

**Translation of Immediate Report**

**Bank Leumi le-Israel B.M.**

Registration No. 520018078

Securities of the Corporation are listed on The Tel Aviv Stock Exchange

Abbreviated Name: Leumi

Leumi House, 34 Yehuda Halevi Street, Tel Aviv 65546

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11 February 2014

Reference: 2014-01-037369

To: Israel Securities Authority (www.isa.gov.il)  
The Tel Aviv Stock Exchange (www.tase.co.il)

**Immediate Report of a Change in the Memorandum and/or Articles of Association**

Regulation 31c and Regulation 31d of the of the Securities (Periodic and Immediate Reports)  
Regulations, 1970

1. On 11 February 2014, the General Meeting resolved to change the corporation's Articles of Association.
2. Nature of change:
  1. The Bank's Articles of Association were amended such that they conform with the Banking Law (Legislative Amendments) 5772-2012, which amended the Banking Law (Licensing) 5741-1981, and the Banking Ordinance 1941 – including amendment of the provisions relating to the nomination of directors, their appointment and their service and of the provisions relating to a banking corporation without a controlling core.
3. Text of the amendment:

As set out in the attached text and in the Immediate Report regarding the convening of the General Meeting, dated 5 January 2014 (Reference No. 2014-01-003985).
4. Date of entry into effect of the amendment: 11 February 2014.
5. Attached hereto are the Articles of Association after the amendment: See Annex.
6. Attached hereto is the Memorandum after the amendment: -----

The report was signed on behalf of the corporation, in accordance with regulation 5 of the Securities (Periodic and Immediate Reports), 1970, by Adv. Yael (Ben Moshe) Rudnicki, Secretary of the Group and of the Bank.

**Note: English translations of Immediate Reports of Bank Leumi are for convenience purposes only. In the case of any discrepancy between the English translation and the Hebrew original, the Hebrew will prevail. The original Hebrew version is available on the distribution website of the Israel Securities Authority: <http://www.magna.isa.gov.il/>**

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Name of Electronic Reporter: David Raoul Sackstein, Position: Advocate, General Secretary  
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# *Articles of Association*

OF

## **BANK LEUMI LE-ISRAEL**

### **BEERAVON MOOGBAL**

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**Amendments:**  
**May 15, 1990**  
**June 4, 1991**  
**February 11, 2014**

1. In these Articles unless there be something in the subject or context inconsistent there with: —

- "The Company" means the above-named Company.

"The Proper Banking Management Directives" means the directives of the Supervisor on Banks in accordance with Article 5(c1) of the Banking Ordinance, related to the manners of activity and management of a banking corporation, of an officer thereof and of any person employed thereby.

"The Directors Appointment Committee" means the committee for appointment of directors in banking corporations, appointed in accordance with the Banking Law (Licensing).

"The Banking Ordinance" the Banking Ordinance, 1941, including any other legislation replacing the same, its amendments and the regulations enacted from time to time in accordance there with.

"E.D" – an external director, as defined in the Companies Law, 5759-1999.

"External Director" – an external director, according to the meaning in Directive 301 of the Proper Banking Management Directives.

"The Banking Law (Licensing), 5741-1981, including any other legislation replacing the same, its amendments and the regulations enacted from time to time in accordance there with.

"The Companies Law, 5759-1999, including any other legislation replacing the same, its amendments and the regulations enacted from time to time in accordance there with. "The Companies Ordinance" means the Companies Ordinance as modified or modified in future by any further law for the time being in force and affecting the Company. Expressions which

are not defined in these Articles shall, except where the context otherwise requires, bear the meanings ascribed thereto in the Companies Ordinance.

"The office" means the registered office for the time being of the Company.

"The register" means the Register of Members.

"Seal" includes the common seal of the Company and the official seal for use abroad.

"Year" means from the 1st January to the 31st December of the same year inclusive.

"In writing" includes written or produced by any substitute for writing or partly one and partly another.

"A banking corporation without a controlling core" has the meaning of the term as defined in the Banking Ordinance.

**Amendment:  
April 4, 1965**

2. The regulations contained in Table "A" in the Third Schedule to the Companies Ordinance shall not apply to the Company.

#### **BUSINESS**

3. Any branch or kind of business which the Company is either expressly or by implication authorized to undertake may be undertaken by the Directors at such time or times as they may think fit and further may be suffered by them to be in abeyance whether such branch or kind of business may have been actually commenced or not, so long as the Directors may deem it expedient not to commence or proceed with the same.

**Amendment: April  
29, 1976**

4. None of the funds of the Company shall be applied in the purchase of shares in the Company; nor subject to the provisions of Section 98 of the Companies Ordinance shall the Company give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

#### **CAPITAL**

**Amendments:  
October 29,  
1963**

5. The Ordinary Shares shall confer upon the holders thereof the following rights to share in the profits and assets of the Company, namely:

**March 10,**

- (1) The profits of the Company which it shall in any year be determined to distribute by way of dividend shall, subject to the rights conferred upon any other classes of shares for the

1977,  
December 12,  
1991

time being issued and subject to the provisions of Article 111, be distributed among the holders of the Ordinary Shares in proportion to the capital paid up or credited as paid up on the nominal value of the shares held by them.

- (2) In a winding-up, the surplus assets of the Company shall, subject to the rights of any other class of shares for the time being issued, belong to and be distributed rateably among the holders of the Ordinary Shares in proportion to the amounts paid up or credited as paid up on the nominal value of such shares.

### MODIFICATION OF RIGHTS

**Amendment:**

October 19,  
1950,

July 9, 1981

6. If at any time the share capital is divided into different classes of shares the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied, modified or abrogated either while the Company is a going concern or during or in contemplation of a winding-up with the consent in writing of the holders of all the issued shares of that class, or with the sanction of an Extraordinary Resolution passed at a separate General Meeting of the holders of the shares of the class. To every such separate General Meeting the provisions of these Articles relating to General Meetings shall mutatis mutandis apply but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one-third of the issued shares of the class.

7. The special rights conferred upon the holders of any shares or class of shares issued with preferred or other special rights shall not unless otherwise expressly provided by the conditions of issue of such shares be deemed to be modified by the creation or issue of further shares ranking *pari passu* therewith.

### SHARES

**Amendments:**

December 12,  
1991,

June 5, 2008

8. The Shares shall be at the disposal of the Directors and they may allot, grant purchase options over or otherwise dispose of them to such persons at such times and on such terms as they think proper, provided that in the case of shares offered to the public for subscription, the amount payable on application on each share shall not be less than 5 per cent of the nominal amount of the share. The Directors shall within one month after any allotment of shares file with the Registrar of Companies all returns and documents relating thereto required by the Companies Ordinance.

The Board of Directors may delegate its authority to allot shares arising from the exercise or conversion of securities of the Company – to a Board Committee, to the General Manager of the

Company or to any other person recommended to the Board of Directors by the General Manager.

9. The Directors may exercise the powers conferred by the Companies Ordinance of paying commissions to persons subscribing or procuring subscriptions for shares of the Company or agreeing to do so, whether absolutely or conditionally, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall not exceed the rate of 10 per cent of the price at which the shares in respect whereof the commission is paid are issued. The Directors may also on any issue of shares pay such brokerage as may be lawful.
10. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period the Company may pay interest on so much of that share capital as is for the time being paid up for the period, subject to the conditions and restrictions prescribed by the Companies Ordinance and may charge the sum so paid by way of interest to capital as part of the cost of construction of the work, building or the provision of plant.
11. No person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or recognise any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share, or (except only as by these Articles otherwise provided) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

#### **CERTIFICATES**

**Amendment:  
October 29,  
1963**

12. Every certificate for shares or debentures shall be issued under the seal and (subject as hereinafter provided) shall bear the autographic signatures of one Director and the Secretary or such other person as the Directors may appoint. The Directors may by resolution determine that the signature of such Director shall be affixed by some method or system of mechanical signature provided that the method or system for affixing the Seal or mechanical signature (where employed) shall be controlled by (or the certificate shall have been approved for sealing by) the Auditors or Transfer Auditors of the Company.
13. Every Member shall be entitled to one certificate for the shares registered in his name or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates each for one or more of such shares. Every certificate of shares shall specify the denoting numbers of the shares in respect of which it is issued and the amount paid up thereon.

**Amendment:  
April 29, 1976**

14. If any certificate be worn out or defaced then upon production thereof to the Directors they may order the same to be cancelled and may issue a new certificate in lieu thereof; and if any certificate be lost or destroyed then upon proof thereof to the satisfaction of the Directors and on such indemnity as the Directors deem adequate being given a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate.
15. The certificates of shares registered in the names of two or more persons shall be delivered to the person first named on the register.

**CALLS**

16. The Directors may from time to time make such calls as they think fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each Member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Directors authorizing such call was passed.
17. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
18. No call shall exceed one-fourth of the nominal amount of a share or be made payable within two months after the last preceding call was payable.
19. Fourteen days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid. Before the time for payment the Directors may by notice in writing to the Members revoke the call or extend the time for payment.
20. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times whether on account of the amount of the share or by way of premium every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice had been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.
21. If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof the holder for

the time being of the share in respect of which the call shall have been made or the installment shall be due shall pay interest for the same at the rate of 9 per cent, per annum or at such other rate as the Directors may determine from the day appointed for the payment thereof to the time of the actual payment.

22. The Directors may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.
23. The Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the money due upon the shares held by him beyond the sum actually called for, and upon the amount so paid or satisfied in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate as the Member paying such sum in advance and the Directors agree upon and the Directors may at any time repay the amount so advanced if they think fit.

#### **FORFEITURE AND LIEN**

24. If any Member fails to pay any call or installment on or before the day appointed for the payment of the same, the Directors may at any time thereafter during such time as the call or installment remains unpaid serve a notice on such Member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
25. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed the shares in respect of which the call was made or installment is payable will be liable to be forfeited.
26. If the requirements of any such notice as aforesaid are not complied with any shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
27. Any share so forfeited shall be deemed to be the property of the

Company and the Directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit and whether with or without all or any part of the amount previously paid on the share being credited as paid.

28. The Directors may at any time before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of annul the forfeiture thereof upon such conditions as they think fit.
29. Any Member whose shares shall have been forfeited shall, notwithstanding, be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses owing upon or in respect of such shares at the time of forfeiture, together with interest thereon from the time of forfeiture until payment at the rate of 9 per cent. per annum, and the Directors may enforce the payment of such moneys or any part thereof if they think fit, but shall not be under any obligation so to do.
30. The Company shall have a first and paramount lien upon all the shares (not being fully paid up) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for his debts, liabilities and engagements solely or jointly with any other persons to or with the Company whether the period for the payment, fulfillment or discharge thereof shall have actually arrived or not. Such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of any shares shall operate as a waiver of the Company's lien (if any) upon any shares.
31. For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they think fit; but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators, and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for seven days after such notice.
32. The net proceeds of any such sale after payment of the costs of such sale shall be applied in or towards satisfaction of the debts, liabilities or engagements of such Member and the residue (if any) paid to him, his executors, administrators or assigns.
33. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given the Directors may cause the purchaser's name to be entered in the register in respect of the shares sold and the purchaser shall not be bound to see to the

regularity of the proceedings or to the application of the purchase money and after his name has been entered in the register in respect of such shares the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

## **TRANSFER OF SHARES**

**Amendment:  
April 14, 1965**

34. Subject to the restrictions of these Articles any Member may transfer all or any of his shares.

**Amendment:  
April 14, 1965**

35. All transfers of Shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Directors. The Instrument of Transfer shall be signed by or on behalf of the Transferor and (except in the case of fully paid shares where the Directors may either generally or in any particular case or classes of case dispense with such requirement) by or on behalf of the Transferee. The Transferor shall be deemed to remain the holder of the shares concerned until the name of the Transferee is entered in the Register of Members in respect thereof.

36. The Directors may decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. If the Directors refuse to register a transfer of any shares, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.

37. Every instrument of transfer shall be left at the office for registration accompanied by the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares. All instruments of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline to register shall on demand be returned to the person depositing the same.

**Amendment:  
October 17,  
1983**

38. Canceled.

39. The transfer books and registers of Members and debenture-holders and debenture stock holders (if any) may be closed during such time as the Directors think fit not exceeding in the whole thirty days in each year.

## TRANSMISSION OF SHARES

40. The heirs, executors or administrators of a deceased Member (not being one of several joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such Member; and in the case of the death of any one or more of the joint holders of any registered shares the survivors shall be the only persons recognized by the Company as having any title to or interest in such shares, but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him.
41. Any person becoming entitled to shares in consequence of the death, bankruptcy, insolvency or lunacy of any Member (herein referred to as a person entitled by transmission) shall, on producing to the Company such evidence as may be reasonably required by the Directors to prove his title, be entitled to be registered as a Member in respect of the shares, or instead of being registered himself to make such transfer as the deceased, bankrupt or insolvent or lunatic person could have made. This article is hereinafter referred to as the transmission article.
42. The Directors shall have the same right to refuse to register a person entitled by transmission as if he were the transferee named in an ordinary transfer presented for registration.

## SHARE WARRANTS TO BEARER

**Amendment:  
April 29, 1976**

43. The Company with respect to fully paid-up shares may issue warrants (hereinafter called "share warrants") stating that the bearer is entitled to the shares therein specified and may provide by coupons or otherwise for the payment of future dividends on the shares included in such warrants. The Directors may determine and from time to time vary the conditions upon which the share warrants shall be issued and in particular the conditions upon which a new share warrant or coupon will be issued in the place of one worn out, defaced or destroyed, or upon which the bearer of a share warrant shall be entitled to attend and vote at General Meetings or upon which a share warrant may be surrendered, and the name of the bearer entered in the register in respect of the shares therein specified. The bearer of a share warrant shall be subject to the conditions for the time being in force, whether made before or after the issue of such warrant

## STOCK

**Amendment  
October 17,  
1983**

44. The Company in General Meeting may convert any paid-up shares into stock and may convert any stock into paid-up shares of any denomination. When any shares have been converted into stock the several holders of such stock may thenceforth transfer their respective interests therein or any part of such interests in the same manner and subject to the same regulations as and subject to which shares in the Company's capital may be transferred or as near thereto as circumstances will admit. But the Directors may from time to time if they think fit fix the minimum amount of stock transferable and direct that amounts of stock of a nominal value of less than IS 100 shall not be dealt with, but with power nevertheless at their discretion to waive such rules in any particular case.
45. The stock shall confer on the holders thereof respectively the same privileges and advantages as regards participation in profits and voting at meetings of the Company, and for other purposes as would have been conferred by shares of equal amount in the capital of the Company of the same class as the shares from which such stock was converted, but so that none of such privileges or advantages, except the participation in profits of the Company or in the distribution of the assets of the Company, shall be conferred by any such aliquot part of stock as would not if existing in shares have conferred such privileges or advantages. No such conversion shall affect or prejudice any preference or other special privilege attached to the shares so converted. Save as aforesaid all the provisions herein contained shall so far as circumstances will admit apply to stock as well as to shares.

**INCREASE OF CAPITAL**

46. The Company in General Meeting may from time to time increase the capital by the creation of new shares of such amount as may be deemed expedient.
47. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and if no direction be given, as the Directors shall determine and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a special or without any right of voting.
48. The Company in General Meeting may before the issue of any new shares determine that the same or any of them shall be offered in the first instance and either at par or at a premium to all the then holders of any class of shares in proportion to the amount of the capital held by them or make any other provisions

as to the issue and allotment of the new shares; but in default of any such determination or so far as the same shall not extend the new shares may be dealt with as if they formed part of the shares in the original capital.

49. Except as otherwise provided by the conditions of issue or by these Articles any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien, surrender and otherwise

### ALTERATION OF CAPITAL

**Amendment:  
October 17,  
1983**

50A. The Company may : —

- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
  - (b) Cancel any shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person and diminish the amount of its capital by the amount of the shares so cancelled.
  - (c) Sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association and so that the resolution whereby any share is subdivided may determine that as between the holders of the shares resulting from such sub-division one or more of the shares may have any such preferred or other special rights over or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.
  - (d) Reduce its capital and any capital redemption fund in any manner authorized by the Companies Law.
- 50B. Upon any consolidation and division of fully paid shares into shares of larger amount the Directors may make such arrangements as they may think fit for (a) the sale of any fractions of a share arising on such consolidation and division in respect of any separate holding; (b) the distribution in the due proportions among the persons entitled thereto of the net proceeds (after deduction of any levies that may apply and the expenses of sale and distribution if and to the extent that it is, in the case of any consolidation and division, so determined by the Directors);

and (c) the appointment of some person to transfer to the purchaser or purchasers respectively purchasing the same the shares so arising from fractions.

### **BORROWING POWERS**

**Amendment:  
October 19,  
1950,  
April 29, 1976**

51. The Directors may from time to time at their discretion raise or borrow any sum or sums of money for the purposes of the Company.
52. The Directors may secure the repayment of such moneys in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, notes, perpetual or redeemable debentures or debenture stock or any mortgage, charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.
53. Any bonds, notes, debentures, debenture stock or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at General Meetings of the Company, appointment of Directors or otherwise.

### **GENERAL MEETINGS**

54. General Meetings shall be held once at least in every year at such time (not being more than fifteen months after the holding of the last preceding General Meeting) and at such place as may be determined by the Directors. Such General Meetings shall be called "Ordinary Meetings" and all other meetings of the Company shall be called "Extraordinary Meetings".
55. The Directors may, whenever they think fit, convene an Extraordinary Meeting and the Directors shall, on the requisition of Members in accordance with the Companies Ordinance, forthwith proceed to convene an Extraordinary Meeting.
56. Seven days' notice or (in the case of a meeting convened for the purpose of passing a resolution as a Special Resolution) twenty-one days' notice to the Members specifying the place, day and hour of meeting and in case of special business the general nature of such business shall be given in manner as hereinafter provided.

57. The accidental omission to give notice of any meeting to or the non-receipt of any such notice by any of the Members shall not invalidate any resolution passed at any such meeting.

**Amendment:  
February 11,  
2014**

- 57A. Notwithstanding the specified above, convening a General Meeting on the agenda of which is the appointment or dismissal of Directors shall be executed in accordance with the provisions of the Banking Ordinance, including publication and delivery of prior notice.

### **PROCEEDINGS AT GENERAL MEETINGS**

58. The business of an Ordinary Meeting shall be to receive and consider the profit and loss account and the balance sheet, the reports of the Directors and of the Auditors, to elect Directors in the place of those retiring by rotation and Auditors, to declare dividends and to transact any other business which under these Articles ought to be transacted at an Ordinary Meeting, and all other business transacted at an Ordinary Meeting and all business transacted at an Extraordinary Meeting shall be deemed Special.

**Amendments:  
March 10, 1977,  
October 17,  
1983,  
December 12,  
1991**

59. Three Members personally present shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the quorum requisite be present at the commencement of the business.

60. The Chairman of the Directors or in his absence the Deputy Chairman (if any) shall be entitled to take the chair at every General Meeting. If there be no chairman or deputy chairman, or if at any meeting he shall not be present within 15 minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose a chairman and in default of their so doing the Members present shall choose one of the Directors to be chairman, and if no Director present be willing to take the chair shall choose one of their number to be chairman

**Amendments:  
June 7, 1983,  
June 4, 1992**

61. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day, time and place as the Directors may by notice to the shareholders appoint whether the meeting was convened by the Directors at their instigation or otherwise. If at such adjourned meeting a quorum is not present any two Members who are personally present shall be a quorum and may transact the business for which the meeting was called.

**Amendment:**

**February 7,  
1993**

62. Every question submitted to a meeting shall be decided by a poll conducted in the first instance by a show of hands in such manner as the Chairman of the meeting directs. In case of an equality of votes, whether in a vote by show of hands or by ballot, the Chairman shall have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

**Amendments:  
October 29,  
1963  
February 11,  
2014**

63. At every General Meeting unless a poll is demanded before or on the declaration of the result of a show of hands by the Chairman or by at least three Members present and entitled to vote at the meeting a declaration by the Chairman that a resolution has been carried by a particular majority and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

Drafting of the minutes of the General Meeting shall be made subject to the provisions of the Banking Ordinance.

64. If a poll is demanded as aforesaid it shall be taken in such manner and at such time and place as the Chairman of the meeting directs and either at once or after an interval or adjournment, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand of a poll may be withdrawn. In case of any dispute as to the admission or rejection of a vote the Chairman shall determine the same and such determination made in good faith shall be final and conclusive.
65. The Chairman of a General Meeting may with the consent of the meeting adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
66. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded. No poll shall be demanded on the election of a chairman and a poll demanded on a question of adjournment shall be taken at the meeting without adjournment

#### **VOTES OF MEMBERS**

**Amendments:  
March 10, 1977,  
October 17,  
1983,  
December 12,  
1991,  
February 2,**

67. Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, upon a poll any Member present in person or by proxy shall have one vote for every share held by him.

68 Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorize such person whether a Member of the Company or not as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Company. A person whether a Member of the Company or not holding a power of attorney from a Member in that behalf may appoint himself or any other person as proxy for his principal.

69. Any person entitled under the transmission article to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

70. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register.

71. Votes may be given either personally or by proxy or in the case of a corporation by a representative duly authorized as aforesaid. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or if such appointor is a corporation under its common seal or the hand of its attorney. Holders of share warrants shall not be entitled to vote by proxy in respect of the shares included in such warrants unless otherwise expressed in such warrant.

**Amendment:  
October 29,  
1963**

72. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof shall be deposited at such place or one of such places as may be specified for that purpose in the notice convening the meeting (or in a document accompanying such notice) or if no place is so specified at the office not less than forty-eight hours before the time for holding the meeting or adjourned meeting (as the case may be) at which the person named in such instrument proposes to vote, but no instrument appointing a proxy shall be valid after the

expiration of twelve months from the date of its execution

73. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given unless an intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting. Provided that if a poll shall be directed a notice in writing revoking an instrument of proxy shall be effective if such notice be under the hand of the appointor and shall be received at the office not later than one hour before the commencement of the poll.
74. Every instrument of proxy, whether for a specified meeting or otherwise, shall as nearly as circumstances will admit be in the form or to the effect following:

"BANK LEUMI LE-ISRAEL B.M.

"I, \_\_\_\_\_, of \_\_\_\_\_,  
" \_\_\_\_\_, being a  
"Member of the above-named Company, hereby  
"appoint \_\_\_\_\_, of \_\_\_\_\_,  
"or failing him \_\_\_\_\_, of \_\_\_\_\_,  
"or failing him, \_\_\_\_\_ of \_\_\_\_\_  
"as my proxy to vote for me and on my behalf at  
"the (Ordinary or Extraordinary as the case may  
"be) General Meeting of the Company to be held  
"on the \_\_\_\_\_ day of \_\_\_\_\_ and at any  
"adjournment thereof.  
"As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_

**Amendments:  
June 29, 2005  
February 11,  
2014**

- 74A. As regards resolutions relating to the matters detailed below, and subject as determined in the Companies Law a shareholder may also vote at a General Meeting in the way and manner detailed in the Companies Law by means of voting papers:
- A. appointment and removal of Directors;
  - B. approval of actions or transactions requiring approval of the General Meeting, in accordance with Sections 255 and 268 to 275 of the Companies Law;
  - C. approval of a merger, in accordance with Section 320 of the Companies Law;
  - D. additional matters as may be determined by the Minister of Justice, in accordance with Section 89 of the Companies Law.

Voting papers, if required, will be sent to shareholders by the

Company in a manner to be determined by law. A shareholder may indicate the manner of his vote on the voting paper, and send it to the Company.

A voting paper, whereon a shareholder indicated the manner of his voting, which reaches the Company by the date indicated for such purpose in the notice of the meeting, will be considered as presence at the meeting for the purposes of the presence of the requisite legal quorum.

**Amendment:  
February 7,  
1993**

75. No Member shall be entitled to be present or to vote on any question either personally or by proxy or as proxy for another Member at any General Meeting or to be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such Member.

## DIRECTORS

**Amendment:  
December 12,  
1991**

76. Unless and until otherwise determined by the Company in General Meeting the Directors shall be not less than seven nor more than fifteen in number.

**Amendment:  
May 15, 1990  
February 11,  
2014**

- 76A. At least two of the Directors shall be E.D., as laid down in the Companies Law.

**Amendment:  
June 4, 1992**

77. The remuneration of the Directors shall be such sum or sums as may be voted by the Company in General Meeting, having been first approved by both the Audit Committee and the Board of Directors. Any Director holding office for only a part of a year shall be entitled to a proportionate part of such remuneration. The Company in General Meeting may increase the amount of such remuneration either permanently or for a year or longer period. The Directors shall be paid by the Company such reasonable travelling, hotel and other expenses as they may incur in attending meetings of the Company or of Directors or of committees of Directors or which they may otherwise incur in or about the Company's business.

78. Any Director who by request performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

**Amendment:  
April 7, 1971**

79. Canceled.

80. The office of a Director shall be vacated in any of the following events namely : —

- (a) If he resign his office by writing under his hand left at the office.
- (b) If he become bankrupt or compound with his creditors.
- (c) If he be found lunatic or become of unsound mind.
- (d) If he be absent from meetings of the Directors for six months without leave and the Directors resolve that his office be vacated.
- (e) Deleted.
- (f) If he be requested in writing by all his co-Directors to resign his office.

**Amendment:  
April 7, 1971**

**Amendments:  
May 15, 1990  
February 11,  
2014**

80A. An E.D. shall cease to hold office before the expiry of the period for which he was appointed, if one of the conditions laid down in the Companies Law is fulfilled.

**Amendments:  
June 4, 1992,  
June 11, 2000  
February 11,  
2014**

81. (a) The Company may enter into a transaction with another entity in which a Director of the Company has a personal interest, directly or indirectly, and the Company may enter into a transaction with a Director of the Company in which transaction the Director has a personal interest, directly or indirectly, provided that the Director has disclosed to the Company the general nature of his personal interest in the transaction, that the Director is acting in good faith and that the transaction does not prejudice the interests of the Company.

If such a transaction is an extraordinary transaction, it must in addition be approved by the Audit Committee and thereafter by the Board of Directors.

Should the majority of the members of the Board of Directors or of the Audit Committee be personally interested in the said transaction, it must also be approved by the Company in General Meeting.

(b) A general notice given to the Directors by any Director regarding his holding office or regarding his carrying out a

function or regarding his giving services or regarding his and/or his relative's being interested in certain bodies shall be deemed to be disclosure as required by paragraph (a) above by the Director to the Company of his personal interest for the purposes of all transactions made between the Company and another and for the purposes of all transactions other than extraordinary transactions in which the Director has a personal interest made between the Company and the Director.

In the case of an extraordinary transaction made between the Company and another and/or between the Company and the Director, in which the Director has a personal interest, directly or indirectly, the Director will give notice of his personal interest to the Audit Committee and to the Board of Directors at the commencement of the discussion of the transaction, he will not be present at the meeting during the discussions of the transaction, and he will not vote on the discussion regarding the transaction. Should the Director become personally interested thereafter, or should he become aware of the existence of a personal interest thereafter, he will disclose it without delay, and no later than at the first meeting of the Board of Directors after he becomes personally interested or becomes aware of such interest.

(c) A Director shall not be disqualified by his holding the office of Director of the Company from holding any other office or function with the Company or from giving services for consideration to the Company (other than the office of an internal or external auditor) save that his additional employment and the terms thereof must be approved by the Audit Committee and thereafter by the Board of Directors and thereafter by the Company in General Meeting; nor will he be disqualified by holding office as a Director of the Company from holding any other office or function or from giving services for consideration to a company in which the Company holds any shares or in which it is interested in any other way.

(d) A transaction of the Company with one of its officers as well as a transaction of the Company with another person in which an officer of the Company has a personal interest, as provided in Section 270(1) of the Companies Law, , and which is not an extraordinary transaction, shall be approved in accordance with the guidelines of the Company, as in effect from time to time.

## **ROTATION OF DIRECTORS**

**Amendments:  
May 15, 1990  
February 11,**

82. At the Ordinary Meeting in each year one-third of the Directors or if their number is not a multiple of three then the number

2014

nearest to but not exceeding one-third shall retire from office and be eligible for re-election.

83. The one-third or other nearest number who have been longest in office shall retire. As between two or more who have been in office an equal length of time the Director or Directors to retire shall in default of agreement between them be determined by lot. The length of time a Director has been in office shall be computed from his last election or appointment where he has previously vacated office. A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retires,

### **ELECTION OF DIRECTORS**

**Amendment:  
February 2,  
2014**

83A. **Banking corporation without a controlling core**

Article 83A shall apply with respect to the Company so long as it is defined as a Banking corporation without a controlling core, and shall prevail over any other contradicting provision of these Articles.

- (1) Proposition of candidates, appointment and dismissal thereof, including the maximal number of Directors that may be proposed and the maximal number of Directors that can be replaced in a General Meeting, shall be executed in accordance with the provisions of the Banking Ordinance.

Without derogating from the generality of the specified above, an officer of the Company, with the exception of a Director who is a member of the Directors Appointment Committee, shall not act for the appointment of a certain Director, or for the prevention of appointment thereof, however a Director shall be entitled to propose his candidateship for a Director's position to the Directors Appointment Committee.

- (2) The term of office of a Director who is not an E.D. and is not an External Director, shall be in accordance with the set forth in the Banking Ordinance, and the number of office terms shall not exceed the terms specified in the Banking Ordinance.
- (3) A person who does not comply with the conditions specified in the Banking Ordinance shall not be appointed and shall not act as a Director, and the respective special provisions set forth in the Banking Ordinance shall apply with respect to Directors acting in the Company prior to its becoming a Banking

corporation without a controlling core.

84. The Company in General Meeting may subject to the provisions of these Articles from time to time appoint new Directors and may increase or reduce the number of Directors in office and may alter their qualifications.

**Amendment:  
February 11,  
2014**

- 84A. Resolutions of the General Meeting regarding the appointment or dismissal of Directors shall be adopted by a majority vote of the participants in the vote. The abstaining votes shall not be taken into consideration in the quorum of participating votes.

A person shall not agree with another regarding their votes for appointment of a Director in the Company, including regarding their votes for dismissal of a Director, unless this is done in accordance with the specified in the Banking Law (Licensing) and in the Banking Ordinance.

85. The Company at any General Meeting at which any Directors retire by rotation may fill up the vacated office by electing a like number of persons to be Directors.

**Amendment:  
June 29, 2005**

- 85A. The term of office of a Director will begin at the time of his appointment, unless a later date is determined for the beginning of his term of office.

**Amendment:  
June 29, 2005**

- 85B. Should the number of people being proposed for election as Directors at a General Meeting, and receiving an ordinary majority of the total voting rights of shareholders entitled to vote and who voted (by themselves, by their proxies or by voting papers) at a General Meeting, exceed the number of available positions for Directors due to be filled pursuant to the agenda of the General Meeting, the candidates receiving a higher number of votes at the General Meeting than the other candidates will be elected as Directors for the available positions. Should a determination need to be made between a number of candidates who received the same number of votes, the determination as to who shall be elected shall be made by lot.

**Amendment:  
February 11,  
2014**

86. Subject to the specified in the Banking Ordinance and in the Banking Law (Licensing), if at any General Meeting at which an election of Directors ought to take place the place of any Director retiring by rotation is not filled up he shall, if willing, continue in office until the Ordinary Meeting in the next year and so on from year to year until his place is filled up unless it shall be determined at such meeting to reduce the number of Directors in office.

**Amendment:  
February 11,  
2014**

87. No person not being a retiring Director shall be eligible for election to the office of Director at any General Meeting unless he or some other Member intending to propose him has, on the date set forth for this purpose in the prior notice (published by the Company regarding the intention to convene a General Meeting on the agenda of which is the selection of Directors), left at the office a notice in writing duly signed signifying his candidature for the office.

**Amendment:  
February 11,  
2014**

87A. The Board of Directors shall not be entitled to appoint Directors to the Company, nor shall it be entitled to propose to the Directors Appointment Committee candidates to act as Directors.

**Amendment:  
February 11,  
2014**

88. Notwithstanding the specified in Article 87A above, the Board of Directors shall be entitled to appoint Directors to the Company if a vacancy has occurred in the Board of Directors pursuant to the previous annual General Meeting, or with the approval of the Supervisor, and only provided that the term of office of such appointed Director shall expire by no later than the upcoming annual General Meeting, and subject to the fact that the total number of Directors shall not at any time exceed the maximum number fixed.

**Amendments:  
October 31,  
2005  
February 11,  
2014**

89. Subject to the provision of Article 84A above, the Company may by a resolution of the General Meeting approved by an ordinary majority remove any Director before the expiration of his period of office, and may by a resolution approved by an ordinary majority at the General Meeting appoint another qualified person in his stead. The person so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

**Amendment:  
February 11,  
2014**

89A. [DELETED]

### **MANAGING DIRECTORS**

90. The Directors may from time to time appoint one or more of their body to be Managing Director or Managing Directors of the Company either for a fixed term or without any limitation as to the period for which he or they is or are to hold office and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

91. A Managing Director shall not while he continues to hold that

office be subject to retirement by rotation and he shall not be taken into account in determining the rotation of retirement of Directors, but he shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he cease to hold the office of Director from any cause he shall ipso facto and immediately cease to be a Managing Director.

92. The Directors may from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these articles by the Directors as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.
93. The terms of office and employment of a Managing Director including his terms of employment as the holder of another office or another function with the Company must be approved by the Audit Committee and thereafter the Board of Directors and thereafter the Company in General Meeting and may be by way of salary or commission on or participation in profits or by all or any of these modes.

**Amendment:  
June 4, 1992**

#### **PROCEEDINGS OF DIRECTORS**

94. The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit and may determine the quorum necessary for the transaction of business. Until otherwise determined two Directors shall form a quorum. All acts bona fide done at or pursuant to any meeting held in Israel shall be valid notwithstanding that any Director not in Israel on the date when such meeting was convened did not receive notice thereof.
95. A Director may at any time and a Secretary upon the request of a Director shall convene a meeting of the Directors.
96. The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office and unless otherwise determined the Chairman shall be elected annually. If no Chairman is elected or if at any meeting the Chairman is not present within 15 minutes after the time appointed for holding the same the Directors present shall choose some one of

their number to be Chairman of such meeting.

97. Questions arising at any meeting of Directors shall be decided by a majority of votes and in case of an equality of votes the Chairman shall have a second or casting vote.
98. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the articles of the Company for the time being vested in or exercisable by the Directors generally.
99. The Directors may delegate any of their powers to committees consisting of such Member or Members of their body as they think fit and may from time to time revoke such delegation. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Directors. The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under this Article.

**Amendment:  
June 4, 1992  
February 11,  
2014**

- 99A. The Board of Directors will appoint an Audit Committee from its members. The Committee will not have less than three members and all the E.D. will be members thereof. The Chairman of the Board of Directors, the General Manager, Managing Director, Cashier, Secretary or any officer who is an employee of the Company shall not be members of the Committee.

**Amendment:  
February 11,  
2014**

100. Subject to the specified in the Banking Ordinance and the Banking Law (Licensing), the continuing Directors or a sole continuing Director may act notwithstanding any vacancies in the Board, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles the continuing Directors or Director may act for the purpose of filling up vacancies in the Board or of summoning General Meetings of the Company, but not for any other purpose.
101. All acts bona fide done at any Meeting of Directors or by a committee of Directors or by any person acting as a Director shall, notwithstanding it be afterwards discovered that there was some defect in the appointment of any such Director or

person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director. A resolution in writing signed by all the Directors shall be as effectual as if it had been passed at a meeting of Directors

#### **ALTERNATE DIRECTORS**

**Amendment:  
April 7, 1971**

102. A Director may with the approval of the Directors appoint any person to act as his alternate Director in his place during his absence or inability for any reason to act as such Director, and such appointment shall have effect and such appointee while he holds office as an alternate Director shall be entitled to notice of meetings of the Directors and to attend and vote thereat accordingly, but he shall ipso facto vacate office if and when the appointor vacates office as a Director or removes the appointee from office and any appointment and removal under this Article shall be effected by notice in writing under the hand of the Director making the same. The remuneration of an alternate Director shall be provided by the Director by whom the alternate Director was appointed.

#### **POWERS OF DIRECTORS**

103. The management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is, by its Memorandum of Association or otherwise, authorized to exercise and do and are not hereby or by the Companies Ordinance directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Companies Ordinance and of these Articles and to any regulations not being inconsistent with these Articles from time to time made by the Company in General Meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made

#### **SEAL**

104. The Seal shall not be affixed to any instrument except by the authority of a resolution of the Board and unless and until the Board shall otherwise determine one Director and a Secretary or such other person as the Directors may appoint for the purpose shall sign every instrument to which the Seal of the Company shall be so affixed.

#### **LOCAL MANAGEMENT**

105. The Directors may from time to time provide for the management and transaction of the affairs of the Company in any specified locality whether at home or abroad in such manner as they think fit and the provisions contained in the three next following Articles shall be without prejudice to the general power conferred by this Article.
106. The Directors from time to time and at any time may establish a local board or agency for managing any of the affairs of the company in any such specified locality and may appoint any persons to be members of such local board or managers or agents and may fix their remuneration. And the Directors from time to time and at any time may delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Directors other than their power to make calls and may authorize the Members for the time being of any such local board or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation.
107. The Directors may at any time and from time to time by power of attorney under the seal appoint any person or persons to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment may (if the Directors think fit) be made in favour of the Members, or any of the Members of any local board established as aforesaid or in favour of any company or of the members, directors, nominees or managers of any company or firm or in favour of any fluctuating body of persons whether nominated directly or indirectly by the Directors, and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Directors may think fit.
108. Any such delegates or attorneys as aforesaid maybe authorized by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

**Amendments:  
June 7, 1983  
February 11,**

109. [DELETED]

**RESERVE**

2014

110. The Directors may before recommending any dividend set aside out of the profits of the Company such sums as they think proper as a reserve fund to meet contingencies or for special dividends or for equalizing dividends or for repairing, improving and maintaining any of the property of the Company and for such other purposes as the Directors shall in their absolute discretion think conducive to the interests of the Company and may invest the several sums so set aside upon such investments, other than shares of the Company, as they may think fit and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the reserve fund into such special funds as they think fit and employ the reserve fund or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets.

#### DIVIDENDS

**Amendment:  
October 29,  
1963**

111. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid in proportion to the amounts paid up or credited as paid up on the nominal value of the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article and of Article 5 no amount paid on a share in advance of calls shall be treated as paid on the share.
112. The Company in General Meeting may declare a dividend to be paid to the Members according to their rights and interests in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend
113. Save as hereinbefore provided no dividend shall be payable except out of the profits of the Company and no dividend shall carry interest as against the Company. The declaration of the Directors as to the amount of the profits of the Company shall be conclusive.
114. The Directors may from time to time pay to the Members on account of the next forthcoming dividend such interim dividends as in their judgment the position of the Company justifies.

115. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
116. The Directors may retain the dividends payable upon shares in respect of which any person is under the transmission article entitled to become a Member or which any person under that article is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.
117. In case several persons are registered as the joint holders of any share any one of such persons may give effectual receipts for all dividends and payments on account of dividends, return of capital and other money payable in respect of such share.
118. A transfer of shares shall not pass the right to any dividend declared thereon after such transfer and before the registration of the transfer.
119. Notice of the declaration of any dividend, whether interim or otherwise, shall be given to the holders of registered shares in manner hereinafter provided.
120. Unless otherwise directed any dividend may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled or in case of joint holders to that one of them first named in the register in respect of the joint holding. Every such cheque shall be made payable to the order of the person to whom it is sent. All dividends unclaimed for one year after having been declared may be invested or otherwise used by the Directors for the benefit of the Company until claimed.

#### **DIVIDEND IN SPECIE AND CAPITALISATION OF PROFITS**

121. Any General Meeting declaring a dividend may resolve that such dividend be paid wholly or in part by the distribution of specific assets and in particular of paid-up shares, debentures or debenture stock of any other company or in any one or more of such ways.
- 122 (a) Any General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and

**Amendments:  
October 29,  
1963,  
April 29, 1976**

standing to the credit of the share premium account be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full — either at par or at such premium as the resolution may provide — any unissued shares or debentures or debenture stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares or debentures or debenture stock. The General Meeting resolving upon such capitalisation and distribution may decide that any shares so distributed may be of one class for all the shareholders or if approved by separate meetings of the holders of the different classes of shares of the same class as already held by them respectively: such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum.

**Amendments:  
April 29, 1976,  
March 10, 1977,  
July 9, 1981**

(b)1. On each occasion that the Company makes any issue by way of capitalization of profits or reserves on a date when any Rights of conversion into or subscription for shares in the capital of the Company (below called "the Rights") are outstanding the Directors may (to the extent that all or any of such Rights are not otherwise adjusted in accordance with their terms) transfer to a special reserve (to be entitled as the Directors think fit and below called "the Special Reserve") a sum equal to the nominal amount of the share capital which the holders of all or any of such Rights would have received on the capitalization, had they exercised their Rights before the record date for the capitalization issue including fractional entitlements and in the case of a second or subsequent capitalization the entitlement arising from any previous capitalization.

(b)2. Upon the allotment by the Company of shares pursuant to the exercise by a holder of his Rights, where the Directors have made a transfer to the Special Reserve on account of such Rights in accordance with Sub-Paragraph (1) of this Special Resolution the Company shall also allot to such holder, in addition to the shares to which he is entitled on exercising his rights, credited as fully paid by means of capitalizing part of the Special Reserve the nominal amount of Ordinary Shares which equals the amount relating to his Rights which shall have been transferred to the Special Reserve so that all fractional entitlements shall be dealt with as the Directors think fit.

(b) 3. If after any transfer has been made to the Special Reserve the Rights shall be terminated or the period

for exercising the relevant Rights to which any holder was entitled shall have expired and the Rights shall remain unexercised, then any amounts transferred to such Special Reserve in respect of such unexercised Rights shall be set free from the Special Reserve and thereafter shall be capable of being dealt with by the Company in any way in which the Company could have dealt with the same had the same not been transferred to the Special Preserve.

(b) 4. These Articles of Association are hereby altered to the extent necessary to give effect to the provisions of this Resolution

123. For purposes of Article 122 the bearers for the time being of share warrants shall be treated as the persons entitled to receive that portion of the sum capitalized by a resolution passed under that article attributable to the shares comprised in such share warrants and in order that the Directors may allot to them any shares, debentures or debenture stock to which they shall so become entitled, they shall surrender the share warrants for the purpose of having endorsed thereon a record of such allotment. If any bearers fail within six months or such extended period as the Directors may fix to claim the shares, debentures or debenture stock to which they are so entitled, the Directors may allot and issue the same to trustees to be held by them in trust for and until claimed by such bearers and confer upon any such trustees powers with regard to the realisation of the shares for purposes of distribution and otherwise as the Directors may deem expedient and any such allotment and issue as aforesaid shall constitute full satisfaction to such bearers of share warrants of their interest in the capitalised sum.

**Amendment:  
July 9, 1981**

124. For the purpose of giving effect to any resolution under the four last preceding Articles the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments shall be made to any Members upon the footing of the value so fixed or that fractions whose value is equal to less than one pound sterling or such other amount as may, from time to time be permitted by the Stock Exchanges upon which the shares of the Company may then be listed may be disregarded in order to adjust the rights of all parties and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Directors. Where requisite a proper contract shall be filed in accordance with Section 93 of the Companies Ordinance and the Directors may

appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund and such appointment shall be effective.

## ACCOUNTS

125. The Directors shall cause to be kept proper books of account with respect to all sums received and expended by the Company and the matters in respect of which such receipts and expenditure takes place and of the assets, credits and liabilities of the Company.
126. The books of account shall be kept at the office or at such other place as the Directors think fit and shall always be open to inspection by the Directors. No Member (other than a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Ordinance or authorised by the Directors or by the Company in General Meeting.
- Amendment:  
February 11,  
2014**
127. At the Ordinary General Meeting in each year the Directors shall lay before the Company a balance sheet and a profit and loss account both made in accordance with the provisions of the law and the relevant regulatory requirements.
128. Every such balance sheet as aforesaid shall be signed by the Secretary or Manager (if any) and where there are more than three Directors by at least three of the Directors and where there are not more than three Directors then by all the Directors, and shall have attached to it a report by the Directors with respect to the state of the Company's affairs and the amount, if any, which they recommend shall be paid by way of dividend to the Members and the amount (if any) which they have carried or propose to carry to reserve. It shall also have attached to it the Auditors' report.
- Amendments:  
October 19,  
1950,  
April 6, 1995**
129. A printed copy of the profit and loss account, balance sheet (including every document required by law to be annexed thereto) and Directors' and Auditors' report shall, seven days previously to the meeting, be delivered or sent by post to the registered address of every Member.

## AUDIT

130. Once at least in every year the accounts of the Company shall be

examined and the correctness of the profit and loss account and balance sheet ascertained by one or more Auditor or Auditors.

131. The Company at each Ordinary Meeting shall appoint an Auditor or Auditors to hold office until the next Ordinary Meeting and their appointment, remuneration, rights and duties shall be regulated by Sections 105 and 109 of the Companies Ordinance.

#### NOTICES

**Amendment:  
October 19,  
1950**

132. Subject as in these Articles otherwise provided a notice may be served by the Company upon any Member either personally or by sending it through the post in a prepaid letter, envelope or wrapper addressed to such Member at his registered place of address or by advertisement as hereinafter provided. In the case of Members with registered addresses in the United Kingdom notices shall be posted in the United Kingdom.

**Amendment:  
October 19,  
1950**

133. Each holder of registered shares whose registered place of address is not in Israel or the United Kingdom may from time to time notify in writing to the Company an address in Israel or the United Kingdom which shall be deemed his registered place of address within the meaning of the last preceding Article. As regards those Members who have no registered place of address in Israel or the United Kingdom a notice posted up in the office shall be deemed to be well served on them at the time the same is posted up.

**Amendment:  
February 11,  
2014**

- 133A. A Shareholder of the Company shall submit reports to the Company in accordance with the set forth in the law, including submission to the Company of reports regarding his holdings in the Company, in accordance with the specified in the Banking Law (Licensing).

**Amendment:  
October 19,  
1950**

134. The holders of share warrants shall not unless otherwise expressed therein be entitled in respect thereof to notice of any General Meeting of the Company and it shall not be necessary to give notice of General Meetings to any person entitled to a share by transmission unless such person shall have been duly registered as a Member of the Company.

**Amendment:  
February 11,  
2014**

135. Subject to any law, any notice which by these Articles may or is required to be given by the Company to the Members or any of them by advertisement shall be sufficiently advertised if advertised once in two Israel daily newspapers and two leading London daily newspapers
136. All notices with respect to any registered shares to which persons are jointly entitled shall be given to whichever of such persons is named first in the register and notice so given shall

be sufficient notice to all the holders of such shares.

137. Any notice sent by post shall be deemed to have been served on the day on which the letter, envelope or wrapper containing the same is posted and in proving such service it shall be sufficient to prove that the letter, envelope or wrapper containing the notice was properly addressed and put into the post office. A certificate in writing signed by any Manager, Secretary or other officer of the Company that the envelope or wrapper containing the notice was so addressed and posted shall be conclusive evidence thereof.
138. Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the register shall be duly given to the person from whom he derives his title to such share.
139. Any notice or document sent by post to or left at the registered address of any Member in pursuance of these Articles shall, notwithstanding such Member be then deceased and whether or not the Company have notice of his decease, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such Member until some other person be registered in his stead as the holder or joint holder thereof and such service shall for all purposes of these Articles be deemed a sufficient service of such notice or document on his heirs, executors or administrators and all persons, if any, jointly interested with him in any such shares.
140. Where a given number of days' notice or notice extending over any other period is required to be given the day of service shall, unless it is otherwise provided, be counted in such number of days or other period.

#### **WINDING-UP**

141. If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of an Extraordinary Resolution, divide among the contributories in specie or kind any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidator with the like sanction shall think fit.
142. If thought expedient any such division may be otherwise than in accordance with the legal rights of the contributories and in

particular any class may be given preferential or special rights or may be excluded altogether or in part; but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined on any contributory who would be prejudiced thereby shall have such statutory rights of dissent and ancillary rights as are incapable of being varied or excluded by these Articles.

## INDEMNITY

**Amendments:  
June 4, 1991,  
December 9,  
2001,  
October 31,  
2005,  
October 30,  
2011  
August 1, 2012  
February 11,  
2014**

143. a. The Company may release its officer in advance of all or any of his liability for damage due to a breach of the duty of care to it. Despite the above, the Company may not release its Director in advance of his liability to it due to a breach of the duty of care in the case of a "distribution" (as defined in the Companies Law).
- b. The Company may indemnify its officer in respect of a liability or expense, as set out below in this Article, that is imposed upon him or incurred by him due to an act committed by him in his capacity as its officer:
- (1) a pecuniary liability imposed upon him in favour of another person pursuant to a judgement, including a judgement awarded on a compromise or an arbitrator's award that has been confirmed by a court;
  - (2) reasonable litigation expenses, including lawyers' professional fees, incurred by the officer due to an investigation or proceeding carried out against him by an authority authorized to carry out investigations or proceedings, and which was concluded without the filing of a criminal indictment against him and without the imposition of a monetary obligation as an alternative to criminal proceedings, or which was concluded without the filing of a criminal indictment against him, but with the imposition of a monetary obligation as an alternative to criminal proceedings in an offence that does not necessitate the proof of *mens rea*. or in connection with a monetary sanction.

"conclusion of proceedings without the filing of a criminal indictment in a matter in which a criminal investigation was opened" – shall have the meaning of closing of the file in accordance with Section 62 to the Criminal Procedure Law [Consolidated Version], 1982 (for the purposes of this subparagraph – the Criminal Procedure Law), or a stay in proceedings by the Attorney General, in accordance with

Section 231 of the Criminal Procedure Law.

"monetary obligation as an alternative to criminal proceedings" – monetary obligation imposed by law as an alternative to criminal proceedings, including an administrative fine in accordance with the Administrative Offences Law, 1985, a fine in respect of an offence determined to be a finable offence in accordance with the provisions of the Criminal Procedure Law, a financial sanction or composition.

- (3) Reasonable litigation expenses, including lawyers' professional fees, incurred by the officer or for which he is made liable by the court, in proceedings brought against him by or on behalf of the Company or by another person or on a criminal indictment of which he is acquitted, or on a criminal indictment under which he is convicted of an offence that does not necessitate the proof of *mens rea*.
  - (4) Expenses, including reasonable litigation expenses, including lawyers' professional fees, incurred in connection with a proceeding conducted in his regard pursuant to one or more of the following:
    - (a) pursuant to Chapter H3, Chapter H4 and/or Chapter I1 of the Securities Law, 1968;
    - (b) pursuant to Chapter G1, Chapter G2 and/or Chapter H1 of the Regulation of Investment Advising, Investment Marketing and Investment Portfolio Management Law, 1995;
    - (c) pursuant to Chapter J, Chapter J1 and/or Chapter K1 of the Joint Investment Trusts Law, 1994.
    - (d) pursuant to Chapter G1 of the Anti-Trust Law, 1988
  - (5) Payment to an injured party as stated in Section 52BBB(a)(1)(a) of the Securities Law, 1968, within the scope of a proceeding as defined in paragraph (4) above.
- c. The Company may give an undertaking in advance to indemnify its officer, in each of the following (for the purposes of this paragraph – the "Undertaking to Indemnify"):
- (1) as detailed in paragraph b(1) above, but only provided that the Undertaking to Indemnify shall be limited to events that, in the opinion of the Board of Directors, are

foreseeable at the time of giving the Undertaking to Indemnify in light of the actual activities of the Company and to such amount or criterion that the Board of Directors has determined as reasonable under the circumstances, and provided that the events that, in the opinion of the Board of Directors, are foreseeable at the time of giving the Undertaking to Indemnify in light of the actual activities of the Company and such amount or criterion that the Board of Directors has determined as reasonable under the circumstances are indicated in the Undertaking to Indemnify<sup>1</sup>;

(2) as detailed in paragraphs b(2) to b(5) above.

- d. The Company may indemnify its officer *ex post facto*.
- e. The Company may enter into a contract to insure the liability of its officer in respect of liability that is imposed upon him due to an act committed by him in his capacity as its officer by reason of any of the following:

a breach of the duty of care to the Company or to another person; a breach of the fiduciary duty to the Company, provided that the officer acted in good faith and had reasonable grounds to believe that the act would not prejudice the Company's interests; a pecuniary liability that is imposed upon him in favour of another person; expenses, as defined in Article 143(b)(4) above; payment to an injured party, as defined in Article 143(b)(5) above.

- f. Notwithstanding as provided in clauses (a) to (e) above, the Company shall not enter into a contract to insure the liability of its officer, indemnify its officer or release its officer of his liability to the Company in respect of any of the following:

- (1) a breach of fiduciary duty, other than for the purposes of indemnity and insurance in respect of a breach of a fiduciary duty to the Company when the officer acted in good faith and had reasonable grounds to believe that the act would not prejudice the Company's interests;
- (2) a breach of the duty of care committed with intent or recklessly, other than if such is committed negligently only;
- (3) an act with intent to produce an unlawful personal gain;

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<sup>1</sup> For the form of indemnity, the limitations determined therein (type of events and maximum amount of indemnity) – see the Company's Immediate Report regarding the Results of the General Meeting of October 30, 2011 (reference: 2011-01-311388)

- (4) a fine, civil fine, monetary sanction or composition imposed upon him.

**Amendments:**  
**June 4, 1991,**  
**December 9,**  
**2001,**  
**June 29, 2005**

- 144. The Company may amend its Articles by a resolution approved at the General Meeting by a simple majority.

**Amendment:**  
**June 29, 2005**

- 145. A. The Company may contribute a reasonable amount to an appropriate cause, even if the contribution does not fall within business considerations.
- B. The Company may also consider community causes or activities as part of its profitability considerations.