Officer regarding his office or function in certain entities or regarding him being a provider of services to entities as aforesaid shall constitute disclosure by the Officer to the Company regarding his personal interest deriving from the aforesaid, for the purpose of any engagement as aforesaid in a transaction that is not irregular.
- 136.2 Engagement as aforesaid in a transaction that is not irregular shall be approved by the Board or by the audit committee or by another entity authorized therefor by the Board, either by a specific resolution, or within the framework of the Board's procedures, or by a general authorization, whether authorization for a specific type of transaction or authorization for a specific transaction.
- 136.3 Approval of transactions which are not irregular, as aforesaid, may be carried out by granting a general approval for a specific type of transaction or by approving a specific transaction.

#### **Signing on behalf of the Company**

137. Subject to the provisions of the Companies Law and these Articles of Association, the Board may authorize any Person to act and sign on behalf of the Company, whether alone or together with another Person, whether in general or for specific matters.
138. Subject to the provisions of the Companies Law and these Articles of Association, the CEO may authorize any of the Company's employees as the

authorized signatories, who are authorized to bind the Company by their signature.

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

### **The Appointment of Representatives**

140. Subject to the provisions of the Companies Law, the Board may at any time empower any person to be the Company's representative for such purposes, with such powers and discretion, for such period and subject to such terms as the Board deems fit. The Board may grant such person, *inter alia*, the power to transfer to another, in whole or in part, the powers, authorities and discretion given thereto.

### **Exemption, Indemnification and Insurance**

141. Subject to the provisions of the Companies Law, the Company may exempt an Officer thereof from his liability, in whole or in part, for damage due to a breach of the duty of care thereto. Notwithstanding the foregoing, the Company may not exempt a director, in advance, from his liability thereto due to a breach of the duty of care in a distribution.

The aforesaid exemption shall not apply to damage incurred by the Company due to a breach of the duty of care of an Officer of the Company, as aforesaid, that took place after December 23, 2015, upon adopting a resolution or approving a transaction in which the Controlling Shareholder of the Company or any Officer of the Company (including another Officer of the Company who is not the Officer who was granted with the exemption according to this Article 141 above), has a personal interest.

142. Subject to the provisions of the Companies Law, or any other law, the Company may enter into a contract to insure the liability of an Officer thereof, including an Officer within the meaning thereof in Sub-articles 142.5 through 142.9 below, as the case may be, for liability imposed on him due to an act carried out by him in his capacity as an Officer as aforesaid, in any one of the following cases:

142.1 A breach of the duty of care to the Company or to another Person;

142.2 A breach of a fiduciary duty to the Company, provided that the Officer acted in good faith and had reasonable cause to assume that the act would not harm the Company;

142.3 A financial liability imposed on him in favor of another Person;

142.4 A financial liability imposed on an officer, for payment to a party harmed by a breach, as provided in Section 52-54(a)(1)(a) of the

Securities Law or due to payment to a party harmed by a breach pursuant to the said section, in accordance with the provisions of the Advice Law;

- 142.5 A financial liability imposed on an officer, as defined in the Joint Investment Law, for payment to a party harmed by a breach according to Section 52-54(a)(1)(a) of the Securities Law, in accordance with the provisions of the Joint Investment Law.
- 142.6 A financial liability imposed on an officer, as defined in the Control of Insurance Law, for payment to a party harmed by a breach, as provided in Section 92U of the Control of Insurance Law;
- 142.7 A financial liability imposed on an officer, as defined in the Control of Provident Funds Law, for payment to a party harmed by a breach, in accordance with Section 92U of the Control of Insurance Law, in accordance with the provisions of the Control of Provident Funds Law;
- 142.8 A financial liability imposed on an officer, for payment to a party harmed by a breach or payment of a similar type, pursuant to another law, which is not stated in Sub-articles 142.4 through 142.7 above (the “**Other Law**”), provided that the engagement in an insurance contract as aforesaid is not prohibited by law; for this purpose, “**officer**” – as defined in the Other Law;
- 142.9 Expenses incurred by an officer, including an officer as defined in Sub-articles 142.5 through 142.8 above, as well as an officer within the meaning thereof in the Restrictive Trade Practices Law, in connection with an Administrative Proceeding, as defined in Sub-articles 142.9.1 through 142.9.7 below, conducted in his case, including a proceeding as provided in Sub-article 142.9.8 below, provided that the entrance into an insurance contract as aforesaid is not prohibited by law, including reasonable litigation expenses, including legal fees, in connection with the said proceedings.

In these Articles of Association, an “**Administrative Proceeding**” –

- 142.9.1 A proceeding pursuant to Chapter H3 (entitled Imposition of a Financial Penalty by the ISA), Chapter H4 (entitled Imposition of Administrative Enforcement Measures by the Administrative Enforcement Committee) or Chapter I1 (entitled Contingent Arrangement to Refrain from Institution of Proceedings or for the Termination of Proceedings) of the Securities Law, as amended from time to time; and
- 142.9.2 A proceeding pursuant to Chapter G1 (entitled Imposition of Financial Penalty by the ISA), Chapter G2 (entitled Imposition of Administrative Enforcement Measures by the Administrative Enforcement Committee) or Chapter H1 (entitled Contingent Arrangement to Refrain from Institution of Proceedings or for the Termination of Proceedings) of the Advice Law, as amended from time to time; and

- 142.9.3 A proceeding pursuant to Chapter J (entitled Imposition of Financial Penalty by the ISA), Chapter J1 (entitled Imposition of Administrative Enforcement Measures by the Administrative Enforcement Committee) or Chapter K1 (entitled Contingent Arrangement to Refrain from Institution of Proceedings or for the Termination of Proceedings) of the Joint Investment Law, as amended from time to time; and
  - 142.9.4 A proceeding in connection with the imposition of a financial penalty, pursuant to Chapter I1 (entitled Financial Penalty) of the Control of Insurance Law, as amended from time to time; and
  - 142.9.5 A proceeding in connection with the imposition of a financial penalty, pursuant to Chapter E (entitled Financial Penalty) of the Control of Provident Funds Law, as amended from time to time; and
  - 142.9.6 A proceeding pursuant to Chapter G1 (entitled Financial Penalty) of the Restrictive Trade Practices Law, as amended from time to time; and
  - 142.9.7 A proceeding in connection with the imposition of a financial penalty, pursuant to Title D of Chapter Four of Part Nine of the Companies Law, as amended from time to time; and
  - 142.9.8 A proceeding pursuant to any Other Law, which is not mentioned in Sub-articles 142.9.1 through 142.9.7 above, provided that the engagement in an insurance contract as aforesaid is not prohibited by law.
- 142.10 Any other event for which it is or shall be permitted to insure the liability of an Officer.
143. Subject to the provisions of the Companies Law or any Other Law –
- 143.1 The Company is entitled to provide an advance undertaking for indemnification (“**Indemnity Undertaking**”) of an Officer therein in any one of the following –:
    - 143.1.1 Due to a liability or expense as specified in Article 144.1 below, imposed on him following an act carried out in his capacity as an Officer therein, provided that the Indemnity Undertaking is limited to events which, in the Board’s opinion, are foreseen in view of the actual activities of the Company, at the time the Indemnity Undertaking was granted, and to such amount or criteria as the Board has determined to be reasonable under the circumstances and that the Indemnity Undertaking states the events, which in the opinion of the Board, are foreseen in view of the actual activities of the Company at the time the Indemnity Undertaking was granted

and at such amount or criteria as the Board has determined to be reasonable under the circumstances of the case.

143.1.2 Due to a liability or expense as specified in Sub-articles 144.2 through 144.10 below.

143.2 Without derogating from the provisions of Article 143.1 above, the Company may retroactively indemnify an Officer therein, due to a liability or expense as specified in Article 144 below, imposed on him following an act carried out in his capacity as an Officer of the Company.

143.3 An Indemnity Undertaking or retroactive indemnification, as provided in Article 143 above, due to a liability or expense as provided in Sub-articles 144.5 through 144.9 below, may also be granted to an Officer, within the meaning thereof in the said sub-articles, as the case may be.

144. An Indemnity Undertaking or retroactive indemnification, as provided in Article 143 above, may be given due to a liability or expense as specified in Sub-articles 144.1 through 144.10 below, imposed on the Officer, including an Officer within the meaning thereof in Sub-articles 144.5 through 144.9 below, as the case may be, following an act carried out in his capacity as an Officer of the Company, as follows:

144.1 A financial liability imposed on him in favor of another Person pursuant to a judgment, including a judgment handed down as part of a settlement or an arbitration award approved by a court;

144.2 Reasonable litigation expenses, including legal fees, incurred by an Officer due to an investigation or proceeding conducted against him by an authority competent to conduct an investigation or proceeding, and which concluded without a criminal indictment being filed against him and without a financial liability being imposed on him in lieu of a criminal proceeding, or which concluded without a criminal indictment being filed against him but with a financial liability being imposed on him in lieu of a criminal proceeding in an offense that does not require proof of criminal intent (“Mens Rea”), or in connection with a financial penalty; in this sub-article – conclusion of a proceeding without a criminal indictment being filed in a matter in which a criminal investigation has been launched – shall mean the closing of the case according to Section 62 of the Criminal Procedure Law [Consolidated Version] 5742-1982 (in this sub-article – “**Criminal Procedure Law**”), or the stay of proceedings by the Attorney General in accordance with Section 231 of the Criminal Procedure Law.

“**Financial liability in lieu of a criminal proceeding**” – a financial liability that was imposed by law in lieu of a substitute for a criminal proceeding, including an administrative fine pursuant to the Administrative Offenses Law, 5746-1985, a fine for an offense that has been determined as a finable offense pursuant to the provisions of the Criminal Procedure Law, a financial penalty or sanction;

- 144.3 Reasonable litigation expenses, including legal fees, incurred by the Officer or charged therefor by a court in a proceeding filed against him by the Company or on its behalf or by another Person, or in a criminal indictment of which he is acquitted, or in a criminal indictment in which he was convicted of an offense that does not require proof of criminal intent;
- 144.4 A financial liability imposed on an officer, for payment to a party harmed by a breach, as provided in Section 52-54(a)(1)(a) of the Securities Law or for payment to a party harmed by a breach pursuant to the said section, in accordance with the provisions of the Advice Law;
- 144.5 A financial liability imposed on an officer, as defined in the Joint Investment Law, for payment to a party harmed by a breach, according to Section 52-54(a)(1)(a) of the Securities Law in accordance with the provisions of the Joint Investment Law;
- 144.6 A financial liability imposed on an officer, as defined in the Control of Insurance Law, for payment to a party harmed by a breach, in accordance with Section 92U of the Control of Insurance Law;
- 144.7 A financial liability imposed on an officer, as defined in the Control of Provident Funds Law, for payment to a party harmed by a breach, pursuant to Section 92U of the Control of Insurance Law, in accordance with the provisions of the Control of Provident Funds Law;
- 144.8 A financial liability imposed on an officer, due to payment to a party impaired by a breach or payment of a similar kind, according to another law, which is not mentioned in Sub-articles 144.4 through 144.7 above (the “**Other Law**”), provided that such indemnification is not prohibited by law; for this purpose – “**officer**” – as defined in the Other Law;
- 144.9 Expenses incurred by an Officer, including an officer as defined in Sub-articles 144.5 through 144.8 above, and an officer within the meaning thereof in the Restrictive Trade Practices Law, in connection with an Administrative Proceeding as defined in Sub-articles 142.9.1 through 142.9.7 above, conducted in his case, including a proceeding as stated in Sub-article 142.9.8 above, provided that such indemnification is not prohibited by law, including reasonable litigation expenses, including legal fees in connection with the said proceedings;
- 144.10 Any other liability or expense for which it is or shall be permitted to indemnify an Officer.
145. Subject to the provisions of the Companies Law or any Other Law –
- 145.1 The Company may give an undertaking to a person who holds or has held office on behalf of the Company or at its request, as a director in another company which the Company controls, or to an employee of the Company, including to an Officer of the Company who is not a director thereof, who holds or held office on behalf of the Company or at its



request as a director in another company in which the Company holds shares, directly or indirectly (“**Director in the Other Company**”) to indemnify him for a liability or expense as specified in Article 144 above, imposed on him for an act he carried out in his capacity as a Director in the Other Company, and all in accordance with the provisions of Sub-article 143.1 above, *mutatis mutandis*.

- 145.2 Without derogating from the provisions of Article 145.1 above, the Company may retroactively indemnify a Director in the Other Company, due to a liability or expense as specified in Article 144 above, imposed on him due to an act carried out in his capacity as a Director in the Other Company.
- 145.3 In addition to the aforesaid, the Company may give an Indemnity Undertaking or retroactive indemnification to an Officer of a company controlled by the Company, as specified in Article 144 above, in accordance with the provisions of Article 143 above, as well as to an officer within the meaning thereof in Sub-articles 144.5 through 144.9 above, in a company controlled by the Company, as specified in the said sub-articles, as applicable.
146. The provisions of these Articles of Association shall not limit the Company in any way, with respect to its entrance into an insurance contract or with respect to the granting of an exemption or indemnification:
- 146.1 In connection with anyone who is not an Officer of the Company or a Director in the Other Company, including, but without derogating from the generality of the aforesaid, employees, contractors or consultants;
- 146.2 In connection with an Officer of the Company or a Director in the Other Company, insofar as the insurance, exemption or indemnification are not prohibited pursuant to any law.
- 146A.
- 146A.1 Subject to the provisions of Article 146A.2. below –
- 146A.1.1. The maximum indemnity amount to be paid by the Company (in addition to amounts received under insurance policies, whether paid to the Company or a Held Company thereof, as defined below, or whether paid to an Officer or employee), in the aggregate, to all of the Officers or employees of the Company or of Held Companies thereof, according to all of the indemnification undertakings under the letters of indemnification given to them thereby, shall not exceed 25% (twenty five percent) of the Company’s equity, according to its latest financial statements released shortly before the date of actual payment of the indemnification amount (the “**Maximum Indemnity Amount**”).

- 146A.1.2. Notwithstanding the provisions of Article 146A.1.1 above, if the Total Indemnity Amount is higher than the Maximum Indemnity Amount, the maximum amount paid by the Company, in the aggregate, to all of those entitled to indemnification, as provided in Article 146A.1.1 above, shall not exceed the Total Indemnity Amount. However, the Difference Amount shall only be used for the purpose of indemnification for acts carried out prior to November 9, 2011, on which the Company's general meeting approved an amendment to these Articles of Association.

For this purpose: the "**Total Indemnity Amount**", shall mean 25% (twenty five percent) of the Company's equity, according to its financial statements for 2000 being adjusted, from time to time, to the rate of increase in the Consumer Price Index (the "**Index**"), compared with the Index for December 2000, which was published in January 2001;

The "**Difference Amount**" means the difference between the Total Indemnity Amount and the Maximum Indemnity Amount.

"**Held Company**" means another company, in which the Company directly or indirectly holds any percentage of shares.

- 146A.2 The provisions of Article 146A.1 above shall apply to any Indemnity Undertaking given by the Company after the entry into force of the Companies Law (i.e. after February 1, 2000) other than an Indemnity Undertaking approved by the Company's general meeting of April 18, 2000 and other than Undertakings for Indemnification given by Tefahot Israel Mortgage Bank Ltd. or companies under its control or by Adanim Mortgage Bank Ltd., which were merged into the Company and in this context the Company assumed the said undertakings.

### **Dividends, Funds and Capitalization of Funds and Profits**

147. The Board may, prior to deciding on the distribution of a dividend, as provided in Article 150 below, set aside any amounts from the profits, as it deems fit, to a general fund or reserve fund for any requirements or purposes, as determined by the Board at its discretion.
148. Until said funds are used, the Board may invest the amounts set aside as aforesaid and the funds' monies in any investment whatsoever, as it deems fit, and attend to, change or otherwise use these investments, and it may divide the reserve fund into special funds and use any fund or part thereof for the

Company's business, without keeping it separate from the other assets of the Company, all at the Board's discretion and on such terms determined thereby.

149. Subject to the provisions of any law, the Board may, from time to time, revalue the Company's assets and property, in whole or in part, and if the new value exceeds the value determined in the Company's last balance sheet preceding the valuation – the Board may credit the difference, in whole or in part, to a revaluation fund.
150. Subject to the provisions of the Companies Law, the Board may adopt a resolution to distribute a dividend. The Board resolving to distribute a dividend may resolve that the dividend shall be paid, in whole or in part, in cash or by way of a distribution in kind, including in securities or in any other manner, at the Board's discretion.

151.

151.1

(a) Subject to the provisions of the Companies Law, the Board may resolve to allot stock dividends and to convert part of the Company's profits, within the meaning thereof in Section 302(b) of the Companies Law, into share capital, from premium on shares or from any other source included in its equity, as provided in its last financial statements, in an amount to be determined by the Board, which shall be no less than the par value of the stock dividends.

(b) Stock dividends allotted according to this article shall be deemed paid for in full.

151.2 The Board resolving to allot stock dividends may decide that the Company transfer to a special fund designated for the distribution of stock dividends in the future, such amount which conversion into share capital shall suffice to allot to any person who at such time for any reason, holds a right to purchase shares in the Company (including a right which may only be exercised at a later date), stock dividends which would have been due to him had he exercised the right to purchase the shares prior to the record date for the right to receive the stock dividends (in this article – the “**Record Date**”). If after the Record Date the said rightholder exercises his right to purchase the shares or part thereof, the Company shall allot to him stock dividends of such par value as would have been due to him had he exercised the right to purchase the shares he actually purchased prior to the Record Date, by converting an appropriate part of the said special fund into share capital.

The stock dividends shall entitle the holders thereof to participate in the distribution of the dividends in cash or stock dividends commencing from such date as shall be determined by the Board. With regard to the determination of the amount to be transferred to the said special fund, any amount transferred to such fund for previous distributions of stock dividends shall be deemed as having already being capitalized and as

though shares entitling the holders of the right to purchase shares to stock dividends, had already been allotted therefrom.

152. Subject to the rights attached to the classes of the shares issued by the Company and the provisions of these Articles of Association, dividends or stock dividends shall be distributed to the Shareholders pro rata to the par value of each share, without taking into account any premium paid thereon.
153. For the purpose of implementing a resolution regarding the distribution of a dividend or an allotment of stock dividends, the Board may:
  - 153.1 Settle any difficulty arising in connection therewith as it deems fit and take any and all steps it deems fit to overcome such difficulty;
  - 153.2 Resolve that fractions or fractions in an amount lower than a specific amount to be determined by the Board, shall not be taken into account for the purpose of adjusting the right of the Shareholders or to sell fractions of shares and pay the consideration (net) to the persons entitled thereto;
  - 153.3 Authorize the signing on behalf of the Shareholders, of any contract or other document required to give effect to an allotment or distribution and in particular to authorize the signing and filing for registration, of a written document as provided in Section 291 of the Companies Law.
  - 153.4 Make any other arrangement which in the Board's opinion is required in order to enable the allotment.
154. Dividends or other benefits for shares shall not bear interest.
155. Without derogating from the provisions hereof, the Board may withhold any dividend or stock dividend or other benefit deriving from a share, in the event that the consideration set for it, in whole or in part, was not paid to the Company, and may collect any such amount or proceeds received from the sale of any stock dividend or other benefit, on account of the debts or liabilities for the said share.
156. The Board is entitled, but is not obligated, as it deems fit and beneficial, to appoint trustees or nominees for the holders of share deeds who for such period, as determined by the Board, have not contacted the Company to receive dividends, shares or other securities or benefits, and for those Registered Shareholders who did not fulfill their duty to notify the Company of a change in their address and who have not contacted the Company to receive dividends, shares, other securities or benefits during the aforesaid period. Such nominees or trustees shall be appointed in order to realize, collect or receive dividends, shares, other securities or benefits, or to subscribe for unissued shares that are offered to the Shareholders, but shall not be entitled to transfer the original shares in respect of which they were appointed, nor vote pursuant thereto. In the conditions of any trust or nominee appointment, the Company shall stipulate that upon the first demand of the Shareholder in respect of which the trustees or nominees hold office, the trustees or nominees shall be required to return to such

Shareholder the said share or all of the rights held by them for him, as the case may be. Any act and arrangement made by such nominees or trustees and any agreement between the Board and such nominees or trustees shall be valid and bind all of the relevant parties.

157. The Board may, from time to time, determine the method of payment of dividends or allotment of the stock dividends or their transfer to those entitled thereto, and may determine provisions, procedures and arrangements in connection thereto, with respect to the Registered Shareholders, the Unregistered Shareholders and the Shareholders holding a share deed. Without derogating from the generality of the aforesaid, the Board may determine as follows:

157.1

- (a) Subject to the provisions of Sub-article (b) below, dividends or monies distributed to Registered Shareholders shall be paid to a Registered Shareholder by sending a check in the mail to his address as recorded in the Shareholders' Register. Any sending of a check as aforesaid shall be carried out at the risk of the Registered Shareholder.

Without derogating from the aforesaid, the Board may determine that a dividend amount which is lower than a certain amount to be determined by the Board shall not be sent by check as aforesaid, and the provisions of Sub-article (b) below shall apply in respect thereof.

- (b) The Board may determine that the payment of dividends or monies distributed to Registered Shareholders shall be made at the Office or any other place determined by the Board.

157.2 A dividend distributed to Unregistered Shareholders shall be transferred to the said Shareholders through the nominee company or in any other way determined by the Board.

158. In such cases where the Board determines the payment of a dividend, the allotment of shares or securities or the grant of a right to subscribe for securities which have not yet been issued and are offered to Shareholders, against the delivery of an appropriate voucher which is attached to any share deed, such payment, allotment or grant of a right of subscription against an appropriate voucher to the holder of the voucher, shall constitute a debt discharge for the Company regarding such act vis-à-vis any Person claiming a right to such payment, allotment or grant of right of subscription, as the case may be.
159. If two or more Persons are recorded in the Register as the joint holders of a share, each one of them may give a valid receipt for any dividend, share or other security or other monies or benefits due in respect of the share, and the check or payment order may be made out to the order of one of them and the check may be sent by registered mail to his address as recorded in the Register.

### **Company Documents**

- 160.
- 160.1 The Shareholders shall have a right to inspect the Company's documents specified in Section 184 of the Companies Law, upon the fulfillment of the conditions determined therefor.
- 160.2 Without derogating from the provisions of Article 160.1 above, the Board may, at its discretion, resolve to grant a right to inspect the Company's documents, or any part thereof, including to all or any of the Shareholders, as it deems fit.
- 160.3 The Shareholders shall have no right to inspect the Company's documents or any part thereof unless they are granted a right as aforesaid by act of legislation or these Articles of Association or if they are so authorized by the Board, as provided in Article 160.2 above.
161. Subject to the provisions of any law, any book or register which the Company is required to keep by law or according to these Articles of Association, shall be kept by technical, mechanical or other means, as the Board shall resolve.

### **The Auditor**

162. An auditor shall be appointed at every annual meeting, and shall hold office until the end of the following annual meeting.
- 163.
- 163.1 Upon an auditor being appointed for the Company as provided in Article 162 above, the Board shall determine his remuneration for the audit, at the Board's discretion.
- 163.2 The auditor's remuneration for additional services to the Company which are not part of the audit shall be determined by the Board, at its discretion.
164. An auditor may be present at any general meeting of the Company and express his opinion on any matter related to his position as the Company's auditor.
165. Subject to the provisions of the Companies Law, any act carried out by the Company's auditor shall be valid vis-à-vis any Person dealing with the Company in good faith, notwithstanding any defect in the auditor's appointment or qualification.

### **Notices**

166. The giving of notices or the delivery of documents to Shareholders and to the nominee company according to the provisions of the Law or these Articles of Association shall be made in one of the methods stated in this chapter below.
167. Notice of a general meeting shall be published as provided in Article 59 above.

168.

168.1 Without derogating from the aforesaid, the Company may deliver a notice or document to a Shareholder, by hand delivery, or by facsimile, or by postage or by e-mail; postage shall be made according to the Shareholder's address as recorded in the Register, or if there is no such registered address, according to the address provided by him to the Company for the purpose of delivery of notices to him. A notice given by facsimile transmission, shall be sent to the Shareholder according to the facsimile number provided by him to the Company. A notice delivered by e-mail, shall be sent to the Shareholder according to the e-mail address provided by him to the Company.

168.2

- (a) A notice or document personally delivered to a Shareholder shall be deemed to have been delivered on the date of delivery to him.
- (b) A notice or document sent by post shall be deemed to have been duly delivered if handed over for dispatch at a post office bearing the correct address and duly stamped. Delivery shall be deemed to have taken place at the time the letter would have ordinarily been delivered by the postal service and no later than two days from the date on which the letter containing the notice as aforesaid was handed over at the post office.
- (c) A notice sent by facsimile or e-mail shall be deemed as delivered twenty-four hours after the dispatch thereof.

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

170. The Company may give notice of the delivery of a document at the Office or at any other place determined by the Board or in any other manner, including over the Internet.

171. The Company may deliver a notice or document to joint holders of a share, by sending the same to the Shareholder named first in the Shareholders' Register with respect to such share.

172. The delivery of a notice or document to any family member residing with the person for whom it is intended shall be deemed as delivery to such Person.

173. Any document or notice delivered to a Shareholder of the Company in accordance with the provisions of these Articles of Association shall be deemed as duly delivered notwithstanding the death, bankruptcy or winding up of such Shareholder or the endorsement of the right to the shares by law (whether or not

the Company was aware thereof), so long as nobody else is recorded as the holder of the shares in his stead, and dispatch or delivery as aforesaid shall be deemed, for all intents and purposes, as sufficient with respect to any Person interested in such shares or entitled thereto by virtue of the endorsement of the right, by law, whether together with such Shareholder or on his behalf or in his stead.

174. Subject to the provisions of any law, a Shareholder, director or any other Person who is entitled to receive notice pursuant to these Articles of Association or pursuant to the Law, may waive the receipt thereof, in advance or retroactively, for a particular case or in general, and having done so, the notice shall be deemed as duly given, and any proceeding or act for which the notice was required to have been given shall be deemed effective and valid.
175. Written confirmation signed by a director or by the Company's Secretary regarding the dispatch of a document or the giving of notice in any of the methods specified herein shall be deemed as conclusive proof of any detail included therein.
176. Whenever prior notice of several days or notice which is valid for a specific period, is required to be given, the date of delivery shall be taken into account in the count of the days or period, unless determined otherwise. If notice is given in more than one of the methods specified above, it shall be deemed to have been received on the earliest date on which it is deemed to be delivered, as provided above.

### Merger

177. The majority required for a resolution by a general meeting on a merger as provided in Chapter One, Part Eight of the Companies Law insofar as such merger requires the approval of the general meeting or a class meeting by law, is a Simple Majority.

### Re-organization

178. Subject to the provisions of any law, in any event that the Company wishes to sell its enterprise, in whole or in part (the "**Enterprise**") to another company (the "**Other Company**"), the Board or the liquidators – if the Company is in liquidation – may, with the approval of the Company's general meeting, in a resolution adopted by a Super Majority, receive in consideration for the Enterprise shares which have been fully or partially paid-up or other securities or collateral of the Other Company, whether the Other Company exists at such time or is incorporated for the purpose of purchasing the Enterprise as aforesaid, and the Board or the liquidators – in the event of liquidation – may, subject to the provisions of any law, distribute among the Shareholders (or deposit for them with trustees) such shares, securities or collateral or any other property of the Company without disposition thereof.

### Capitalization



179. Subject to the provisions of any law, if the Enterprise is transferred in whole or in part to the Oanother Company as provided in Article 178 above, the Company may, with the approval of the Company’s general meeting, by a Super Majority, distribute or allocate the shares, securities, collateral, cash, benefits or other property of the Company in a manner different to that in which they would have been required to be distributed or allocated in accordance with the precise legal rights of the Company’s Shareholders. However, where shares of the Company, in whole or in part, are bearer shares or shares listed for trade on a stock exchange, the distribution or allocation shall be carried out in accordance with the legal rights of the Shareholders, as precisely as possible.
180. In order to implement the provisions of Articles 178 and 179 above, the general meeting may, in a resolution adopted by a Super Majority, instruct that the shares, other securities, collateral, benefits and other property of the Company be evaluated in such manner and price as the Company shall decide.

### Winding Up

181. Without derogating from the liquidator’s authority under Section 334 of the Ordinance and subject to the rights attached to the classes of shares issued in the Company, if the Company is wound up, voluntarily or otherwise, the Company’s assets after payment of all of its liabilities, shall be distributed among the Shareholders pro rata to the par value of their shares regardless of any premium paid thereon.
182. For purposes of Article 181 above, anyone who submitted an application for shares and the shares were not yet been allotted to him, shall be deemed to have been allotted, prior to the winding up, the shares included in his application, paid up in the amount paid on account of the par value of such shares.

Subject to the provisions of any law, the liquidator may, according to a resolution of the general meeting adopted by a Super Majority, distribute in kind the surplus assets in whole or in part, between the Shareholders, and the liquidator may, according to a resolution of the general meeting adopted by a Super Majority, deposit any part of the surplus assets with trustees who shall hold them in trust in favor of the Shareholders, as the liquidator deems fit. For the purpose of distributing the surplus assets in kind, the liquidator may determine the proper value of the assets available for distribution and decide how the distribution between the Shareholders shall take place, considering the rights attached to the various classes of shares in the Company held by them.

### Exclusive Jurisdiction

- 183.
- 183.1 In this Article 183, the following expressions shall have the meaning ascribed next to them:

The “ <b>Held Corporation</b> ”:	A corporation held by the Company, whether incorporated under the laws of the State of
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	Israel or incorporated under the laws of a foreign country.
A <b>“Derivative Claim”</b> :	As the term is defined in the Companies Law, including any other legal proceeding of similar principles, including applications to approve submission thereof and other related applications.
<b>“Class Action”</b> :	As the term is defined in the Class Action Law, 5766-2006, including any other legal proceeding of similar principles, including applications to approve submission thereof and other related applications.
<b>“Other Claim”</b> :	A claim which is neither a Derivative Claim nor a Class Action.
The <b>“Respondents and/or the Defendants”</b> :	The Company and/or the Held Corporation and/or shareholders, officers, employees, auditors, legal advisors, including proxies, consultants and other service providers of the Company and/or the Held Corporation.
<b>“Cause of Action”</b> :	A claim relating to an act and/or omission and/or action of the Respondents and/or the Defendants (directly or indirectly) associated with the manner of management of the Company and/or the Held Corporation and/or the breach of a duty imposed by virtue of and in accordance with the provisions of any law on the Officers, employees or shareholders of the Company or of a corporation held by the Company and/or the breach of duty imposed on consultants, service providers or proxies of the Company or of a

corporation held by the  
Company, whose domicile is in  
Israel.

183.2 The competent courts in Israel and none other shall have sole and exclusive jurisdiction to hear, according to the laws of the State of Israel excluding the rules of choice of law, any legal proceeding as follows:

- a. A Derivative Claim (on behalf of the Company and/or the Held Corporation) based on a Cause of Action against the Respondents and/or the Defendants or against any one of them.
- b. A Class Action based on a Cause of Action against the Respondents and/or the Defendants or against any one of them.
- c. Another Claim based on a Cause of Action against the Respondents and/or the Defendants or against any one of them, and all unless the Company has agreed in advance, explicitly and in Writing for a particular matter, to the filing of legal proceedings outside the jurisdiction of the courts in Israel, due to considerations of the Company's best interest. For the avoidance of doubt, the competent courts in Israel shall have sole and exclusive jurisdiction to also hear legal proceedings that shall be instituted (if any) regarding the above agreement, as provided in this paragraph