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בנק הפועלים בע"מ

Bank Hapoalim B.M.

Number with the Registrar: 520000118

Securities Authority Tel Aviv Stock Exchange Ltd. Tav 102 Transmitted via Magna 12/04/2018
www.isa.gov.il www.tase.co.il (Public) Reference: 2018-01-030630

Immediate Report of Amendments to the Articles of Association

Regulation 31C of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

1. On April 12th, 2018, the *General Meeting* resolved to amend the corporation's articles of association.
2. The nature of the amendment:
A number of amendments to the Articles of Association of the Bank in the form attached as Annex "A" of the report of the convening of a meeting which was published on March 6th, 2018, reference no. 2018-01-018129 (the proposed amendments are marked), which include mainly adjustments of the Articles to up – to – date provisions of legislation and of provisions applicable to the Bank as a banking corporation (such as the Proper Conduct of Banking Business Directives of the Supervisor of Banks).
3. The language of the amendment:
According to the form of the Articles of Association attached as Annex "A" of the report of the convening of a meeting which was published on March 6th, 2018, reference no. 2018-01-018129 (the proposed amendments are marked).
4. The date on which the amendment takes effect: *April 12th, 2018.*
5. The articles of association following the amendment are attached hereto:
Memorandum and Articles of Association 120418 isa.pdf

Names of the Signatories on behalf of the Corporation:

Ronit Shapira, Secretary of the Bank

Amit Levy, Legal Advisor to the Board of Directors

Signed on April 12th, 2018

Reference numbers of previous documents on this subject-matter (the citation does not constitute inclusion by way of reference):

2018-01-030603 2018-01-018129

The securities of the Corporation are listed for trading on the Tel Aviv Stock Exchange

Date on which the structure of the form was updated: 20/02/2018

Abbreviated Name: Poalim

Address: POB 27, Tel Aviv 6100001 Telephone: 03-567 3800. 03-567 3333, Fax: 03-567 4576

Electronic Mail: ronit.shapira@poalim.co.il Company Website: <http://www.bankhapoalim.co.il>

Previous names of reporting entity:

Name of Electronic Reporter: Shapira Ronit, Her Job Title: Secretary of the Bank, Name of Employing Company:

Address: Yehuda Halevy 63, Tel-Aviv 6578109, Telephone: 03-567 3800 Fax: 03-567 4576,

Electronic Mail: ronit.shapira@poalim.co.il

BANK HAPOALIM B.M.
Incorporated in 1921

BANK HAPOALIM B.M.
Memorandum and Articles of Association
As at April 12, 2018

This document is a mere translation of the formal and binding Hebrew version of Bank Hapoalim B.M.'s Memorandum and Articles of Association. In case of any contradiction or other inconsistency between this document and the Hebrew version, the Hebrew version shall prevail.

Bank Hapoalim Ltd.
Memorandum of Association

1. Name of the Company: **in Hebrew: בנק הפועלים בערבון מוגבל**
in English: Bank Hapoalim B.M.
2. The liability of a shareholder for the debts of the Company is limited to the unpaid portion of the nominal value of his shares that he undertook to pay in consideration for his shares upon allotment.
3. The names of the first members are:

Blumenfeld Ephraim	Secretary, Tel Aviv
Twerski Nachum	Accountant, Tel Aviv
Katznelson Berl	Agricultural Labourer, Tel Aviv
Sprinzak Joseph	Secretary, Tel Aviv
Berligne Eliyahu	Advocate, Tel Aviv
Rosoff Israel	Landowner, Tel Aviv
Ruppin Arthur	Dr. Tel Aviv
4. Objects of the Company: to engage in any lawful pursuit.
5. (a) The registered share capital of the Company is NIS 4 billion (4,000,000,000) divided into 4 billion (4,000,000,000) ordinary shares of NIS 1 nominal value each.
(b) The rights attaching to the shares of the Company will be as prescribed in the Articles of Association of the Company.
6. The Company may alter the provisions of this Memorandum by resolution passed at a general meeting by a simple majority of the votes of the shareholders present at the general meeting. On such a vote by the shareholders, the votes of those abstaining shall not be taken into account.

We, the several persons, whose names, addresses and descriptions are subscribed, are desirous of being formed into a company pursuant to this "Memorandum of Association", and each of us agree to take the number of shares in the capital of the Company set opposite his name.

The names, addresses and initials of the subscribers, number of shares taken by each subscriber:

Ephraim Blumenfeld, Tel Aviv, Secretary,	One share
Jacob Efer, Tel Aviv, Agricultural Labourer	One share
Nachum Twersky, Tel Aviv, Accountant	One share
Joseph Sprinzak, Tel Aviv, Secretary	One share
David Remez, Tel Aviv, Workman	One share
Isaac Tabenkin, Tel Aviv, Workman	One share
Isaac Wilkansky, Tel Aviv, Agricultural Engineer	One share
Berl Katznelson, Tel Aviv, Agricultural Worker	One share
Bezalel Schlarsky, Tel Aviv, Bookkeeper	One share
Eliezer Shohat, Mikveh-Israel, Agricultural Labourer	One share
Isaac Ben-Zvi, Jerusalem, Journalist	One share

Dated the 1st day of April, 1921.

Witnesses to the signatures:

Eliyahu Muntshik, (-) David Zhuchovitzky (-)

Bank Hapoalim B.M.

Articles of Association

1. **Interpretation**

In these Articles, save where the context otherwise requires:

- | | |
|--|--|
| "the Articles" or
"these Articles" | - these articles of association or as may be amended by the shareholders from time to time; |
| "the Company" | - means Bank Hapoalim B.M. |
| "the Board of Directors" | - means the board of directors of the Company elected in accordance with the provisions of these Articles; |
| "the Board of Management" | - means the board of management of the Company elected in accordance with the provisions of these Articles; |
| "the Companies Law" or
"the Law" | - means the Companies Law, 5759-1999, as may be amended from time to time; |
| "the Securities Law" | - means the Securities Law, 5728-1968; |
| "the Office" | - means the registered office of the Company for the time being; |
| "writing" | - printing, photocopy, cable, telex, facsimile, e-mail, or any other method or writing, composed of or expressing words in a visible manner; |
| "signature" or
"autographic signature" | - means the autographic signature of the person signing, the digital signature or also the facsimile of his signature, unless only an autographic signature is provided for. |
| "ordinary resolution" | - means a resolution passed by a majority of votes of those present and participating in the vote (excluding abstentions); |
| "Banking Ordinance" | - means the Banking Ordinance, 1941 as may be varied from time to time or any other arrangement which may replace it. |
| "banking corporation with no core of control" | - means within the meaning of this term in the Banking Ordinance, 1941. |

- “registered shareholder” - a shareholder registered in the register of shareholders of the Company
- “the Law” - including instructions and directives applicable to the Company by virtue of being a banking corporation, including the proper conduct of banking business directives issued by the Supervisor of Banks, as they may be from time to time.

Subject to the provisions hereof and save where otherwise expressly required, in these Articles, expressions defined in the Companies Law shall have the meanings therein defined; words importing the singular shall include the plural, and vice versa; and words importing the masculine gender shall include the feminine, and words importing persons shall also include corporations.

If any Article (or any part thereof) herein contained is held to be invalid, illegal, or unenforceable on any legal ground whatsoever, this shall not in any way affect the validity, legality and enforceability of the remainder of these Articles.

2. **The name of the Company is:**

in Hebrew: בנק הפועלים בע"מ

In English: Bank Hapoalim B.M.

3. **Objects of the Company**

The objects of the Company are to engage in any lawful pursuit.

4. **Registered Share Capital of the Company**

- a. The registered share capital of the Company is NIS 4 billion (4,000,000,000) divided into 4 billion (4,000,000,000) ordinary shares of NIS 1 nominal value each.
- b. All of the ordinary shares have equal rights between them in all respects and each ordinary share confers upon the holder thereof:
 1. The right to vote - a right to receive notices of and attend general meetings of the shareholders of the Company, and the right to one vote in respect of each ordinary share when voting at any general meeting of the Company attended by the holder thereof;
 2. The right to dividend - a right to receive dividends, if and when distributed, and a right to receive bonus shares if and when distributed, in proportion to the nominal value of the shares, disregarding any premium paid thereon;
 3. The right on a winding-up - a right to participate in the distribution of the Company's surplus assets after the winding-up thereof, in accordance with its proportionate share of the issued share capital of the Company.

5. **Alteration of capital and modification of rights**

- a. The general meeting of the shareholders of the Company may, by a resolution passed by a simple majority resolve with respect to the following subjects:
 1. To increase its registered share capital in such amount as will be resolved by the creation of new shares, on such terms and with such rights as the resolution prescribes, whether or not all the shares for the time being have

- been issued or a resolution exists for the issue thereof and whether or not they have yet to be issued or resolved to be issued.
2. To cancel any registered share capital which has not been issued, provided there is no undertaking, including a contingent undertaking, of the Company to issue such registered share capital.
 3. To modify, cancel, convert, extend, add to or otherwise modify, the rights, privileges, advantages, restrictions and terms whether or not for the time being related to the Company's shares.
 4. To consolidate and divide its share capital into shares of larger or smaller nominal value than its existing shares.
 5. To reduce its share capital in any manner and on such terms and subject to the receipt of any approvals, in so far as they are required, by law.
 6. To make such other modification to the share capital of the Company or the rights attaching to its shares, in as much as such power is not vested in any other organ of the Company.
- b. The rights conferred upon the holders of any shares, including preference shares (as defined in the Securities Law) will not, unless otherwise prescribed by the terms of issue of such shares, be deemed to have been varied by the creation or issue of additional shares ranking *pari passu* with them.
- c. To every separate class meeting of shares of the Company, the provisions of these Articles relating to general meetings shall apply, *mutatis mutandis*.
- d. For the purpose of giving effect to such resolution, the Board of Directors may settle any difficulty which may arise, as they think expedient. Without derogating from such powers of the Board of Directors, in the event of there being any shareholders with fractional shares resulting from a consolidation of their shares, the Board of Directors may:
1. Sell any sum of fractional shares and for such purpose appoint a trustee in whose name certificates will be issued of the fractional shares, and which will be sold and the proceeds obtained, less commissions, be divided amongst those entitled;
 2. Allot to any shareholder who is left following the consolidation with a fractional share, fully paid-up shares of the same class prior to the consolidation, in such number as will, together with the consolidation thereof, be sufficient to constitute a single consolidated complete share, such allotment to be deemed as having been effected immediately prior to the consolidation.
 3. Determine that shareholders will not be entitled to receive consolidated shares in respect of a fractional consolidated share deriving from the consolidation of one half or less of the number of shares the consolidation of which created a single consolidated share, but that they will be entitled to duly receive a consolidated share or a fractional consolidated share resulting from the consolidation of more than one half of the number of shares the consolidation of which created a single consolidated share.
- e. With respect to any consolidation of shares into shares of larger nominal value, the Board of Directors may make arrangements to settle any difficulty which may arise with regard thereto and, in particular, may determine which shares shall be consolidated with such share or otherwise, and, in the case of a consolidation of shares which are not held by a single holder, may make arrangements for the sale of the share being consolidated, the manner of the sale thereof and the mode of

division of the net proceeds and appoint a person for the purpose of carrying out the transfer and any action effected by such person shall be valid and unimpeachable.

- f. The Board of Directors of the Company may:
1. Issue shares and other securities, including convertible or realizable securities up to the amount of the Company's registered capital, including allotting (or otherwise dealing) to such persons, in exchange for cash or other consideration not being cash, on such exceptions and terms, whether at a premium or at par or at a discount, on such dates as they may consider appropriate, and grant any person the right to demand the allotment of any shares during such period and against such consideration as the Board of Directors may determine;
 2. Issue, and redeem, redeemable securities in any manner and on such terms as it may resolve from time to time.
 3. Resolve to issue a series of debentures within the scope of its power to borrow on the Company's behalf, and within the limitations of such power.
- g. Upon the allotment of shares, the Board of Directors may determine different terms for shareholders in relation to the consideration, amounts of calls and/or the dates of payment thereof.

6. **Liability of the Shareholders of the Company**

The liability of a shareholder for the debts of the Company is limited to the payment of the unpaid portion of the nominal value of his shares that the shareholder undertook to pay the Company in consideration for his shares upon the allotment thereof.

7. **Share Certificates**

- a. A shareholder who is registered in the register of shareholders is entitled to receive from the Company a share certificate testifying to his ownership of the shares registered in his name.
- b. Share certificates will be issued under the stamp of the Company, signed by two directors or by the secretary of the Company and one director or such other person as may be determined by the Board of Directors.
- c. A shareholder is entitled (after paying the amount prescribed by the Board of Directors from time to time) to a number of share certificates each representing one or more shares of the Company registered in his name in the register of shareholders; each share certificate to denote the numbers of the shares in respect of which it was issued and the amount paid-up thereon and such other details, as will be deemed important by the Board of Directors.
- d. A share certificate registered in the names of two or more persons will be delivered to such person that all of the registered holders of such share may direct and in the absence of agreement - to the person whose name first appears in the register of shareholders from among the names of the joint owners.
- e. If a share certificate is lost or defaced, the Board of Directors may issue a new certificate in replacement thereof provided that the certificate was furnished to it and destroyed by it or it has been proven to its satisfaction that the certificate was

lost or destroyed and it has received assurances to its satisfaction regarding any possible damage, and all of this against payment if any is charged.

8. Transfer and transmission of shares

- a. No transfer of shares in the Company by a registered shareholder shall be registered unless a proper instrument of transfer is delivered to the Company. The instrument of transfer of a share in the Company will be signed by the transferor and the transferee, and the transferor shall be deemed to remain the shareholder until the name of the transferee is registered in the register of shareholders in relation to the transferred share.
- b. The instrument of transfer of a share shall be in the following form or as far as possible similar thereto or in any usual or common form as the Board of Directors shall approve -

"I _____ of _____ (hereinafter: "the transferor") in consideration of the sum of _____ New Shekels paid to me by _____ of _____ (hereinafter called "the transferee") hereby transfer to the transferee* _____ shares of _____ [if the Company has shares of nominal value - of NIS _____ nominal value each] denoted by the numbers _____ through _____ inclusive of Bank Hapoalim B.M., to hold unto the transferee, the administrators of his estate, his guardians and his attorneys, subject to the several conditions on which I held the same at the time of the execution hereof and I, the transferee, do hereby agree to take the said shares subject to the conditions aforesaid.

And in witness whereof we have signed this _____ day of the month of _____ in the year _____.

The transferor

The transferee

Witness to the signature of the transferor

Witness to the signature of the transferee

* Specify number of shares.

** Specify class of shares

- c. The instrument of transfer lodged with the Company will be accompanied by any document (including the certificate of the share being transferred) as the Board of Directors may require in connection with the transfer. All the foregoing documents will be retained by the Company if the transfer of shares is approved.
- d. The Board of Directors may decline to recognize an instrument of transfer unless accompanied by the certificate of the share being transferred and such other evidence as required by the Board of Directors in order to prove the transferor's right to transfer the share and payment of a transfer fee if prescribed by the Board of Directors. Instruments of transfer which are registered will be retained by the Company.
- e. If the Board of Directors refuses to approve a transfer of shares, they shall, not later than three weeks after the date on which the instrument of transfer was received, notify the transferor thereof, and the documents relating to the transfer which has not been approved, will be returned to the person submitting the same, if he requires it.

- f. Every instrument of transfer shall relate to one class of shares only.
- g. The Company shall be entitled to charge a fee for registration of the transfer, in an amount as may be prescribed from time to time by the Board of Directors.
- h. The executors of the will or the administrators of the estate and if there are none, the heirs of a deceased shareholder and they alone, shall be recognized by the Company as being entitled to the shares of such shareholder, and where the deceased was a joint shareholder, the Company shall recognize the surviving joint shareholders as being entitled to the share which belonged to the deceased shareholder. Nothing aforesaid shall release the estate of a deceased joint holder from any liability in respect of any share which had been held jointly by him with other persons.
- i. Any person becoming entitled to a share as a result of the death of a shareholder, and a person appointed as trustee or receiver of a bankrupt shareholder, (each of whom being hereinafter called: "the person entitled to a share") shall be entitled to request to be registered as shareholder thereof or to transfer the same to another, after adducing such evidence as may be required of him from time to time by the Board of Directors to prove his right, and in accordance with the provisions contained in these Articles concerning the transfer to another person.
- j. The person entitled to a share shall be entitled to the same dividends and other rights to which he would be entitled if he were the registered holder of the share even if he has not been registered as such, except that he shall not, before being registered as a shareholder in respect of the share, be entitled in respect of it to exercise any right of a shareholder to receive notices of, and attend and vote at meetings of the Company.
- k. Notwithstanding the foregoing, the Board of Directors may at any time give notice requiring the person entitled to a share to elect either to be registered himself or to transfer the share, and if the notice is not complied with within 60 days of its delivery, the Board of Directors may withhold all dividends, other distributions or other monies payable in respect of the share until the requirements of the notice have been complied with. The presentation of such a demand will be deemed to constitute approval of the Board of Directors to register the person entitled to a share as holder thereof, save that the Board of Directors shall continue to have the right to decline to approve a transfer of the share in accordance with the provisions of Article 8(d) above.
- l. The Company will be entitled to destroy instruments of transfer of its shares after the expiration of seven years from the registration of the transfer and share certificates which have been cancelled, after the expiration of three years from the date of cancellation thereof, and it shall be presumed prima facie that all instruments of transfer and shares so destroyed were fully effective and that the transfers, cancellations and registrations on the strength thereof were duly executed.

9. Calls

- a. The Board of Directors may, from time to time, make such calls as they see fit upon shareholders for any monies unpaid on the shares held by them, respectively, and which are not by the terms of issue thereof required to be paid at fixed times. Each shareholder shall pay the amount of such calls made upon him in such

manner and at the time and place prescribed by the Board of Directors. A call may be effected by making payment in installments and a call shall be deemed to have been made on the date of the adoption of the resolution of the Board of Directors authorizing the call.

- b. Fourteen (14) days' notice will be given of any call specifying the time and place of payment thereof and to whom such call shall be paid. The Board of Directors may, before the time prescribed for payment, revoke, by notice in writing to the shareholders, such call or extend the time for payment thereof.
- c. If, by the terms of issuance of any share or otherwise, an amount or installment (including any amount of premium) on account of a share is made payable at a fixed time, such sum shall be payable as if it were a call duly made by the Board of Directors and notified, and the provisions as to calls herein contained shall apply to any such amount or installment.
- d. The joint holders of a share shall be jointly and severally liable to make all payments due in respect thereof.
- e. If any shareholder fails to pay any call on or any installment on or before the day appointed for payment thereof, the Board of Directors may at any time so long as the call or installment remains unpaid, serve a notice on such shareholder requiring him to pay same together with the interest and linkage differences which may have accrued and all the expenses incurred by the Company by reason of such non-payment.
- f. The Board of Directors may, if they think fit, receive from any shareholder willing to advance some or any part of the monies due upon the shares held by him and as yet uncalled for, and may, upon the amounts so paid or satisfied in advance as hereinabove provided by this Article, pay interest at such rate as the Board of Directors may determine. The Board of Directors may at any time repay the amount so advanced, wholly or in part, if they think fit.

10. **Forfeiture and Charge**

- a. If a shareholder fails to pay any call or any installment on or before the day appointed for payment thereof, the Board of Directors may at any time so long as the call or installment remains unpaid, serve a notice on such shareholder requiring him to pay same together with the interest and linkage differences which may have accrued and all the expenses incurred by the Company by reason of such non-payment (hereinafter – “the Consideration”).
- b. The notice shall name the day which shall be at least 14 days after the date of the notice and the place or places at which the Consideration is to be paid. The notice shall further state that in the event of non-payment of the Consideration on or before the date appointed and at the place specified in such notice, the Company may forfeit the shares in respect of which the call was made or the installment has become payable.
- c. If the requirements contained in any such notice are not complied with, the Board of Directors may forfeit the shares in respect of which the call was made or the installment has become payable. Such forfeiture shall include also the dividends, bonus shares, and beneficial rights declared in respect of the forfeited shares and

not actually paid before the forfeiture. The Board of Directors may accept a surrender of any share liable to be forfeited.

- d. Any share so forfeited or surrendered shall be deemed to be the property of the Company and the Board of Directors may, subject to the provisions of these Articles, sell the same as they deem fit.
- e. The Board of Directors may, at any time, before any share so forfeited shall have been sold, annul the forfeiture thereof on such terms as they deem fit.
- f. A shareholder whose shares have been forfeited as aforesaid (hereinafter – “the Debtor”) shall cease to be a shareholder in respect of the forfeited shares but shall remain liable to the Company, unless the shares forfeited have been sold and the Company has received the full amount of the Consideration for which he was liable, together with the expenses incidental to the sale.
- g. Where the proceeds received on account of a sale of the shares forfeited exceed the Consideration for which the Debtor was liable, the Company shall repay the Debtor such part of the Consideration that he paid for them, if any, in the manner prescribed in the terms of allotment, provided that the consideration remaining in the hands of the Company shall be not less than the full amount of the Consideration for which the Debtor was liable, together with the expenses incidental to the sale.
- h. The provisions of this Chapter shall similarly apply in cases of non-payment of any sum which, by the terms of issue or allotment of such share becomes payable at a fixed time, whether on account of the amount of the share or by way of premium, as if the sum had been payable by virtue of a call duly made and notified.

11. **Notice of a general meeting and the contents thereof**

- a. Notice of a general meeting shall be given by the Company to its shareholders in the manner and at the times prescribed therefor by the law.
- b. The Company shall not be bound to serve notice of a general meeting in person on a registered shareholder.

12. **Quorum at general meetings and adjourned meetings, and meetings adjourned by resolution**

- a. Two shareholders at least, holding at least twenty five per cent (25%) of the voting rights, present within half an hour of the time appointed for the meeting to proceed to business, shall be a quorum for holding a general meeting.
- b. If within half an hour of the time appointed for the meeting to commence a quorum is not present at the meeting, the meeting will stand adjourned to the same day in the next week at the same time and place, or to such other time as may be specified in the invitation to the meeting or in the notice of the meeting.

- c. If at such adjourned meeting the quorum prescribed in Article 12(a) above is not present within half an hour of the time appointed therefor, the meeting will take place with any number of attendees.
- d. Notwithstanding Article 12(c) above, as regards a general meeting convened upon the requisition of shareholders as provided in Sections 63(b) (2) or 64(a) of the Law, the adjourned meeting will only take place if there are present at least the number of shareholders required to convene the meeting as provided in the aforesaid sections of the Law, respectively.
- e. A general meeting at which a quorum is present may adjourn the meeting to another time and to another place as it shall determine; at an adjourned meeting no subject will be discussed other than that which was on the agenda at the original meeting and with respect to which no resolution was passed.
- f. If a general meeting is adjourned pursuant to Article 12(e) for more than 21 days, notices of the adjourned meeting shall be given as prescribed in Article 11 above.

13. **Chairman of a general meeting**

The chairman of the Board of Directors and, in his absence, his deputy, and, in his absence, such other person who has been appointed for such purpose by the Board of Directors, will preside over any general meeting of the Company. If the chairman of the Board of Directors, his deputy or the person appointed by the Board of Directors as aforesaid is unable to preside over the meeting, the shareholders present will appoint one of their number to act as chairman of the meeting.

14. **Voting at general meetings**

- a. A shareholder may vote in person or by proxy.
- b. A corporation which is a shareholder of the Company may by resolution of its directors or other governing body authorize such person as it deems fit to act as its representative at any general meeting. The person so authorized will be entitled to exercise on behalf of the corporation he represents, the same powers as that corporation could exercise if it were an individual member of the Company. A person holding a power of attorney from a shareholder in that behalf, may appoint himself or any other person as proxy for the corporation that he represents, whether or not the holder of the power of attorney is a shareholder of the Company.

- c. A shareholder who is a minor or has been declared by a competent court to be legally incompetent, may only vote through his guardian, and any such guardian may vote by proxy.
- d. In the case of joint shareholders, the vote of one of the joint shareholders, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint shareholders, and for this purpose, the joint holder whose vote is tendered will be determined by the order in which the names stand in the register of shareholders, unless the joint holders will have agreed otherwise in writing and delivered their agreement to the Company.
- e. A shareholder may appoint a proxy, who need not be a shareholder of the Company, to vote on his behalf. The appointment of a proxy will be in writing under the hand of the appointor or his authorized representative in that behalf, and, if the appointor is a corporation - by the person or persons authorized to bind the corporation.
- f. The instrument appointing a proxy (hereinafter – “the Instrument of Appointment”), as well as the power of attorney (if any) under which the Instrument of Appointment is signed, or a copy thereof certified to the satisfaction of the Board of Directors, will be deposited at the Office or at the appointed place where the meeting will convene, not less than 48 hours before the time appointed for the commencement of the meeting at which the person named in the instrument proposes to vote, save that the chairman of the meeting may waive such requirement with respect to all the attendees at any meeting, and accept the instrument appointing a proxy and/or power of attorney upon the commencement of the meeting.
- g. A shareholder holding more than one share may appoint more than one proxy, subject to the following:
 - 1. The Instrument of Appointment will specify the class and number of shares in respect of which it is granted;
 - 2. If the total number of shares of any class specified in the Instruments of Appointment granted by an individual shareholder exceeds the number of shares of such class held by him, all the Instruments of Appointment granted by such shareholder in respect of the surplus shares will be annulled without affecting the validity of the vote in respect of the shares that are held by him;
 - 3. If only one proxy has been appointed by the shareholder and the Instrument of Appointment does not specify the number and class of shares in respect of which it was granted, the Instrument of Appointment will be deemed to have been granted in respect of all the shares existing on the date the Instrument of Appointment is deposited with the Company or on the date it is delivered to the chairman of the meeting, depending on the circumstances. In the event of the Instrument of Appointment having been granted in respect of a number of shares less than that held by the shareholder, he will be deemed to have abstained from voting in respect of the remaining shares held by him and the Instrument of Appointment will be effectual only in respect of the number of shares therein specified.

- h. Any instrument appointing a proxy, whether for a meeting specifically mentioned or for any general meeting, shall be insofar as circumstances permit, be in the following form:

<p>I, _____ of _____ being a shareholder of the company _____ B. M. ("the Company") hereby appoint _____ whose identity number is _____ of _____, or failing him/her _____ whose identity number is _____ of _____ or failing him/her _____ whose identity number is _____ of _____ to vote for me and on my behalf in respect of _____ shares (*) of class (**) held by me at the general meeting of the Company/at a class meeting of the holders of shares of the _____ (***) class to be held on the ____ day of the month of _____ in the year _____ and at any adjournment thereof.</p> <p>As witness my hand this ____ day of the month of _____ in the year _____.</p> <p style="text-align: center;">_____ Signature</p>

(*) State the number of shares.

(**) State the class of shares.

(***) Specify the class meeting and delete as appropriate.

- i. A vote given in accordance with the terms of the Instrument of Appointment will be valid notwithstanding the death of the appointor or revocation of the power of attorney or transfer of the share in respect of which such vote was given, unless notice in writing of such death, revocation or transfer has been received at the Office of the Company or by the chairman of the meeting before voting takes place.
- j. No shareholder shall be entitled to attend or vote, either in person or by proxy, at a general meeting otherwise than by virtue of such shares in respect of which all calls payable by him at such time have been paid.
- k. An instrument appointing a proxy will be valid for any adjourned meeting of the meeting to which the proxy relates.
- l. In addition to the provisions of this Article 14, with all of its sub-articles, a shareholder may vote in writing, or through the Internet, in accordance with and subject to all of the provisions which may from time to time be in effect under the Law and the Companies (Voting in Writing and Position Notices) Regulations, 5766-2005, and in any case only with respect to such matters as may be expressly prescribed by law as matters with respect to which shareholders may vote in such a way.

15. **Resolutions passed at general meetings**

- a. Any resolution put to the vote of a general meeting shall be decided by a poll.
- b. Resolutions at a general meeting, including a resolution relating to amalgamation, will be passed by simple majority, unless another majority is expressly prescribed by the Law or these Articles. A resolution on the subject of the appointment of directors shall be adopted as provided in Article 16 below.
- c. A declaration by the chairman of the general meeting that a resolution at a general meeting has been carried unanimously or by a particular majority or lost, will be prima facie evidence of the fact stated therein.

16. **The Board of Directors of the Company**

- a. The number of members of the Board of Directors will be determined from time to time by resolution of the general meeting of the Company. The number of members of the Board of Directors shall be not less than seven (7) and shall not be more than fifteen (15).
- b. The directors of the Company will be appointed by resolution to be adopted in general meeting by the shareholders present at the meeting in person or by proxy. Voting at the general meeting on the appointment of directors, or on the termination of their office, shall be for each candidate for office or for each director, as the case may be, separately. If the number of candidates for office as directors who received a majority of the votes participating in the voting at the general meeting exceeded the number of the vacant positions for office as aforesaid, the candidates that received the highest number of supporters in the voting at the general meeting shall be elected.
- c. Notwithstanding Article 16(b) above, the Board of Directors will be entitled, from time to time, to appoint an additional director or directors either as an additional director or to fill a vacancy that has arisen for any reason, provided that such appointment and change in appointment will be effected in accordance with the provisions of any voting agreement existing between shareholders of the Company entitled to appoint directors, a signed copy of which will have been delivered to the Board of Directors. For this purpose "delivered to the Board of Directors" means - delivered to the chairman of the Board of Directors and his deputy. In the event of any doubt concerning the interpretation of the voting agreement, the Board of Directors will turn to the parties to hear their joint position; in the event of any dispute, the Board of Directors will refrain from making any appointment or change in appointment as stated above.

The provision of Article 16(c) above shall not apply so long as it is in conflict with the provision of the Banking Ordinance and/or any other legislative provision, and in any such case the Board of Directors may appoint from time to time an additional director or additional directors whether as an additional director (with the approval of the Supervisor of Banks), or in order to fill the office of director which has become vacant for whatever reason after the previous general meeting, provided that the term of office of a director so appointed shall come to an end no later than the next general meeting.

- d. The office of a director will commence on the date of his appointment or on such later date in the future in accordance with the resolution of the general meeting or of the Board of Directors, as the case may be, appointing the director. Such office shall continue until terminated or comes to an end pursuant to the provisions of these Articles and/or the provisions of the Banking Ordinance.
- e. A director may resign by giving written notice to the Board of Directors, the chairman of the Board of Directors or the Company, and the resignation will enter into effect on the date the notice was given, unless a later date is specified in the notice. The director's notice of resignation will include the reasons for his resignation.
- f. Upon notice of resignation of a director being received, the resignation and the reasons given therefor will be submitted to the Board of Directors, and noted in the minutes of the next meeting first convened after the resignation.
- g. The general meeting may, at any time, remove a director from office, subject to the provisions of Article 16(b) above. In addition, the Board of Directors may remove from office a director appointed according to the provisions of Article 16(c) above, provided his office is terminated with the consent of the shareholders as provided in Article 16(c) above.

A director who is to be removed from office as stated in this Article, will be given a reasonable opportunity to state his case to the general meeting or the Board of Directors, as the case may be.

- h. Without derogating from the causes specified in the Law, the office of director will be vacated in any of the following events:
 - 1. If he has resigned his office according to Article 16(e) above;
 - 2. If he has been removed from office according to Article 16(g) above;
 - 3. If he has been convicted of an offence under the Law;
 - 4. By decision of a court, arrived at according to the Law;
 - 5. If he has been declared bankrupt and, if the director is a corporation - it has resolved to be wound up voluntarily or a winding-up order has been made against it;
 - 6. Upon the date of the passing of a resolution by the Board of Directors terminating his office due to another cause specified in the Law;
 - 7. If he has become legally incompetent;
 - 8. At the end of the period for which he was elected;
 - 9. If he has been absent from 6 consecutive meetings of the Board of Directors or 8 non-consecutive meetings of the Board during one year. Notwithstanding this, the Board of Directors may allow the membership to continue on the Board of Directors of a director who has failed to attend such number of meetings, if they took place during a period not exceeding 6 months.
- i. A director who ceases to hold office shall be eligible to be re-appointed.
- j. If no director is appointed or if the office of director is vacated, the remaining directors may continue to act in respect of any matter so long as their number has not fallen below the minimum prescribed for the time being for meetings of the Board of Directors.

- k. If their number has dropped below the minimum, the members of the Board of Directors may, by a signed resolution of all the members of the Board of Directors appoint an additional director or directors in order to make up a quorum of members of the Board of Directors, as provided in Article 16(c) above and subject to the restrictions noted therein.

16A. The Company's Board of Directors – a Banking Corporation With No Core of Control

This Article 16A shall apply only if the Company becomes a banking corporation with no core of control, and shall prevail over any other provision which is in conflict with these Articles, as the case may be.

- a. The nomination of candidates, their appointment and the termination of their office, including the maximum number of directors that can be replaced by the Company in general meeting, shall be effected in accordance with the provisions of the Banking Ordinance.
- b. The periods of office of the directors, who are not outside directors, shall not exceed the periods set forth in the Banking Ordinance, whereas with respect to directors in office at the Company just before it becomes a banking corporation with no core of control, the special provisions prescribed in the Banking Ordinance shall apply.
- c. No one shall be appointed nor shall they act as a director who does not comply with the conditions prescribed in the Banking Ordinance, whereas with respect to directors in office at the Company just before it becomes a banking corporation with no core of control, the special provisions prescribed in the Banking Ordinance shall apply.

17. Conditions of office of the directors

The manner of approval of the terms of office and employment of the directors shall be in compliance with the provisions of the Companies Law, the regulations promulgated thereunder and the provisions of any law. The Directors will be entitled to receive reimbursement for their travelling expenses to meetings of the Board of Directors and its committees and for other acts performed by them in the framework of their office as directors.

18. Chairman of the Board of Directors and deputy chairman of the Board of Directors

- a. The Board of Directors of the Company will elect one of their number from time to time to serve as chairman of the Board of Directors and may remove him from office and appoint another in his stead.

Furthermore, the Board of Directors of the Company may, from time to time, appoint one of their number to be deputy chairman of the Board of Directors and remove him from office and appoint another in his stead.

- b. In the absence of the chairman of the Board of Directors, the deputy chairman of the Board of Directors will take his place, and, in his absence, the Board of Directors will elect a substitute from amongst its members being directors, not

being office holders of the Company and are not active in the day to day management thereof.

- c. The Board of Directors may authorize the chairman of the Board of Directors and/or the deputy chairman of the Board of Directors to perform special duties from amongst those imposed on the Board of Directors.

The chairman, or as the case may be, his deputy, will deliver to the Board of Directors a regular report on the performance of such duties.

- d. The chairman of the Board of Directors and in turn, his deputy, may appoint for himself an assistant who will be subordinate to him and assist him in the performance of his duties.

19. **Meetings of the Board of Directors and the Manner of Conducting Same**

- a. The agenda of meetings of the Board of Directors will be fixed by the chairman of the Board of Directors and, in his absence, by the deputy chairman of the Board of Directors, and will include such business as will be determined by the chairman, as well as any matter that a director or the chief executive officer have requested the chairman of the Board of Directors to include on the agenda, a reasonable time prior to the meeting of the Board of Directors being convened.
- b. The chairman of the Board of Directors will preside over the meetings of the Board of Directors. In the absence of the chairman of the Board of Directors from a meeting, his deputy will take his place, and, in his absence, the Board of Directors will elect another one of its members to preside over the meeting and sign the minutes of the proceedings. The chairman of the Board of Directors will have no additional vote.
- c. The quorum for meetings of the Board of Directors and for its resolutions shall be as prescribed by the law.
- d. The Board of Directors may pass resolutions without actually convening, provided all the directors entitled to attend the proceedings and vote on the proposed resolution, have agreed thereto. Upon such resolutions being passed, minutes of the resolutions will be recorded and signed by the chairman of the Board of Directors.

20. **Voting at the Board of Directors**

- a. On voting at the Board of Directors, each director will have a single vote.
- b. Resolutions of the Board of Directors will be passed by a simple majority of votes of the members of the Board of Directors present. In the event of an equality of votes, the resolution will fail.
- c. Minutes approved and signed by the chairman of the meeting or the chairman of the Board of Directors, will serve as prima facie evidence of the contents thereof.

21. **Committees of the Board of Directors**

- a. The provisions of the Law pertaining to the convening and conduct of meetings of the Board of Directors will also apply, *mutatis mutandis*, to the convening of

meetings of committees of the Board of Directors, and the way in which they are conducted.

- b. Minutes of meetings of the committees will be available for inspection by all of the directors.

22. **Audit Committee**

- a. The Board of Directors of the Company will appoint from amongst its members, an Audit Committee, and the provisions of Article 21 above will apply thereto, *mutatis mutandis*.
- b. The number of members of the Audit Committee will be not less than three (3) and its members will be appointed in accordance with the Law. The chairman of the Audit Committee will be an outside director.
- c. The Audit Committee will hold at least six (6) meetings a year, and its duties and powers will be as prescribed in the Law and the directives of the Bank of Israel.
- d. The quorum for meetings of the Audit Committee shall be as prescribed by the law.
- e. The internal auditor of the Company will receive notices of meetings of the Audit Committee and be entitled to participate therein. The internal auditor may request the chairman of the Audit Committee to convene the Committee and the chairman will so convene the Committee, if he deems fit, to discuss any matter specified in the internal auditor's request within a reasonable time of his request.
- f. The Audit Committee will discuss the internal auditor's work plan, before being submitted to the Board of Directors for approval.
- g. The Audit Committee will monitor the implementation of the internal auditor's work plan, receive on a regular basis the material internal audit reports as may be determined by the internal auditor, and consider the findings thereof. The Committee may determine that there be brought before them a summary of the internal auditor's audit reports or the full reports, as the Committee deems fit. A list of the audit reports will be forwarded to the Audit Committee on a regular basis.
- h. The Audit Committee may recommend the termination of the internal auditor's office or his suspension.
- i. The Audit Committee will consider the audit reports of the Supervisor of Banks, unless any particular report specifically states that it must be submitted to the Board of Directors in a plenary session, and shall reach the necessary decisions resulting from such deliberations.
- j. The Audit Committee will consider the audit reports of the auditor.
- k. Notice of the holding of an audit meeting at which a subject arises pertaining to the audit of the financial statements, will be forwarded to the auditor of the Company, who may participate thereat.
- l. The Audit Committee will, at least once every three years, or upon the termination of the auditor's period of appointment, whichever is the earlier, discuss the

possibility of replacing the auditor and state its position to the general meeting on the agenda of which is the termination of the auditor's office or the non-renewal of his office.

- m. The Audit Committee will conduct an audit through the internal auditor or otherwise of the ongoing implementation of the directives of the Board of Directors.
- n. The Audit Committee will address discrepancies in the business management of the Company inter alia, in consultation with the internal auditor and the auditor of the Company, and propose methods to rectify them to the Board of Directors. The Audit Committee will further decide whether to approve actions and transactions requiring the approval of the Audit Committee according to the Law.

23. **Board of Management**

- a. The Company will have a Board of Management.
- b. The Board of Directors will elect from amongst the members of the Board of Management the chief executive officer. The chief executive officer is responsible for the current management of the Company's affairs, and for the implementation of the policy prescribed by the Board of Directors, subject to its directions.
- c. The Board of Directors, upon the recommendation of, or after consultation with the chief executive officer, will elect the members of the Board of Management in the manner and on such conditions, for such periods and in such number as may be resolved from time to time. Furthermore, the Board of Directors may, upon the recommendation of the chief executive officer or after consultation with him, may remove any member of the Board of Management, or elect an additional member of the Board of Management.
- d. The Board of Management may convene and adjourn its meetings and regulate its operations and proceedings in such manner and order, and according to such rules and procedures as it may determine.
- e. The Board of Management will fix the quorum required for its meetings, and, unless otherwise fixed by the Board of Management, a majority of the members of the Board of Management shall be a quorum for its meetings.
- f. The Board of Management will, with the approval of the Board of Directors, determine the Company's candidates for serving as directors in other companies.

Exemption, Indemnity and Insurance

- 24. Subject to the provisions of the Companies Law and the provisions of any other law, the Company may enter into a contract for insuring the liability of an office holder thereof, on account of liability which may be imposed upon him following any act committed by him by virtue of his being an office holder thereof, in any of the following:
 - a. Breach of duty of care towards the Company or towards any other person;

- b. Breach of fiduciary duty towards the Company, provided that the office holder acted in good faith and had reasonable grounds for assuming that the act would not affect the good of the Company;
- c. Any pecuniary liability imposed upon him in favour of any other person;
- d. Any liability, payment or expense imposed upon him in connection with any Administrative Proceeding (as defined in Article 24D below), in any of the following:
 - 1. Payment to a breach affected person (as defined in Article 24D below);
 - 2. Expenses incurred by an office holder in connection with any Administrative Proceeding (as defined in Article 24D below) which was conducted in any matter concerning him including reasonable litigation expenses, which also includes attorney's fees;
- e. Any other event in respect of which it is permitted and /or it may be permitted to insure an office holder's liability.

24A. Subject to the provisions of the Companies Law and the provisions of any other law, the Company may indemnify an office holder thereof (whether by way of indemnification with retroactive effect or by way of providing an undertaking to indemnify in advance), on account of any liability or expense as set forth in sub-Articles 24A(1) to 24A(5) below, imposed on the office holder or which was incurred by the office holder following any act committed by him by virtue of being an office holder of the Company, as follows:

- 1. Any pecuniary liability imposed upon him in favour of any other person by any judgment, including any judgment given by way of compromise or arbitration award approved by a court law; however, an undertaking to indemnify in advance on account of such pecuniary liability, shall be limited to events which in the opinion of the Board of Directors are foreseeable in view of the actual activity of the Company at the time the undertaking to indemnify in advance is given and to an amount or criterion which the Board of Directors determined that they are reasonable in the circumstances of the matter and that in no event will they exceed 25% of the Company's equity capital according to its last known financial statements (annual or quarterly) prior to the actual payment of the indemnity and that with respect to an undertaking to indemnify in advance the events will be noted which in the opinion of the Board of Directors are foreseeable in view of the actual activity of the Company at the time the undertaking is given as well as the amount or the criterion which the Board of Directors determined that they are reasonable in the circumstances of the matter;
- 2. Reasonable litigation expenses, including attorney's fees, incurred by an office holder following an investigation or proceeding being conducted against him by an authority with the competence to conduct an investigation or proceeding, and which was concluded without any indictment being brought against him and without being charged with any pecuniary liability as a substitute for a criminal proceeding, or which was concluded without any indictment being brought against him but was charged with pecuniary liability as a substitute for a criminal proceeding regarding an offence not requiring proof of criminal intent or in connection with a financial sanction;

In this paragraph – “a proceeding being concluded without any indictment being brought in a matter in which a criminal investigation was launched” and “a pecuniary liability as a substitute for a criminal proceeding” – within their meaning in Section 260(a) (1a) of the Companies Law as it may be amended from time to time.

3. Reasonable litigation expenses, including attorney’s fees, incurred by the office holder or for which he has been made liable by a court of law, in a proceeding filed against him by or on behalf of the Company or by any other person, or in a criminal prosecution from which he has been acquitted or in a criminal prosecution in which he was convicted of an offence not requiring proof of criminal intent;
 4. Any liability, payment or expense imposed on him in connection with an Administrative Proceeding (as defined in Article 24D below), in any of the following:
 - 4.1 Payment to a Breach Affected Person (as defined in Article 24D. below);
 - 4.2 Expenses incurred by an office holder in connection with an Administrative Proceeding (as defined in Article 24D below) which was conducted in a matter concerning him, including reasonable litigation expenses, and also including attorney’s fees;
 5. Any liability or other expense on account of which it is and/or may be permitted to indemnify an office holder.
- 24B. Subject to the provisions of the Companies Law and the provisions of any other law, the Company may insure and/or indemnify whether by indemnification with retroactive effect or by way of providing an undertaking to indemnify in advance) an office holder thereof on account of his office at the request of the Company as an office holder in any other company in which the Company, holds shares, directly or indirectly, or in which the Company has an interest (hereinafter “**an Affiliated Company**”), on account of any liability, payment or expense which may be imposed or incurred following any act committed by virtue of his being an office holder of the Affiliated Company, and with reference thereto Articles 24 and 24A above will apply, *mutatis mutandis*.
- 24C. Subject to the provisions of the Companies Law and the provisions of any other law, the provisions of these Articles of Association in no way operate to restrict the Company, in any way whatsoever, with regard to entering into an insurance or indemnity contract (whether by indemnification with retroactive effect or by way of providing an undertaking to indemnify in advance):
1. In connection with an office holder of the Company or an office holder in an Affiliated Company, in as much as the insurance or the indemnity are not prohibited by any law.
 2. In connection with a person who is not an office holder of the Company or an office holder of an affiliated Company, including but without derogation from the generality of the aforesaid, employees, contractors or advisors.
- 24D. In this chapter the following terms shall have the following meanings:

- “The Securities Law”** - the Securities Law, 5728-1968, as may be amended from time to time;
- “Administrative Proceeding”** - a proceeding under Chapter H3 (Imposition of a Financial Sanction by the Authority), Chapter H4 (Imposition of Administrative Means of Enforcement by the Administrative Enforcement Committee) or Chapter I1 (Arrangement for Refraining from Instituting Proceedings or for Discontinuing Proceedings, Subject to Conditions) of the Securities Law; a proceeding under Chapters J, J1 and K1 of the Joint Investment Law; a proceeding under Chapters G1, G2 and H1 of the Advising Law; and a proceeding under Chapter I1 of the Insurance Control Law and under Chapter H of the Provident Funds Law;
- “Payment to a Breach Affected Person”** - Payment to a breach affected person as provided in Section 52BBB (a)(1)(a) of the Securities Law (including as applied in the Joint Investment Law and in the Advising Law); and payment to a breach affected person imposed by the Commissioner of the Capital Market under Section 92U of the Insurance Control Law or under Section 47 of the Provident Funds Law;
- “The Joint Investment Law”** - the Joint Investment Trust Fund Law, 5754-1994;
- “The Advising Law”** - the Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law, 5755-1995;
- “The Insurance Control Law”**– the Control of Financial Services (Insurance) Law, 5741-1981;
- “The Provident Funds Law”** - the Control of Financial Services (Provident Funds) Law, 5765-2005;
- 24E. Subject to the provisions of the Companies Law and the provisions of any other law, the Company may exempt officers thereof, in advance and/or retroactively, from any liability towards it due to any damage of any kind incurred and/or which may be incurred, directly or indirectly, by the Company and/or by subsidiaries of the Company and/or by affiliates of the Company and/or by whichever other corporations, securities of which the Company holds and/or may hold from time to time ("Affiliated Corporations of the Company"), due to any act or omission (including any decision, failure to decide or any derivative of the aforesaid), which constitutes a breach of the duty of care of its officers. The aforesaid shall also apply in relation to the exemption of

an officer of the Company in connection with his role as an officer of Affiliated Corporations of the Company.

Notwithstanding the aforesaid in this article, such exemption shall not apply in relation to an act or omission by an officer pertaining to a decision or a transaction in which the controlling shareholder or any officer of the Company has a personal interest.

25. **Internal auditor**

- a. The Board of Directors of the Company will appoint an internal auditor as proposed by the Audit Committee.
- b. The internal auditor will submit for the approval of the Audit Committee his proposal for an annual or periodic work plan and the Audit Committee will approve the same subject to such changes as it sees fit.
- c. The internal auditor will submit a report of his findings to the chairman of the Board of Directors, the chief executive officer and the chairman of the Audit Committee; and, in the framework thereof, will submit periodic and annual audit reports, including a periodic report on the implementation of the internal auditor's work plan. The audit reports will be prepared in writing, on an ongoing basis and shortly after the events. Extraordinary findings will be immediately reported by the internal auditor.
- d. The office of the internal auditor will not be terminated, other than according to the provisions of Section 153 of the Law.
- e. The chairman of the Board of Directors or chairman of the Audit Committee may charge the internal auditor to prepare an internal audit in addition to the work plan, on such matters for which the need of an urgent investigation arises.
- f. Extraordinary events which give rise to suspicion of a criminal offence will be immediately referred to the internal auditor for investigation and brought to the attention of the chairman of the Board of Directors.
- g. The internal auditor and his staff will not be assigned any duties which are not within the scope of the functions of internal auditing.
- h. The Board of Directors, through the chairman of the Board and the Board of Management will do everything necessary to ensure that the internal auditor receives all the information and documents required by him to carry out the internal audit. In the framework thereof, the internal auditor will be entitled to inspect minutes of the meetings of the Board of Directors and its committees.
- i. The internal auditor will receive on an ongoing basis every audit report of the Supervisor of Banks and related correspondence.
- j. The internal auditor, upon his request, will be entitled to appear before the Board of Directors or the Audit Committee in any matter falling within the scope of his duties. The Board of Directors in plenary session will summon him to appear before them when reviewing the activities of internal auditing.

26. Auditors

- a. The Company will appoint an auditor who will audit its annual financial statements and express his opinion thereon, and it may similarly appoint a number of auditors to perform jointly the auditing functions.
- b. The appointment of the auditor will be made at each annual meeting. The auditor will discharge his duties until the end of the next annual meeting following that at which he was appointed or until the end of the third annual meeting following that at which he was appointed, if the agenda contains a proposal to appoint him for such period, and if the annual meeting so resolved at the time of the appointment.
- c. Notwithstanding Sub-Article 26(b) the general meeting may relieve an auditor of his duties prior to the expiration of his term of appointment and appoint, at a general meeting, an auditor in his stead; the general meeting may also add an auditor to the currently serving auditor.
- d. The auditor may, at his request, appear before the Board of Directors or the Audit Committee on any matter which falls within the scope of his duties. The Board of Directors in plenary session is obliged to summon him to appear before them when approving the financial statements which have been audited or reviewed by him. The auditor will similarly be summoned to general meetings of the shareholders, at which the above financial statements are to be considered.
- e. The remuneration and terms of employment of the auditors will be fixed by the Board of Directors.

27. Dividends and bonus shares

- a. A shareholder will have the right to receive dividend or bonus shares if so resolved by the Company as prescribed in these Articles. The shareholders entitled to dividend are those holding shares on the date of the resolution declaring the dividend, or on such later date, if such a date is prescribed by the resolution.
- b. A resolution of the Company to distribute dividend or bonus shares or any other distribution will be passed by the Board of Directors of the Company.
- c. Subject to any special rights or restrictions attaching to any shares as herein detailed, dividend in cash and bonus shares will be payable and distributed to and amongst the shareholders in proportion to the capital amount paid-up on the nominal value of the shares held by them, disregarding any premium paid thereon, save that any amount paid-up on account of a share which has not been called or has not yet become payable and on which the Company pays interest to the shareholder will not for the purpose hereof be deemed to be an amount paid-up on account of the share.
- d. No dividend or monies whatsoever or benefits in respect of a share will carry interest.
- e. The Board of Directors may deduct from any dividend or monies whatsoever or benefits in respect of any share, all sums presently payable by the shareholder to the Company on account of calls as provided herein or otherwise.

- f. The Board of Directors may withhold any dividend or bonus shares or monies whatsoever or benefits in respect of a share over which the Company has a charge and apply the amount of such dividend or bonus shares or monies or benefits, to the discharge of the debts or liabilities in respect of which the Company has a charge.
- g. For the purpose of giving effect to any resolution concerning a distribution as defined in the Law, the Board of Directors may:
 - 1. Settle as they deem fit any difficulty arising in regard to the distribution and take such steps as are required therefor.
 - 2. Disregard shares of an amount less than that prescribed by the Board of Directors in order to adjust the rights of the shareholders;
- h. The Board of Directors may, from time to time, provide for the manner of payment of dividends or distribution of bonus shares and the arrangements relating thereto to both registered shareholders as well as those holding share warrants. Without derogating from the generality of the foregoing, the Board of Directors may pay any dividend or monies in respect of shares by sending a cheque by post to the address of the shareholder registered in the register of shareholders of the Company. Any dispatch of a cheque as aforesaid will be carried out at the risk of the shareholder.
- i. If a number of persons hold shares jointly, each of them shall be entitled to give effectual receipts for all dividends and payments on account of dividends, return of capital and other monies due with respect to such share.
- j. The party entitled to dividend which is unclaimed within a period of seven (7) years from the date of the resolution for its distribution will be deemed to have waived the same and ownership thereof will revert to the Company.

28. **Additional Register of Shareholders Outside Israel**

The Company may maintain an additional register of shareholders outside Israel, and the Board of Directors will, from time to time, prescribe the conditions and arrangements according to which such register will be maintained and managed.

29. **Donations**

By decision of the Board of Directors, the Company may give donations to worthy causes, even if the donation falls outside of the scope of the Company's business considerations.

30. **Notices**

- a. Where the Company has reason to believe that the address supplied to it by any shareholder is no longer his address, such member will be deemed not to have supplied the Company with any address in either of the following cases:
 - 1. Where the Company has sent him , according to the address supplied by him, a registered letter requesting him to confirm that the address is still his address or to advise the Company of a new address, and the Company did

not receive any reply within 60 days of the date that such letter was posted by the Company;

2. Where the Company has sent him, according to the aforesaid address, a registered letter and the Postal Authority, on returning such letter or without doing so, has advised the Company that the letter was not delivered to such address due to the person being unknown at such address or for some other similar reason.
- b. Notices of the Company to a shareholder who appears in the register of shareholders may be served on the shareholder in person, sent to him by post according to his address recorded in the register of shareholders, by fax, e-mail or by any other technological means. A notice sent by post will be deemed to have been served if posted in a pre-paid letter containing the notice and bearing the registered address of the shareholder.
 - c. Any registered shareholder whose registered address is not in Israel may, from time to time, notify in writing to the Company an address in Israel which shall be deemed to be his registered address within the meaning thereof in Sub-Article (a) above. As regards registered shareholders who have given no such registered address in Israel, a notice displayed at the Office will be regarded as having been duly notified to them from the moment it is displayed.
 - d. Any notice sent by post will be deemed to have been delivered on the day the letter, envelope or other enclosure containing the notice has been posted, and in order to prove such delivery, it will be sufficient to prove that such letter, envelope or enclosure containing the notice was properly addressed and lodged with the post office. A certificate in writing signed by a director, secretary of the Company or other office holder of the Company stating that the envelope or enclosure containing the notice was so addressed and lodged, shall serve as prima facie evidence thereof.
 - e. Notice may be given by the Company to the joint holders of a share by giving notice to the joint holder named first in the register of shareholders.
 - f. The Company shall give notice to the persons entitled to a share in consequence of the death, bankruptcy or liquidation of a shareholder by sending it through the post in a stamped letter addressed according to their name or as administrators of the estate of the deceased, or as trustees of the bankrupt, or as liquidators of a corporation being wound up, or by any like description, according to the address in Israel given to the Company by the persons claiming to be so entitled or, if no address was given, by giving the notice in any manner in which the same might have been given if not for the death, bankruptcy or liquidation.
 - g. Notwithstanding the foregoing and subject to any law, notice by the Company may be given to the shareholders by publishing the notice in two (2) Israeli newspapers or on the Company's website. Such publication shall be made subject to the requirements of the Law and the dates specified therein for such matters.
 - h. Where a given number of days' notice, or notice extending over any other period is required to be given, the day of delivery shall be counted in such number of days or other period, unless otherwise provided.

- i. The accidental deletion or error in or in the delivery of any notice will not affect the validity of any act done or failure to act following such notice.
- j. The provisions of this Article 30 in no way affect the provisions of Article 11 above with regard to the manner in which the Company may summon a general meeting. The summoning of a general meeting shall be as prescribed in Article 11 alone.

31. **Alteration of the Articles**

The Company may alter these Articles by resolution adopted at a general meeting, by the resolution of a simple majority.

32. **Transactions requiring approval**

- a. Each transaction, act or omission of the Company which, under the Companies Law, require approval according to the Articles of Association of the Company, including and in particular, approval that they do not affect the good of the Company (hereinafter: "an act requiring approval") will be approved by the Board of Directors or by whoever may be appointed for such purpose by the Board of Directors;
- b. The Board of Directors may appoint such person or group of persons or anybody or bodies for the purpose of approving acts requiring approval. Such appointment may be of general application, or for a certain class of acts or for an act requiring special approval;
- c. The approval of an act requiring approval by the Board of Directors or by the person appointed by the Board of Directors as aforesaid, will be deemed to be approval that has been granted in accordance with the provisions of these Articles.

33. **Signing Authority**

The Board of Directors or the Board of Management may empower any person or persons (even if not being members of the Board of Directors or the Board of Management) to act and sign on behalf of the Company, and the acts and signatures of such person or persons will be binding upon the Company, if and to the extent that such person or persons have acted and signed within the scope of their aforesaid powers.