

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

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

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

MIZRAHI TEFAHOT BANK LTD

Registrar Number: 520000522

To: Israel Securities Authority	To: Tel Aviv Stock Exchange Ltd	T460 (public)	Transmitted via MAGNA: November 16, 2020
www.isa.gov.il	www.tase.co.il		Reference: 2020-01-114631

Immediate Report of a Meeting

Regulation 36B (a) and (d) of the Securities Regulations (Periodic and Immediate Reports) 5730-1970

Explanation: Insofar as any of the matters on the meeting's agenda is the approval of a transaction with a controlling shareholder or the approval of an extraordinary proposal, Form T133 or T138 must be filled first, respectively, and thereafter a report should be filed on this form as well.

Is there a possibility to vote through the electronic voting system: *Yes*

Note: The possibility of selecting this field is only available to foreign corporations (that are not registered in Israel) and corporations whose securities are not listed for trade. Usage of the voting system will require the corporation to process all votes received through this system.

The corporation announces: *The convening of a meeting*

Note: In the event of a change to the meeting's date (postponement or a move forward), select "meeting postponement" or "court-ordered postponement" or "postponement to an unknown date".

The reference number of the last meeting notice is _____. It was called for _____.

Reason of postponement or cancellation: _____

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

1. Type of security: *Share*

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

Number of the stock exchange security entitling the holder thereof to participate in the meeting: *695437*

The record date for entitlement to attend the meeting and vote thereat: *November 22, 2020*

Explanation: If a meeting is required for more than one security number, a T460 must be reported separately for each additional security. Reports listing additional security numbers will require the filing of an amending form

2. On *November 16, 2020*

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

to be held on *Thursday, December 24, 2020 at 15:00*

at the following address *7 Jabotinsky Street (13th floor), Ramat Gam*

3. On the agenda:

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

Issues/resolution which will be raised at the meeting:

1

The issue/resolution and its details:

A discussion of the Bank's financial reports for December 31, 2019 and the Board of Directors' report on the state of the Bank's affairs for 2019.

Declaration: No appropriate classification field exists

Notice: A value in this table sets the text of the shareholder's declaration in the online voting system. For the conversion table, [click here](#)

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

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

Reference to the last report on the subject (T133):

Explanation of the article in the Companies Law or the Securities Law or in another law for the approval of the resolution:

Article 60(b) of the Companies Law 5759-1999

Explanation: In a transaction with a controlling shareholder that does not match any field in the law articles table, select the fields "Declaration: No appropriate classification field exists" and "Yes" transaction with controlling shareholder.

Only in the event of a bonds meeting or that this is not a transaction with a controlling

shareholder and no appropriate field can be found in the table, should the relevant articles of the law by power of which the resolution is required be detailed and explained.

Does the issue require the disclosure of a connection or another characteristic of the voting shareholder: *No*

Notice: These values can only be selected if the field "Declaration: No appropriate classification field exists" was marked in the previous table and the transaction at hand is not between the company and its controlling shareholder

In the event of a bonds meeting

The existence of another issue has been decided:

Details of the other issue:

Notice: The details of the other issue establish the text of the declaration which will be included in the online voting system. The question must be worded so as to have a "Yes"/"No" answer. The question will appear in the voting system next to the resolution on the agenda and the voter will be able to choose between "Yes"/"No" and be able to add details if the answer is "Yes".

Request for additional information from the holders:

It was decided to require additional information from the holders: *No*

Details of the additional information required from the holders or manner of meeting convention (in the event of a meeting according to 350):

Notice: This field establishes the text of the requirement for additional information which will be included in the online voting system. The voter will have the possibility to add the information in a text field.

- Amendment of a disclosure
- Negligible change or one that only benefits the company compared with the text of a resolution detailed in a last report.
- Removed from the agenda
- The subject was discussed in a previous meeting
- The subject was added to the agenda by court order
- The subject was added to the agenda according to Regulation 5b of the Companies Regulations (Notice of General Meetings and of Category Meetings in a Public Company, and Addition of an Issue to the Agenda) 5760-2000
- The subject was added to the agenda after the record date due to a technical error, as specified:

Explanation: After the record date, a resolution cannot be amended except for an amendment of the transaction conditions that benefits the company or a negligible change. Likewise, new issues cannot be added to the agenda after the record date, except by court order or in accordance with Regulation 5B of the Notice of General Meetings Regulations

The resolution on the agenda is brought to *report only*

Type of majority required for approval ___

Does the rate of the controlling shareholder's holdings of the corporation's shares bestow the controlling shareholder with the required majority for the adoption of the proposed resolution in this matter ___

The issue/resolution and its details:

Description of the nature of the issue:

The reappointment of Brightman Almagor Zohar and Co. as the Bank's auditors and a report on the auditors' wages for 2019.

The proposed resolution:

To reappoint Brightman Almagor Zohar and Co. as the Bank's auditors.

Declaration: No appropriate classification field exists

Notice: A value in this table sets the text of the shareholder's declaration in the online voting system. For the conversion table, [click here](#)

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

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

Reference to the last report on the subject (T133): [2020-01-085147](#)

Explanation of the article in the Companies Law or the Securities Law or in another law for the approval of the resolution:

Articles 154(b) and 165(b) of the Companies Law

Explanation: In a transaction with a controlling shareholder that does not match any field in the law articles table, select the fields "Declaration: No appropriate classification field exists" and "Yes" transaction with controlling shareholder.

Only in the event of a bonds meeting or that this is not a transaction with a controlling shareholder and no appropriate field can be found in the table, should the relevant articles of the law by power of which the resolution is required be detailed and explained.

Does the issue require the disclosure of a connection or another characteristic of the voting shareholder: *No*

Notice: These values can only be selected if the field "Declaration: No appropriate classification field exists" was marked in the previous table and the transaction at hand is not between the company and its controlling shareholder

In the event of a bonds meeting

The existence of another issue has been decided:

Details of the other issue:

Notice: The details of the other issue establish the text of the declaration which will be included in the online voting system. The question must be worded so as to have a "Yes"/"No" answer. The question will appear in the voting system next to the resolution on the agenda and the voter will be able to choose between "Yes"/"No" and be able to add details if the answer is "Yes".

Request for additional information from the holders:

It was decided to require additional information from the holders: *No*

Details of the additional information required from the holders or manner of meeting convention (in the event of a meeting according to 350):

Notice: This field establishes the text of the requirement for additional information which will be included in the online voting system. The voter will have the possibility to add the information in a text field.

- Amendment of a disclosure
- Negligible change or one that only benefits the company compared with the text of a resolution detailed in a last report.
- Removed from the agenda
- The subject was discussed in a previous meeting
- The subject was added to the agenda by court order
- The subject was added to the agenda according to Regulation 5b of the Companies Regulations (Notice of General Meetings and of Category Meetings in a Public Company, and Addition of an Issue to the Agenda) 5760-2000
- The subject was added to the agenda after the record date due to a technical error, as specified:

Explanation: After the record date, a resolution cannot be amended except for an amendment of the transaction conditions that benefits the company or a negligible change. Likewise, new issues cannot be added to the agenda after the record date, except by court order or in accordance with Regulation 5B of the Notice of General Meetings Regulations

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

Type of majority required for approval *is an ordinary majority*

Does the rate of the controlling shareholder's holdings of the corporation's shares bestow the controlling shareholder with the required majority for the adoption of the proposed resolution in this matter *No*

The issue/resolution and its details:

Description of the nature of the issue:

Amendment of Regulations 89.1 and 92 of the Bank's Articles of Association, regarding the tenure length of directors (who are not outside directors, as defined in Section 1.1 of the Bank's Articles of Association).

The proposed resolution:

To approve the amendments to Regulations 89.1 and 92 of the Bank's Articles of Association, per the amended and marked text of these regulations, as detailed in the Bank's Articles of Association, in its amended wording (marked in contrast to the current text of the Articles of Association), attached as Appendix A to the immediate report on the convening of the general meeting, which is attached.

Additional details:

For additional details, see Section 3 of the immediate report on the convening of the general meeting, which is attached.

Change of the Articles of Association as stated in Article 20 of the Companies Law

Notice: A value in this table sets the text of the shareholder's declaration in the online voting system. For the conversion table, [click here](#)

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

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

Reference to the last report on the subject (T133):

Explanation of the article in the Companies Law or the Securities Law or in another law for the approval of the resolution:

—

Explanation: In a transaction with a controlling shareholder that does not match any field in the law articles table, select the fields “Declaration: No appropriate classification field exists” and “Yes” transaction with controlling shareholder.

Only in the event of a bonds meeting or that this is not a transaction with a controlling shareholder and no appropriate field can be found in the table, should the relevant articles of the law by power of which the resolution is required be detailed and explained.

Does the issue require the disclosure of a connection or another characteristic of the voting shareholder: __

Notice: These values can only be selected if the field "Declaration: No appropriate classification field exists" was marked in the previous table and the transaction at hand is not between the company and its controlling shareholder

In the event of a bonds meeting

The existence of another issue has been decided:

Details of the other issue:

Notice: The details of the other issue establish the text of the declaration which will be included in the online voting system. The question must be worded so as to have a “Yes”/”No” answer. The question will appear in the voting system next to the resolution on the agenda and the voter will be able to choose between “Yes”/”No” and be able to add details if the answer is “Yes”.

Request for additional information from the holders:

It was decided to require additional information from the holders: *No*

Details of the additional information required from the holders or manner of meeting convention (in the event of a meeting according to 350):

Notice: This field establishes the text of the requirement for additional information which will be included in the online voting system. The voter will have the possibility to add the information in a text field.

- Amendment of a disclosure
- Negligible change or one that only benefits the company compared with the text of a resolution detailed in a last report.
- Removed from the agenda
- The subject was discussed in a previous meeting
- The subject was added to the agenda by court order
- The subject was added to the agenda according to Regulation 5b of the Companies Regulations (Notice of General Meetings and of Category Meetings in a Public Company, and Addition of an Issue to the Agenda) 5760-2000
- The subject was added to the agenda after the record date due to a technical error, as specified:

Explanation: After the record date, a resolution cannot be amended except for an amendment of the transaction conditions that benefits the company or a negligible change. Likewise, new issues cannot be added to the agenda after the record date, except by court order or in accordance with Regulation 5B of the Notice of General Meetings Regulations

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

Type of majority required for approval *is an ordinary majority*

Does the rate of the controlling shareholder's holdings of the corporation's shares bestow the controlling shareholder with the required majority for the adoption of the proposed resolution in this matter *No*

4

The issue/resolution and its details:

Description of the nature of the issue:

The (re)appointment of Mr. Joav Asher Nachshon as a director at the Bank.

The proposed resolution:

Subject to the approval of the amendments to the Bank's Articles of Association, as aforesaid in issue no. 3 upon the agenda of the general meeting, it is proposed to (re)appoint Mr. Nachshon to an additional tenure as a director at the Bank, subject to the Supervisor of Banks not announcing his objection to said appointment or announcing his consent thereto (hereinafter, in this resolution: the "Supervisor's Confirmation of the Appointment").

Mr. Joav Asher Nachshon will begin said tenure as a director at the Bank on the day of his appointment by the general meeting or on the day on which the Supervisor's Confirmation of the Appointment is received, whichever later; and end said tenure at the end of the first annual meeting to be held after the date on which his aforesaid appointment shall come into effect (i.e. at the end of the annual meeting that will be held in 2021).

Additional details:

For additional details, see Section 4 of the immediate report on the convening of the general meeting, which is attached, as well as Mr. Joav Asher Nachshon's statement, which is appended to the aforesaid immediate report.

Appointment or dismissal of a director under Articles 59 and 230 of the Companies Law

Notice: A value in this table sets the text of the shareholder's declaration in the online voting system. For the conversion table, [click here](#)

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

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

Reference to the last report on the subject (T133):

Explanation of the article in the Companies Law or the Securities Law or in another law for the approval of the resolution:

—

Explanation: In a transaction with a controlling shareholder that does not match any field in the law articles table, select the fields "Declaration: No appropriate classification field exists" and "Yes" transaction with controlling shareholder.

Only in the event of a bonds meeting or that this is not a transaction with a controlling shareholder and no appropriate field can be found in the table, should the relevant articles of the law by power of which the resolution is required be detailed and explained.

Does the issue require the disclosure of a connection or another characteristic of the voting shareholder: ___

Notice: These values can only be selected if the field "Declaration: No appropriate classification field exists" was marked in the previous table and the transaction at hand is not between the company and its controlling shareholder

In the event of a bonds meeting

The existence of another issue has been decided:

Details of the other issue:

Notice: The details of the other issue establish the text of the declaration which will be included in the online voting system. The question must be worded so as to have a “Yes”/”No” answer. The question will appear in the voting system next to the resolution on the agenda and the voter will be able to choose between “Yes”/”No” and be able to add details if the answer is “Yes”.

Request for additional information from the holders:

It was decided to require additional information from the holders: *No*

Details of the additional information required from the holders or manner of meeting convention (in the event of a meeting according to 350):

Notice: This field establishes the text of the requirement for additional information which will be included in the online voting system. The voter will have the possibility to add the information in a text field.

- Amendment of a disclosure
- Negligible change or one that only benefits the company compared with the text of a resolution detailed in a last report.
- Removed from the agenda
- The subject was discussed in a previous meeting
- The subject was added to the agenda by court order

The subject was added to the agenda according to Regulation 5b of the Companies Regulations (Notice of General Meetings and of Category Meetings in a Public Company, and Addition of an Issue to the Agenda) 5760-2000

The subject was added to the agenda after the record date due to a technical error, as specified:

Explanation: After the record date, a resolution cannot be amended except for an amendment of the transaction conditions that benefits the company or a negligible change. Likewise, new issues cannot be added to the agenda after the record date, except by court order or in accordance with Regulation 5B of the Notice of General Meetings Regulations

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

Type of majority required for approval *is an ordinary majority*

Does the rate of the controlling shareholder's holdings of the corporation's shares bestow the controlling shareholder with the required majority for the adoption of the proposed resolution in this matter *No*

5

The issue/resolution and its details:

Description of the nature of the issue:

Appointment of an outside director at the Bank, per this term's meaning in the Companies Law (hereinafter: "Outside Director according to the Companies Law").

The proposed resolution:

To appoint Ms. Estery Giloz-Ran as an outside director at the Bank, under the Companies Law (who also meets the qualifications of an outside director under Directive 301), for a

tenure of three (3) years, subject to the Supervisor of Banks not announcing his objection to said appointment or announcing his consent thereto (hereinafter, in this resolution: the “Supervisor’s Confirmation of the Appointment”).

Ms. Estery Giloz-Ran will begin said tenure as a director at the Bank on February 27, 2021 or on the day on which the Supervisor’s Confirmation of the Appointment is received, whichever is later.

Additional details:

For additional details, see Section 5 of the immediate report on the convening of the general meeting, which is attached, as well as Ms. Estery Giloz-Ran’s statement, which is appended to the aforesaid immediate report

Appointment/Extension of an Outside Director’s Tenure according to Articles 239(b) or 245 of the Companies Law

Notice: A value in this table sets the text of the shareholder’s declaration in the online voting system. For the conversion table, [click here](#)

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

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

Reference to the last report on the subject (T133):

Explanation of the article in the Companies Law or the Securities Law or in another law for the approval of the resolution:

—

Explanation: In a transaction with a controlling shareholder that does not match any field in the law articles table, select the fields “Declaration: No appropriate classification field exists” and “Yes” transaction with controlling shareholder.

Only in the event of a bonds meeting or that this is not a transaction with a controlling shareholder and no appropriate field can be found in the table, should the relevant articles of the law by power of which the resolution is required be detailed and explained.

Does the issue require the disclosure of a connection or another characteristic of the voting shareholder: __

Notice: These values can only be selected if the field "Declaration: No appropriate classification field exists" was marked in the previous table and the transaction at hand is not between the company and its controlling shareholder

In the event of a bonds meeting

The existence of another issue has been decided:

Details of the other issue:

Notice: The details of the other issue establish the text of the declaration which will be included in the online voting system. The question must be worded so as to have a “Yes”/”No” answer. The question will appear in the voting system next to the resolution on the agenda and the voter will be able to choose between “Yes”/”No” and be able to add details if the answer is “Yes”.

Request for additional information from the holders:

It was decided to require additional information from the holders: *No*

Details of the additional information required from the holders or manner of meeting convention (in the event of a meeting according to 350):

Notice: This field establishes the text of the requirement for additional information which will be included in the online voting system. The voter will have the possibility to add the information in a text field.

- Amendment of a disclosure
- Negligible change or one that only benefits the company compared with the text of a resolution detailed in a last report.
- Removed from the agenda
- The subject was discussed in a previous meeting
- The subject was added to the agenda by court order
- The subject was added to the agenda according to Regulation 5b of the Companies Regulations (Notice of General Meetings and of Category Meetings in a Public Company, and Addition of an Issue to the Agenda) 5760-2000
- The subject was added to the agenda after the record date due to a technical error, as specified:

Explanation: After the record date, a resolution cannot be amended except for an amendment of the transaction conditions that benefits the company or a negligible change. Likewise, new issues cannot be added to the agenda after the record date, except by court order or in accordance with Regulation 5B of the Notice of General Meetings Regulations

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

Type of majority required for approval *is not an ordinary majority*

The majority required at the general meeting and at the deferred general meeting is an ordinary majority of the shareholders participating at the general meeting, who are entitled to vote and voting thereat, provided that one of the following is fulfilled:

- (1) *The counting of the majority votes at the general meeting will include a majority of the votes of shareholders who are not controlling shareholders at the Bank nor have a personal interest in the approval of the appointment, except for a personal interest which is not in consequence of his connections with the controlling shareholder, who are participating in the vote; abstaining votes will not be taken into account in the counting of the total votes of said shareholders;*
- (2) *The total opposing votes among the shareholders referred to above in SS (1) does not exceed two percent (2%) of the total voting rights at the Bank.*

Does the rate of the controlling shareholder's holdings of the corporation's shares bestow the controlling shareholder with the required majority for the adoption of the proposed resolution in this matter *No*

6

The issue/resolution and its details:

Description of the nature of the issue:

To approve an update of the remuneration policy for officers, which was approved by the Bank's general meeting on December 18, 2019 (hereinafter: the "remuneration policy" or "current remuneration policy"), on the subject of officers' liability insurance, by way of cancelling the sum caps established in the current remuneration policy regarding the cost of the insurance premium and the personal participation sum, as detailed below.

The proposed resolution:

To approve the strikeout of Sections 5.5.2c. and 5.5.2d. of the current remuneration policy (regarding the cost of the insurance premium and the personal participation sum, in the engagement in a policy to insure the liability of officers), as detailed in the updated remuneration policy (which is marked in contrast to the current remuneration policy), attached as Appendix E to the immediate report on the convening of the general meeting, which is attached.

Additional details:

For additional details, see Section 6 of the immediate report on the convening of the general meeting, which is attached.

Approval of a remuneration policy under Article 267a(a) of the Companies Law

Notice: A value in this table sets the text of the shareholder's declaration in the online voting system. For the conversion table, [click here](#)

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

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

Reference to the last report on the subject (T133):

Explanation of the article in the Companies Law or the Securities Law or in another law for the approval of the resolution:

—

Explanation: In a transaction with a controlling shareholder that does not match any field in the law articles table, select the fields “Declaration: No appropriate classification field exists” and “Yes” transaction with controlling shareholder.

Only in the event of a bonds meeting or that this is not a transaction with a controlling shareholder and no appropriate field can be found in the table, should the relevant articles of the law by power of which the resolution is required be detailed and explained.

Does the issue require the disclosure of a connection or another characteristic of the voting shareholder: __

Notice: These values can only be selected if the field "Declaration: No appropriate classification field exists" was marked in the previous table and the transaction at hand is not between the company and its controlling shareholder

In the event of a bonds meeting

The existence of another issue has been decided:

Details of the other issue:

Notice: The details of the other issue establish the text of the declaration which will be included in the online voting system. The question must be worded so as to have a "Yes"/"No" answer. The question will appear in the voting system next to the resolution on the agenda and the voter will be able to choose between "Yes"/"No" and be able to add details if the answer is "Yes".

Request for additional information from the holders:

It was decided to require additional information from the holders: *No*

Details of the additional information required from the holders or manner of meeting convention (in the event of a meeting according to 350):

Notice: This field establishes the text of the requirement for additional information which will be included in the online voting system. The voter will have the possibility to add the information in a text field.

Amendment of a disclosure

Negligible change or one that only benefits the company compared with the text of a resolution detailed in a last report.

- Removed from the agenda
- The subject was discussed in a previous meeting
- The subject was added to the agenda by court order
- The subject was added to the agenda according to Regulation 5b of the Companies Regulations (Notice of General Meetings and of Category Meetings in a Public Company, and Addition of an Issue to the Agenda) 5760-2000
- The subject was added to the agenda after the record date due to a technical error, as specified:

Explanation: After the record date, a resolution cannot be amended except for an amendment of the transaction conditions that benefits the company or a negligible change. Likewise, new issues cannot be added to the agenda after the record date, except by court order or in accordance with Regulation 5B of the Notice of General Meetings Regulations

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

Type of majority required for approval *is not an ordinary majority*

The majority required at the general meeting and at the deferred general meeting is an ordinary majority of the shareholders present at the general meeting, who are entitled to vote and voting thereat, provided that one of the following is fulfilled:

- (1) The counting of the majority votes at the general meeting will include a majority of the votes of shareholders who are not the Bank's controlling shareholders, nor have a personal interest in the approval of the resolution to update the remuneration policy, who are participating in the vote; abstaining votes will not be taken into account in the counting of the total votes of said shareholders;*
- (2) The total opposing votes among the shareholders referred to above in SS (1) does not exceed two percent (2%) of the total voting rights at the Bank.*

Does the rate of the controlling shareholder's holdings of the corporation's shares bestow the controlling shareholder with the required majority for the adoption of the proposed resolution in this matter *No*

Attachment of the report on the convening of the meeting: *Zimun isa.pdf*

4. Attachments

4.1 Attachment of a file which includes a voting paper/position papers: *Ktav isa.pdf*

Yes a voting paper

No position paper

Explanation: If a voting paper and/or a position paper has been attached, it must be verified that they are drafted in accordance with the Companies Regulations (Written Votes and Position Papers), 5766-2005. The company must assemble all position papers (per the meaning in Article 88 of the Companies Law) in a single file, in which it will be specified when the notice was published, from whom it was received, and a reference will be made to the relevant page in the consolidated file.

4.2 Attachment of a file which includes candidate statements/other related documents:

Hatzhara isa.pdf

Yes declaration of the candidate to serve as corporate director

No declaration of an independent director

Yes declaration of an outside director

_____ declaration of a representative's appointment to representation

_____ amended deed of trust

_____ an application to approve a creditors' arrangement under Article 350

_____ other _____

Link to the voting system website where voting may take place: [Voting system](#)

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

5. The legal counting for holding the meeting:

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

6. In the absence of a legal counting, the deferred meeting will be held on *December 31, 2020 at 15:00*, at the following address: *7 Jabotinsky Street, Ramat Gan, 13th floor*

No meeting shall be held in the absence of a legal counting

7. The times and place where any proposed resolution which was not described in full in the above description of the agenda may be perused:

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

Meeting identifier:

Note: The meeting identifier is the reference of the initial report. The field will remain empty in the initial report on the meeting.

Details of the signatories authorized to sign on behalf of the corporation:

	Signatory's Name	Position
1	<i>Racheli Friedman</i>	<i>Other Chief Legal Advisor</i>
2	<i>Ofer Horwitz</i>	<i>Other Bank Secretary & Head of the Bank's Headquarters</i>

Explanation: According to Regulation 5 of the Securities (Periodic and Immediate Reports) Regulations, 5730-1970, a report filed under these regulations shall be signed by those authorized to sign on behalf of the corporation. The position of the senior staff on the matter (in Hebrew) can be found on the ISA's website: [Click here](#)

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

2020-01-107218

Securities of a Corporation Listed for Trading Form structure revision date: October 27, 2020
on the Tel Aviv Stock Exchange

Abbreviated Name: Mizrahi Tefahot

Address: 7 Jabotinsky Street, Ramat Gan, Tel:03-7559720 Fax:03-7559923
52520

E-mail: Company website:
mangment@umtb.co.il <https://www.mizrahi-tefahot.co.il>

Previous name of the reporting entity: United Mizrahi Bank Ltd

Name of the person reporting electronically:	Position:	Name of Employing Company:
Horwitz Ofer	Bank Secretary	Mizrahi Tefahot Bank Ltd
Address: 7 Jabotinsky Street, Ramat Gan, Tel:	Fax:	E-mail:
52520	03-7559207	03-7559913 management@umtb.co.il

Mizrahi Tefahot Bank Ltd

Date: November 16, 2020

To
Israel Securities Authority
www.isa.gov.il

To
Tel Aviv Stock Exchange Ltd
www.tase.co.il

Re: Immediate report on the convening of an annual general meeting of Mizrahi Tefahot Bank Ltd's shareholders

In accordance with the Companies Law, 5759-1999 (hereinafter: “**Companies Law**”); the Securities Regulations (Periodic and Immediate Reports) 5730-1970 (hereinafter: “**Periodic and Immediate Report Regulations**”); the Companies Regulations (Notice and Announcement of General Meeting and Class Meeting in Public Company and Addition of an Issue to the Agenda) 5760-2000; and in accordance with the Companies Regulations (Written Votes and Position Papers) 5766-2005 (hereinafter: “**Written Vote Regulations**”), Mizrahi Tefahot Bank Ltd (hereinafter: the “**Bank**” or the “**Company**”) hereby announces the convening of an annual general meeting (hereinafter: “**general meeting**”) on Thursday, December 24, 2020, at 15:00, at the Bank’s offices, 7 Jabotinsky Street, Ramat Gan, 13th floor.

The issues on the agenda and the summary of the proposed resolutions

1. **Financial reports**

- 1.1 **Description of the nature of the issue and the principle facts required to understand the matter:** A discussion of the Bank’s financial reports for December 31, 2019 and the Board of Directors’ report on the state of the Bank’s affairs for 2019.

Text of the proposed resolution: No resolution will be made on this issue.

2. **Reappointment of the Bank’s auditors and a report on their wages**

- 2.1 **Description of the nature of the issue and the principle facts required to understand the matter:** The reappointment of Brightman Almagor Zohar and Co. as the Bank’s auditors and a report on the auditors’ wages in 2019.

Details regarding the wages of the Bank’s auditors for auditing and additional services due for the year 2019, as set by the Bank’s Board of Directors, are

included on page 268 of the Periodic Report for 2019, published by the Bank on February 25, 2020 (reference no. 2020-01-018930).

2.2 **Text of the proposed resolution:** To reappoint Brightman Almagor Zohar and Co. as the Bank's auditors.

2.3 **The required majority**

The majority required at the general meeting and at a deferred general meeting to approve the reappointment of the Bank's auditors (as aforesaid in Section 2.2) is an ordinary majority of all shareholders present at the general meeting, who are entitled to vote and voting thereat, without taking into account the abstaining votes.

3. **Amendment of the Bank's Articles of Association**

3.1 **Description of the nature of the issue and the principle facts required to understand the matter**

According to Regulations 89.1 and 92 of the Bank's Articles of Association, in their current wording, the tenure length of directors appointed at an annual meeting or a special meeting of the Bank's shareholders, except for outside directors, as defined in Section 1.1 of the Bank's Articles of Association (hereinafter: "**Outside Directors**") shall be until the end of the third annual meeting to be held after the annual or special meeting at which their appointment was confirmed.

It is proposed to amend Regulations 89.1 and 92 of the Bank's Articles of Association, in order to allow the Bank, after receiving the approval of the Supervisor of Banks, to appoint directors (who are not Outside Directors) at an annual meeting or a special meeting of the Bank's shareholders, for a shorter tenure than the period set forth in the current text of said regulations, as detailed above (i.e. the appointment of Mr. Joav Asher Nachshon, with the approval of the Supervisor of Banks, to an additional tenure, which will end with the annual meeting to be held in 2021, as detailed below in Section 4).

3.2 **Text of the proposed resolution:** To approve the amendments to Regulations 89.1 and 92 of the Bank's Articles of Association, per the amended and marked text of these regulations, as detailed in the Bank's Articles of

Association, in its amended wording (marked in contrast to the current text of the Articles of Association), which is attached as **Appendix A**.

3.3 **The required majority**

The majority required at the general meeting and at a deferred general meeting to approve the amendments proposed to the Bank's Articles of Association (as aforesaid in Section 3.2) is an ordinary majority of all shareholders present at the general meeting, who are entitled to vote and voting thereat, without taking into account the abstaining votes.

4. **The reappointment of Mr. Joav Asher Nachshon as a director at the Bank**

4.1 **Description of the nature of the issue:** The reappointment of Mr. Joav Asher Nachshon as a director at the Bank.

4.2 **Text of the proposed resolution:**

Subject to the approval of the amendments to the Bank's Articles of Association, as detailed above in Section 3.2, it is proposed to reappoint Mr. Joav Asher Nachshon to an additional tenure as a director at the Bank, subject to the Supervisor of Banks not announcing his objection to said appointment or announcing his consent thereto (hereinafter, in this section: the "**Supervisor's Confirmation of the Appointment**").

Mr. Joav Asher Nachshon will begin said tenure as a director at the Bank on the day of his appointment by the general meeting or on the day on which the Supervisor's Confirmation of the Appointment is received, whichever later; and end said tenure at the end of the first annual meeting to be held after the date on which his aforesaid appointment shall come into effect (i.e. at the end of the annual meeting that will be held in 2021).

4.3 **The principle facts required to understand the matter:**

4.3.1 a. Mr. Joav Asher Nachshon had served as a director at the Bank from February 27, 2012 and until the end of the annual meeting held on December 18, 2019; further to this, on December 2, 2019, the Board of Directors appointed Mr. Nachshon to an additional tenure as a director at the Bank, beginning January 1, 2020 and until the end of the annual meeting that will be held in 2020.

In this regard, it is noted that in accordance with the amendment of Directive 301 published by the Supervisor of Banks (hereinafter: “**Directive 301**”), which came into effect on July 1, 2020, the Bank’s Board of Directors may not include more than ten (10) directors, unless the Supervisor of Banks’ confirmation has been received in this regard; since the Bank had received a confirmation from the Supervisor of Banks (close to the annual meeting that was held in December 2019), according to which the Bank’s Board of Directors could include up to eleven (11) directors only until the end of the year 2020, and since it was set forth in the Bank’s Articles of Association (in its wording at the time as well as in its current wording, prior to the amendment of the Articles of Association, as proposed above in Section 3.2) that the length of directors’ tenure (except for Outside Directors) that would be appointed at an annual meeting shall be until the end of the third annual meeting to be held after the annual meeting at which their appointment was confirmed, Mr. Nachshon’s appointment was not included on the agenda of the annual meeting that was held on December 18, 2019. Further to this, Mr. Nachshon was appointed for an additional tenure as a director at the Bank by the Bank’s Board of Directors, beginning January 1, 2020 and until the end of the annual meeting that will be held in 2020.

- b. In response to another request made by the Bank in July 2020, the Supervisor of Banks confirmed the extension of Mr. Nachshon’s tenure as Bank director by another year (so that eleven (11) directors will serve at the Bank after his appointment).

Accordingly, subject to the approval of the amendments to the Bank’s Articles of Association, as aforesaid in Section 3.2, and further to the confirmation of the Supervisor of Banks, as aforesaid in Section 4.3.1b., it is proposed to appoint Mr. Nachshon to an additional tenure as a director at the Bank, as aforesaid in Section 4.2, until the end of the first annual meeting that will be held after the date on which said

appointment will commence (i.e. until the end of the annual meeting that will be held in 2021).

4.3.2 The Bank hereby refers to the details required by Regulation 26 of the Periodic and Immediate Reports Regulations with regard to Mr. Nachshon, as included on page 329 of the Hebrew version of the periodic report for 2019, published by the Bank on February 25, 2020 (reference no. 2020-01-018930) (hereinafter: the “**Periodic Report**”), subject to the changes specified below (the mention of the Periodic Report, as aforesaid, constitutes inclusion via reference to all information included on page 329 of the Hebrew version of the Periodic Report).

a. In the list of current occupations:

- The name of Milco SA (Proprietary) Limited, at which Mr. Nachshon serves as a director, has been changed to Clover (Pty) Ltd.
- In December 2019, Mr. Nachshon ceased to serve as a director at International Dairies Corporation B.V.

b. In the list of previous occupations (in the past five years):

- Mr. Nachshon’s tenure as a director at Mey Galil Ltd should be omitted, since more than five years had passed since the date on which he retired from said position.
- Mr. Nachshon’s tenure as a director at Carlsberg Uzbekistan Limited should be added (Mr. Nachshon had ceased to serve as a director at said company in May 2018).

4.3.3 Mr. Nachshon, who currently serves as a director at the Bank, had been previously evaluated by the Board of Directors as having accounting and financial expertise as well as professional qualifications, per these terms’ definitions in the Companies Regulations (Conditions and Criteria for a Director with Accounting and Financial Expertise and for a Director with Professional Qualifications) 5766-2005 (hereinafter: “**Regulations on Expertise and Eligibility Criteria**”).

4.3.4 Mr. Joav Asher Nachshon has delivered a statement to the Bank pursuant to Article 224B(a) of the Companies Law, which is attached to this immediate report as **Appendix B**.

4.3.5 a. It is hereby clarified that the remuneration which will be paid to Mr. Nachshon as a Bank director shall be in accordance with the resolution on directorial remuneration, as detailed in the immediate report published by the Bank on June 19, 2017 (ref. no. 2017-01-051271). This mention constitutes inclusion via reference to all information included in this regard in the aforesaid immediate report.

b. It is further clarified that Mr. Nachshon shall be entitled to the exemption, indemnification and insurance of officers, as is commonplace at the Bank, from time to time.

(1) With regard to the engagement in the (current) policy to insure the liability of directors and other officers of the Bank and of companies in the Bank cluster, including the Bank's Chief Executive Officer and directors who are controlling shareholders at the Bank, see the immediate reports published by the Bank on February 19, 2020 (reference no. 2020-01-017409) and on October 1, 2020 (reference no. 2020-01-097933).

(2) With regard to the Bank's letter of exemption and indemnification undertaking for directors and other officers, including the Bank's Chief Executive Officer and the Bank's controlling shareholders, as well as employees, as (recently) approved by the Bank's general meeting on October 15, 2020, see Section 1.2 of the immediate report published by the Bank on August 27, 2020 (reference no. 2020-01-085165).

4.4 **The required majority**

The majority required at the general meeting and at a deferred general meeting to approve the appointment of Mr. Joav Asher Nachshon as a Bank director, as aforesaid in Section 4.2, is an ordinary majority of all shareholders present at

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

5. **Appointment of Ms. Estery Giloz-Ran as an outside director at the Bank, according to the Companies Law**

5.1 **Description of the nature of the issue:** An appointment of an outside director at the Bank, per this term's meaning in the Companies Law (hereinafter: "**Outside Director under the Companies Law**").

5.2 **Text of the proposed resolution:**

It is proposed to appoint Ms. Estery Giloz-Ran (hereinafter: the "**Candidate**") as an outside director at the Bank, under the Companies Law (who also meets the qualifications of an outside director under Directive 301), for a tenure of three (3) years, subject to the Supervisor of Banks not announcing his objection to said appointment or announcing his consent thereto (hereinafter, in this section: the "**Supervisor's Confirmation of the Appointment**").

The Candidate will begin said tenure as a director at the Bank on February 27, 2021 or on the day on which the Supervisor's Confirmation of the Appointment is received, whichever is later.

5.3 **The principle facts required to understand the matter:**

5.3.1 Below, to the best of the Bank's knowledge, are details regarding the Candidate, in accordance with Regulation 26 of the Periodic and Immediate Report Regulations:

- a. **Name:** Estery Giloz-Ran
- b. **I.D. Number:** 025682154
- c. **Date of Birth:** March 7, 1974
- d. **Address for service of court documents:** Yefe Nof 1, Givatayim
- e. **Nationality:** Israeli
- f. **Membership of Board Committee(s):** Not yet appointed.

- g. **Is she an independent director:** Yes (subject to the confirmation of her appointment, as detailed above in Section 5.2).
- h. **Is she an outside director, per this term's definition in the Companies Law:** Yes (subject to the confirmation of her appointment, as detailed above in Section 5.2).
- i. **Does she have accounting and financial expertise or professional qualifications, per these terms' definitions in the Companies Regulations (Conditions and Criteria for a Director with Accounting and Financial Expertise and for a Director with Professional Qualifications) 5766-2005:** Yes – has accounting and financial expertise and has professional qualifications.
- j. **Is she an expert director, per this term's definition in the Companies Regulation (Rules Regarding the Remuneration and Expenses of an Outside Director) 5760-2000:** Yes.
- k. **Is she an employee of the Company, its subsidiary, its affiliate or an interested party therein:** No.
- l. **The date on which he began his tenure as a director at the Company:** The Candidate will begin said tenure as a director at the Bank on February 27, 2021 or on the day on which the Supervisor's Confirmation of the Appointment is received, whichever is later.
- m. **Education:**

B.A. in Social Sciences - Management (The Open University);
Certified public accountant (C.P.A.) in Israel; M.B.A. (Ben-Gurion University); Ph.D. in Accounting & Taxes (Ben-Gurion University)
- n. **Current occupations (including a list of the corporations at which she currently serves as director):**

Academic lecturer (since 2017); independent counselor, including writing expert reports for court (since 2016); member

of the Professional Council of the Institute of Certified Public Accountants in Israel (since 2018).

In addition, the Candidate currently serves as a director at the following companies: Overseas Commerce Ltd – outside director (since February 2017); Orda Print Industries Ltd– outside director (since August 2019); M. Yochananof and Sons (1988) Ltd – outside director (since February 2020); Netanel Group Ltd – outside director (since March 2020); ARAN Research and Development (1982) Ltd – outside director (since February 2016); Blue Square Real Estate Ltd – independent director (since August 2018); and Aminach Furniture & Mattress Industries Ltd – director (since July 2019).

- o. Occupations in the last five years, including a list of the corporations at which she had served as director (except for her occupations detailed above in SS n.):**

Member of the examination board of the Institute of Certified Public Accountants in Israel (2017-2020) and head of the Accountancy Department and a lecturer in the M.B.A. Department at the Peres Academic Center (2011-2017). In addition, the Candidate has served as a director at the following companies: Tamir Fishman and Co. Ltd, Investment Brokers – Chairwoman of the Board of Directors (December 2016 - March 2018); Exposebox Ltd – director (March 2020 – September 2020); Suny Electronic Inc. Ltd – outside director (June 2016 – March 2020); Kamada Ltd – outside director (February 2014 – February 2017); Medipower Public Co Limited - independent director (March 2016 – July 2017); Vaxil Bio Ltd - outside director (May 2014 – February 2016); and Emerald Medical Applications Ltd – director (October 2015 – December 2017).

- p. Is she a family member of another interested party at the corporation: No.**
- q. Does the Bank consider her to have accounting and financial expertise for the purpose of meeting the minimum number**

established by the Board of Directors per Article 92(a)(12) of the Companies Law: Yes.

5.3.2 On November 16, 2020, the Candidate was evaluated by the Bank as having accounting and financial expertise and as having professional qualifications, per these terms' definitions in the Regulations on Expertise and Eligibility Criteria.

5.3.3 The Candidate gave a statement to the Bank, per Articles 224b. and 241 of the Companies Law. A copy of the Candidate's statement is attached as **Appendix C** to this immediate report.

5.3.4 It is hereby clarified that the remuneration that shall be paid to the Candidate as an outside director under the Companies Law shall be per the resolution on directors' remuneration, as detailed in the immediate report submitted by the Bank on June 19, 2017 (reference no. 2017-01-051271); this mention constitutes inclusion via reference to all information included in this matter in the aforesaid immediate report.

It is further clarified that the Candidate shall be entitled to the exemption, indemnification and insurance of officers, as is commonplace at the Bank, from time to time; in this regard, see the contents of Sections 4.3.5b. (1) and (2) above.

5.3.5 In its meetings on October 19, 2020 and October 22, 2020, the Audit Committee examined whether to attribute an "affinity" to the Bank to the Candidate, within the meaning thereof in Article 240 of the Companies Law, due to the holding of accounts at the Bank and receipt of banking services from the Bank, as detailed below, which began before the Candidate's expected appointment as an outside director at the Bank (hereinafter: the "**Banking Connections**"). In this regard, and relying on the facts presented thereto and on the basis of the Candidate's statement, the Audit Committee confirmed that the Candidate should not be attributed an "affinity" to the Bank, within the meaning thereof in Article 240 of the Companies Law, due to the Banking Connections; alternatively, the Audit Committee confirmed that even if the Banking Connections were to constitute an "affinity" as aforesaid, these would be merely "negligible connections", in the

view of both the Bank and the Candidate, and as such they do not constitute an “affinity” in accordance with Regulation 5(a) of the Companies Regulations (Matters Which Do Not Constitute Affinity), 5767-2006, *inter alia* with attention to the following details:

- a. The Candidate received loans from the Bank, during the ordinary course of business (including a loan as part of a residential purchase group, which the Bank finances). The loans were repaid in full (except for a negligible balance). In this regard, it was noted by the Audit Committee, *inter alia*, that these were negligible connections, as aforesaid, in view of the repayment of the loans (except for a negligible balance), which were taken during the ordinary course of business, and their zero rate out of the total loans to all Bank customers.
- b. The Candidate works as a lecturer at an academic institute which is a customer of the Bank, and conducts banking relations with the Bank in an appropriate manner and during the ordinary course of business. The institute’s accounts at the Bank mainly include (currently as well as in the last two years) credit balances.

In this regard, it was noted by the Audit Committee, *inter alia*, that these were negligible connections, as aforesaid, in view of the accounts’ proper management during the ordinary course of business (which, in general, could be managed at another bank as well), and in view of the negligible rate of the credit balances (even though these are in substantial sums, in and of themselves) out of the total credit balances of all Bank customers. It was noted furthermore that the banking relations are not conducted by the Candidate herself, but rather by the academic institute at which she is a lecturer, alongside her service as a director at other companies; and that the Candidate does not depend upon her income as a lecturer at the academic institute for her livelihood. Likewise, the Candidate is not involved in the relations between the Bank and the academic institute.

- c. The Candidate serves as a director at a public company (hereinafter: the “**Public Company**”); the Public Company,

companies owned thereby and its controlling shareholders, are customers of the Bank, and conduct banking relations with the Bank. The Candidate has notified the Bank that upon the confirmation of her appointment as an outside director at the Bank (insofar as it is confirmed), she will end her service as a director at the Public Company, so that the Candidate will begin her *de facto* tenure as an outside director at the Bank two (2) months after the termination of her service as a director at the Public Company. In this regard, it was noted by the Audit Committee, *inter alia*, that the Candidate was not involved in the negotiations between the Bank and the Public Company, the companies owned thereby and its controlling shareholders, in all that relates to their accounts at the Bank or any other subject included therein; it was furthermore noted, that the banking relations are not of the Candidate herself, and that the Candidate serves as a director (who is not Chairwoman of the Board of Directors) at the Public Company alongside her service as a director at other companies; and that the Candidate does not depend upon her income as a director at the Public Company for her livelihood.

In the matter of the accounts held at the Bank by the companies owned by the Public Company, it was noted by the Audit Committee, *inter alia*, that although the sums of the liabilities in said accounts are substantial, in and of themselves, the sums of the liabilities are at a low rate out of the total sums of all Bank customers; and in any event, the Bank has received appropriate collaterals for the repayment of the liabilities, including a sum-limited guarantee from the Public Company. It was further noted that in the opinion of the Audit Committee, considering all circumstances of the matter at hand, there is no concern that the Candidate's independent judgment may be impaired by said connections.

In regard to the accounts of the Public Company and its controlling shareholders, it was noted by the Audit Committee, *inter alia*, that the accounts were managed appropriately and

during the ordinary course of business, and that in general, said accounts could have been conducted during the ordinary course of business at other banks as well; without derogating from the generality of the aforesaid, it was noted that the credit balances in said accounts, currently and in the last two years (although these are in substantial sums in and of themselves in some of the accounts) are at a negligible rate out of the credit balances of all of the Bank's customers; and that the liability balances (insofar as there are any) are at a zero rate.

The Audit Committee added that under the circumstances, the Candidate may be considered as having a personal interest in matters related to the Public Company, companies owned thereby and its controlling shareholders (even though the Candidate will end her tenure as a director at the Public Company prior to beginning her tenure as a director at the Bank, as detailed above); accordingly, the Candidate will not be present at any discussion, nor participate in voting (on the Board of Directors or on any of its committees) on said issues, insofar as required by law.

- d. The Candidate serves as a director at a company (hereinafter: the "**Company**"), which is a customer of the Bank, and conducts banking relations with the Bank in an appropriate manner and during the ordinary course of business.

In this regard, it was noted by the Audit Committee, *inter alia*, that these are negligible connections, as aforesaid, in light of the account's management in an appropriate manner during the ordinary course of business (which, in general, could be managed at another bank as well), and in view of the zero rate of the credit and liability balances in the account out of the total credit and liability balances of all Bank customers. It was noted furthermore that the banking relations are not those of the Candidate herself, but rather of the Company at which the Candidate serves as a director (who is not Chairwoman of the Board of Directors), alongside her service as a director at other companies and her occupation as a lecturer at the academic institute (as detailed

above); and that the Candidate does not depend upon her income as a director at the Company for her livelihood. Likewise, the Candidate is not involved in the relations between the Bank and the Company.

5.4 **The majority required to pass the resolution**

The majority required at the general meeting and at the deferred general meeting to approve the appointment of the Candidate as an outside director at the Bank, under the Companies Law (who also meets the qualifications of an outside director under Directive 301), as aforesaid in Section 5.2, is an ordinary majority of the shareholders present at the general meeting, who are entitled to vote and voting thereat, provided that one of the following is fulfilled:

- 5.4.1 The counting of the majority votes at the general meeting will include a majority of the votes of shareholders who are not controlling shareholders at the Bank, nor have any personal interest in the approval of the appointment, except for a personal interest which is not in consequence of his connections with the controlling shareholder, who are participating in the vote; abstaining votes will not be taken into account in the counting of the total votes of said shareholders;
- 5.4.2 The total opposing votes among the shareholders referred to above in Paragraph 5.4.1 does not exceed two percent (2%) of the total voting rights at the Bank.

A shareholder participating in the voting shall notify the Bank prior to his voting; and if the vote is through a voting paper, shall mark in the designated place in Part B of the voting paper, which is attached as **Appendix D**, whether he is considered to be a controlling shareholder at the Bank or anyone on his behalf, or whether he has a personal interest in the approval of the appointment or not, as applicable, and also describe the relevant connection, if any. Should a shareholder fail to notify or mark as aforesaid, or if he has marked and not provided a description as aforesaid, his vote shall not be counted.

In this report, “**personal interest**”: an individual’s personal interest in any activity or transaction of a company, including the personal interest of his relative and another corporation wherein he or his relative are interested

parties, and excluding personal interest arising from the very fact of holding shares at the company, including the personal interest of an individual voting by power of attorney granted to him by another individual, even if the other person has no personal interest; likewise, the vote of an individual who has been granted power of attorney to vote on behalf of an individual who has personal interest shall be considered a vote by the holder of the personal interest, whether the discretion of the vote is that of the voter or not.

6. **Update of Section 5.5 of the Officers' Remuneration Policy (on the Subject of Officers' Liability Insurance)**

- 6.1 **Description of the nature of the issue:** To approve an update of the remuneration policy for officers, which was approved by the Bank's general meeting on December 18, 2019 (hereinafter: the "**remuneration policy**" or "**current remuneration policy**"), on the subject of officers' liability insurance, by way of cancelling the sum caps established in the current remuneration policy regarding the cost of the insurance premium and the personal participation sum, as detailed below.
- 6.2 **Text of the proposed resolution:** To approve the strikeout of Sections 5.5.2c. and 5.5.2d. of the current remuneration policy (regarding the cost of the insurance premium and the personal participation sum, in the engagement in a policy to insure the liability of officers), as detailed in the updated remuneration policy (which is marked in contrast to the current remuneration policy), attached as **Appendix E** (hereinafter: the "**updated remuneration policy**").

The above resolution according to this Section 6.2 shall hereinafter be called: "**the resolution to update the remuneration policy**".

6.3 **The principle facts required to understand the matter:**

- 6.3.1 On December 18, 2019, the Bank's general meeting approved the current remuneration policy for a period of three (3) years commencing on January 1, 2020.

Inter alia, instructions were established in the current remuneration policy, according to which the Bank may (per Regulation 1B1 of the Companies Regulations (Relief in Transactions with Interested Parties) 5766-2006 (hereinafter: "**Relief Regulations**")) become

engaged in a policy to insure the liability of directors and other officers, including instructions regarding the sum caps of the cost of the insurance premium and the personal participation sum in such engagements (as detailed in Section 5.5 of the current remuneration policy, which was attached as Appendix B to the (supplementary) immediate report published by the Bank on December 2, 2019, reference no. 2019-01-105612; this mention constitutes inclusion via reference to Section 5.5 of the current remuneration policy).

6.3.2 On March 25, 2020, the Bank's general meeting approved the Bank's engagement in an insurance policy for the liability of officers that serve periodically, including the Bank's Chief Executive Officer and the Bank's controlling shareholders and their relatives, all as detailed in the immediate report published by the Bank on February 19, 2020, (reference no. 2020-01-107409). This mention constitutes inclusion via reference to all information included in this matter in the aforesaid immediate report from February 19, 2020.

6.3.3 Further to this, in the legal position of the Securities Authority staff¹, as recently updated in August 2020 (hereinafter: the "**Authority's position**") it as noted, *inter alia*, that in the past, the Authority's position had determined that in order to use the relief in Section 1B1 of the Relief Regulations, the remuneration policy must include a reference to the following characteristics: premium; framework for change during the three years; liability limits; and personal participation. It was further noted that due to external changes that had taken place in the insurance market over the years, and in view of the many inquiries submitted to the Authority on the subject, the Authority staff re-examined the necessity of providing details regarding all of the above components in the remuneration policy, with attention to the unique characteristics of the officers' liability insurance market, the terms of which, as of today, are dictated to a large extent by secondary insurers abroad; it was furthermore noted that upon review, the Authority staff found it appropriate to update its position, so that for the purposes of using the relief in Section 1B1 of the Relief Regulations, it would suffice that the details given in the

¹ See Section 11 and Footnote no. 12 to Legal Position 101-21, entitled "Remuneration Policy", which was published by the Securities Authority.

remuneration policy include a reference to the scope of the insurance coverage, as long as the cost of the premium and the personal participation sum are on par with market conditions at the time of the policy's drawing, and the cost is immaterial to the company, per the understanding (as stated in the Authority's position) that the premium and the personal participation sum are usually derived from whatever is commonplace in the market (as required in any case by the relief conditions in Section 1B1 of the Relief Regulations), and do not in themselves raise significant concerns over a conflict of interest between the company and the officers – especially with attention to the fact that the interest in acquiring the insurance coverage is not only that of the officers, but of the company as well, both to retain officers and due to the fact that in derivative suits at least, the insurance payments are frequently made to the company's own coffers.

- 6.3.4 In view of the Authority's position, as aforesaid, and in accordance with Article 267a of the Companies Law, the Bank's Board of Directors resolved – having considered the recommendations of the Bank's Remuneration Committee – to approve the strikeout of Sections 5.5.2c. and 5.5.2d. of the current remuneration policy (regarding the cost of the insurance premium and the personal participation sum, in the engagement in a policy to insure the liability of officers), while keeping the reference to the liability limits under the insurance policy, all in accordance with the Authority's position and as detailed in the updated remuneration policy, which is attached as Appendix E (which is marked in contrast to the current remuneration policy).

It is hereby clarified that except for the update of the current remuneration policy, as aforesaid, no change shall be made to the rest of the current remuneration policy's instructions, which shall continue to apply until three (3) years have passed from January 1, 2020, as aforesaid.

- 6.3.5 To complete the picture, it is noted that on September 24, 2020 and September 30, 2020, having received the approval of the Remuneration Committee, the Board of Directors approved the

addition of Union Bank of Israel Ltd and its subsidiaries (hereinafter, jointly: “**Union Bank**”) to the (current) insurance policy for the directors and other officers of the Bank and of the Bank’s subsidiaries, including the Bank’s Chief Executive Officer and the Bank’s controlling shareholders and their relatives (which is mentioned above in Section 6.3.2), all as detailed in the (supplementary) immediate report published by the Bank on September 30, 2020, reference no. 2020-01-097933 (hereinafter in this section: the “**Immediate Report**”). This mention constitutes inclusion via reference to all information specified in this regard in said immediate report from September 30, 2020.

In this regard it should further be added that in Section 4 of the Immediate Report, it was noted, *inter alia*, that the additional premium payment, which Union Bank will bear, as specified in the Immediate Report, is not in accordance with the current remuneration policy; and that the Bank intends to submit a proposal for the update of the current remuneration policy for the general meeting’s approval, according to which Sections 5.5.2c. and 5.5.2d. of the current remuneration policy will be struck out, in line with the Authority’s position in this regard and as detailed above.

It was furthermore noted in the Immediate Report that as arises from the Authority’s position, the engagement regarding the addition of Union Bank to the Bank’s current insurance policy, as aforesaid, shall be in effect until the update of the current remuneration policy is approved at the upcoming general meeting to be convened by the Bank (and thereafter, insofar as the approval of the general meeting will be received) or until the approval of the engagement regarding the addition of Union Bank to the Bank’s current insurance policy, as aforesaid, at said general meeting.

Accordingly, a proposal to update the Bank’s current remuneration policy is hereby brought before the general meeting, as detailed above.

- 6.3.6 It is hereby clarified that the Bank is not a public second-tier subsidiary, as defined in Article 267a of the Companies Law.

6.4 **The identity of the members of the Remuneration Committee and the members of the Board of Directors who had participated in the meetings**

6.4.1 The following members of the Remuneration Committee participated in the Remuneration Committee meeting, at which the update of the remuneration policy was discussed for the purpose of its recommendation to the Bank's Board of Directors: Ms. Hanna Feuer (outside director and Chairwoman of the Remuneration Committee), Mr. Joseph Fellus (outside director), Mr. Gilad Rabinovich (outside director), and Ms. Sabina Biran (independent director).

6.4.2 The following directors participated in the Board of Directors meeting at which the resolution to approve the update of the remuneration policy was approved: Mr. Moshe Vidman (Chairman), Ms. Hanna Feuer (outside director), Mr. Gilad Rabinovich (outside director), Mr. Joseph Fellus (outside director), Ms. Sabina Biran (independent director), Mr. Ron Gazit, Mr. Avraham Zeldman, Mr. Joav Asher Nachshon, Mr. Jonathan Kaplan, Mr. Ilan Kremer and Mr. Eli Alroy.

6.5 **Directors who may have a personal interest in the resolution**

All of the directors at the Bank may have a personal interest in the approval of the resolution to update the remuneration policy, since the updated remuneration policy also refers, *inter alia*, to the service and employment terms of the Bank's directors.

6.6 **The principle differences between the current remuneration policy and the updated remuneration policy**

In accordance with the resolution to update the remuneration policy, Sections 5.5.2c. and 5.5.2d. of the current remuneration policy (regarding the cost of the insurance premium and the personal participation sum, in the engagement in a policy to insure the liability of officers) will be struck out, as detailed in the updated remuneration policy (which is marked in contrast to the current remuneration policy), attached as Appendix E.

6.7 **The determination manner of the updated remuneration policy, the date of its approval and the information brought in this regard before the Remuneration Committee and the Board of Directors**

6.7.1 On November 16, 2020, having received the Remuneration Committee's recommendation from October 22, 2020, the Bank's Board of Directors approved the resolution to update the remuneration policy, as detailed above. The resolutions of the Remuneration Committee and the Board of Directors were received unanimously by all Remuneration Committee members who had attended the Remuneration Committee meeting on October 22, 2020; and all members of the Board of Directors who had attended the Board of Directors meeting on November 16, 2020.

6.7.2 In the meetings of the Remuneration Committee and the Board of Directors, the directors were presented, *inter alia*, with details regarding the implementation of the current remuneration policy (as background to make the resolution to update the remuneration policy), i.e. details regarding the engagements of the Bank in the officers' liability insurance policy, which are mentioned above in Sections 6.3.2 and 6.3.5 (and which are included in this report via reference), which were approved after the approval of the current remuneration policy, including the opinion of the Bank's professional insurance consultant (as submitted to the Remuneration Committee and the Board of Directors in regard to said engagements).

6.8 **The implementation of the current remuneration policy and engagements not in accordance with the current remuneration policy**

In the matter of the implementation of the current remuneration policy, it is noted that the engagement mentioned above in Section 6.3.2 (which was approved by the Bank's general meeting, as required by law) was in line with the current remuneration policy, except in regard to the matter of the premium sum, which was higher. As to the engagement mentioned above in Section 6.3.5, it was noted in the immediate report published by the Bank in this matter, *inter alia*, that the additional premium payment, which Union Bank will bear, as detailed in said immediate report, is not in accordance with the current remuneration policy; and that the Bank intends to submit a proposal for the update of the current remuneration policy for the general meeting's approval (as is indeed proposed above in Section 6.2).

6.9 **The reasons of the Remuneration Committee and the Board of Directors for the update of the remuneration policy**

Below are the reasons of the Remuneration Committee and the Board of Directors for the update of the remuneration policy:

6.9.1 The update of the remuneration policy, as aforesaid, is necessary, *inter alia*, considering the state of the officer liability insurance market in Israel, including in light of the volatility that characterizes this market, including the substantial increase of the premium sums of liability insurance policies for officers at financial institutions in Israel in general, and in banks in particular, in order to give the Remuneration Committee and the Board of Directors the appropriate flexibility that would allow to adjust the engagement terms of the officer liability insurance policies to changing market conditions, all within the liability limits established in the remuneration policy and in line with the market conditions at the time of the engagement in the policy, provided that the cost is immaterial to the Bank.

Especially so, and as also noted in the Authority's position, with attention to the unique characteristics of the officers' liability insurance market, the terms of which, as of today, are dictated to a large extent by secondary insurers abroad. Moreover, the cost of the premium and the personal participation sum in the officer liability insurance market are usually derived from whatever is commonplace in the market (as required in any case by the relief conditions in Section 1B1 of the Relief Regulations), and do not in themselves raise significant concerns over a conflict of interest between the company and the officers, as stated in the Authority's position in this regard.

6.9.2 The update of the remuneration policy, as aforesaid, is to contribute to the officers properly fulfilling their position, to the Bank's benefit and to the advancement of its goals in the long run, considering the risks involved in their activities, all with attention to the size of the Bank, the nature of its operations and the scope of its business.

6.9.3 It is hereby clarified that the updated remuneration policy shall apply in identical conditions to all directors and other officers at the Bank, without priority to the Bank's Chief Executive Officer, the controlling

shareholders of the Bank or their relatives or anyone whose liability insurance is in the personal interest of a controlling shareholder at the Bank.

Under the circumstances, and in light of the Authority's position, as detailed above, the Remuneration Committee and the Board of Directors are of the opinion that the update of the remuneration policy is to the Bank's benefit and to the advancement of its goals in the long run.

6.10 **The identity of the Bank's controlling shareholders and the rights which grant them control**

For details regarding the identity of the Bank's controlling shareholders and the rights which grant them control of the Bank, including their holdings of voting rights and the Bank's issued and outstanding capita;, as well as the voting agreements to which they are party, regarding the voting rights at the Bank, see the notes regarding holders 1 through 3 in the immediate report on "The Holdings Status of Interested Parties and Senior Officers", published by the Bank on October 12, 2020 (reference no. 2020-01-101980) (hereinafter: "**Status Report**"). This mention constitutes inclusion via reference to all information specified in said notes of the Status Report.

6.11 **The majority required to pass the resolution**

The majority required at the general meeting and at the deferred general meeting to approve the resolution to update the remuneration policy (as aforesaid in Section 6.2) is an ordinary majority of the shareholders present at the general meeting, who are entitled to vote and voting thereat, provided that one of the following is fulfilled:

- 6.11.1 The counting of the majority votes at the general meeting will include a majority of the votes of shareholders who are not controlling shareholders at the Bank, nor have any personal interest in the approval of the resolution to update the remuneration policy, who are participating in the vote; abstaining votes will not be taken into account in the counting of the total votes of said shareholders;
- 6.11.2 The total opposing votes among the shareholders referred to above in Paragraph 6.11.1 does not exceed two percent (2%) of the total voting rights at the Bank.

A shareholder participating in the voting, with regard to the resolution specified above in Section 6.2, shall notify the Bank prior to his voting; and if the vote is through a voting paper, shall mark in the designated place in Part B of the voting paper, which is attached as Appendix D to this immediate report, whether he is considered to be a controlling shareholder at the Bank or anyone on his behalf, or whether he has a personal interest in the approval of the resolution to update the remuneration policy, as applicable, and also describe the relevant connection, if any. Should a shareholder fail to notify or mark as aforesaid, or if he has marked and not provided a description as aforesaid, his vote shall not be counted.

In this report, “**personal interest**”: per its meaning above in Section 5.4.

7. **Location and time of the meeting’s convening**

7.1 The general meeting will convene on Thursday, December 24, 2020, at 15:00, at the Bank’s offices, 7 Jabotinsky St., Ramat-Gan, 13th floor (hereinafter: “**Bank’s Offices**”). If the meeting is deferred, it will be held on December 31, 2020, at the same time and place.

The date for determining the entitlement of shareholders to vote at the general meeting, as stated in Article 182 of the Companies Law, shall be November 22, 2020 (hereinafter: “**Effective Date**”).

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

7.3 The Bank’s controlling shareholders’ holdings of the Bank’s issued and outstanding capital shall not grant the Bank’s controlling shareholders the majority required to approve any of the resolutions on the agenda of the general meeting.

7.4 A shareholder is entitled to vote at the general meeting, in person or through an agent granted power of attorney to vote. In addition, a shareholder is entitled to vote at the general meeting at the vote to approve the resolutions aforesaid in sections 4, 5 and 6 via voting paper, as detailed below (hereinafter: “**Written Vote**” or “**Voting Paper**”).

- 7.5 7.5.1 In addition, an unregistered shareholder (i.e. a person to whom shares are registered with a TASE member, and those shares are also included in the Shareholder Registry under a registration company's name) (hereinafter: "**Unregistered Shareholder**") is also entitled to vote through an electronic Voting Paper, which shall be transferred to the Bank through the electronic voting system (hereinafter: "**Electronic Voting System**") up to 6 hours prior to the meeting.
- 7.5.2 An Unregistered Shareholder may, at any time, announce by writing to the TASE member through which he holds shares that he is not interested in being included on the list of those entitled to vote through the Electronic Voting System (as it was set at the Effective Date). If he has done so, then the TASE member shall not deliver information about him according to the Companies Regulations (Written Votes and Position Papers) 5766-2005, as long as no other instruction has arrived from the Unregistered Shareholder. Such instructions from shareholders, as stated above, shall be delivered to the TASE member no later than 12:00 noon on the Effective Date, with regard to the securities account and not particular securities held in the account.
- 7.6 A Written Vote will be made through the second part of the Voting Paper, attached to this immediate report as **Appendix D**. The Voting Paper and the documents which must be attached thereto (hereinafter: "**Attached Documents**"), as provided in the Voting Paper, should be delivered to the Bank's Offices up to 4 hours prior to the convening of the meeting (with respect to an Unregistered Shareholder) and up to 6 hours prior to the convening of the meeting (with respect to a registered shareholder). In this regard, the "time of delivery" shall be the time at which the Voting Paper and the Attached Documents arrive at the Bank's Offices.
- 7.7 The document appointing an agent to vote (hereinafter: "**Letter of Appointment**") and the power of attorney under which the Letter of Appointment was signed (if any) or a copy thereof, certified to the Bank's satisfaction, is to be prepared and signed by the appointer or by an agent authorized therefor in writing; and if the appointer is a corporation, will be signed in a manner such that binds the corporation. The Letter of Appointment

will be deposited at the Bank's Offices no later than 48 hours prior to the time scheduled for the beginning of the meeting.

7.8 Voting with respect to each candidate for directorial service, as specified above in sections 4 and 5, shall be done separately.

7.9 The distribution address of the Israel Securities Authority's site and the website of the Tel-Aviv Stock Exchange Ltd, on which the voting papers and position papers are located:

7.9.1 The distribution site of the Israel Securities Authority:

<http://www.magna.isa.gov.il/>

7.9.2 The website of the Tel-Aviv Stock Exchange Ltd:

<http://maya.tase.co.il/>

7.10 A shareholder is entitled to approach the Bank directly to receive from it the text of the Voting Paper and position papers,

7.11 An Unregistered Shareholder is entitled to receive a link to the text of the Voting Paper and position papers on the distribution site via e-mail from the TASE member through which he holds his shares, free of charge, unless he has notified the TASE member that he does not wish to receive such a link, or that he wishes to receive voting papers by regular mail in return for payment; a notice regarding voting papers shall also apply to receiving position papers.

7.12 A shareholder whose shares are registered with a TASE member may receive the ownership confirmation at a branch of the TASE member or by mail, if he has requested it. A request in this matter shall be given in advance regarding a particular securities account.

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

7.13 7.13.1 The voting paper shall be valid for an Unregistered Shareholder only if an ownership confirmation is attached thereto, or if such a confirmation has been transferred to the Bank through the electronic voting system.

7.13.2 The voting paper shall be valid with respect to a shareholder according to Article 177(2) of the Companies Law (i.e. those registered as a shareholder in the Shareholder Registry) only if a

photocopy of one's identity card, passport or incorporation certificate is attached thereto.

7.14 The Bank's address for the delivery of voting papers and position papers: The Bank's Offices at 7 Jabotinsky Street, Ramat-Gan.

7.14.1 The deadline for the delivery of position papers to the Bank: Up to 10 days before the meeting.

7.14.2 The deadline for the delivery of the Board of Directors' response to the position papers: No later than 5 days prior to the date of the meeting.

7.15 7.15.1 Attention is hereby directed to the instructions of Article 34(a1) of the of the Banking (Licensing) Law 5741-1981, whereby:

“A person shall not make an agreement with another with respect to their vote for the appointment of a director in a banking corporation or in a Bank holding corporation, including with respect to their vote for his termination of office, other than under a permit issued by the Governor, after consulting with the Licensing Committee; this provision shall not apply [...] or to a holder of means of control who agrees with another that the other will vote in his name and on his behalf without any discretion, as the said holder of means of control instructs him, provided that if the other holds himself means of control in the banking corporation or in the Bank holding corporation, as the case may be, he shall not vote in the name and on behalf of more than one other holder”.

7.15.2 It arises, *inter alia*, from said instructions, that with respect to the appointment of directors, as specified above in sections 4 and 5, a voting proxy who is also a shareholder at the Bank may vote in the name and on behalf of only one other shareholder, as specified in the aforesaid instructions.

With regard to the additional issues upon the agenda of the meeting (as specified in sections 2, 3 and 6), there is nothing to impede a single voting proxy from representing more than one shareholder.

7.16 Any shareholder at the Bank voting on the resolutions above in Section 5.2 (appointment of an outside director) and Section 6.2 (update of the

remuneration policy), which are on the agenda, who is an interested party at the Bank (as defined in Article 1 of the Securities Law 5728-1968), an officer at the Bank (as defined in Article 37(d) of the Securities Law 5728-1968), or an institutional investor (as defined in Regulation 1 of the Companies Regulations (Written Votes and Position Papers) 5766-2005) is required to notify the Bank, prior to voting at the meeting, with the details below regarding his or its voting manner at the meeting:

- 7.16.1 The voter's identity: last name and first name for an individual, corporation name and number for a corporation;
- 7.16.2 The amount of securities by power of which the vote was made;
- 7.16.3 Voting manner;
- 7.16.4 Whether the voter has a personal interest or some other characteristic, as determined in the table in the addendum to the Companies Regulations (Written Votes and Position Papers) 5766-2005;
- 7.16.5 Additional relations between the voter and the company, the controlling shareholder or a senior officer therein, and details of the nature of the relationship;
- 7.16.6 If the vote is by proxy, the above details shall also be made with regard to both the power of attorney grantor and agent.

8. **Adding an issue to the agenda and position papers**

After the publication of this voting paper, there may be changes to the agenda, including the addition of an issue thereto, and position papers may be published; it will be possible to review the current agenda and published position papers in the Bank's reports on the distribution site.

One or more shareholder(s) who hold(s) shares representing at least 1% of the voting rights at the general meeting of the Bank may request the Board of Directors to include an issue on the agenda of the meeting up to 7 days after the meeting's summoning, provided that the issue is appropriate for a discussion at the general meeting.

Should the Board of Directors find that the issue requested to be included on the agenda is appropriate for a discussion at the general meeting, the Bank shall prepare an updated agenda and an amended voting paper, insofar as this may be required,

which will be published no later than 7 days after the final date to produce a request to include another issue on the agenda, as stated above. It is clarified that the publication of an updated agenda, as stated above, shall not change the Effective Date as set forth in this immediate report.

9. **Details regarding the Bank's representative in respect of the handling of this report**

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

Perusal of documents

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

Mizrahi Tefahot Bank Ltd

**November 16
2020**

Date

Via: Racheli Friedman Ofer Hortwitz
 Chief Legal Advisor Bank Secretary

Articles of Association

Mizrahi Tefahot Bank Ltd.

- 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 resolved to amend Articles 142 and 144 to the Bank's Articles of Association, regarding Insurance and Indemnification.

* A general meeting of _____¹ resolved to amend Articles 89.1 and 92 of the Bank's Articles of Association, regarding the tenure length of directors (who are not outside directors).

¹ The date will be completed after the general meeting's 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

- | | |
|-----------------------------------|--|
| “Person” or “Persons” | - Including a corporation; |
| “In Writing” | - In handwriting, print, typewriter, photocopy, telex, facsimile or any other legible form; |
| “Shareholder” | - 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; |
| “Registered Shareholder” | - A shareholder registered in the Company’s Shareholders’ Register; |
| “Unregistered Shareholder” | - A shareholder within the meaning of Section 177(1) of the Law; |
| The “Company” | - Mizrahi Tefahot Bank Ltd. |
| “Independent Director” | - 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:
(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 “ Control of Insurance Law ”	- The Control of Financial Services Law (Insurance), 5741-1981;
The “ Control of Provident Funds Law ”	- The Control of Financial Services Law (Provident Funds), 5765-2005;
The “ Joint Investment Law ”	- The Joint Investment Trust Law, 5754-1994;
The “ Secretary ”	- Whomever is appointed as the Company’s secretary;
The “ Supervisor ”	- The Supervisor of Banks;
The “ Register ” or the “ Shareholders’ Register ”	- The Company’s shareholders’ register, that is required to be maintained in accordance with the Law;
The “ Office ” or the “ Registered Office ”	- The Company’s office, whose address shall be recorded with the registrar, as it shall be from time to time;
The “ Ordinance ” or the “ Companies Ordinance ”	- The Companies Ordinance (New Version), 5743-1983, as it shall be worded from time to time, and the regulations promulgated thereunder;
“ Officer ”	- As defined in the Companies Law;
“ Incompetent ”	- 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 “ Banking Ordinance ”	- The Banking Ordinance, 1941;
“ Super Majority ”	- A majority of seventy five percent 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;

“Simple Majority”	- 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;
“Control” or “Controlling Shareholder”	- Within the meaning of the term “Control” in the Securities Law;
“Year” or “Month”	- According to the Gregorian Calendar;
“Corporation”	- A company, partnership, cooperative society, non-profit organization and any other body corporate, whether incorporated or unincorporated;
A “Banking Corporation without a Controlling Block”	- Within the meaning thereof in Section 11B(c) of the Banking Ordinance;
These “Articles” or the “Articles of Association”	- 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, or until an earlier date approved in this regard by the Supervisor of Banks.
 - 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 or at an earlier date approved in this regard by the Supervisor of Banks.
- 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 II (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 Other 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 “ Held Corporation ”:	A corporation held by the Company, whether incorporated under the laws of the State of Israel or incorporated under the laws of a foreign country.
A “ Derivative Claim ”:	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.
“ Class Action ”:	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.
“ Other Claim ”:	A claim which is neither a Derivative Claim nor a Class Action.
The “ Respondents and/or the Defendants ”:	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.
“ Cause of Action ”:	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

To

Mizrahi Tefahot Bank Ltd (the "**Bank**" or the "**Company**")

Statement of a Director or Candidate for a Director's Position

Pursuant to Section 224B of the Companies Law, 5759-1999 (the "Companies Law")

I, the undersigned, **Joav Nachshon**, bearer of ID No. **057081630**, hereby state in writing as follows:

1. I have the required qualifications and the ability to dedicate the appropriate amount of time to performing my duties as a director at the Bank, considering, inter alia, the Bank's special needs and size.

Noting the above, below are details regarding my qualifications, including my education, experience and knowledge:

Education:

Certified Public Accountant

M.B.A with a concentration in Strategy, The Hebrew University in Jerusalem

B.A. – Graduate of Economics and Accounting, Tel Aviv University

Professional experience and occupations:

2002 – present: CFO and Vice President of Finance and Business Development at the Central Bottling Company Group Ltd.

1998-2002 - CFO and CIO at the Central Bottling Company Ltd.

1995-1998 - Partner at Almagor Accounting Firm.

1994-1995 – Accountant at Almagor Accounting Firm

Below is a listing of the companies at which I currently serve as director:

Keshet Broadcasting International Ltd, Beer Breweries Israel (Import & Export 1995) Ltd, Transportation Industries T.I. Ltd, Neviot Teva Hagalil Ltd (Chairman of the

Board of Directors), Association of Milk Producers and Dairy Products Ltd. (in voluntary liquidation), Tavor Winery (2005) Ltd, Keshet Broadcasting Ltd, Mira Trading Co. Ltd, Clover (Pty) Ltd, Milco Mauritius International Limited, Türk Tuborg Bira ve Malt Sanayii A.S, Tuborg Pazarlama A.S, Al Breweries B.V., United Albanian Breweries SH.P.K.

Below is a listing of the companies at which I had served as director in the last five years (except for the companies mentioned above, at which I currently serve as a director):

Central Bottling Company Ltd, International Dairies Corporation B.V and Carlberg Uzbekistan Limited

2. I have read Articles 226 and 227 of the Companies Law, and I hereby declare that the limitations provided in these articles do not apply to me.
3. I am aware that this statement of mine will be attached to the immediate report released by the Company regarding the convening of a general meeting, the agenda of which shall include, *inter alia*, my appointment as a director at the Bank.

In witness whereof, I have hereunto set my hand:

Date: November 9, 2020

Signature: [Joav Nachshon]

Articles 226 and 227 of the Companies Law 5759-1999

226. (a) A person convicted by a conclusive judgment of one of the following offenses shall not hold office as a director at a public company or a private company which has issued corporate bonds, unless five years have passed from the date on which the judgment by which he was convicted was passed:
- (1) offenses under articles 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 5737-1977, and under articles 52C, 52D, 53(a) and 54 of the Securities Law.
 - (2) conviction by a court outside Israel of the offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information.
 - (3) (Struck out).
- (a1) A person convicted by a conclusive judgment of an offense which is not listed in sub-article (a) shall not hold office as a director at a public company or a private company which has issued corporate bonds, if the court has determined that due to its nature, severity or circumstances, he is not fit to serve as a director at a public company or a private company which has issued corporate bonds, for the period determined by the court, which shall not exceed five years from the date on which the judgment was passed.
- (b) A court may determine, at the date of the conviction or thereafter, at the request of a person seeking to be appointed as a director, that despite his conviction of offenses specified in sub-article (a) - and taking into account, *inter alia*, the circumstances in which the offense took place – he is not precluded from holding office as director of a public company or a private company which has issued corporate bonds; or that the period during which he is precluded from holding office as director of a public company or a private company which has issued corporate bonds is shorter than five years.
- (c) The Minister may prescribe additional offenses to those specified in sub-article (a)(1).
- (d) A court – and if an appeal was filed, an appeals court – may order a stay of execution on appointment limitations or tenure expiration, per this article, to a date that will be determined and under the conditions it sees fit.

227. (a) No person who is a minor; incompetent; declared bankrupt so long as he is not discharged; nor a corporation that has resolved to enter into voluntary liquidation or in respect of a liquidation order has been issued shall be appointed director.
- (b) A candidate to hold office as director to whom the aforesaid in sub-article (a) applies shall disclose this to the appointer.

To

Mizrahi Tefahot Bank Ltd (hereinafter: “**the Bank**” or “**the Company**”)

Statement of a Candidate for Service as an Outside Director

Pursuant to Section 224B and 241 of the Companies Law, 5759-1999 (“**the Companies Law**”)

I, the undersigned, Estery Giloz-Ran, bearer of ID No. 025682154, hereby state in writing as follows:

1. I am a resident of Israel.
2.
 - 2.1 I am not a relative of the controlling shareholder and I and/or my relatives and/or my partners and/or my employers and/or any person to whom I am directly or indirectly subordinate and/or any corporation in which I am a controlling shareholder, do not have at the date of the appointment and have not had, over the two years prior to the date of appointment as a director, any affinity to the Company, the Company’s controlling shareholder, a relative of the controlling shareholder at the date of appointment or any other corporation.
 - 2.2 I and/or my relatives and/or my partners and/or my employers and/or any person to whom I am directly or indirectly subordinate and/or any corporation in which I am a controlling shareholder, do not have, business or professional ties with the Company, the Company’s controlling shareholder, any relative of the controlling shareholder or any other corporation, even if such ties are not on a regular basis.

In this matter,

“**affinity**”: the existence of work relations, the existence of regular business or professional relations or control, as well as service as an officer, except for the service of a director appointed to serve as an outside director (per its meaning in the Companies Law) at a company about to offer shares to the public for the first time.

“**other corporation**”: a corporation in which the controlling shareholder, at the date of the appointment or in the two years prior to the appointment, is the Company or its controlling shareholder.

“**relative**”: a spouse, sibling, parent, grandparents, child; as well as a child, sibling, or parent of the spouse, or the spouse of any of these.

- 2.3 The aforesaid in Section 2 of my statement excludes connections which the Audit Committee has confirmed do not attribute an “affinity” to the Bank (per its meaning in Article 240 of the Companies Law) to myself; and alternatively, that these are negligible connections, and as such they do not constitute an “affinity” under Regulation 5(a) of the Companies Regulations (Matters Which Do Not Constitute Affinity) 5766-2006.
3. I have not received any consideration, directly or indirectly, in conflict with the instructions of Article 244(b) of the Companies Law.
 4. My position and/or other occupations do not and may not create conflict of interest with my position as a director at the Company and they do not impair my ability to serve as a director at the Company.
 5. To the best of my knowledge, none of the Company’s directors serve as outside directors, per its meaning in the Companies Law, in companies in which I am a director.
 6. I am not an employee of the Israel Securities Authority nor of an Israeli stock exchange.
 7. I hereby declare that I comply with the requirements for my appointment as an outside director, per its meaning in the Companies Law (“**Outside Director According to the Companies Law**”), which are established in Article 240(a) through (f) of the Companies Law, as well as requirements for my appointment as an outside director, per its meaning in Proper Conduct of Banking Directive no. 301 Regarding the Board of Directors, issued by the Supervisor of Banks (“**Outside Director According to the Supervisor’s Directives**”) and I have not served as a director at the Bank for over nine consecutive years (and in this regard, discontinuance of service which does not exceed two years will not be considered as discontinuing the sequence of service).
 8. I have the required qualifications and ability to dedicate the appropriate amount of time, to the performance of my duties as an Outside Director According to the Companies Law and as an Outside Director According to the Supervisor’s Directives considering, *inter alia*, the Bank’s special needs and size.

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

8.1 Education:

B.A. in Social Sciences - Management (The Open University); Certified public accountant (C.P.A.) in Israel; M.B.A. (Ben-Gurion University); Ph.D. in Accounting & Taxes (Ben-Gurion University).

My current occupations (including details of the corporations in which I currently serve as a director):

Academic lecturer (since 2017); independent counsellor, including writing expert reports for court (since 2016); and a member of the Professional Council of the Institute of Certified Public Accountants in Israel (since 2018).

In addition, I currently serve as a director at the following companies: Overseas Commerce Ltd – outside director (since February 2017); Orda Print Industries Ltd– outside director (since August 2019); M. Yochananof and Sons (1988) Ltd – outside director (since February 2020); Netanel Group Ltd – outside director (since March 2020); ARAN Research and Development (1982) Ltd – outside director (since February 2016); Blue Square Real Estate Ltd – independent director (since August 2018); and Aminach Furniture & Mattress Industries Ltd – director (since July 2019).

My occupations in the last five years, including details of the corporations in which I have served as a director (except for occupations detailed in Section 8.2 above):

Member of the examination board of the Institute of Certified Public Accountants in Israel (2017-2020) and head of the Accountancy Department and a lecturer in the M.B.A. Department at the Peres Academic Center (2011-2017). In addition, I have served as a director at the following companies: Tamir Fishman and Co. Ltd, Investment Brokers – Chairwoman of the Board of Directors (December 2016 - March 2018); Exposebox Ltd – director (March 2020 – September 2020); Suny Electronic Inc. Ltd – outside director (June 2016 – March 2020); Kamada Ltd – outside director (February 2014 – February 2017); Medipower Public Co Limited - independent director (March 2016 – July 2017); Vaxil Bio Ltd - outside director (May 2014 – February 2016); and Emerald Medical Applications Ltd – director (October 2015 – December 2017).

8.4 In addition to the aforesaid in Sections 8.2 and 8.3, I have held the following positions, *inter alia*:

- a. Faculty member and lecturer at the School of Business Administration, Yeshiva University, New York (2013)
- b. Head of professional staff at the Institute of Certified Public Accountants in Israel (2013)

- c. Lecturer at an academic institute in Israel, in a variety of courses in field of financial accounting, taxes, business valuation and financing (2006-2013)
 - d. Consultant at Intel Israel, in the field of taxes, grants and the Encouragement of Capital Investment Law 5719-1959 (2008-2010).
 - e. Income Tax Comptroller at the Tax Authority (2001-2007).
 - f. Land Tax Comptroller at the Tax Authority (1995-2001).
9. In view of the aforesaid in Section 8, I evaluate myself as having “accounting and financial expertise” and having “professional qualifications”, per these terms’ definitions in the Companies Regulations (Conditions and Criteria for a Director with Accounting and Financial Expertise and for a Director with Professional Qualifications) 5766-2005.
10. I have read Articles 226 and 227 of the Companies Law, and I hereby declare that the limitations provided in these articles do not apply to me. The instructions of these articles, in their wording at the time of my statement’s signing, are detailed in the appendix attached to this statement which constitutes an inseparable part thereof.
11. I am aware that my statement will be attached to the immediate report that the Bank will publish on the matter of convening a general meeting, upon the agenda of which, *inter alia*, shall be my appointment as a director at the Bank.

In witness whereof I have hereunto set my hand:

Name: Estery Giloz-Ran

Date: November 8, 2020

Signature: [**Estery Giloz-Ran**]

Articles 226 and 227 of the Companies Law 5759-1999

226. (a) A person convicted by a conclusive judgment of one of the following offenses shall not hold office as a director at a public company or a private company which has issued corporate bonds, unless five years have passed from the date on which the judgment by which he was convicted was passed:
- (1) offenses under articles 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 5737-1977, and under articles 52C, 52D, 53(a) and 54 of the Securities Law.
 - (2) conviction by a court outside Israel of the offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information.
 - (3) (Struck out).
- (a1) A person convicted by a conclusive judgment of an offense which is not listed in sub-article (a) shall not hold office as a director at a public company or a private company which has issued corporate bonds, if the court has determined that due to its nature, severity or circumstances, he is not fit to serve as a director at a public company or a private company which has issued corporate bonds, for the period determined by the court, which shall not exceed five years from the date on which the judgment was passed.
- (b) A court may determine, at the date of the conviction or thereafter, at the request of a person seeking to be appointed as a director, that despite his conviction of offenses specified in sub-article (a) - and taking into account, *inter alia*, the circumstances in which the offense took place – he is not precluded from holding office as director of a public company or a private company which has issued corporate bonds; or that the period during which he is precluded from holding office as director of a public company or a private company which has issued corporate bonds is shorter than five years.
- (c) The Minister may prescribe additional offenses to those specified in sub-article (a)(1).
- (d) A court – and if an appeal was filed, an appeals court – may order a stay of execution on appointment limitations or tenure expiration, per this article, to a date that will be determined and under the conditions it sees fit.

227. (a) No person who is a minor; incompetent; declared bankrupt so long as he is not discharged; nor a corporation that has resolved to enter into voluntary liquidation or in respect of a liquidation order has been issued shall be appointed director.
- (b) A candidate to hold office as director to whom the aforesaid in sub-article (a) applies shall disclose this to the appointer.

Mizrahi Tefahot Bank Ltd

VOTING PAPER PURSUANT TO THE COMPANIES REGULATIONS

(WRITTEN VOTES AND POSITION PAPERS), 5766-2005

(THE “REGULATIONS”)

Part One

1. Company name: Mizrahi Tefahot Bank Ltd (hereinafter: the “**Company**” or the “**Bank**”).
2. The type of general meeting and the time and place thereof: An annual general meeting of all of the Bank’s shareholders (hereinafter: the “**general meeting**”). The general meeting shall convene on Thursday, December 24, 2020, at 15:00, at the Bank’s offices, 7 Jabotinsky Street, 13th floor, Ramat Gan. Should the meeting be deferred, it shall take place on Thursday, December 31, 2020, at the same time and place.
3. Details of the issues on the agenda, as detailed in the immediate report published by the Bank on November 16, 2020 (hereinafter: the “**immediate report**”), which can be voted on through the voting paper:
 - 3.1 **The (re)appointment of Mr. Joav Asher Nachshon as a director at the Bank – the issue detailed in Section 4 of the immediate report**
 - 3.1.1 Description of the nature of the issue: The (re)appointment of Mr. Joav Asher Nachshon as a director at the Bank.
 - 3.1.2 Text of the proposed resolution: Subject to the approval of the amendments to the Bank’s Articles of Association, as detailed in Section 3.2 of the immediate report, it is proposed to (re)appoint Mr. Nachshon to an additional tenure as a director at the Bank, subject to the Supervisor of Banks not announcing his objection to said appointment or announcing his consent thereto (hereinafter, in this section: the “**Supervisor’s Confirmation of the Appointment**”).

Mr. Nachshon will begin said tenure as a director at the Bank on the day of his appointment by the general meeting or on the day on which the Supervisor's Confirmation of the Appointment is received, whichever later; and end said tenure at the end of the first annual meeting to be held after the date on which his aforesaid appointment shall come into effect (i.e. at the end of the annual meeting that will be held in 2021).

3.1.3 The principle facts required to understand the matter:

- a. Mr. Nachshon had served as a director at the Bank from February 27, 2012 and until the end of the annual meeting held on December 18, 2019; further to this, on December 2, 2019, the Board of Directors appointed Mr. Nachshon to an additional tenure as a director at the Bank, beginning January 1, 2020 and until the end of the annual meeting that will be held in 2020.
- b. The Bank hereby refers to the details required by Regulation 26 of the Securities Regulations (Periodic and Immediate Reports) 5730-1970 (hereinafter: the "**Periodic and Immediate Report Regulations**") with respect to Mr. Nachshon, as included on page 329 of the Hebrew version of the 2019 periodic report, published by the Bank on February 25, 2020 (reference no. 2020-01-018930) (hereinafter: the "**Periodic Report**"), subject to the changes specified below (the mention of the Periodic Report constitutes inclusion by way of reference to the information included on page 329 of the Hebrew version of the Periodic Report):
 - (1) In the list of current occupations:
 - The name of the company Milco SA (Proprietary) Limited, at which Mr. Nachshon serves as a director, has been changed to Clover (Pty) Ltd.
 - In December 2019, Mr. Nachshon ceased to serve as a director at International Dairies Corporation B.V.
 - (2) In the list of previous occupations (in the last five years):

- Mr. Nachshon's tenure as a director at Mey Galil Ltd should be omitted, since more than five years had passed since the date on which he retired from said position.
 - Mr. Nachshon's tenure as a director at Carlsberg Uzbekistan Limited should be added (Mr. Nachshon had ceased to serve as a director at said company in May 2018).
- c. Mr. Nachshon serves as a member of the following Board of Directors committees: The Credit Committee and the Information Technology and Technological Innovation Committee.
- d. For details regarding the remuneration that will be paid to Mr. Nachshon as a Bank director and for details regarding his entitlement to the exemption, indemnification and insurance of officers, see Section 4.3.5 of the immediate report.
- e. Mr. Nachshon gave a statement to the Bank, per Article 224b(a) of the Companies Law 5759-1999 (hereinafter: the "**Companies Law**"), which is attached as **Appendix B** to the immediate report

3.2 **Appointment of Ms. Estery Giloz-Ran as an outside director at the Bank, according to the Companies Law - the issue detailed in Section 5 of the immediate report**

- 3.2.1 **Description of the nature of the issue:** An appointment of an outside director at the Bank, per this term's meaning in the Companies Law (hereinafter: "**Outside Director under the Companies Law**")
- 3.2.2 **Text of the proposed resolution:** It is proposed to appoint Ms. Estery Giloz-Ran (hereinafter: the "**Candidate**") as an outside director at the Bank, under the Companies Law (who also meets the qualifications of an outside director under Directive 301), for a tenure of three (3) years, subject to the Supervisor of Banks not announcing his objection to said appointment or announcing his

consent thereto (hereinafter, in this section: the “**Supervisor’s Confirmation of the Appointment**”).

The Candidate will begin said tenure as a director at the Bank on February 27, 2021 or on the day on which the Supervisor’s Confirmation of the Appointment is received, whichever is later.

3.2.3 The principle facts required to understand the matter:

- a. Below, to the best of the Bank’s knowledge, are details regarding the Candidate, in accordance with Regulation 26 of the Periodic and Immediate Report Regulations:
 - (1) **Name:** Estery Giloz-Ran
 - (2) **I.D. Number:** 025682154
 - (3) **Date of Birth:** March 7, 1974
 - (4) **Address for service of court documents:** Yefe Nof 1, Givatayim
 - (5) **Nationality:** Israeli
 - (6) **Membership of Board Committee(s):** Not yet appointed.
 - (7) **Is she an independent director:** Yes (subject to the confirmation of her appointment, as detailed above in Section 3.2.2).
 - (8) **Is she an outside director, per this term’s definition in the Companies Law:** Yes (subject to the confirmation of her appointment, as detailed above in Section 3.2.2).
 - (9) **Does she have accounting and financial expertise or professional qualifications, per these terms’ definitions in the Companies Regulations (Conditions and Criteria for a Director with Accounting and Financial Expertise and for a Director with Professional Qualifications) 5766-2005:** Yes – has accounting and financial expertise and has professional qualifications.

(10) **Is she an expert director, per this term's definition in the Companies Regulation (Rules Regarding the Remuneration and Expenses of an Outside Director) 5760-2000:** Yes.

(11) **Is she an employee of the Company, its subsidiary, its affiliate or an interested party therein:** No.

(12) **The date on which he began his tenure as a director at the Company:** The Candidate will begin said tenure as a director at the Bank on February 27, 2021 or on the day on which the Supervisor's Confirmation of the Appointment is received, whichever is later.

(13) **Education:**

B.A. in Social Sciences - Management (The Open University); Certified public accountant (C.P.A.) in Israel; M.B.A. (Ben-Gurion University); Ph.D. in Accounting & Taxes (Ben-Gurion University)

(14) **Current occupations (including a list of the corporations at which she currently serves as director):**

Academic lecturer (since 2017); independent counselor, including writing expert reports for court (since 2016); member of the Professional Council of the Institute of Certified Public Accountants in Israel (since 2018).

In addition, the Candidate currently serves as a director at the following companies: Overseas Commerce Ltd – outside director (since February 2017); Orda Print Industries Ltd– outside director (since August 2019); M. Yochananof and Sons (1988) Ltd – outside director (since February 2020); Netanel Group Ltd – outside director (since March 2020); ARAN Research and Development (1982) Ltd – outside director (since February 2016); Blue Square Real Estate Ltd – independent director (since

August 2018); and Aminach Furniture & Mattress Industries Ltd – director (since July 2019).

- (15) **Occupations in the last five years, including a list of the corporations at which she had served as director (except for her occupations detailed above in SS (14)):**

Member of the examination board of the Institute of Certified Public Accountants in Israel (2017-2020) and head of the Accountancy Department and a lecturer in the M.B.A. Department at the Peres Academic Center (2011-2017). In addition, the Candidate has served as a director at the following companies: Tamir Fishman and Co. Ltd, Investment Brokers – Chairwoman of the Board of Directors (December 2016 - March 2018); Exposebox Ltd – director (March 2020 – September 2020); Suny Electronic Inc. Ltd – outside director (June 2016 – March 2020); Kamada Ltd – outside director (February 2014 – February 2017); Medipower Public Co Limited - independent director (March 2016 – July 2017); Vaxil Bio Ltd - outside director (May 2014 – February 2016); and Emerald Medical Applications Ltd – director (October 2015 – December 2017).

- (16) **Is she a family member of another interested party at the corporation:** No.

- (17) **Does the Bank consider her to have accounting and financial expertise for the purpose of meeting the minimum number established by the Board of Directors per Article 92(a)(12) of the Companies Law:**
Yes.

- b. The Candidate gave a statement to the Bank, per Articles 224b. and 241 of the Companies Law. A copy of the Candidate's statement is attached as **Appendix C** to the immediate report.
- c. For details regarding the remuneration that will be paid to The Candidate as an Outside Director under the Companies Law and for details regarding her entitlement to the exemption,

indemnification and insurance of officers, see Section 5.3.4 of the immediate report.

- d. In its meetings on October 19, 2020 and October 22, 2020, the Audit Committee examined whether to attribute an “affinity” to the Bank to the Candidate, within the meaning thereof in Article 240 of the Companies Law, due to the holding of accounts at the Bank and receipt of banking services from the Bank, as detailed in Section 5.3.5 of the immediate report, which began before the Candidate’s expected appointment as an outside director at the Bank (hereinafter: the “**Banking Connections**”). In this regard, and relying on the facts presented thereto and on the basis of the Candidate’s statement, the Audit Committee confirmed that the Candidate should not be attributed an “affinity” to the Bank, within the meaning thereof in Article 240 of the Companies Law, due to the Banking Connections; alternatively, the Audit Committee confirmed that even if the Banking Connections were to constitute an “affinity” as aforesaid, these would be merely “negligible connections”, in the view of both the Bank and the Candidate, and as such they do not constitute an “affinity” in accordance with Regulation 5(a) of the Companies Regulations (Matters Which Do Not Constitute Affinity), 5767-2006, *inter alia* with attention to the contents of Section 5.3.5 of the immediate report.

3.3 **Update of Section 5.5 of the Officers’ Remuneration Policy (on the Subject of Officers’ Liability Insurance) - the issue detailed in Section 6 of the immediate report**

- 3.3.1 Description of the nature of the issue: To approve an update of the remuneration policy for officers, which was approved by the Bank’s general meeting on December 18, 2019 (hereinafter: the “**current remuneration policy**”).
- 3.3.2 Text of the proposed resolution: To approve the strikeout of Sections 5.5.2c. and 5.5.2d. of the current remuneration policy (regarding the sum caps of the cost of the insurance premium and the personal participation sum, in the engagement in a policy to insure the liability of officers), as detailed in the updated remuneration policy

(which is marked in contrast to the current remuneration policy), attached as **Appendix E** (hereinafter: the “**updated remuneration policy**”).

3.3.3 The principle facts required to understand the matter:

- a. On December 18, 2019, the Bank’s general meeting approved the current remuneration policy for a period of three (3) years commencing on January 1, 2020.

Inter alia, instructions were established in the current remuneration policy, according to which the Bank may (per Regulation 1B1 of the Companies Regulations (Relief in Transactions with Interested Parties) 5766-2006 (hereinafter: “**Relief Regulations**”)) become engaged in a policy to insure the liability of directors and other officers, including instructions regarding the sum caps of the cost of the insurance premium and the personal participation sum in such engagements (as detailed in Section 5.5 of the current remuneration policy, which was attached as Appendix B to the (supplementary) immediate report published by the Bank on December 2, 2019, reference no. 2019-01-105612).

- b. On March 25, 2020, the Bank’s general meeting approved the Bank’s engagement in an insurance policy for the liability of officers, as detailed in the immediate report published by the Bank on February 19, 2020, (reference no. 2020-01-107409) (hereinafter: the “**(current) officer liability insurance policy**”).

- c. Further to this, in the legal position of the Securities Authority staff² (hereinafter: the “**Authority’s position**”) it was noted, *inter alia*, that for the purposes of using the relief in Section 1B1 of the Relief Regulations, it would suffice that the details given in the remuneration policy include a reference to the scope of the insurance coverage, as long as the cost of the premium and the personal participation sum are on par with market conditions at the time of the policy’s drawing, and the cost is immaterial to

² See Section 11 and Footnote no. 12 to Legal Position 101-21, entitled “Remuneration Policy”, which was published by the Securities Authority.

the company. For additional details, see Section 6.3.3 of the immediate report.

- d. In view of the Authority's position, as aforesaid, and in accordance with Article 267a of the Companies Law, the Bank's Board of Directors resolved – having considered the recommendations of the Bank's Remuneration Committee – to approve the strikeout of Sections 5.5.2c. and 5.5.2d. of the current remuneration policy, as detailed above in Section 3.3.2, while keeping the reference to the liability limits under the insurance policy.
- e. All of the directors at the Bank may have a personal interest in the approval of the resolution to update the remuneration policy, as detailed in Section 6.5 of the immediate report.
- f. For details regarding the addition of Union Bank of Israel Ltd and its subsidiaries to the (current) officer liability insurance policy, see Section 6.3.5 of the immediate report.
- g. For details regarding the identity of the members of the Remuneration Committee and the members of the Board of Directors who had participated in the meetings, see Section 6.4 of the immediate report.
- h. For details regarding the principle differences between the current remuneration policy and the updated remuneration policy, see Section 6.6 of the immediate report.
- i. For details regarding the determination manner of the updated remuneration policy, the date of its approval and the information brought in this regard before the Remuneration Committee and the Board of Directors, see Section 6.7 of the immediate report;
- j. For details regarding the implementation of the current remuneration policy and engagements not in accordance with the current remuneration policy, see Section 6.8 of the immediate report;

- k. For details regarding the reasons of the Remuneration Committee and the Board of Directors for the update of the remuneration policy, see Section 6.9 of the immediate report.
 - l. For details regarding the identity of the Bank's controlling shareholders and the rights which grant them control, see Section 6.10 of the immediate report.
- 4. The majority required to pass the resolutions at the general meeting, on the issues upon the agenda, which can be voted on through a voting paper
 - 4.1 The majority required to approve the resolution to reappoint Mr. Joav Asher Nachshon as a director at the Bank

The majority required at the general meeting and at a deferred general meeting to approve the appointment of Mr. Joav Asher Nachshon as a Bank director, as detailed in Section 4.2 of the immediate report (i.e. according to Section 3.1.2 of this voting paper), is an ordinary majority of all shareholders present at the general meeting, who are entitled to vote and voting thereat, without taking into account the abstaining votes.
 - 4.2 The majority required to approve the appointment of Ms. Estery Giloz-Ran as an outside director at the Bank, according to the Companies Law

The majority required at the general meeting and at the deferred general meeting to approve the appointment of the Candidate as an outside director at the Bank, under the Companies Law (who also meets the qualifications of an outside director under Directive 301), as detailed in Section 5.2 of the immediate report (i.e. according to Section 3.2.2 of this voting paper), is an ordinary majority of the shareholders present at the general meeting, who are entitled to vote and voting thereat, provided that one of the following is fulfilled:

 - a. The counting of the majority votes at the general meeting will include a majority of the votes of shareholders who are not controlling shareholders at the Bank, nor have any personal interest in the approval of the appointment, except for a personal interest which is not in consequence of his connections with the controlling shareholder, who are participating in the vote; abstaining votes will not be taken into account in the counting of the total votes of said shareholders;

- b. The total opposing votes among the shareholders referred to above in SS
 - a. does not exceed two percent (2%) of the total voting rights at the Bank.

A shareholder participating in the voting, with regard to the resolution specified in Section 5.2 of the immediate report (i.e. according to Section 3.2.2 of this voting paper), shall notify the Bank prior to his voting; and if the vote is through a voting paper, shall mark in the designated place in Part B of the voting paper, whether he is considered to be a controlling shareholder at the Bank or anyone on his behalf, or whether he has a personal interest in the approval of the appointment or not, and also describe the relevant connection, if any. Should a shareholder fail to notify or mark as aforesaid, or if he has marked and not provided a description as aforesaid, his vote shall not be counted.

In this voting paper, “**personal interest**”: an individual’s personal interest in any activity or transaction of a company, including the personal interest of his relative and another corporation wherein he or his relative are interested parties, and excluding personal interest arising from the very fact of holding shares at the company, including the personal interest of an individual voting by power of attorney granted to him by another individual, even if the other person has no personal interest; likewise, the vote of an individual who has been granted power of attorney to vote on behalf of an individual who has personal interest shall be considered a vote by the holder of the personal interest, whether the discretion of the vote is that of the voter or not.

4.3 The majority required to approve the update of the Bank officers’ remuneration policy

The majority required at the general meeting and at the deferred general meeting to approve the resolution to update the remuneration policy, as aforesaid in Section 6.2 of the immediate report (i.e. according to Section 3.3.2 of this voting paper), is an ordinary majority of the shareholders present at the general meeting, who are entitled to vote and voting thereat, provided that one of the following is fulfilled:

- a. The counting of the majority votes at the general meeting will include a majority of the votes of shareholders who are not controlling shareholders at the Bank, nor have any personal interest in the approval of the resolution to update the remuneration policy, who are participating

in the vote; abstaining votes will not be taken into account in the counting of the total votes of said shareholders;

- b. The total opposing votes among the shareholders referred to above in SS a. does not exceed two percent (2%) of the total voting rights at the Bank.

A shareholder participating in the voting, with regard to the resolution detailed in Section 6.2 of the immediate report (i.e. according to Section 3.3.2 of this voting paper), shall notify the Bank prior to his voting; and if the vote is through a voting paper, shall mark in the designated place in Part B of the voting paper, whether he is considered to be a controlling shareholder at the Bank or anyone on his behalf, or whether he has a personal interest in the approval of the resolution to update the remuneration policy, as applicable, and also describe the relevant connection, if any. Should a shareholder fail to notify or mark as aforesaid, or if he has marked and not provided a description as aforesaid, his vote shall not be counted.

In this voting paper, “**personal interest**”: per its meaning above in Section 4.2.

5. Place and time during which the full text of the proposed resolutions may be perused:

The immediate report released by the Company regarding the convening of the general meeting and the full text of the proposed resolutions may be perused at the Bank’s Offices, 7 Jabotinsky St., Ramat-Gan, Tel: 03-7559720, during standard business hours, until the time scheduled for the meeting.

6. Details to the best of the Company’s knowledge regarding candidates for directorial service: See Sections 3.1 and 3.2 above, as well as Sections 4 and 5 of the immediate report.

To remove doubt, it is hereby clarified that the voting for each candidate for directorial service, as detailed in this voting paper, shall be done separately.

7. A shareholder may contact the Bank directly to receive the text of the Voting Paper and position papers from it.

8. 8.1 The voting paper shall be valid for an unregistered shareholder (i.e. a person to whom shares are registered with a TASE member, that are also included in the shareholders’ register at the registration company) (hereinafter: “**Unregistered Shareholder**”) only if an ownership confirmation is attached thereto, or if

such a confirmation has been transferred to the Bank through the electronic voting system.

- 8.2 The voting paper shall be valid with respect to a shareholder according to Article 177(2) of the Companies Law (i.e. those registered as a shareholder in the Shareholder Registry) only if a photocopy of one's identity card, passport or incorporation certificate is attached thereto.
9. The voting paper and the documents which must be attached thereto (hereinafter: "**Attached Documents**"), as provided in the voting paper, must be produced to the Bank's Offices as follows:
 - 9.1 Unregistered Shareholder: Up to 4 hours prior to the convening of the meeting;
 - 9.2 Registered shareholder: Up to 6 hours prior to the convening of the meeting.

In this regard, the "time of delivery" shall be the time at which the Voting Paper and the Attached Documents arrive at the Bank's Offices.
10. An Unregistered Shareholder is also entitled to vote through an electronic voting paper, which will be transferred to the Bank through the electronic voting system (hereinafter: "**Electronic Voting System**") up to 6 hours prior to the meeting, at which time the Electronic Voting System will be closed.
11. The Bank's address for the delivery of voting papers and position papers: The Bank's Offices at 7 Jabotinsky Street, Ramat-Gan.
 - 11.1 The deadline for the delivery of position papers to the Bank: Up to 10 days before the meeting.
 - 11.2 The deadline for the delivery of the Board of Directors' response to the position papers: No later than 5 days prior to the date of the meeting.
12. The distribution address of the Israel Securities Authority's site and the website of the Tel-Aviv Stock Exchange Ltd, on which the voting papers and position papers are located:
 - 12.1 The distribution site of the Israel Securities Authority:
<http://www.magna.isa.gov.il>;
 - 12.2 The Internet site of the Tel-Aviv Stock Exchange Ltd: <http://maya.tase.co.il/>
13. 13.1 A shareholder whose shares are registered with a TASE member may receive the ownership confirmation at a branch of the TASE member or by mail, if he

has requested it. A request in this matter shall be given in advance regarding a particular securities account.

- 13.2 An Unregistered Shareholder may instruct that his ownership confirmation be transferred to the Bank through the Electronic Voting System.
14. An Unregistered Shareholder is entitled to receive by e-mail a link to the voting paper and position papers on the distribution site from the TASE member through which he holds his shares, free of charge, unless he has notified the TASE member that he does not wish to receive such a link, or that he wishes to receive voting papers by regular mail in return for payment; a notice regarding voting papers shall also apply to receiving position papers.
15. One or more shareholders holding shares at a rate which constitutes five percent or more of the total voting rights at the Bank; and likewise, anyone holding such a percentage of the total voting rights that are not held by the Bank's controlling shareholder, as defined in Article 268 of the Companies Law, may peruse the voting papers and voting records through the Electronic Voting System that have arrived at the Bank, as detailed in Regulation 10 of the Regulations.

The quantity of shares constituting 5% of the total voting rights at the Bank is:
12,752,490.

The quantity of shares constituting 5% of the total voting rights at the Bank, which are not held by the controlling shareholder, is: 7,406,014.

16. Attention is hereby directed to the instructions of Article 34(a1) of the of the Banking (Licensing) Law 5741-1981, whereby:

“A person shall not make an agreement with another with respect to their vote for the appointment of a director in a banking corporation or in a Bank holding corporation, including with respect to their vote for his termination of office, other than under a permit issued by the Governor, after consulting with the Licensing Committee; this provision shall not apply [...] or to a holder of means of control who agrees with another that the other will vote in his name and on his behalf without any discretion, as the said holder of means of control instructs him, provided that if the other holds himself means of control in the banking corporation or in the Bank holding corporation, as the case may be, he shall not vote in the name and on behalf of more than one other holder”.

It arises, *inter alia*, from said instructions, that with respect to the appointment of directors, as specified above in sections 3.1 and 3.2, a voting proxy who is also a shareholder at the Bank may vote in the name and on behalf of only one other shareholder, as specified in the aforesaid instructions.

With regard to the additional issues upon the agenda of the meeting (as specified in sections 2, 3 and 6 of the immediate report), there is nothing to impede a single voting proxy from representing more than one shareholder.

17. Any shareholder at the Bank voting at the general meeting on the resolutions in Section 5.2 of the immediate report (i.e. according to Section 3.2.2 of this voting paper – the confirmation of Ms. Estery Giloz-Ran as an outside director under the Companies Law) and Section 6.2 of the immediate report (i.e. according to Section 3.3.2 of this voting paper – the resolution to update the remuneration policy), which are on the agenda, who is an interested party at the Bank (as defined in Article 1 of the Securities Law 5728-1968), an officer at the Bank (as defined in Article 37(d) of the Securities Law 5728-1968), or an institutional investor (as defined in Regulation 1 of the Companies Regulations (Written Votes and Position Papers) 5766-2005) is required to notify the Bank, prior to voting at the meeting, with the details below regarding his or its voting manner at the meeting:
 - 17.1 The voter's identity: last name and first name for an individual, corporation name and number for a corporation;
 - 17.2 The amount of securities by power of which the vote was made;
 - 17.3 Voting manner;
 - 17.4 Whether the voter has a personal interest or some other characteristic, as determined in the table in the addendum to the Companies Regulations (Written Votes and Position Papers) 5766-2005;
 - 17.5 Additional relations between the voter and the company, the controlling shareholder or a senior officer therein, and details of the nature of the relationship;
 - 17.6 If the vote is by proxy, the above details shall also be made with regard to both the power of attorney grantor and agent.
18. Adding an Issue to the Agenda: After the publication of this voting paper, there may be changes to the agenda, including the addition of an issue thereto, and position

papers may be published; it will be possible to review the current agenda and published position papers in the Bank's reports on the distribution site.

One or more shareholder(s) who hold(s) shares representing at least 1% of the voting rights at the general meeting of the Bank may request the Board of Directors to include an issue on the agenda of the meeting up to 7 days after the meeting's summoning, provided that the issue is appropriate for a discussion at the general meeting.

Should the Board of Directors find that the issue requested to be included on the agenda is appropriate for a discussion at the general meeting, the Bank shall prepare an updated agenda and an amended voting paper, insofar as this may be required, which will be published no later than 7 days after the final date to produce a request to include another issue on the agenda, as stated above. It is clarified that the publication of an updated agenda, as stated above, shall not change the Effective Date as set forth in the immediate report.

19. A shareholder shall indicate his voting manner regarding the issue on the agenda on the form which is the second part of this voting paper; and in the event that the shareholder is voting by power of attorney (i.e. through an agent), the above details shall be given both to the grantor of the power of attorney and the agent..

Voting Paper – Part Two

Company Name: **Mizrahi Tefahot Bank Ltd** (hereinafter: “**Company**” or “**Bank**”)

Company Address (for delivery of voting papers): Mr. Ofer Horwitz, Bank Secretary and Head of the Bank’s Headquarters, Mizrahi Tefahot Bank Ltd., 7 Jabotinsky Street, 13th floor, Ramat-Gan 52520.

Company No.: 520000522

Meeting Date: December 24, 2020 at 15:00

Meeting Type: Annual

Effective Date: November 22, 2020

(Hereunto to be filled by the Company)

Shareholder details:

Shareholder name:

Identity number:

If the shareholder does not have an Israeli identification card:

Passport number:

Issuing country:

Valid until:

If the shareholder is a corporation:

Corporation number:

Country of incorporation:

Date

Signature

For shareholders who hold shares through a TASE member according to Section 177(1) of the Companies Law – this voting paper shall be valid only if accompanied by an ownership conformation, except for events in which the voting is done through the electronic voting system.

For shareholders that are registered in the Company's shareholders registry – this voting paper shall be valid if accompanied with a photocopy of an identity card/a passport/an incorporation certificate.

Details

Below are details in connection with my having a personal interest in the resolution to approve the appointment of Ms. Estery Giloz-Ran as an outside director under the Companies Law at the Bank (as detailed in Section 5.2 of the immediate report and Section 3.2.2 of the voting paper):

Below are details in connection with my having a personal interest in the resolution to update the remuneration policy (as detailed in Section 6.2 of the immediate report and Section 3.3.2 of the voting paper):

Mizrahi Tefahot Bank Ltd (hereinafter: “Bank”) – Remuneration Policy for Officers*

1. **Background: Goals, application and update**

1.1 On November 12, 2012, Amendment no. 20 to the Companies Law, 5759-1999 (hereinafter: “**Companies Law**” or “**Law**” and “**Amendment 20**”, as the matter may be) which first establishes the statutory principles of an officers’ remuneration policy that each public company must adopt, was published.

On November 19, 2013, the Bank of Israel published Proper Conduct of Banking Business Directive No. 301A in the matter of remuneration policies at banking corporations, as well as a modification to Proper Conduct of Banking Business Directive No. 301 in the matter of the Board of Directors, as updated from time to time (hereinafter: “**Remuneration Directives**”).

On April 12, 2016, the Remuneration for Officers in Financial Corporations (Special Approval and Non-Deductibility of Expense for Tax Purposes Due to Special Remuneration) Law 5776-2016 was published (hereinafter: “**Senior Officers’ Wage Law**”).

Per the transitory provision established in the Senior Officers’ Wage Law regarding the Bank’s engagement with a senior officer or employee, approved prior to the publication of this law, the instructions of the law shall apply as of six (6) months after the publication date – i.e., as of October 12, 2016 (hereinafter in this section: “**End of the Transitory Period**”).

On August 27, 2013, the general meeting of the Bank’s shareholders approved a remuneration policy for officers, which was updated on June 10, 2014; thereafter, on February 14, 2017, the general meeting of the Bank’s shareholders approved a remuneration policy for officers, complying with the provisions of the Senior Officers’ Wage Law and the Remuneration Directives (hereinafter: “**Previous Remuneration Policy**”). The Previous Remuneration Policy was approved for a period of three (3) years, commencing on January 1, 2017.

* Approved at the Board of Directors meeting (no. 21/2019) on November 11, 2019 and at the Bank’s general meeting on December 18, 2019, and updated at the Board of Directors meeting (no. 28-2020) on November 16, 2020 and at the Bank’s general meeting on _____ [date to be completed after the approval of the general meeting]

1.2 The updated remuneration policy detailed in this document, to begin on January 1, 2020, is a product which combines the provisions of the law, the Senior Officers' Wage Law and the Remuneration Directives, with the broad principles that the Bank's Board of Directors, having adopted the recommendation of the Remuneration Committee; and in consideration of the Bank's strategic plan and the employment terms which are currently customary for officers at the Bank, saw fit to adopt in all that regards the remuneration of officers at the Bank.

This policy is of practical importance with respect to the manner of approval of concrete remuneration terms for any of the Bank's officers in the future. The remuneration policy is also of principle importance, as it methodically and publicly puts in writing the central considerations which appear relevant to the Bank's Board of Directors in the issue of officer remuneration and the manner in which they should be implemented in practice. The various remuneration components are intended to encourage the continuation of officers' employment at the Bank, as well as allowing for the employment of new, quality officers, who together can contribute to the Bank, promote its goals and its strategic plan and improve its performance; and also, insofar as possible, to define and make official the adequate relationship between the Bank's performance and the performance of the officers and the salary and remuneration granted to them. The inclusion of these under a wide, uniform policy could also assist in terms of the transparency of the Bank's remuneration rules (inside the Bank and outside of it), as well as the matching expectations between the Bank and the officers employed thereat.

1.3 The Bank's Board of Directors considers the establishment of an appropriate remuneration policy highly important, with respect to ensuring that the remuneration arrangements for officers at the Bank will be consistent with the Bank's risk management, the Bank's long-term goals, the Bank's strategic plan and the officers' actual performance in the short, medium and long term, subject to the instructions and limitations of the Senior Officers' Wage Law. According to the aforesaid, the goals which the Bank's Board of Directors considered while formulating this policy document were as follows:

1.3.1 The creation of an incentives structure for officers at the Bank, which maintains an appropriate balance between the fixed remuneration component and the variable remuneration component, and which

promotes a well-founded, effective risk management that does not encourage risk-taking beyond the Bank's risk appetite, and allows for maintaining a strong capital basis;

- 1.3.2 The adjustment of the remuneration incentives granted to officers at the Bank to the Bank's strategic plan, the Bank's long-term goals, the Bank's results over time and the de facto contribution of the officers to the achievement of the Bank's goals, as aforesaid;
 - 1.3.3 The preservation of the Bank's senior echelon and securement, insofar as possible, of the Bank's ability to recruit quality managers in the future, taking into account organization-wide considerations, such as remuneration costs and the preferable remuneration gaps between the Bank's different echelons, the competitiveness of the banking sector, the size of the bank, the scope of its operations and the character of its business.
- 1.4 The Remuneration Policy applies to the remuneration terms of all officers at the Bank, which at the time of this policy's adoption include:
- 1.4.1 The Chairman of the Board of Directors.
 - 1.4.2 The Chief Executive Officer (hereinafter: "CEO").
 - 1.4.3 Deputy CEOs.
 - 1.4.4 The Chief Internal Auditor.
 - 1.4.5 The Bank's Secretary.
 - 1.4.6 The Information Technology Manager.
 - 1.4.7 The members of the Board of Directors.
 - 1.4.8 The Board of Directors may determine, occasionally, that the remuneration policy shall also apply to senior employees at the Bank who are not officers under the Companies Law.
- 1.5 The officers' service or employment terms are either via fixed or variable remuneration, including exemption, insurance, undertaking of indemnification or indemnification under an indemnification permit, a retirement bonus (a bonus, a payment, a remuneration, a compensation or any other benefit granted to an officer in connection with the end of his employment at the Bank), and

any benefit, other payment or undertaking to pay as aforesaid, granted due to tenure or employment as aforesaid.

1.6 Naturally, the Remuneration Policy must be reviewed occasionally, whether due to significant changes at the Bank, including an update of the Bank's strategic plan; or due to significant changes in the macro-economic environment and what is customary in Israel with respect to the remuneration of officers in general, and in the banking system in particular; or whether because of a change in the Supervisor of Bank's directives. The Remuneration Committee will examine at least once a year whether there have been any significant changes as aforesaid, and in any case the committee and the Board of Directors will review the Remuneration Policy on its merits once every three (3) years, and the Remuneration Policy will be approved as required by Law.

1.7 To remove any doubt, it is clarified that this Remuneration Policy shall apply to the service and employment terms of officers at the Bank which will be approved as of the implementation date of this policy, as detailed in section 11 below and subject to that which is stated therein; and that this Remuneration Policy shall not harm the Bank's engagements and undertakings towards officers, in connection with their service and employment terms at the Bank, which exist at the time of the Remuneration Policy's approval date. Such engagements which were approved when the Previous Remuneration Policy, or any remuneration policy preceding it, was in effect, were approved according to the provisions of the relevant policy. Furthermore, this Remuneration Policy shall not harm the rights that have been accrued and/or shall be accrued for the officers due to periods prior to the approval date of this Remuneration Policy or due to periods after this date, regarding which agreements which preceded the Remuneration Policy apply.

This policy document does not create for any officer, current or future, any legal rights towards the Bank; the rights and undertakings of an officer were established or will be established, as the case may be, according to the Bank decisions in this matter and the concrete engagement terms between him and the Bank, and according cognate law, insofar as it applies to them.

2.

Definitions

In this Remuneration Policy, the terms specified below shall have the meaning next to them:

Variable remuneration	Performance-based remuneration, as detailed in section 6 below (hereinafter: “Performance-Based Remuneration”); a monetary bonus under special circumstances, as detailed in section 8.2 below; part of a non-competition adjustment bonus (hereinafter: “Adjustment Bonus”) which is higher than the sum of three (3) monthly salaries, and with respect to the CEO, part of an Adjustment Bonus which is higher than the sum of three (3) salaries, including social provisions, as detailed in section 9.2.3 below, as the case may be; and retirement payments, as detailed in section 9.3 below.
Fixed remuneration	A monthly salary, social provisions and additional related benefits, as detailed in section 5 below, an additional fixed remuneration component, as detailed in section 7.2 below (with respect to the Chairman of the Board), an adjustment bonus at a sum of up to three (3) salaries and with respect to the CEO, an adjustment bonus at a sum of up to three (3) salaries plus social provisions as detailed in section 9 below, as the case may be, as well as other retirement payments as customary for the Bank’s employees, as detailed in section 9 below. With respect to gatekeepers, the fixed remuneration shall also include an additional fixed component for

	gatekeepers, as detailed in section 8.1 below.
Service and employment terms	The fixed remuneration and the variable remuneration of an officer (hereinafter: “ Total Remuneration ”), including exemption, insurance, undertaking of indemnification or indemnification under an indemnification permit.
Gatekeepers	Anyone of these: Chief Legal Advisor, Chief Internal Auditor, Chief Accountant, Chief Risk Manager and the Secretary of the Bank.
Other officers	Non-gatekeeper officers (excluding the CEO and members of the Board of Directors).
Return on equity	The net profit yield attributed to the shareholders for equity, as published in the (consolidated) annual financial reports of the Bank for the relevant year, excluding extraordinary profits or losses.
Extraordinary profits or losses	Profits or losses derived from non-recurring or extraordinary events, adjusted for their tax effect in the (consolidated) annual financial reports of the Bank for the relevant year. For the purpose of the remuneration plan, extraordinary profits or losses shall be defined as such by the Remuneration Committee and the Board of Directors, when approving the financial reports for the relevant year.
Return on the Bank’s Share Relative to the Benchmark Index	The return on the Bank’s share (including dividend) after deduction of the TA Banks Index, as it is defined in the directives of the Tel Aviv Stock Exchange Ltd.,

	including in its regulations or in any provisions arising therefrom, for the measured period (including dividend) as it shall be provided from time to time.
Operational efficiency ratio	The total operating and other expenses in relation to the total amount of operating and financial income (net interest income and income which is not from interest), before provisions for credit losses, as published in the (consolidated) annual financial reports of the Bank for the relevant year.
Deposits to Loans Ratio	The ratio of the total deposits from the public to the total loans to the public, after provisions for credit losses.
Deposits to Loans Average Ratio	An average of the deposits to loans ratio as of March 31, June 30, September 30, and December 31, as published in the Bank's quarterly or annual (consolidated) financial statements, as the case may be, for each calendar year.

3. **Fundamental considerations**

3.1 The Remuneration Policy was established by the Board of Directors, and a concrete remuneration of an officer which will be considered by the Bank will be determined in accordance with the purposes defined above and based on the fundamental considerations specified below:

- 3.1.1 Promotion of the Bank's purposes, its strategic plan, its work plans and its policy, in long-term view;
- 3.1.2 The creation of appropriate incentives for the officers, considering, *inter alia*, the Bank's risk management policy;

- 3.1.3 Maintenance and promotion of the Bank's ability to recruit and retain outstanding quality managers, who constitute the strong basis for the Bank's management, its further development and its success over time;
 - 3.1.4 The Bank's size and the nature of its activity;
 - 3.1.5 The officer's contribution to achieving the Bank's goals and to maximizing its profits, all in long-term view and in accordance with the officer's position (in respect of variable remuneration components);
- 3.2 Additional relevant data which will be considered when determining specific remuneration for an officer:
- 3.2.1 The education, qualifications, expertise, professional experience and achievements of the position candidate or serving officer will be taken into account;
 - 3.2.2 The officer's role, areas of responsibility and prior agreements will be taken into account (insofar as it is not a new officer);
 - 3.2.3 Relation to other officers at the Bank – when approving remuneration for an officer, the following data will be presented: (1) Remuneration for officers at a similar level at the Bank; (2) the salary of the previous officer at the same position (insofar as relevant); (3) the average and median salary of the Bank's employees and the contractor employees who are employed by the Bank (including, as aforesaid, employees in fully-owned subsidiaries), and the relation between each one of these and the remuneration offered to the officer. In this regard, the effect of the gap between the officer's terms of service and the salary terms of the other employees in the Bank on the working relations in the Bank will be examined;
 - 3.2.4 Comparison of the officer's remuneration to the remuneration of an officer in a similar position in the reference group, which is composed of the other four large banks in Israel, according to public figures, insofar as published by the said banks;
 - 3.2.5 The amount of the Chairman of the Board of Directors' fixed remuneration shall be determined relative to the remuneration manner

of the rest of the Board of Directors' members, and considering, *inter alia*, the size of the Bank and the complexity of its activities, as well as the position scope of the Chairman of the Board of Directors.

Comprehensive remuneration package

4.1 Subject to the limitations of the Senior Officers' Wage Law, the remuneration package for officers who are not directors may include two main components: a monthly salary (and its related components), and a variable Performance-Based Remuneration which will include a monetary bonus and an equity-based remuneration, if and insofar as it is decided to grant it, as provided in section 6.1 below. The remuneration package may also include remuneration in connection with retirement, as detailed in section 9 below. The variable remuneration is intended to promote the identity of interests between the officer and the Bank, and to strengthen the connection between the Bank's performance in general and the officer's contribution to achieving said results and the officer's remuneration, while maintaining the Bank's risk profile.

4.2 When discussing each remuneration component (even when it is discussed in a separate discussion), the remuneration package will be taken into account in its entirety, its total cost, as well as the relevant implications of each separate remuneration component (financial, accounting, tax, etc.);

4.3 The ratio between the fixed and variable remunerations:

The Remuneration Committee and the Board of Directors discussed the ratio between the fixed and variable remunerations, taking into account the maximum variable remuneration¹ according to this remuneration policy and the purposes thereof. In this respect, the Remuneration Committee and the Board of Directors have resolved that the maximum variable remuneration shall not exceed 85% of the fixed remuneration, and, with regard to the gatekeepers, 55% of the fixed remuneration.

Despite the aforesaid, under extraordinary circumstances, the Bank may determine that the variable remuneration reach 170% of the fixed remuneration. Such determination shall be accompanied by a detailed and reasoned resolution

¹ Maximum variable remuneration is the variable remuneration which the officer will receive upon meeting the top levels of the quantitative and qualitative goals which constitute the basis for determining the officer's variable remuneration, and assuming that the full variable component, which is in his supervisor's discretion, has been granted. The ratios provided above are considering an economic – rather than accounting – calculation of the remuneration

of the Board of Directors, and shall include, *inter alia*, the detailed reasons, the number of affected employees, their positions, and the effect on the Bank.

4.4 The ratio between the officers' remuneration and the average and median salary of all Bank employees:

The Remuneration Committee and the Board of Directors examined the ratio between the cost of the total remuneration of officers and the cost of the total remuneration of the other Bank employees, as well as the ratio between the cost of the maximum total remuneration pursuant to the remuneration policy of the Chairman of the Board of Directors, the CEO, and the rest of the officers, and the average and median salaries of the other Bank employees. The Remuneration Committee and the Board of Directors are of the opinion that the ratios presented to them were reasonable and do not harm the working relations at the Bank, *inter alia*, due to the structure of the Bank, in which the officers constitute, quantity-wise, a minimal part of all of the Bank's employees, and due to the differences between the roles and responsibility areas of the officers and the other Bank employees. The Remuneration Committee and the Board of Directors also stated that such ratios reflect the customary remuneration gaps in the Israeli banking system. The ratios between the total maximum remuneration cost of the officers under this Remuneration Policy and the total average/median remuneration of the rest of the Bank's employees and the contractor employees employed by the Bank (including, as aforesaid, employees of wholly-owned subsidiaries), in 2018, (hereinafter, in this Section 4.4: "**Bank's Employees**") are as follows:

Officer	Ratio between the cost of the officer's maximum monthly remuneration and the cost of the average monthly remuneration of the Bank's employees	Ratio between the cost of the officer's maximum monthly remuneration and the cost of the median monthly remuneration of the Bank's employees
CEO	12.5	15.6
Chairman of the Board	10	12.5

Deputy CEO (other than gatekeepers)	7.7	9.5
Gatekeepers	6.3	7.9

Notes to the table:

- (1) CEO – the sums were calculated according to the monthly average of the annual CEO remuneration figures, according to the cost of the maximum overall remuneration under this Remuneration Policy, including the performance-based remuneration in the amount of up to three (3) salaries (as stated in Section 6.1 below).

It is noted in this respect that in 2018 the ratio between the actual cost of the average monthly remuneration of the CEO and the cost of the average monthly remuneration of the Bank's Employees is 9.7, and the ratio to the median monthly salary of the Bank's Employees is 12.1.

- (2) Chairman of the Board of Directors – the sums were calculated according to the monthly average of the annual remuneration figures of the Chairman of the Board of Directors, according to the cost of the maximum overall remuneration under this Remuneration Policy, including the Additional Fixed Remuneration in the amount of up to two (2) salaries (as stated in Section 7.2 below).
- (3) Deputy CEO and Gatekeepers – the sums were calculated according to the monthly average of the annual figures regarding the remuneration of Deputy CEOs or gatekeepers, as the case may be, according to the cost of the maximum overall remuneration under this Remuneration Policy, including the performance-based remuneration.

It is noted in this respect that in 2018 the ratio between the actual cost of the average monthly remuneration of Deputy CEOs or gatekeepers (excluding the Bank's secretary, whose remuneration cost is lower than that of the other gatekeepers) and the cost of the average monthly remuneration of the Bank's Employees is 5.6 and 5.9, respectively; and the ratio to the median monthly salary of the Bank's Employees is 7 and 7.3, respectively.

- (4) The average or median overall remuneration for the rest of the Bank Employees was calculated according to the monthly average of the annual figures of the overall remuneration of the Bank's Employees for 2018,

including monetary bonuses paid for 2018. The remuneration of employees who were employed part-time, or during a part of 2018 only, was calculated as to reflect the remuneration for a full-time annual position.

All remunerations of the Bank's officers (with the exception of directors) shall be paid directly to the officers, and not via any corporation or other institution.

Fixed remuneration

5.1 5.1.1 Salary

The salary of the Bank's officers shall not be higher than the caps below², plus sums in respect of immaterial changes, as provided in section 5.8 below:

a. The CEO and the Chairman of the Board of Directors

The CEO's monthly salary shall not exceed a total of ILS 238,000.

The Chairman of the Board of Directors' monthly salary shall not exceed a total of ILS 189,660.

b. An officer who is not a CEO or a director

The monthly salary of an officer who is not a CEO or a director shall not exceed a total of ILS 86,135.

The above sums are linked to the Consumer Price Index (hereinafter: "CPI") for October 2019, as published on November 15, 2019, in respect of the CEO, and for November 2016, as published on December 15, 2016³ in respect of the Chairman of the Board and officers who are neither the CEO nor directors³.

5.1.2 Linkage to the CPI

The Bank may determine that the officers' monthly salary be linked to the CPI.

² Subject to that which is stated in section 5.1.3 below.

³ In the event of a CPI decline, the wage cap will not be reduced accordingly.

5.1.3 Update of the monthly salary, without increasing the cost of employment

An officer who is an employee of the Bank will be entitled to request that his monthly salary be updated, subject to the changes and adjustments required in the related terms, specified in section 5.2 below, all or some, in such a manner that an increase or a reduction, as the case may be, of the monthly salary, shall come in lieu of a corresponding increase or a reduction (as the case may be) in the related benefits, and vice versa (provided that the cost of employment does not grow, including the cost of the tax which applies to the Bank), subject to any law and also subject to the remuneration cap allowed under the Senior Officers' Wage Law, as the case may be, and rate of deposits for severance pay and remunerations, according to the law.

The Remuneration Committee shall be notified of any such changes.

5.2 **Additional terms for officers who are employees of the Bank**

5.2.1 Car

The Bank may provide the officers with a company car, which will be accessorized in accordance with the Bank's procedures, for the purpose of fulfilling their duties, and may bear all expenses in connection with the use and maintenance thereof, and will gross up any tax which will be imposed on the officer in respect of the provision of the car.

5.2.2 Telephone

The Bank may provide the officers, for their use, a cellular phone, and bear its maintenance expenses as well as the expenses of home communication and the taxes in respect thereof.

5.2.3 Annual leave

Officers are entitled to an annual leave of up to 22 work days (according to a 5-day working week).

Each year, the officer will be able to redeem an accrued leave balance which exceeds the annual leave quota he is owed for that year, according to the law (after the number of leave days he had used, *de*

facto, during that year are deducted therefrom); such a redemption by an officer who is not the CEO or the Chairman of the Board of Directors is subject to the approval of the CEO.

5.2.4 Convalescence pay

Officers are entitled to a convalescence pay, per the tariff customary for managers at the Bank.

5.2.5 Sick leave

Officers are entitled to up to thirty (30) calendar days of sick leave per annum, after a deduction of the days which were used *de facto* during that year. The accrued sick days are not redeemable upon the termination of employment or at any other date.

5.2.6 Social benefits

Officers are entitled to social benefits, such as provisions to provident funds, pension, loss of working capacity and compensation pay, as well as to advanced study funds, as customary in respect of the senior echelon at the Bank (hereinafter: “**Social Provisions**”).

5.3 Adjustment bonus

Officers who are the Bank’s employees are entitled, upon retirement, to an adjustment bonus, as determined in section 9.2.3 below.

5.4 Severance pay

Officers who are the Bank’s employees are entitled, upon retirement, to the release of all accrued severance pay/provident fund monies, as determined in section 9.2.2 below. Such monies shall be considered a portion of the fixed remuneration.

5.5 Insurance

5.5.1 The Bank may become engaged in policies to insure the liability of the directors and the other officers who serve from time to time (including those that will be appointed in the future) or who have served at the Bank and/or companies in the Bank’s cluster, which includes subsidiaries of the Bank (hereinafter: “**Bank Cluster**”). Controlling shareholders at the Bank and their relatives, who serve

from time to time (including those that will be appointed in the future) or who have served as directors at the Bank shall also be insured under the aforesaid insurance policies, including officers that a controlling shareholder at the Bank has a personal interest in the insurance of their liability, and anyone who serves from time to time (including anyone who will be appointed in the future) or who have served as the Bank's Chief Executive Officer. Under this framework, the Bank shall be entitled, *inter alia*, to become engaged in a run-off insurance policy or in an insurance policy in connection with a relevant event or activity. The scope of the insurance coverage will be determined from time to time, in view of the risk involved in the activities of officers at the Bank, taking into consideration the Bank's activity areas, those of its subsidiaries and their scope, as well as the Bank's status as a banking corporation and a public company.

5.5.2 Without derogating from the aforesaid in section 5.5.1 above, in accordance with Regulation 1B1 of the Companies Regulations (Relief in Transactions with Interested Parties) 5766-2006 (hereinafter: "**Relief Regulations**"), the Bank shall be entitled to become engaged in a policy to insure the liability of directors and other officers, as stated above (hereinafter: "**Insurance Policies**") during the period of the Remuneration Policy⁴, under the conditions detailed below:

- a. An engagement in an insurance policy, as stated above, may be made via extending the policy or its renewal or the purchase of a different policy.
- b. The insurer's liability limit according to the insurance policy shall be no less than 120 Million US dollars (hereinafter: "**Dollars**") and shall not exceed a total of 200 Million Dollars for one event and 400 Million Dollars, in total, for the insurance period.

⁴ Including an engagement during the Remuneration Policy's period in a policy which terminates after the end of the Remuneration Policy's period.

Further to the aforesaid, it is possible to include in the insurance policy an insurance coverage for legal expenses, at up to 20% of the insurer's liability sum, as may occasionally be.

- ~~e. The annual premium to be paid for the insurance policy shall not exceed 1.5 Million Dollars (plus a relative share for an insurance period of over one year), at up to 20% of this sum addition each year (and a relative share for an insurance period of over one year)~~
- ~~d. In the event of a lawsuit against any of the officers, no personal participation at any sum will apply to the officer, under the policy. In such a case, the Bank will bear the personal participation sum, as will be determined in the insurance policy, provided it does not exceed 200 Thousand Dollars per event.~~
- ec. The Bank may contact the Bank's subsidiaries and propose that they participate in the insurance policy and bear their share of the premium, as it will be determined in this matter by the Remuneration Committee and the Bank's Board of Directors. If any of the subsidiaries does not become engaged in the insurance policy, then the Bank's share of the premium sum shall increase up to the premium's full sum.
- fd. The Bank's engagement in an insurance policy, as aforesaid, will be subject to the approval of the Remuneration Committee and the Bank's Board of Directors, and shall not require the approval of the general meeting. During the engagement's approval, as aforesaid, the Remuneration Committee and the Board of Directors shall confirm that the engagement is under market conditions and that it will not materially affect the Bank's profitability, its property or undertakings materially.

5.6 Exemption and indemnification

- 5.6.1 Subject to the instructions of the law, the Bank may exempt an officer of his liability, in full or in part, due to damage pursuant to a breach of the duty of prudence towards the Bank, per the instructions established in the Bank's Articles of Association in this matter.

5.6.2 Subject to the instructions of the law, the Bank may provide an advance undertaking for indemnification to an officer at the Bank and/or an officer at a company in which the Bank holds shares, directly or indirectly, at some rate (hereinafter: “**Held Company**”). The maximum indemnification sum shall be per the instructions established in the Bank’s Articles of Association in this matter.

5.6.3 Without derogating from the aforesaid, the Bank may indemnify an officer at the Bank and/or an officer at a Held Company, *post factum*, in the widest manner possible under law.

5.7 Miscellaneous

Officers who are Bank employees are entitled to benefits in connection with banking services for them and for their family members, similarly to other Bank employees, according to the Bank’s procedures.

In addition, and insofar as shall be relevant, the Bank may pay membership fees for professional associations, professional courses and studies, subscription to newspapers and professional literature, professional liability insurance, medical insurances and periodic medical examinations, participation in a collective insurance policy (risk only), holiday gifts, vacation pay, team-building days, etc.

Furthermore, officers as stated above, shall be entitled to a reimbursement of expenses related to the fulfillment of their role, including business-related hospitality expenses, as customary at the Bank (with no cap set for such reimbursement amount).

5.8 Immaterial changes in service and employment terms

5.8.1 The salary of officers who are Bank employees will not be updated automatically, other than in relation to linkage to the CPI, as provided in section 5.1 above, and subject to that which is stated in section 7.2 below (with respect to the Chairman of the Board).

5.8.2 The Chief Executive Officer: According to the instructions of Article 272(d) of the Companies Law, it is hereby established that the total immaterial changes in the service and employment terms of the CEO, which shall be made after the service and employment terms were recently approved by the Bank’s authorized organs (other than

changes resulting from the linkage of the salary to the CPI) shall not exceed an accrued rate of 15% of a sum equal to the cost of the annual remuneration of the CEO, as approved by the Bank's authorized organs (hereinafter in this section: "**Immaterial Quantitative Change**"). If and insofar as the change does not relate to a quantitative value, the significance will be reviewed according to the quality and nature of the issue. An Immaterial Quantitative Change or a non-quantitative change which the Remuneration Committee and the Board of Directors have deemed immaterial may be approved the Remuneration Committee and the Board of Directors alone.

5.8.3 Officer serving under the Chief Executive Officer: According to Regulation 1b3 of the Relief Regulations and despite that which is stated in Articles 272 (c) and (d) of the Companies Law, an immaterial change in the service and employment terms of an Officer serving under the Bank's CEO shall not require the approval of the Remuneration Committee or the Board of Directors, if the CEO of the Bank has approved it, and the service and employment terms are in line with the Bank's Remuneration Policy.

In this matter, "**immaterial change**": The total changes in an officer's service and employment terms which shall be made after the service and employment terms were recently approved by the Remuneration Committee and the Board of Directors (other than changes resulting from the linkage of the salary to the CPI) that do not exceed an accrued rate of 15% of a sum equal to the cost of the annual remuneration of that officer, as approved by the Remuneration Committee and the Board of Directors.

Goals and performance-based variable remuneration – for the Bank's officers who are not directors

The Bank's Remuneration Committee and Board of Directors see the granting of performance-based Remuneration to Bank officers who are Bank employees (other than the Chairman of the Board) as a remuneration arrangement which encourages the Bank's officers to create economic value and promote the Bank's goals for the medium and long terms, while maintaining the Bank's risk management framework and risk appetite. Therefore, the performance-based remuneration which will be granted to the officers shall be conditioned upon the Bank's performance considering the Bank's

strategic plan, but shall not encourage risk-taking beyond the Bank’s risk appetite, and shall maintain an appropriate balance between the variable remuneration components and all of the fixed remuneration components, subject to the limitations established in the Senior Officers’ Wage Law.

It is hereby clarified that the Chairman of the Board of Directors shall not be entitled to a performance-based remuneration, as detailed below.

6.1 Performance-based remuneration – monetary bonus and equity-based remuneration

6.1.1 The Bank may grant officers (who are not directors) performance-based monetary bonuses and equity-based remunerations (hereinafter: “**Performance-Based Remuneration**”), as detailed below:

Officer	The maximum rate of the Performance-Based Remuneration out of the fixed remuneration	The Performance-Based Remuneration cap in achieving the maximum goals, as detailed in section 6.5 below
CEO	20%	3 monthly salaries
Gatekeepers	55%	ILS 860 K
Other officers	85%	ILS 1200 K

The Performance-Based Remuneration cap shall be linked to the CPI, in accordance with the increase rate of the known CPI as compared to the CPI for November 2016, with the addition of amounts in respect of immaterial changes, as provided in section 5.8 above.

6.1.2 The Remuneration Committee and the Bank’s Board of Directors may decide that the Performance-Based Remuneration which will be granted to officers at the Bank (who are not the CEO or directors) for a certain year will include just a monetary bonus or a monetary bonus and an equity-based remuneration, as provided in section 6.7 below. If it is decided that the Performance-Based Remuneration shall also include an equity-based remuneration, as aforesaid, the Remuneration

Committee and the Board of Directors shall determine the sum or the maximum rate to be granted as a monetary bonus, as well as the sum or the maximum rate to be granted as an equity-based remuneration, provided that the value of the equity-based remuneration does not exceed 50% of the Performance-Based Remuneration.

The value of the equity-based remuneration, as aforesaid, shall be calculated based on the value of the securities at the time when the Board of Directors approves the relevant allotment.

- 6.1.3 a. The Performance-Based Remuneration which will be granted to the CEO shall only include a monetary bonus, which shall be granted at the discretion of the Remuneration Committee and the Board of Directors, as provided in section 6.5.1 below.

Notwithstanding the aforesaid, should it be decided that the Performance-Based Remuneration which will be granted to officers at the Bank (who are not the CEO or directors) for a certain year shall also include an equity-based remuneration, then the Remuneration Committee and the Board of Directors shall be entitled to decide, at their discretion, that the Performance-Based Remuneration which will be granted to the CEO for that year will include, exclusively or partially, equity-based remuneration, on such terms and conditions as determined in this respect by the Remuneration Committee and the Board of Directors, at their discretion, according, *inter alia*, to the provisions of Section 6.7 below *mutatis mutandis*;

The value of the aforesaid equity-based remuneration shall be calculated on the basis of the value of the Securities on the date on which the Board of Directors approves the relevant allotment.

It is clarified that the value of the equity-based remuneration which will be granted to the CEO for any particular year, as aforesaid, together with the monetary bonus granted to the CEO for that year (if any) shall not exceed (in the aggregate) 100% of the performance-based remuneration cap (3 Monthly Salaries) for that year.

- b. The CEO's entitlement to the equity-based remuneration, as provided above, shall be established according to the evaluation of the CEO's functioning by the Remuneration Committee and the Board of Directors, at their discretion

6.2 Prerequisites for the Performance-Based Remuneration

The entitlement to a Performance-Based Remuneration in respect of a certain year of any of the Bank's officers shall be subject to the total capital adequacy ratio and tier-1 capital ratio of the Bank, according to the (consolidated) annual financial reports of the Bank for that year, shall not be lower than the minimum ratios which were established or will be established in this matter in the Bank of Israel's directives.

- 6.3 Despite the aforesaid, in a year in which the prerequisite provided in section 6.2 above is not fulfilled, the Remuneration Committee and the Board of Directors shall be entitled, at their discretion and under special circumstances, to grant a special monetary bonus equal to up to two salaries to the officers, all or some.

- 6.4 The Board of Directors is given discretion to reduce the Performance-Based Remuneration, or any component thereof, and even to determine that no Performance-Based Remuneration shall be paid for a certain year.

6.5 Terms of the Performance-Based Remuneration

- 6.5.1 The scope of the annual Performance-Based Remuneration which will be granted to each one of the officers for a certain year will be determined based on the weighted calculation of the following components (the rates provided in the following tables are calculated out of the maximum monetary bonus or the maximum equity-based remuneration, as the case may be):

Performance-Based Remuneration⁵		
	Monetary Bonus	Equity-Based Remuneration

⁵It is hereby clarified that the total Monetary Bonus, together with the value of the Equity-Based Remuneration, that will be granted to an officer for any particular year, shall not exceed (in the aggregate) 100% of the Performance-Based Remuneration Cap to that officer for that year.

	“Company-wide” goals	Supervisor’s discretion ⁶	Individual goals	“Company-wide” goals	Supervisor’s discretion ⁷	Individual goals
The CEO	-	100% no more than 3 monthly salaries	-	-	100% No more than 3 monthly salaries	-
Gatekeepers	17%	60% (No more than 3 monthly salaries)	23%	43%	-	57%
Other officers	30%	44% (No more than 3 monthly salaries)	26%	55%	-	45%

6.5.2 The composition of the company-wide goals will be as follows:

Return on equity	Return on the Bank’s share relative to the Benchmark Index	Operational Efficiency Ratio	Average ratio of deposits to loans
60%	14%	14%	12%

6.5.3 With regard to each of the officers (except for the CEO), individual goals shall be determined in advance, including during the discussions over annual work plans, which shall also include, *inter alia*, goals pertaining to risk management and compliance, as well as goals

⁶ "Supervisor" – for the purpose of this section, shall be the Remuneration Committee and the Board of Directors with respect to the CEO; the Audit Committee, pursuant to the recommendation of the Chairman of the Board of Directors, with respect to the Internal Auditor; and the CEO with respect to the rest of the officers.

⁷ see Footnote 6 above.

pertaining to the officer's personal contribution to the achievement of the Bank's various goals.

6.5.4 It is clarified that with respect to the return on equity goals, return on the Bank's share relative to the Benchmark Index, operational efficiency ratio, and deposits to loans average ratio (hereinafter: "**Company-Wide Goals**"), the Remuneration Committee and the Board of Directors will establish levels, the meeting of which shall grant entitlement to Performance-Based Remuneration at a graduated amount. For each such index, the Remuneration Committee and the Board of Directors will determine an initial goal (as specified in the table in Section 6.5.5 below) as well as a target goal and a maximum goal shall be determined, and the entitlement to the monetary bonus and equity-based remuneration shall be conditioned upon meeting said goals, as follows: (a) Meeting the initial goal shall entitle the officers to up to 25% (hereinafter: "**Initial Rate**") of the index weight out of the annual monetary bonus and equity-based remuneration cap; (b) Meeting the target goal shall entitle the officers to 100% of the index weight out of the annual monetary bonus and equity-based remuneration cap; (c) Meeting the maximum goal shall entitle the officers to 120% of the index weight out of the annual monetary bonus and equity-based remuneration cap;

An index result that falls between the initial goal and the target goal shall entitle the officers to the relative share between the Initial Rate and 100% of the index weight, according to the remuneration program (as to be approved by the Remuneration Committee and the Board of Directors), and in a manner which is not necessarily linear. An index result that falls between the target goal and the maximum goal shall entitle the officers to the relative share between the 100-120% of the index weight, in a linear calculation. **In any case, the total variable remuneration shall not exceed 100% of the cap that was established⁸.**

6.5.5 The initial goal of the Company-Wide Indices shall be as follows:

⁸Except in extraordinary cases, as detailed in section 4.3 above.

	Return on equity	Return on the Bank's share relative to the benchmark index	Operational Efficiency ratio	Average ratio of deposits to loans
Initial goal	No less than 9%	No less than “-6%” ⁹	Maximum 62%	No less than 85% or no more than 115% ¹⁰

The Bank shall be entitled to determine that an officer who began his work during a calendar year and worked six months or more *de facto* until the end of that calendar year, or an officer who ended his work at the Bank during a calendar year and worked and worked six months or more *de facto* during that calendar year, shall be entitled to a proportional, partial, Performance-Based Remuneration in respect of the period in which he worked during that calendar year, insofar as such entitlement is given to officers who worked during that entire calendar year. Such payment shall be made on the payment date of the Performance-Based Remuneration to all of the Bank's officers.

- 6.5.6 The goals for Performance-Based Remuneration shall be approved by the Remuneration Committee and the Bank's Board of Directors

Spread of the monetary bonus

Assuming that the prerequisites for the payment of the Performance-Based Remuneration are met, as provided in section 6.2 above, the entire monetary

⁹ I.e., the initial goal for "return on the Bank's share relative to the benchmark index" shall be determined such that the annual return on the Bank's share shall not be more than 6% lower than the return on the Tel Aviv Bank Index, (i.e., the return on the Bank's share relative to the benchmark index shall be a negative return of no more than -6% (minus 6%)).

¹⁰ i.e., the initial goal for "average ratio of deposits to loans" shall be determined at a rate that shall not be lower than 85% and not exceed 115%.

bonus will be paid following the approval of the (consolidated) financial reports for the year, in respect of which the Performance-Based Remuneration is granted (hereinafter: “**That Year’s Financial Reports**”). Despite the aforesaid, in the event that the variable remuneration of an officer for a calendar year exceeds 40% of the fixed remuneration for that year, the following instructions shall apply:

- 6.6.1 a. If an equity-based remuneration has not been granted to the officer for that year, then half (50%) of the monetary bonus will be paid shortly after the approval of That Year’s Financial Reports, and half (50%) will be paid in three (3) equal quotas: one year, two years and three (3) years after the payment date of the monetary bonus half (50%) paid to the officer, as provided above, subject to section 6.6.3 below.
- b. If the officer has been granted an equity-based remuneration, the following instructions shall apply:
- (1) If the equity-based remuneration is at a sum equal to half (50%) of the Performance-Based Remuneration for that year, then the equity-based remuneration shall not be spread, and it will be paid shortly after the approval date of That Year’s Financial Reports.
- (2) If the equity-based remuneration is at a sum lower than half (50%) of the Performance-Based Remuneration for that year, then part of the monetary bonus will be spread (as provided at the end of section 6.6.1a above) at a sum equal to half (50%) of the Performance-Based Remuneration with the equity-based remuneration sum for that year deducted; and the rest of the monetary bonus for that year shall be paid shortly after the approval date of That Year’s Financial Reports.

The spread monetary bonus part, as aforesaid, will hereinafter be called: “**Spread Remuneration**”, and each of the spread remunerations will hereinafter be called: “**Deferred Monetary Bonus**”.

- 6.6.2 A Deferred Monetary Bonus will be linked to the CPI, according to the increase rate of the CPI known on the pay date of the Deferred

Monetary Bonus, compared with the known CPI on the approval of the (consolidated) financial reports of the year for which the aforesaid Deferred Monetary Bonus is granted (it is hereby clarified that the above linkage shall not lead to a reduction of the Deferred Monetary Bonus).

- 6.6.3
- a. The payment of any Deferred Monetary Bonus, as provided above, shall be conditional to that during the calendar year which precedes the payment date of the aforesaid Deferred Monetary Bonus, the total capital adequacy ratio and tier-1 capital ratio of the Bank, according to the (consolidated) annual financial reports of the Bank for that year, were no lower than the minimum ratios which were established in this matter in the Bank of Israel's directives (hereinafter: "**Minimum Ratios**") during the calendar year which precedes the payment date of the aforesaid Deferred Monetary Bonus.
 - b.
 - (1) If the Bank had deviated from the Minimum Ratios in the calendar year prior to any Deferred Monetary Bonus payment date, then the payment of the aforesaid Deferred Monetary Bonus shall be postponed by 12 months (hereinafter: "**Deferred Payment Date**");
 - (2) In the event that the deviation from the Minimum Ratios continues in the calendar year that precedes the Deferred Payment Date, then the aforesaid Deferred Monetary Bonus shall be cancelled and shall not be paid to the officers¹¹.
 - c. Despite the aforesaid in section b(2) above, if the Bank's deviation does not exceed 10% of the Minimum Ratios, the Remuneration Committee and the Board of Directors shall be entitled, at their discretion and under special circumstances, to decide to pay the aforesaid Deferred Monetary Bonus to the officers.

¹¹ It is hereby clarified that in the event that any Deferred Monetary Bonus is not paid, as aforesaid, the rest of the Deferred Monetary Bonuses shall not be cancelled, and shall be subject to compliance with the term provide above, at the relevant dates.

6.6.4 It is clarified that if the total variable remuneration for any calendar year does not exceed 40% of the relevant officer's fixed remuneration for that year¹², then the full Spread Remuneration for that year shall be paid shortly after the publication of That Year's Financial Reports.

Long-term equity-based remuneration

If and insofar as it is decided during the period of the Remuneration Policy to grant any of the officers at the Bank, excluding the directors, an equity-based remuneration, as provided in section 6.1 above, the following instructions shall apply:

- 6.7.1 The equity-based remuneration may include options for the Bank's shares (hereinafter: "**Securities**"); the Bank shall be entitled to grant Securities to the officers, without payment of any sort from the officer upon their vesting or granting or exercise date, as the case may be. The Securities shall be granted (insofar as permitted by law) pursuant to the provisions of Article 102 of the Income Tax Ordinance, according to the "Capital Gains track".
- 6.7.2 The allocation of the total equity-based remuneration for each one of the years 2020 through 2022 (hereinafter: "**Annual Quota**"), insofar as it will be made, will be done shortly after the date in which the required approvals for the allocation are obtained, by means of a Securities trustee. The Annual Quotas may all be allocated on one date in advance, or on different dates (in this context, each Annual Quota of any or all of the officers, may be allocated on a different date), per the decision in this matter of the Remuneration Committee and the Board of Directors.
- 6.7.3 The quantity of Securities to be included in each Annual Quota shall be calculated based on the value of the Securities on the approval date of the relevant allocation by the Board of Directors in this matter.
- 6.7.4 Each Annual Quota shall be divided to three (3) equal portions (hereinafter: "**Deferred Portions**"); the vesting date of the first Deferred Portion of each Annual Quota shall occur close to the lapse of one year from the date of approval of the (consolidated) financial

¹² Calculated before deferral.

reports for the year in respect thereof the Annual Quota has been granted (the “**First Deferred Vesting Date**”). The vesting dates of the two other Deferred Portions of each Annual Quota shall occur in the lapse of one year and two years, respectively, from the First Deferred Vesting Date.

- 6.7.5 a. In addition to the entitlement terms, as provided in section 6 above, the vesting of each deferred portion shall be conditional to that in the calendar year that precedes the vesting date of that Deferred Portion, the total capital adequacy ratio and tier-1 capital ratio of the Bank, according to the (consolidated) annual financial reports of the Bank for that calendar year, shall be no lower than the minimum ratios according to the Bank of Israel’s directives (hereinafter: “**Minimum Ratios**”) in the calendar year that precedes the vesting date of that Deferred Portion.
- b. (1) If the Bank had deviated from the Minimum Ratios in the calendar year prior to the vesting date of any Deferred Portion, then the vesting date of the aforesaid Deferred Portion shall be postponed by 12 months (hereinafter: “**Deferred Vesting Date**”);
- (2) In the event that the deviation from the Minimum Ratios continues in the calendar year that precedes the Deferred Vesting Date, then the aforesaid Deferred Portion shall be cancelled and shall not bestow any right¹³.
- c. Despite the aforesaid in section b(2) above, if the Bank’s deviation does not exceed 10% of the Minimum Ratios, the Remuneration Committee and the Board of Directors shall be entitled, at their discretion and under special circumstances, that the aforesaid Deferred Portion not be cancelled, but rather vest according to the terms of the remuneration program, as shall be approved by the Remuneration Committee and the Board of Directors.

¹³ It is hereby clarified that in the event that any Deferred Portion is cancelled (and does not bestow any right), as aforesaid, the rest of the Deferred Portions shall not be cancelled, and shall be subject to compliance with the term provide above, at the relevant dates

- 6.7.6 Subject to the terms provided in section 6.7.5 above, each of the Deferred Portions of an Annual Quota shall be exercisable from the vesting date determined in respect thereof, for a period that shall not exceed three (3) years; it is clarified that different exercise periods may be determined with respect to different officers, as shall be decided in this respect by the Remuneration Committee and the Board of Directors.
- 6.7.7 Despite the aforesaid, in the event that the variable remuneration for an officer due to any calendar year does not exceed 40% of the officer's fixed remuneration for that year¹⁴, then the full Annual Quota for that year may vest from the date of publication of the That Year's Financial Reports, as shall be decided in this respect by the Remuneration Committee and the Board of Directors (in addition to the monetary bonus which will be paid on the same date, in cash, for that year).
- 6.7.8 In the event of the allocation of option warrants, the exercise price of the options, which will be determined in each allocation shall not be lower than the average price of an ordinary share of the Bank on the stock exchange during the 30 trading days that preceded the date of approval of the relevant allocation by the Board of Directors, unless the Remuneration Committee and the Board of Directors decide that the volatility of the share price requires calculating the average over a longer period of time; the exercise price shall be linked to the CPI, from the index known on the date on which the Board of Directors approves the relevant allotment until the index known on the exercise date (hereinafter in this Section: "**Exercise Price**").

It is clarified that on the exercise date, officers shall not be required to pay the Exercise Price, and the Exercise Prices serves only to determine the amount of the financial benefit and the number of exercise shares to be allocated *de facto*, which will be calculated according to the difference between the TASE closing price of an ordinary share of the Bank on the trading day preceding the exercise date, or the Maximum Closing Price (as defined below), the lower of the two, and the Exercise Price (subject to adjustments); all in

¹⁴ Calculated before deferral.

accordance with the terms and conditions determined in this respect by the Remuneration Committee and the Board of Directors.

In this context, the “**Maximum Closing Price**” – up to ILS 160 plus index-linked differentials, from the index known on the date on which the Board of Directors approves the relevant allotment until the index known on the exercise date; it is clarified that different Maximum Closing Prices may be determined in respect of different officers, as shall be decided in this respect by the Remuneration Committee and the Board of Directors.

- 6.7.9 Upon the granting of an equity-based remuneration, the rate of dilution which will result from the allocation of the Securities will also be taken into account.
- 6.7.10 The equity-based remuneration may be subject, insofar as it is relevant, to adjustments, including adjustments for dividend, bonus shares, changes in equity (consolidation and division), issuing of rights, a structural change of the Bank, a merger, as well as a sale of the Bank’s assets or the Bank’s issued capital, and so on.
- 6.7.11 In the discussion regarding the granting of equity-based remuneration, the economic value of the Securities which were allocated in the past to the officer, if any, and whose vesting period has not yet terminated, will be taken into account.

It is clarified that an officer who will retire from the Bank upon reaching retirement age or thereafter, an officer who retired from the Bank not by his own initiative (not upon reaching retirement age or thereafter, and not under circumstances which entitle the Bank the right to lay him off while denying severance pay, and not under extraordinary circumstances that shall be determined by the Remuneration Committee and the Board of Directors for this matter) and an officer who retired from the Bank of his own initiative after completing at least five years of employment in the Bank, shall be entitled to the balance of the variable equity-based remuneration the entitlement thereto arose in respect of previous years in which the officer has been employed in the Bank, all this at the dates and conditions which are provided in section 6 above (as if he continued to serve as an officer in the Bank).

The officer will return, including by way of setoff, any variable remuneration granted thereto, pursuant to the terms, the manner and the way that shall be determined by the Remuneration Committee and the Board of Directors for this matter, if paid to him based on data which transpired to be erroneous and was re-presented in the Bank's consolidated financial statements during the three (3) years following the year in respect of which the variable payment has been granted thereto, and by no later than after the lapse of three (3) years from the termination date of the officer's employment in the Bank.

6.10.1 Without derogating from the aforesaid, all variable remuneration shall be granted and paid subject to the condition that it be remissible should any of the following criteria be met¹⁵:

- a. The officer took part in behavior which caused extraordinary damage to the Bank, including: illegal activities, a breach of the trust duty, intentional violation or ignoring in gross negligence the Bank's policies, rules and procedures. For the purpose of this section, "**extraordinary damage**": a material monetary expenditure due to fines or sanctions imposed upon the Bank by certified authorities under the law, or according to a peremptory ruling, a final arbitral award, a settlement agreement, *et cetera*, which is at a sum that exceeds 10% of the Bank's equity at the time of the extraordinary damage's occurrence.

It is clarified that the expense due to the extraordinary damage, if applicable, will be calculated after the deduction of sums that have been paid or are expected to be paid to the Bank by third parties to repair its damages, and taking into account the recognition of tax losses.

- b. Fraud or intentional impropriety by an officer, due to which data were discovered as incorrect and represented in the Bank's financial reports.
- c. Circumstances which allow the Bank to dismiss an officer without severance pay, according to the applicable law; it is

¹⁵ It is clarified that in the matter of the remission instructions, the transitory instructions established by the Supervisor of Banks will apply. In this matter, see also section 1.7 above.

hereby clarified that this subsection c does not derogate from that which is provided in subsection a above.

Variable remuneration shall be remissible, as aforesaid, if it was granted due to a year in which the circumstances provided in subsections a, b or c above occurred with respect to the officer (i.e. during that year, the officer took part in behavior due to which extraordinary damage was caused to the Bank, or the circumstances listed in subsections b or c above applied to the officer during that year).

- 6.10.2 The variable remuneration shall be remissible for a period of five (5) years after it is granted (with the remission period including the period of the variable component's deferral, insofar as it may be deferred).

Despite the aforesaid, the remission period shall be extended by two additional years for the officer when all of the following conditions are met:

- a. During the remission period, the Bank has opened an internal investigation or has received a notice from a regulating authority (including a foreign regulating authority) that an investigation has been opened;
- b. The Bank believes that the investigation might prove that the remission criteria provided in section 6.10.1 above had occurred;
- c. The Remuneration Committee and the Board of Directors have decided that the circumstances to extend the remission period of the officer, as provided above, have been fulfilled. In the resolution regarding the extension, all relevant considerations will be taken into account, including the officer's level of responsibility and the scope of his involvement in the issue. The extension period will expire when the relevant investigation ends and when the officer's level of responsibility becomes clear.

- 6.10.3 a. Should the Remuneration Committee and the Board of Directors confirm that the remission criteria, as provided in section 6.10.1 above, have occurred, the Remuneration Committee and the

Board of Directors shall determine the remission sum, being mindful, *inter alia*, of all considerations relevant to the matter at hand, including how much the officer contributed to the extraordinary damage to the Bank, the scope of the officer's responsibility and the scope of his involvement in the issue which caused the activation of the remission mechanism. The scope of the extraordinary damage to the Bank and its implications, the timing of the occurrence of the events and circumstances which caused the extraordinary damage to the Bank, *et cetera*.

- b. The remission sum, as provided in subsection a. above, shall not exceed the difference between the variable (net, after tax deduction) remuneration that was paid to the officer for the period during which the circumstances provided in section 6.10.1 above occurred, and the variable (net, after tax deduction) remuneration that would have been paid to the officer if the monetary expense caused to the Bank by the above circumstances would have been attributed to this period (while attributing part of the expense, insofar as it may be attributed, to each year of the years in which the circumstances took place; and where lacking the ability to attribute it, a linear spread of the expense over the period years).

- 6.10.4 The resolution of the Remuneration Committee and the Board of Directors, as provided above, will be made after the officer has been granted a reasonable opportunity to voice his stance before the committee and the Board of Directors.
- 6.10.5 The Bank will take all reasonable means, including legal means, to remise the determined remission sum, subject to any law.
- 6.10.6 Despite the aforesaid, when the total variable remuneration which was granted to an officer for a calendar year did not exceed 1/6 of the fixed remuneration that year, it is not necessary to activate the remission mechanism provided above in respect of it, regarding the variable remuneration for that calendar year.

Instructions will be established, under which officers at the Bank shall not create private hedging arrangements which would nullify the impacts of risk sensitivity inherent in their remuneration.

Adjustments to the Senior Officers' Wage Law

The total maximum remuneration which the Bank may pay (subject to receiving the authorizations required by law) to the CEO or to the Chairman of the Board of Directors, according to Article 2(b) of the Senior Officers' Wage Law, at the time of this remuneration policy's approval by the Remuneration Committee and the Board of Directors, is approx. ILS 3,456 thousand *per annum*¹⁶.

Insofar as the annual remuneration cap under the Senior Officers' Wage Law, including Article 2(b) of the above law and/or according to any other law (hereinafter: "**Permitted Remuneration Cap**"), will allow it, for any reason, the Bank may pay the Chairman of the Board of Directors an additional fixed remuneration component (beyond that which is provided in section 5 above), at a sum which shall not exceed two (2) monthly salaries *per annum*; it is hereby clarified that due to the additional fixed remuneration component, as aforesaid, the Bank will pay and provide as required by law and provide for severance pay and remunerations strictly according to the law.

The component of the additional fixed remuneration, as provided above, may be paid without requiring any further approval, and reported to the Remuneration Committee.

The total annual remuneration (not including provision for severance pay and provision for pension according to law) of the CEO or the Chairman of the Board of Directors shall not, in any case, exceed the Permitted Remuneration Cap, as provided above.

¹⁶A. In this matter, it should be noted that the lowest remuneration, per the cost of a full-time position, which the Bank paid directly or indirectly to an employee of the Bank, including an employee of a manpower contractor that the Bank is his *de facto* employer, and a service contractor's employee who is employed as a service provider at the Bank, in the year preceding the date of approval of this Remuneration Policy by the Board of Directors, with respect to Article 2(b) of the Senior Officers' Salary Law, was approx. ILS 98,737 (not including provision to severance and pension, by law). In this matter, "Manpower contractor", "Service contractor" and "*de facto* employer" are per their meaning in the Senior Officers' Salary Law.

B. For the purpose of calculating the total remuneration which the Bank may pay under the Senior Officers' Salary Law, including under Article 2(b) of the aforesaid law, a remuneration that the expenditure for which is not predicted according to the standard accounting rules will not be taken into account, nor will provision to severance and provision to pension, by law.

If and insofar as the CEO's annual remuneration (not including provision for severance pay and provision for pension according to law) for any year exceeds the Permitted Remuneration Cap, as provided above (hereinafter in this section: "Excess"), the Excess sum will first be reduced from the monetary bonus sum to which the CEO will be entitled (insofar as he may be entitled) for that year (and insofar as a balance will remain, it will be reduced off the CEO's fixed remuneration for that year).

An Excess, as provided above, in the Chairman of the Board of Directors' annual remuneration (insofar as it may occur) will be reduced off the Chairman's fixed remuneration for that year.

The total annual remuneration (not including provision for severance pay and provision for pension according to law) of any of the officers (who are not the CEO or directors) shall not, in any case, exceed the Permitted Remuneration Cap determined in Article 2(a) of the Senior Officers' Wage Law; if and insofar as an officer's annual remuneration, as provided above, for any year, exceeds the Permitted Remuneration Cap (hereinafter in this section: "Excess"), the Excess sum will first be reduced from the monetary bonus sum to which the officer will be entitled (insofar as he may be entitled) for that year (and insofar as a balance will remain, it will be reduced off the officer's fixed remuneration for that year).

It is hereby clarified that in the event that the expense due to a salary cost which the Bank bore, directly or indirectly, in a tax year for an officer, would exceed the "payment cap", per its meaning in Article 4 of the Senior Officers' Wage Law, part of the remuneration of the officer will not be recognized as a tax-deductible expense for the Bank, under the instructions of Article 4 of the aforesaid law.

Additional fixed component for gatekeepers

In addition to the aforesaid, the Gatekeepers (excluding the secretary of the Bank) shall be entitled to an additional fixed component, which is not performance-based, which shall not exceed two (2) salaries per annum. This component shall be deemed a portion of the fixed compensation component of the Gatekeepers.

The additional fixed component for gatekeepers will be given each year, provided that the officer was employed at the Bank at the date on which the said component was granted.

Monetary bonus under special circumstances

In addition to that which is provided in this remuneration policy and despite the limitations established therein, the Remuneration Committee and the Board of Directors shall be entitled to grant, from time to time, a special monetary bonus for a certain year, to an officer at the Bank (one or more) who is neither the CEO nor a director, which shall not exceed four (4) monthly salaries; this, subject to the instructions of the law, including the remuneration cap determined in Article 2(a) of the Senior Officers' Wage Law.

The aforesaid bonus shall be granted at the discretion of the Remuneration Committee and the Board of Directors, after receiving the recommendation of the Chief Executive Officer; and with respect to the Internal Auditor, after receiving the recommendation of the Chairman of the Board of Directors and the Remuneration Committee, under special circumstances and reasons specified thereby.

Agreement period and retirement terms

The period of the employment agreement will be either fixed or non-fixed, with a termination possibility for each one of the parties for any reason, by a notice which shall not be longer than six (6) months. The Bank shall have the right not to use the advance notice period, provided that it pay to the officer the redemption of such portion of the advance notice in which the Bank has waived his employment, plus Social Provisions.

In case of retirement not under circumstances which grant the Bank the right to deny severance pay from the officer, the Bank shall be entitled to grant the officer all or part of the following rights:

- 9.2.1 Paid advance notice period, as aforesaid;
- 9.2.2 Release of severance pay monies which accrued for the officer in provident funds, severance pay funds (arrangement according to Article 14 of Severance Pay Law), and the advanced study fund;

- 9.2.3 An adjustment bonus which will be calculated as follows¹⁷:
- a. Chairman: Up to 3 salary months. The bonus will be accrued over the first two years of the Chairman's tenure (a month at the commencement of his work, another month after a year, and one additional month after another year) and shall be paid to the Chairman at the end of his service, according to the seniority with which he served¹⁸:
 - (1) Up to one year's seniority – one salary.
 - (2) One to two years' seniority – 2 salaries.
 - (3) More than two years' seniority – 3 salaries.
 - b. CEO: Up to 6 salary months including social provisions. The bonus will be accrued over the first two years of the CEO's tenure (two months at the commencement of his work, another two months after a year, and two additional months after another year) and shall be paid to the CEO at the end of his service, per the seniority under which he served¹⁹:
 - (1) Up to one year's seniority – 2 salaries.
 - (2) One to two years' seniority – 4 salaries.
 - (3) More than two years' seniority – 6 salaries.
 - c. An officer who is neither the CEO nor a director: Up to 6 salary months. The bonus will be accrued over the first two years of the officer's tenure (two months at the commencement of his work, another two months after a year, and two additional months after

¹⁷ Except for officers serving at the time of this policy's approval, who according to their service terms are entitled to the full adjustment bonus. In this matter, it should be noted that in practice, the entitlement terms provided in section 9.2.3.c(3) below apply to them.

¹⁸ According to the service and employment terms approved for the Chairman of the Board of Directors serving at the time of this remuneration policy's approval, the Chairman of the Board of Directors is entitled to an adjustment bonus as aforesaid, regardless of his tenure period. In this matter, it should be noted that in practice, the entitlement terms provided in section 9.2.3.a(3) above apply to him.

¹⁹ According to the service and employment terms approved for the CEO serving at the time of this remuneration policy's approval, the CEO is entitled to an adjustment bonus as aforesaid, regardless of his tenure period. In this matter, it should be noted that in practice, the entitlement terms provided in section 9.2.3.b.(3) above apply to him.

another year) and shall be paid to the officer at the end of his service, per the seniority under which he served:

- (1) Up to one year's seniority – 2 salaries.
- (2) One to two years' seniority – 4 salaries.
- (3) More than two years' seniority – 6 salaries.

It is clarified that the adjustment bonus to an officer, at a sum of three (3) monthly salaries, and with respect to the CEO, three (3) monthly salaries including social provisions (as provided in section 5.2.6 above), will be considered part of the fixed remuneration. The portion of an officer's adjustment bonus which is higher than three (3) monthly salaries, and with respect to the CEO, the portion higher than three (3) monthly salaries including social provisions, will be considered part of the variable remuneration for that officer and paid as provided in section 9.4 below²⁰.

Retirement bonus

9.3.1 The CEO is entitled to a retirement bonus accrued for the period until the End of the Transitory Period (i.e. until October 12, 2016) at a sum equal to 150% of the CEO's last monthly salary prior to the End of the Transitory Period, multiplied by the CEO's employment years at the Bank until the End of the Transitory Period.

An officer who is neither a CEO nor a director²¹ is entitled to a retirement bonus accrued over the period until December 31, 2016, at a sum equal to 150% of the monthly salary for December 2016, multiplied by his employment years at the Bank up to the end of 2016.

9.3.2 The entitlement of the officers, as provided above (excluding the Chairman) is subject to the Remuneration Committee and the Board

²⁰ In this matter, see section 1.7 above.

²¹ In the service terms of the Chairman of the Board of Directors that were approved on January 25, 2016 by the Bank's general meeting, it was established that the Bank would pay the Chairman the retirement bonus to which the Chairman is entitled under the Chairman's employment agreement for the period commencing on December 1, 2012 and until November 30, 2015, at a sum equal to 150% of the Chairman's last monthly salary, according to the aforesaid agreement, multiplied by employment years according to the aforesaid agreement (three years); this, without reduction and spread instructions. Due to his current service period (from December 1, 2015), the Chairman is not entitled to a retirement bonus.

of Directors' decision that no circumstances have occurred due to which the retirement bonus should be reduced²².

It should be noted that the cost of the retirement bonuses accrued for the officers, who are employees at the Bank, until the End of the Transitory Period, was fully provided in the Bank's financial reports prior to the End of the Transitory Period²³.

As provided above, the retirement bonuses shall be considered variable remuneration, and paid to the aforesaid officers according to their terms, at the end of the employer-employee relations between them and the Bank, and the instructions established in section 9.4 below²⁴ will apply with regard to the aforesaid officers (excluding the Chairman).

The spread of the retirement payments and adjustment mechanisms

9.4.1 Subject to that which is provided in section 9.2 above, any payment due to retirement arrangements which is paid to the officer and which is not considered part of the fixed remuneration (hereinafter: "**Excess Retirement Sum**"), shall be paid as follows: 50% of the Excess Retirement Sum shall be paid close to the time of retirement and 50% of the Excess Retirement Sum shall be paid to the officer, in equal portions, after 12, 24 and 36 months have passed from the time of his retirement from the Bank (hereinafter: "**Deferred Retirement Bonus**").

A Deferred Retirement Bonus will be linked to the CPI, according to the increase rate of the CPI known on the pay date of the Deferred Retirement Bonus, compared with the known CPI at the time of the termination of employer-employee relations (it is hereby clarified that the above linkage shall not lead to a reduction of the Deferred Retirement Bonus).

²² In this matter, see section 8.3 of the remuneration policy which was approved by the general meeting on June 10, 2014 (immediate report dated May 4, 2014, ref. no. 2014-01-056838);

²³ It is hereby clarified that for the purpose of calculating the total remuneration which the Bank may pay under the Senior Officers' Salary Law, including under Article 2(b) of the aforesaid law, the cost due to retirement bonuses provided as aforesaid shall not be taken into account.

²⁴ With respect to the rights of officers, who are not directors, who served at the Bank before June 3, 2013, to retirement bonuses, the Bank will act according to the transitory instructions established in this matter in the remuneration directives or according to the Supervisor of Banks' approval; in this matter, see that which is provided in section 1.7 above.

9.4.2 If the (consolidated) quarterly or annual financial reports of the Bank, published close to the payment date of any Deferred Retirement Bonus, have a deviation of more than 10% of the minimum ratios of the total capital adequacy and tier-1 capital determined for this in the Bank of Israel's directives (hereinafter in this section: "**Material Deviation from the Minimum Ratios**"), then the payment of the aforesaid Deferred Retirement Bonus shall be postponed by 12 more months (hereinafter: "**Final Date**"). In the event that the Material Deviation from the Minimum Ratios continue in the (consolidated) quarterly or annual financial reports which will be published close to the Final Date, then the Deferred Retirement Bonus shall be cancelled and shall not be paid to the officer.

It is clarified that the rest of the deferred retirement bonuses, the payment date of which occurs after the time at which there was a Material Deviation from the Minimum Ratios, as provided above, shall not be cancelled and shall be subject to compliance with the above condition, at the dates relevant to them.

9.4.3 In the event that employment is terminated due to death, disability or disease, the spread arrangements established in sections 9.4.1 and 9.4.2 above shall not apply.

9.4.4 It is hereby clarified that the remission instructions per sections 6.9 and 6.10 above shall also apply to the Excess Retirement Sum.

9.4.5 It shall be established in the officers' employment terms that for a period of six (6) months from the termination of work relations between the officer and the Bank, the officer shall not work under or for any institution which competes with the Bank's activities, and the Bank shall not pay any sums to an officer due to this non-competition instruction, beyond that which is provided above.

10. Directors' service terms

10.1 Directors at the Bank (except for the Chairman of the Board of Directors), including external directors and including directors who are controlling shareholders at the Bank, are entitled to an annual honorarium and a meeting participation honorarium, under Regulations 4 and 5 of the Companies Regulations (Rules on Honorarium and Expenses of Outside Directors) 5760-

2000 (hereinafter: “**Honorarium Rules**”) which shall not exceed the “maximum amounts” included in the Honorarium Rules. All directors are also entitled to indemnification, exemption and officers’ insurance, as customary at the Bank from time to time.

10.2 Despite the aforesaid in section 10.1 above, a director which the Bank’s Board of Directors evaluates as an “expert director”, per the definition in the Honorarium Rules, will be entitled to an annual honorarium and a meeting participation honorarium payment which shall not exceed the “maximum amount” for an expert director.

11. **The Remuneration Policy’s period**

11.1 This Remuneration Policy shall be valid for a period of three (3) years commencing on January 1, 2020.

11.2 As provided in section 1.7 above, this Remuneration Policy shall apply to the service and employment terms of officers at the Bank that will be approved as of the commencement of this policy, without derogating from rights granted prior to the aforesaid date.