

**GENERAL TERMS OF OPERATION OF AN ACCOUNT**

Branch no. \_\_\_\_\_

Customer no. \_\_\_\_\_

Name of customer(s)	ID/registration/passport no.
1.	
2.	
3.	
4.	
5.	

**To:**  
**BANK LEUMI LE-ISRAEL B.M. (the “Bank”)**

**Preamble**

The customers, whose details are stated above, request Bank Leumi le-Israel B.M. to open an account (hereinafter – **‘the account’**) for them, which will be operated in accordance with all the terms and conditions stated below and in accordance with the additional terms and conditions stated in the Request to Open an Account Form (including the appendix to the request, which constitutes an integral part thereof), which has been signed and/or will be signed by the customers (hereinafter – **‘the request’**).

The terms and conditions set out below in this document and the additional terms stated in the request, as updated from time to time by the customers, jointly constitute a single integral document and will be called hereinafter – **‘the General Terms and Conditions’** or **‘this document.’**

The General Terms and Conditions will govern the account and all the fields of activity and service channels that will be specified by the customers in the request or that the customers will request to use, provided that with respect to activities and/or service channels that require the bank’s approval and/or the customer’s signature on additional documents, its terms and conditions are fulfilled.

# GENERAL TERMS OF OPERATION OF AN ACCOUNT

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**General Terms of Operation of an Account**

**Part A**

1. **Current account**

The terms and conditions stated in this section below shall apply to a current account of the customers in shekels and to a current account of the customers in foreign currency, in addition to all the general terms and conditions in this document.

1.1 **Limits on the withdrawal of money from the account**

1.1.1 The customers may only withdraw money from the account up to the amount of the credit balance available to them in the account or up to the limit of the overdraft facility available to them in the account (hereinafter: the “**overdraft facility**”).

1.1.2 The customers undertake not to perform any action/withdrawal/debit that will cause the account to exceed the overdraft facility, if one has been approved for them, or to become overdrawn, if no overdraft facility has been approved, and to ensure that on the date determined for debiting the account with any debit, including a debit that cannot be prevented, such as debits for interest and commissions, certain debits with respect to credit cards, etc., the account shall have sufficient funds or an overdraft facility to cover such debits.

1.1.3 The bank will not be liable to honour any withdrawal, instruction or request of the customers as a result of which an overdraft will be created or increased in the account, unless the debit balance is created within the framework of an overdraft facility.

1.1.4 In a foreign currency account, where no overdraft facility has been approved for the customers, the customers undertake to carry out transactions only if there will be a positive balance in the account (that is not placed in a foreign currency deposit for a fixed period) in a sufficient amount for performing the transaction.

If there is not a sufficient balance as aforesaid, the bank will be entitled not to perform such transaction, or, at the bank’s sole discretion, to break a foreign currency deposit that is deposited for a fixed period in order to perform the aforesaid transaction, and in such a case, changes may be made to the deposit terms that were determined from the outset for that foreign currency deposit, and the customers may suffer damage as a result thereof, being charged interest for breaking the deposit and other expenses relating to the breaking of foreign currency deposits.

1.2 **Overdraft Facilities**

1.2.1 At the customers’ request and subject to the bank’s approval, an overdraft facility will be made available to the customers in the account, on terms set out in an application to arrange an overdraft (hereinafter: the “**overdraft application**”).

The overdraft facilities in the account may have different terms, including with respect to their periods and interest rates.

The bank is entitled, but not liable, at its sole discretion, to unilaterally grant the customers an overdraft facility. The period of the unilateral overdraft facility may be different from the period of the overdraft facility. The bank will give notice to the customers that it has made the unilateral overdraft facility available and the terms thereof, shortly after determining it.

The bank is not liable to grant an overdraft facility in the account or to renew an existing overdraft facility, in whole or in part. Even if the bank makes an overdraft facility including a unilateral overdraft facility available, this shall not be interpreted as consent on its part to do so in the future or to renew the overdraft facility, in whole or in part.

1.2.2 **Credit allocation commission**

A credit allocation commission will be charged each quarter on an overdraft facility that is made available at the customers’ request, in the amount or at the rate agreed in the overdraft application.

The bank is entitled to determine a minimum amount and/or a maximum amount of the credit allocation commission (as will be agreed in the overdraft application).

The credit allocation commission shall be paid in advance on the date of allocating or increasing the overdraft facility, and thereafter shall be paid in advance on the first business day of each quarter. If the credit allocation commission is stated as a percentage, the calculation will be made by multiplying the amount of the overdraft facility by the aforesaid percentage and the number of days until the end of the overdraft facility period or the end of the quarter (whichever is the earlier), divided by the number of days of the quarter.

No credit allocation commission will be charged for a unilateral overdraft facility.

### 1.2.3 **Cancellation/reduction of an overdraft facility**

The bank will be entitled to reduce or cancel the overdraft facility by giving 21 days' prior notice (or such shorter period that the bank will determine, subject to the provisions of the law), or immediately without prior notice in cases where it may be at risk of not being able to recover the overdraft as the result of an adverse change in the ability of the customers to meet their obligations, or if other conditions arise that require an immediate reduction or cancellation of the overdraft facility, or in other cases that are permitted by law. If the overdraft facility is reduced or cancelled immediately and without notice as aforesaid, a notice thereof will be sent to the customers at the same time that the reduction or cancellation is made.

### 1.2.4 **The customers' right to cancel an overdraft facility and make early payment**

The customers may at any time apply to the bank to cancel or reduce the overdraft facility.

An application to cancel or reduce an overdraft facility shall be submitted to the bank in writing. However, the bank will be entitled (but not liable) to act in accordance with such an application that the bank received orally.

Any debit balance in an account in which there is no approved overdraft or that exceeds the approved overdraft facility will bear excess interest as stated in section 1.3.3 below.

In the case of a cancellation of an overdraft facility prior to the end of its period, if a credit allocation commission was charged in advance in respect of the facility for the whole period, the account will be credited proportionately. If the commission has not yet been charged, the commission will only be charged for the period during which the overdraft facility was actually made available, in accordance with the actual amount of the facility.

### 1.2.5 **Payment of the debit balances in the account**

The customers undertake to repay any debit balance that will be created in the account as a result of the expiration of the term of the overdraft facility, the cancellation or the reduction of the overdraft facility. In addition, the customers undertake to repay to the bank any other debit balance created in the account, whether for debits that could not have been prevented or for any other debits, immediately after it has been created.

## 1.3 **Interest**

1.3.1 Any debit balance that will be created in the account with an overdraft facility that was granted at the customers' request will be subject to variable interest on the daily balances, at the rates agreed with the customers in the overdraft application.

1.3.2 A debit balance created in the account with a unilateral overdraft facility, if the bank will grant one to the customers, will be subject to variable interest on the daily balances, as follows: interest at the rate that was agreed with the customers for the highest overdraft level in an overdraft application, if there was one. In any other case, the highest rate of interest customary at the bank from time to time for debit balances for such type of overdraft facility, subject to the maximum interest rate permitted by law (in so far as there is such a restriction).

Notwithstanding what is stated above in this section, wherever the interest rate for any day will be less than 0%, the interest rate on a debit balance in an overdraft for that day will be 0% (hereinafter – **'the minimum rate'**).

- 1.3.3 Any sums out of the debit balance in the account that will exceed the overdraft facility for any reason, as well as any debit balance that the customers will owe in the account if they do not have an overdraft facility in the account, will incur variable interest on the daily balances for the period from the date of the non-payment of the debit balance on time until it is actually paid in full, as follows: the maximum rate of excess interest determined in the latest overdraft application; or if the customers do not have an overdraft facility in force, the maximum interest.

The bank's right to excess interest or maximum interest as aforesaid, and collecting it in practice or charging it to the account or to any other account of the customers, shall not derogate from the bank's right to take all steps in order to collect any amount that was not paid to it by the customers in accordance with its demand.

The provisions of this subsection will also apply if the bank will file a lawsuit for the collection of the amounts payable to the bank in accordance with this document, and the customers agree that the judicial authority shall award excess interest or maximum interest against them as aforesaid.

Notwithstanding what is stated in this section above, if on any day the interest rate on debit balances in the overdraft facility will be the minimum rate as defined above, the additional interest for exceeding it for that day will be added to the minimum rate.

- 1.3.4 The interest according to this section will be calculated monthly or on the basis of such other period that will be customary at the bank from time to time, and in so far as the calculation period is specified in the overdraft application, as specified in the application (hereinafter: **'the calculation period'**). Interest that is calculated as aforesaid for any calculation period will be paid by the customers or debited to the account and added to the principal on the first business day of the next calculation period, and it too shall bear interest as aforesaid.

- 1.3.5 Any interest in the account, including the maximum interest, will be calculated in accordance with the number of days during which the balance of the account was in debit.

- 1.3.6 Notwithstanding the aforesaid, the debit interest on the daily balances in a foreign currency account will be calculated in accordance with the number of days that have actually passed from the date on which any debit balance was created in the foreign currency account divided by 360 (unless another number of days is specified in any relevant bank form), where the interest rate will be a variable rate, in the amount of the Foreign Currency Interest Rate Benchmark rate plus a certain margin (hereinafter – **'the margin'**), or any other interest rate, as the bank will notify the customers from time to time.

The interest rates that the foreign currency account will be charged, including in a case of charging maximum interest, will be updated daily or in accordance with any other period that will be determined by the bank, according to the changes that will occur in the Foreign Currency Interest Rate Benchmark rate, if any, without derogating from the provisions of section 1.3.7 below.

### 1.3.7 **Changes to interest rates and commission rates and the debit dates**

The bank may at any time change the interest rates stated in sections 1.3.1 to 1.3.3 above (inclusive), or any component thereof (including the additional amounts above the variable rate benchmark and the additional amount for exceeding the overdraft facility), the rate and amount of commissions for allocating the overdraft facility (including a minimum or maximum commission) and the dates of debiting them and the way of calculating them, all subject to the law.

Without derogating from the aforesaid, if the interest rates are based on a variable rate benchmark, any change in the variable rate benchmark will cause a similar change in the interest rates.

Notice of any change as aforesaid will be given in the manner determined by the law. It is hereby clarified that such changes that will be introduced at the bank from time to time will apply to the customers both with respect to debit balances that exist on the date of the change and also with respect to any debit balance that will be created subsequently, until the full actual payment of the debit balance, interest and credit allocation commission as aforesaid.

### 1.3.8 **Interest on a credit balance in the account**

The credit balance in the account, in whole or any part thereof, will not bear interest, unless the bank will determine otherwise and/or the bank and the customers will agree otherwise.

In so far as interest will be paid with respect to all customers or certain categories of customers, the credit balance in the account will bear interest at the rate and in the manner that will be customary at the bank from time to time, which will be calculated in such manner as will be customary at the bank from time to time, and which will be credited to the account (in the case of a positive interest) or will be debited to the account (in the case of a negative interest, the effect of which is that interest will be paid by the customers on the positive balance of the account and the principal will be reduced) on the dates that will be customary at the bank from time to time.

Details of the collection or payment of interest as aforesaid, shall be published in the fair disclosure table at the branches of the bank and on the bank's website or by any other manner in which the bank will be required to publish it.

The bank shall be entitled to charge negative interest on the credit balances in the account, in either of the following situations (in accordance with the relevant currency): (a) the rate of interest of the Bank of Israel or of the central bank of any country or of any interest rate benchmark or interest rate base which is used by the bank or is customary in the market in respect of a certain foreign currency, will be a negative rate (less than 0%) ; (b) if due to the situation of the financial markets the use by the bank in Israeli currency or in a certain foreign currency (such as deposits with the Bank of Israel/the purchase of zero coupon bonds/deposits with other banks or financial institutions) shall bear negative interest.

### 1.4 **Payment or debit dates**

Any payment or debit which is payable on a day that is not a business day, will be postponed to the first business day thereafter. If the payment or debit date, which falls on a day that is not a business day, will also be the last day of any month, that payment or debit date will be brought forward to the last business day of such month.

### 1.5 **Crediting of payments**

Amounts that will be credited to the account will be used for payment/repayment in the following order of application: 1. commissions and expenses, 2. credit allocation commission, 3. interest, and 4. other amounts that the customers will owe in the account.

### 1.6 **Purpose of the deposit**

Any amount in foreign currency that will be deposited into the customer's account without stating the purpose of the deposit will be credited to the foreign currency account or a foreign currency deposit or will be converted into shekels and credited to the current account, and it is clarified that the bank is entitled not to accept the deposit.

### 1.7 **Use and safekeeping of cheque forms**

1.7.1 In order to make withdrawals from the account by means of cheques, the customers should only use the cheque forms that they will receive from the bank or that will be approved by the bank, which will have the account number imprinted on them.

1.7.2 The customers will not delete or alter any detail that is printed or imprinted on the cheque form. For the avoidance of doubt, it is clarified that even if the account number imprinted on the cheque form is deleted or altered, the account may be debited for it.

1.7.3 The customers should safeguard the cheque forms in a reasonable manner and take reasonable precautions to prevent the use of them by an unauthorised person. The customers shall notify the bank immediately after becoming aware of any theft or loss of cheque forms and shall cancel them immediately in writing as stated below.

1.7.4 In order to cancel cheque forms, whether or not signed by them, the customers shall give the bank a written cancellation instruction (including by means of banking communications services to which they are subscribed), with details of the cheque forms, and at least the cheque form

numbers (hereinafter: a “**cancellation instruction**”). If a written cancellation instruction is not given as aforesaid, the bank shall have no obligation to honour a cancellation instruction.

- 1.7.5 In any event where the customers subscribe to banking communication services, including the provision of instructions by telephone, the customers may also give the bank a cancellation instruction by means of such services.

Notwithstanding the aforesaid, if customers who subscribe to banking communication services by telephone, wish to give the bank the cancellation instruction by telephone (hereinafter: ‘**a cancellation instruction by telephone**’), they will be required to give the bank an additional cancellation instruction in writing within a reasonable time. It is hereby clarified that the bank will be entitled to carry out a cancellation instruction by telephone even if it does not receive from the customers an additional cancellation instruction in writing.

- 1.7.6 In any case where the customers wish to notify the bank of the cancellation of a cheque form/s, whether or not signed by them, and their details are not known to the customers, the cancellation instruction shall be given by them in the aforesaid manner, and this shall constitute a general cancellation instruction in respect of all cheques presented to the bank from the date of on which it receives the cancellation instruction.

- 1.7.7 Cheques may be presented for payment in various ways, including electronically or optically. The presentation of cheques as aforesaid will constitute valid presentation (including presentation at the correct place), and the customers waive presentation for payment in any other manner.

- 1.7.8 The aforesaid (except with regards to the cancellation of cheque forms) will also apply to cheque forms that will be found in the customers’ possession after closing the account.

1.7.9 **Current savings account**

Notwithstanding anything stated in this document, in an account that is defined as a current savings account and in any case where it is agreed with the customers or a notice is given to the customers by the bank, the customers will not be entitled to draw cheques on the account, and the provisions relating to cheque forms and depositing them will not apply to the account. Money may be withdrawn from the account in any other manner allowed by the bank.

1.8 **Credits for cheques and bills**

- 1.8.1 Crediting of the account in connection with cheques or bills in shekels or in foreign currency, whether for collateral or collection or for crediting the account, shall be deemed to be temporary. Such a credit shall become final, for cheques or bills in shekels, three additional business days after the date of the credit, or on a later date permitted any law, and for cheques or bills in foreign currency, after their collection by the bank.

For post-dated, future-dated or deferred cheques, the date on which the cheques or bills were presented for collection will be deemed to be the date of the credit.

As long as the credit is temporary, the customers may not withdraw the proceeds of the cheques or bills and the bank may debit the account that was credited as aforesaid with the amount of any cheque or bill that was not paid or that will be returned to the bank as unpaid, and in the case of a cheque drawn on the bank, with the amount of a cheque where the bank will be unable to debit the drawer’s account.

Nothing stated in this section shall determine the rights of the customers, the parties to the cheques or bills or the bank, in relation to one other, and they shall be determined pursuant to the provisions of any law.

- 1.8.2 The bank will be exempt from all the duties of a holder of the aforesaid cheques or bills. The bank may send the cheques or bills for collection or return them to the customers in any way it thinks fit.

- 1.8.3 The bank will be exempt from any liability for the theft, loss, destruction or disfigurement of cheques or bills and it may cancel the credit for them, if the theft, loss, destruction or disfigurement of the cheques or bills was not caused by its negligence.

The provisions of this subsection will not apply to cheques or bills that were delivered to the bank for collection, and the bank will be liable for their theft, loss, destruction or disfigurement, unless

caused as a result of circumstances that the bank could not have foreseen and whose consequences it could not have prevented.

## 1.9 **Undertaking of a joint account holder in an account or deposit that is credited with reparation payments to victims of the Nazis**

### 1.9.1 **In this section:**

The term ‘**reparation payments**’ means reparation payments to victims of the Nazis that are deposited and/or credited in an account, whether in foreign currency or in Israeli currency, whether as a periodic payment or a pension, or money that originates in reparation payments and was converted to Israeli currency, or in any other way;

The term ‘**beneficiary**’ means the person with respect to whom the reparation payments are deposited.

1.9.2 It is clarified that the validity of the beneficiary’s instructions to credit the account/deposit with the amounts of reparation payments will expire upon his death, and that various rights that are granted to the money in the account or deposit because it is a reparation payment expire by law upon the beneficiary’s death.

### 1.9.3 **In view of the aforesaid, the customers, with the exception of the beneficiary, undertake as follows:**

- (1) To notify the bank immediately of the death of the beneficiary.
- (2) Not to withdraw from the account or deposit any amount that was credited to the account or deposit for reparation payments from the month following the month in which the beneficiary died, or that constitutes any benefit for that reparation payment.
- (3) If withdrawals are made from the account or deposit in a manner contrary to their above undertaking, they will pay the bank, upon its first demand, any amount that will be required in order to return the amounts of the reparation payments that were credited to the account or deposit for the period beginning from the month following the month in which the beneficiary died, and if for this purpose it will be necessary to buy foreign currency, they will pay the bank that amount in Israeli currency that will be required at such time in order to buy the aforesaid amount in foreign currency.

The customers agree that in the event of the beneficiary’s death, the bank will be entitled to deliver to the office handling reparation payments abroad, or any other body that handles the matter of reparation payments, their name and address and/or the name and address of any other third party to whom money will be transferred from the account or deposit, after the beneficiary’s death.

## 2. **Deposits and savings**

The terms and conditions stated in this section below shall apply to deposits and savings, which will be opened for the customers from time to time, at their request and subject to the bank’s consent, in such amounts, for such periods, on such dates, with such interest rates and on such additional terms and conditions that will be agreed between the bank and the customers, whether in the deposit application, the instruction regarding the making of the deposit, in supplementary terms and conditions or in any other way.

In any case where the bank will agree to open a deposit for the customers, it will be operated in accordance with the terms and conditions stated in this section, according to the relevant type of deposit, and in accordance with the provisions stated in the deposit application, and the general terms and conditions in this document. All the authorisations and instructions regarding the event of death that were given, if any, in connection with the account will also apply to the deposit or deposits.

In any case of a different arrangement or a conflict between the provisions of this document and the provisions of the deposit application, the terms and conditions determined in the deposit application will prevail.

### 2.1 **Definitions**

For the purpose of this section and for the purpose of the deposit application, the following terms will be interpreted as follows:

- 2.1.1 **‘The deposit application’** – a form that includes the agreed specific terms and conditions of the deposit, whether in the execution instruction, the deposit notice and/or the supplementary terms and conditions or in any other way.
- 2.1.2 **‘Effective date’** – the date that will be specified in the deposit application of a deposit that has several interest periods, on which the bank will determine the interest rate for the relevant interest period.
- 2.1.3 **‘Table of interest rates’** – a table of interest rates on deposits and savings that is published in the fair disclosure table at the bank’s branches and on the bank’s website or by other manner in which the bank will be required to publish it.
- 2.1.4 **‘The deposit start date’** – the date specified in the deposit application as the deposit start date, and if no such date is specified, the date on which the deposit was actually deposited in the relevant deposit account.
- 2.1.5 **‘deposit payment date’** – any date on which a payment from the deposit is made, including the end of the deposit period. If a deposit payment date or the end of the deposit period falls on a day that is not a business day, such payment date or end of the deposit period will be postponed to the first business day thereafter. However, if the deposit is index-linked and a deposit payment date or the end of the deposit period falls on a day that is not a business day and that is also the last day of a month, the date for receiving the money will be brought forward to the last business day in that month.
- 2.1.6 **‘Exit point’** – as specified in the deposit application. If no exit points are specified in the deposit application, the deposit will not have any exit points until the end of the deposit period.
- 2.1.7 **‘The minimum amount’** – the minimum amount of a deposit and the minimum amount that needs to be deposited, at any time, in the deposit as will be determined from time to time by the bank.
- 2.1.8 **‘Deposits’** – including savings.
- 2.1.9 **‘The principal of the deposit’** – as specified in the deposit application or the amount of the deposit that was actually deposited by the customers.
- 2.1.10 **‘End of the deposit period’** – the payment date specified in the deposit application, and if no payment date was specified, the date on which the deposit period will end.
- 2.1.11 **‘The deposit period’** – the deposit period specified in the deposit notice.

## 2.2 **Dates of giving instructions**

If an instruction is given to make a deposit after the time determined as the end of a business day, or on a day that is not a business day, the deposit start date will be postponed until the first business day thereafter (and the interest rate and/or any component of the interest rate or deposit rate, as applicable, will be determined as if the instruction was given on the first business day thereafter).

Notwithstanding the aforesaid, if an instruction to make a deposit that is linked to a foreign currency is given on a day that is not a business day, the deposit start date will not be postponed and will be the same day, but the representative rate will be the first rate published after that day.

## 2.3 **Set-off**

In addition to the bank’s rights of set-off and lien according to law and according to this document, in any case where the customers signed or will sign a specific set off letter and/or a debenture/ pledge with respect to the deposit, all their rights in the relevant deposit will be subject to the bank’s rights according to the specific set off letter and/or debenture/pledge.

## 2.4 **Payment dates and expiration of the deposit period**

At the end of the deposit period, the bank will transfer the amount of the deposit and the interest thereon, as well as the linkage differentials, if any, after deduction of taxes and charges according to law, to the credit of the current account, subject to the provisions of the law.

This does not prejudice periodic payments (interest or principal) during the deposit period, in so far as these are regulated in the deposit application.

## 2.5 Deposits

### 2.5.1 **Making a single deposit**

The customers may make a deposit in a deposit in accordance with the terms and conditions stated in the deposit application.

In so far as there is no contrary stipulation, the deposit will be a single deposit on the deposit start date.

It is clarified that in any case where, as a result of making any deposit in a deposit, a debit balance will be created (or increased) in the account that was charged for that deposit or a deviation will be created from an approved overdraft facility that existed in the account at that time, as applicable, the bank will be entitled (but not liable) to cancel the credit as aforesaid.

### 2.5.2 **Making a deposit in instalments**

In a case of a deposit of the type of a '**deposit made in instalments**' that involves a monthly deposit, the customers will deposit in the deposit consecutive monthly payments each month (hereinafter – '**the monthly deposit**'), provided that the amount of each deposit will not be less than the amount that the bank will determine from time to time as the minimum deposit amount (hereinafter – '**the minimum amount**') and will not be more than the amount that the bank will determine from time to time as the maximum deposit amount (hereinafter – '**the maximum amount**').

- (1) The customers may reduce the monthly deposit amount from time to time, by a notice that they will give at least 10 days before the date of the next monthly deposit, provided that in no case will the monthly deposit amount after any reduction be less than the minimum amount.
- (2) The customers may increase the monthly deposit amount from time to time, by a notice that will be given at least 10 days before the date of the next monthly deposit, provided that in no case will the monthly deposit amount after any increase be more than the maximum amount or such other amount that will be determined by the bank from time to time as the maximum amount for increasing a deposit (hereinafter – '**the maximum amount of the increase**'). The manner of the increase will be in accordance with a track or tracks that will exist at the bank at such time, details of which will be found at the branches.

For the avoidance of doubt, it is clarified that even if the original monthly deposit amount was higher than the maximum amount, if the monthly deposit amount was subsequently reduced by the customers, they will not be entitled to increase the monthly deposit amount to more than the maximum amount.

## 2.6 Calculation of interest

2.6.1 The amount deposited in the deposit will bear positive or negative interest, as stated in the deposit application.

2.6.2 The interest on the deposit will be calculated on the basis of the actual number of days in the period for which it is calculated, divided by 365 or 366, according to the number of days in the year in which that period occurs. If part of the calculation period is in a 365-day year and the other part in a 366-day year, the calculation will be made with respect to each part of the period separately, in accordance with the number of days in the year in which that part occurs.

### 2.6.3 **Fixed rate interest:**

If it is stated in the deposit application that fixed rate interest will be paid for the whole of the deposit period or for one or more of the deposit periods, the principal of the deposit will bear fixed rate interest for the aforesaid period at the rate stated in the deposit application.

### 2.6.4 **Variable rate interest:**

- (1) If it is stated in the deposit application that variable rate interest will be paid for the whole deposit period or for one or more of the deposit periods, the principal of the deposit will bear variable rate interest for the aforesaid period at a rate equal to the prime interest rate, as will be determined by the bank from time to time, less a fixed-rate margin as stated in the deposit application.

The interest rate on the deposit from the deposit start date until there is a change in the prime interest rate, as stated below, shall be as stated in the deposit application.

- (2) Wherever there is a change in the prime interest rate, the interest rate of the deposit will change accordingly, and the interest will be calculated in accordance with the number of days to which that interest rate applies.

2.6.5 Interest will not be paid for the day on which the deposit period expires or, in the case of the withdrawal of all or some of the deposit money at an exit point, interest will not be paid for the day on which the exit point for the withdrawn amount occurs.

## 2.7 **Linkage to foreign currency**

In addition to the provisions of this section, if the deposit is linked to foreign currency, then the principal of the deposit and the interest thereon will be linked to changes (increases or decreases, as applicable) that will occur in the rate of the foreign currency of the type stated in the deposit application and will be calculated as stated below –

If, on the date of the actual payment of any amount of principal or interest, it will transpire that the maturity rate as defined below has increased or decreased in relation to the deposit rate as defined below, then that payment will be paid when it is increased or decreased in proportion to the amount of the increase or decrease of the maturity rate in relation to the deposit rate (multiplied by the linkage rate, if the linkage rate is different from a rate of 100%).

If it transpires that the maturity rate is equal to the deposit rate, then that payment will be made without any change.

The term **‘the deposit rate’** (or **‘the base rate’**) for the purpose of this subsection means – as defined in the deposit application, and in so far as it was not defined, the representative rate of the foreign currency that was first published after the date on which the deposit start date occurred.

The term **‘the maturity rate’** (or **‘the new rate’**) for the purpose of this subsection means – as defined in the deposit application, and in so far as it was not defined, the representative rate of the foreign currency that was published on the date on which the deposit period expired, and if on that date the representative rate of the foreign currency will not be published, the ‘new rate’ will be the representative rate of the foreign currency that was most recently published before the date on which the deposit period expired.

## 2.8 **Linkage to the index**

In addition to the provisions of this section, if the deposit is index-linked, then the principal of the deposit and the interest thereon will be linked to changes (increases or decreases, as applicable) that will occur in the index in accordance with the provisions of the deposit application and will be calculated as stated below –

If, on the date of the actual payment of any amount of principal or interest, it will transpire that the maturity rate as defined below has increased or decreased in relation to the deposit rate as defined below, then that payment will be paid when it is increased or decreased in proportion to the amount of the increase or decrease of the maturity rate in relation to the deposit rate (multiplied by the linkage rate, if the linkage rate is different from a rate of 100%). If it transpires that the maturity rate is equal to the deposit rate, then that payment will be made without any change.

The term **‘the deposit rate’** for the purpose of this section means – the index known on the date when the deposit start date occurred.

The term **‘the maturity rate’** for the purpose of this section means – the index known on the date when the deposit period expired.

## 2.9 **Withdrawal of the deposit**

2.9.1 If it is stated in the deposit application that the deposit has exit points, the customers will be entitled to instruct the bank that on the date of an exit point, all or some of the deposit money and

the interest thereon (after deducting taxes according to law) will be withdrawn and credited to the current account, subject to all the following terms and conditions:

- (1) The withdrawal instruction (hereinafter – **‘the withdrawal instruction’**) will be received by the bank at least two business days in advance.
  - (2) In a case where a part of the deposit amount is withdrawn, the balance of the deposit that will remain after the aforesaid withdrawal (hereinafter – **‘the balance of the deposit’**) will not be less than the minimum amount.
  - (3) It is clarified that if, as a result of giving the withdrawal instruction, the balance of the deposit will be less than the aforesaid minimum amount, then the balance of the deposit will also be transferred and credited to the current account.
- 2.9.2 The customers will not be entitled to withdraw all or some of the deposit money, or the interest and linkage differentials thereon, before the dates stated in the deposit application, except with the bank’s consent and on the terms and conditions that it determines, and subject to any law and the directives of the Bank of Israel.
- 2.9.3 If the bank will agree to the withdrawal of a deposit before the dates determined for doing so in the deposit application, this will be regarded as breaking the deposit and will involve the payment of expenses, commissions and damages to the bank. In such a case, the amount that the customers are credited for the deposit may even be less than the original amount that they deposited in the deposit.
- 2.9.4 It is clarified that the customers are not entitled to give an instruction or request to withdraw money if, as a result thereof, a debit balance will be created in the deposit or a debt will be created to the bank, and they are not entitled to withdraw money from the deposit by means of cheques.
- 2.9.5 In any case where any withdrawal date, whether at an exit point or not, is not a business day, the withdrawal date will be postponed to the first business day thereafter.

## 2.10 **Foreign currency deposits**

The provisions of this section will apply, *mutatis mutandis*, to foreign currency deposits, subject to the following terms and conditions:

### 2.10.1 **Interest**

The foreign currency deposit will bear interest at the rate customary at the bank on the date of making the deposit and as published in the fair disclosure table at the branches of the bank and on the bank’s website or any by other manner in which the bank will be required to publish it, according to the amount of the deposit, the type of deposit, the type of currency and the period of the deposit.

The interest will be as agreed between the bank and the customers, at a fixed rate for the whole of the deposit period or at a variable rate that will be determined by the bank from time to time for interest periods. The interest will be calculated as customary at the bank for the period that the foreign currency deposit was deposited, divided by 365 days (unless another number of days is specified in any relevant bank form). The interest accruing on the foreign currency deposit as aforesaid will be paid by crediting the foreign currency deposit or the foreign currency account, according to the bank’s choice, after deduction of taxes according to law, if any will be payable.

If the bank and the customers agree on a variable interest deposit on the basis of a Foreign Currency Interest Rate Benchmark rate, the principal of the deposit will bear variable interest on the basis of such Foreign Currency Interest Rate Benchmark rate, less a fixed-rate margin, as stated in the deposit application. It should be clarified that the interest rate (the Foreign Currency Interest Rate Benchmark rate less the aforesaid margin) will change according to any change that will occur in the Foreign Currency Interest Rate Benchmark rate.

### 2.10.2 **Consolidation of deposits**

The customers agree that the bank shall consolidate deposits of the same type and in the same type of currency, in accordance with the practices that are or will be customary at the bank from time to time.

### 2.10.3 **Times of giving instructions**

If an instruction to make a deposit is given after the time determined as the end of a business day, or on a day that is not a foreign currency business day, the deposit start date will be postponed to the first foreign currency business day thereafter.

### 3. **Activity in Securities and Financial Products**

The terms and conditions stated in sub sections 3.1-3.12 below will apply to securities deposits that will be opened for the customers from time to time (hereinafter, in this section – **‘the deposit’**). In any case where the bank will agree to open a deposit for the customers, it will be operated in accordance with the terms and conditions stated in this section and the general terms and conditions in this document, and all the authorisations and instructions relating to the eventuality of death that were given, if any, in connection with the account will also apply to the deposit.

#### 3.1 **Definitions**

In this section, the following terms will be interpreted as follows:

- 3.1.1 **‘Securities’** – in addition to its meaning in section 1 of the Securities Law, 5728-1968, the term Securities shall also include securities that are issued by the Government or by the Bank of Israel, and rights, options, gold and coins, foreign securities and other assets (whether tangible or intangible), the recording of which in the bank are or will be kept within the framework of deposits of the same type as the deposit, and also any right and benefit (whether financial or otherwise) that will be attached to the securities or relate thereto.
- 3.1.2 **‘The stock exchange’** – with respect to securities listed in Israel, the Tel Aviv Stock Exchange Ltd., and with respect to any security listed on another stock exchange, the foreign stock exchange on which that security is listed.

#### 3.2 **Safekeeping and holding of securities**

- 3.2.1 The bank is not be required to keep the securities credited to the deposit separate from the securities credited to the deposits of other customers of the bank. The bank will distinguish in the records in its books between securities of the customers and its own securities (in its nostro account) and between securities of different customers.
- 3.2.2 The bank may return to the customers alternative securities (hereinafter- the **“alternative securities”**) instead of securities that are registered in favour of the deposit (hereinafter- the **“registered securities”**), provided that the alternative securities are of the same type as the registered securities and were issued by the same issuer.
- 3.2.3 The bank may act, with respect to the registration of title of the securities in the books of the issuing company, in the name of the nominee company, in accordance with the arrangements in force according to the regulations of the stock exchange and customary at banks. The bank may also deposit the securities that are deposited at any time in the deposit in its own name at the stock exchange clearing house.

#### 3.3 **Israeli securities**

Transactions in Israeli securities to the credit or debit of the deposit will be executed subject to the rules of the stock exchange, its regulations, instructions and trading procedures, and subject to the bylaws and instructions of the Stock Exchange Clearing House Ltd. (jointly – **‘the stock exchange rules’**). The same applies to the execution of other instructions in the deposit that are subject to the stock exchange rules.

#### 3.4 **Foreign securities**

Transactions in foreign securities will be executed subject to the foreign currency control regulations that will be in force from time to time and subject to the provisions below in this subsection.

- 3.4.1 buy or sell instructions with respect to foreign securities, will be executed on the stock exchange on which the foreign security to which the instruction relates is listed or in the place where trading in the security takes place (hereinafter – **‘the market’**), subject to the regulations, rules, instructions and trading procedures that apply to that stock exchange or market (including their

clearing house) and in accordance with their accepted practices, including with respect to the cancellation of transactions.

- 3.4.2 If the security is traded on more than one foreign stock exchange or foreign market and if the customers do not instruct the bank otherwise, the bank may execute the customers' instructions on the foreign stock exchange or market that it will choose, at its sole discretion.
- 3.4.3 The customers' instructions will or may be executed through a broker, custodian, agent, distributor or representative acting for or on behalf of the bank in Israel or outside Israel (each of the aforesaid hereinafter – **'the broker'**).

Without derogating from the generality of the aforesaid, the bank may deposit the security with a broker outside Israel at its choice, use a broker for the purpose of executing the customers' instructions, and act with regard thereto subject to any law. The customers undertake to bear all the reasonable payments, commissions and expenses that the bank will be required to pay the broker in connection with the execution of the customers' instructions as aforesaid.

In this section, **'custodian'** means someone who provides the bank with custody services for foreign securities or anyone acting on its behalf.

A custodian may have various rights, including a right of lien, set-off, charge or other rights in assets and/or money of the customers that the custodian may hold, in connection with (1) custody fees, commissions and payments to which the custodian is entitled in connection with securities of the customers that were deposited with it by the bank; (2) amounts payable to the custodian in connection with the proceeds of the transaction with the customers' securities.

The bank will be exempt from any liability for damages, expenses and losses that might be caused to the customers, directly and/or indirectly, as a result of any act and/or omission of any broker, provided that the bank exercised reasonable care in selecting that broker. In so far as possible, the bank will assist the customers to clarify the circumstances of the case and will, in so far as possible, assign to the customers its right of claim against that broker.

For information about the Bank's policy regarding the selection and monitoring of custodians with whom the Bank works, and how it is implemented in practice, see the Bank's designated website and/or application.

- 3.4.4 The price required by the broker as the purchase price, or the price reported by him as the sale price of the security, will bind the customers for all intents and purposes, even if, on the purchase or sale date, different and better prices are listed for the security, whether on the same foreign stock exchange or market or elsewhere, and even if purchases or sales of the same security were effected by others, including the bank for its customers, at better prices.
- 3.4.5 (1) The customers agree that all the payments due to the bank or the broker that are denominated in foreign currency will be paid in foreign currency from the account maintained in such foreign currency, and if the customers do not have such an account or it does not have a sufficient balance, the customers will do everything required in order to place sufficient foreign currency balances in the account. The customers further agree that if they are not permitted by law to effect the payment from foreign currency monies as aforesaid or if they instruct the bank to do so, the bank will buy the required foreign currency for them with Israeli currency at the BLL rate at which the bank will sell to its customers cheques denominated in the aforesaid foreign currency (plus all the commissions for the purchase of the foreign currency as customary at the bank), on the date they are actually paid by the customers.
- (2) The customers agree that all the payments that will be received to their credit in connection with the execution of an instruction regarding foreign securities that will be converted into Israeli currency, whether in accordance with their instruction or in accordance with the provision of any law, will be converted by the bank at the BLL rate at which the bank will buy from its customers cheques denominated in the foreign currency in which the payment is denominated, on the date on which the foreign currency will actually be converted into Israeli currency.
- 3.4.6 The customers' account will be credited or debited, as applicable, with the consideration for the transactions executed in accordance with their instructions, only after the bank is actually credited or debited by the broker, unless the bank will see fit to act otherwise.

- 3.4.7 The customers will not have any claim or demand against the bank as a result of the lack of notice regarding the existence of a legal proceeding in any court outside Israel whose existence has been or will be brought to the bank's attention, which is being litigated with respect to a foreign security that will be or was held by them.
- 3.4.8 The customers agree that the bank will be entitled (but not liable), at its discretion, to handle a legal proceeding as aforesaid on their behalf, and the customers will not have any claim or demand with respect to the conduct of the proceeding, its results or any other matter related thereto.
- 3.4.9 Notwithstanding the definition of the term 'the law' in this document, the customers agree that for the purpose of any litigation or dispute that will arise with respect to a transaction or transactions that were executed with respect to instructions in accordance with this section, the customers accept the law and jurisdiction of the entities and/or authorities in Israel and/or abroad, in accordance with the relevant laws, provisions, rules and agreements for the implementation and/or operation of such transaction and/or the safekeeping of the foreign securities and/or any other asset.

### 3.5 **Collection of income by the bank for the customers**

The customers agree that the bank may collect for them interest, dividends and amounts of principal that will be payable, including as a result of a lottery, income and other rights that will be payable on or in connection with the securities, when their time of payment will arrive or when they will become payable, and the bank will credit the account with the consideration.

### 3.6 **Giving instructions to the bank and the manner of executing them**

- 3.6.1 The account will be debited or credited, as applicable, with the financial transactions required to buy or sell a security or for other transactions relating to the deposit.

The bank will not send the customers notices or information relating to: notices that are usually given to shareholders by public companies in publications of the stock exchange or another authority or through the media; notices regarding the payment of a periodic dividend by mutual funds; notices regarding the payment of interest and/or a dividend in an amount that does not exceed the amounts that will be determined by the bank from time to time and published on the notice boards at the bank's branches; notices regarding the holding of meetings by companies; balance sheets and annual and other reports.

- 3.6.2 If the customers have the choice of exercising options or rights determined with respect to any security and for any reason the customers do not notify the bank of their decision in advance, the bank may act on behalf of and instead of the customers in accordance with the stock exchange rules, if any, and in the absence thereof, the bank will act for the customers' benefit at the bank's discretion, solely from the viewpoint of the transaction in securities. Notwithstanding the aforesaid, if this requires an act of debiting the account, the bank will act at its sole discretion. The aforesaid will also apply to any other option that the customers will have with respect to any security.

### 3.7 **The customers' buying and selling instructions through the bank**

- 3.7.1 The amount of 'the consideration' stated in the customers' instructions is merely an estimate and does not bind the bank. If the customers' instructions will be given without a price limit, the consideration for the transactions that will be executed in accordance with their instructions may be a different amount from the amount stated as the estimated financial consideration, and the customers may suffer monetary financial damage and loss because there was no price limit.
- 3.7.2 Whenever the customers give the bank a sell instruction, the bank will not be liable to examine the contents of the deposit. Therefore, if it transpires that the deposit does not contain the securities stated in the sell instruction or the quantity stated in the sell instruction (hereinafter – '**the short securities**'), the bank may, without prejudice to its right to act in any other way, buy back the short securities, at such time as the bank thinks fit at its sole discretion, and debit the account with the consideration plus commission and expenses.
- 3.7.3 The customers undertake to ensure there is sufficient cover in the account for executing their instructions. The customers agree that if the execution of any instruction, in whole or in part,

results in the creation or increase of a debit balance in the account, or the debit balance will exceed the approved overdraft facility, the bank will be entitled (but not liable) at any time, even after receiving the instruction, to act in one or more of the following ways, without needing to give notice thereof:

- (1) Not to execute the instruction, in whole or in part;
- (2) In the case of a standing order to buy a security, to stop it without giving notice;
- (3) To sell the securities that will be bought or issued to them in accordance with such instruction, or any other securities that they have or will have at the bank, in whole or in part, at any time and at any price the bank will think fit, and to use the consideration (less the bank's commissions and any tax, levy or compulsory payment that will be payable on such a sale, if any) for the full or partial payment of the aforesaid debit balance;

all of which are without derogating from the bank's right to take other steps to collect the aforesaid debit balance.

3.7.4 A purchase or sale that the bank will make in a deviation from the customers' instructions will not entitle or bind the customers, and such a deviating transaction will be credited or debited to the bank. The customers will not be able to approve any such deviation retrospectively.

### 3.8 **Charged securities**

The customers hereby pledge and charge the securities in the deposit in favour of the bank, and also assign them by way of a charge to the bank, as fixed collateral and security. The bank will be entitled, but not liable, to sell all or some of the securities in the deposit, with three days' notice (and this period will be regarded as reasonable notice for the purpose of section 19(b) of the Pledge Law, 5727-1967, or any other law that will replace it), and to use the consideration (less the bank's commissions and any tax, levy or compulsory payment that will be payable on such a sale, if any) for the full or partial discharge of any debit balance that will be created in any account of the customers, for any reason, without derogating from the bank's right to take other steps in order to collect the aforesaid debit balance. The customers undertake not to create, without the bank's prior written consent, any other pledge, assignment or charge whatsoever on the securities with preferential, equal or subordinated rights to the rights given to the bank according to this document and to documents that the customers have signed and/or will sign in the future with the bank.

### 3.9 **Delivery of information**

Notwithstanding the duty of confidentiality imposed on the bank in connection with the delivery of information regarding the customers, if the bank is obliged to deliver information to the stock exchange and/or the Securities Authority and/or any other competent authority, at the request of each of the aforesaid as the case may be and in accordance with the law, and with respect to foreign securities, also to the stock exchange and/or market (including their clearing house) with which the instruction was executed and/or to correspondents and/or brokers through whom the instruction was executed and/or to any other competent authority and/or to the issuer, subject to the foreign law and the statutes and regulations of foreign authorities and/or other self-regulating agencies that apply to that security, the customers give their consent to the delivery of information as aforesaid.

The delivery of the information shall not be regarded as a breach of a duty of banking confidentiality or of any other duties that the bank may owe them.

### 3.10 **Reports**

A written notice of any transaction that was carried out for the customers will be sent as customary at the bank from time to time, subject to the stock exchange rules and the provisions of any law.

A list of the securities held in the deposit will be sent to the customers as customary at the bank from time to time and subject to the stock exchange rules and the provisions of any law. The customers may obtain such a list at any time through an automatic machine.

### 3.11 **Reports by the Customers**

The customers undertake to comply with reporting requirements of any entity or authority to which they are subject, in accordance with all Israeli and/or foreign laws, in connection with the execution of

transactions and in connection with all securities in the deposit.

### 3.12 **Exemption from liability in certain circumstances**

The customers hereby exempt the bank from any liability for any damage, loss and expense that might be caused to them, directly or indirectly, as a result of a delay in sending any instruction of theirs with respect to securities for execution, or as a result of a delay in executing it, provided that the bank will not be exempt if the damage, loss or expense was caused as a result of the bank's negligence.

The provisions of this subsection are in addition to and do not derogate from any other provision in this document regarding the bank's exemption from liability.

## **Activity in Securities and Financial products, including Complex Products**

### 3.13 **General Part**

The terms set out in this section below shall apply to Financial Products as defined below, whether they are Securities and whether or not, in which the customers shall act in the Bank from time to time, at their request and subject to the Bank's consent, pursuant to the type of Financial Product and its terms and the general terms and conditions in this document. All authorizations and instructions in the event of death given, to the extent given, in connection with the account shall apply also to the Financial Products.

In any event there is a different arrangement of a contradiction between that stated in this document and that stated the specific agreement pertaining to the Financial Product, the conditions set out in the specific arrangement shall prevail.

#### 3.13.1 **Definitions**

For the purposes of this section, the following terms will be interpreted as follows. Terms not defined shall be interpreted according to the definitions in section 2 (Deposits and Savings) or 3 (Securities Deposit):

3.13.1.1. "**Securities**" - in addition to its meaning in section 1 of the Securities Law, 5728-1968, the term Securities shall also include Securities that are issued by the Government or by the Bank of Israel, units of a closed fund as defined in the Joint Investments in Trust Law, 5754-1994, and rights, options, gold and currencies, foreign Securities and other assets (whether tangible or intangible), the recording of which in the Bank are or will be kept within the framework of deposits of the same type as the deposit, and also any right and benefit (whether financial or otherwise) that will be attached to the Securities or related thereto.

3.13.1.2 "**Financial Product**" - means an agreement or arrangement whose value is derived from the value of currencies, commodities, interest rates, exchange rates, indices, Securities, or another financial instrument (including, for the purposes of this section, non-traded derivatives (OTC), as well as Participation Units.

3.13.1.3. "**Complex Securities**" - a Security that has been classified by the Bank as a complex product.

3.13.1.4. "**Participation Units**" - participation units in investment funds, local and/or foreign, that private equity funds and/or hedge funds, including feeder funds of those funds.

3.13.1.5. "**Complex Product**" - financial instruments that are derivatives, including options, futures, forward contracts, swap contracts, and any Security or Financial Product, which will be classified by the Bank as a complex product, taking into account, inter alia, the level of knowledge and understanding required for understanding the product and its characteristics, the information available to the customer to decide on the investment in the product and the activity therein, the degree of liquidity of the product and the risk of a loss greater than the amount invested in the product. The list of complex products will be published on the Bank's website and updated from time to time.

3.13.1.6. "**Regulated Market**" - a system in which trading in Securities or Financial Product is conducted according to rules set by those who are entitled to determine them in the country in which it is conducted, and if the trade is conducted in more than one country, by those who are authorized to determine them in one of the countries in which it is conducted and including a stock exchange.

3.13.2. **Execution of Transactions in Securities and Financial Products**

3.13.2.1. Transactions in Securities and Financial Products will be executed pursuant to the instructions of the customers and the execution policy published on the Bank's website and updated from time to time.

**Notwithstanding any other provision in this document or any other document the customers signed, the customers hereby expressly agree to the execution of instructions for the purchase or sale of Securities and Financial Products outside a Regulated Market, in such cases where the execution policy of the Bank permits this.**

3.13.2.2. The Bank may update and amend the list of Complex Products from time to time and is not required to give notice to the customers of updates and changes that may be made to the list. The customers are solely responsible to review updates and changes that apply from time to time to the list of Complex Products.

3.13.3. **Suitability and appropriateness of activity to customer**

3.13.3.1. The Bank will not provide customers with investment advice unless otherwise agreed in writing, and therefore, in the execution of any transaction in Securities and/or Financial Products, the customers enter into the transaction solely based on their discretion, and the Bank does not express an opinion regarding the suitability or appropriateness of the transaction to the customers. In this context, it should be noted that where an explanation is given concerning the terms of a particular product, including a structured deposit or a Financial Product, this does not constitute advice regarding the worthiness of the investment in the product or its results.

3.13.3.2. The details of the risks in the product do not constitute investment advice based on the specific circumstances of the customers and should not be considered a recommendation to make investments and/or transactions in any Securities or Financial Products. To the extent that the Financial Product and/or its risks are not clear enough, customers should receive independent advice to make an informed decision.

3.13.3.3. If the customer's request the Bank at the customers' initiative to carry out a transaction in Securities and/or a Financial Product, the Bank may not examine the appropriateness or suitability of the transaction for the customers, including in terms of their understanding of the chances and risks involved in the activity, except in the case of a transaction in a Complex Product, as defined in this document above.

3.13.3.4. The Bank recommends that customers not transact in Securities or Financial Products unless the customers understand the product and the exposure to risks resulting from investing in such product. Customers must decide only after they are certain that the product is suitable for their needs, in light of their specific circumstances and financial situation.

3.13.3.5. The customers' knowledge and level of experience in activity in Securities and Financial Products, including an understanding of the chances and risks involved in the activity, constitute a critical component in the execution of the activity. Therefore, it is important that the execution of an action in Securities or a Financial Product be in accordance with the customers' knowledge, understanding, and experience, especially concerning Complex Products.

There may be Complex Products in which the Bank will not allow a transaction to be executed or will allow the transaction to be executed subject to a warning, especially when, at the Bank's discretion, the customers do not have the level of understanding required for trading in these products. Customers will be entitled to ask the Bank to re-examine the level of knowledge and understanding of customers. The Bank may examine the application at its discretion.

#### 3.13.3.6. **Customer Classification**

Unless otherwise notified by the Bank to customers in writing, customers are classified as a customer who is not a Qualified Client and is not a Professional Client.

"**Qualified Client**" means, as defined in the Regulation of Investment Advice, Investment Marketing, and Investment Portfolio Management Law, 5755-1995, as well as government bodies and certain international institutions.

"**Professional Client**" means a Qualified Client who is not a financial entity and has requested to benefit from the protections applicable by law to a customer that is not a Qualified Client.

Changing the classification of customers from the aforementioned may derogate from the protections provided to customers under the law, including the obligation to act to adapt the activity to the customers, to provide information to customers before signing an agreement, the commitment to provide best execution for the customer, and the obligation to report to the customers regarding the execution of a transaction, regarding the details of the information that will be provided to the customers.

3.13.3.7. In an account where authorisation was granted to authorised person/s (including a mutual authorisation in a joint account) the customers agree that the Bank will allow each authorised person to act according to the Bank's assessment of each authorised person's level of knowledge and expertise even if their level of understanding and expertise exceeds their own and the customers authorise each authorised person to act accordingly.

3.13.3.8. In an account in the name of a corporation, the customers agree that as long as no other instruction has been given to the Bank, the level of knowledge and expertise of the corporation will be evaluated per the activity of the corporation, the level of knowledge and expertise of the decision-makers in the corporation and the parties acting with the Bank, including the authorised signatories in the corporation, and after receiving explanations and information from the corporation, to the extent required by the Bank to its satisfaction, and at its sole discretion.

#### 3.13.4. **Best execution**

3.13.4.1. When the Bank executes transactions in Securities and Financial Product for its customers who are not Qualified Customers, the Bank is required to take all reasonable measures to carry out the transactions in the best possible way for the customers, all subject to the provisions of the law. The Bank may execute the customers' instructions for purchasing Securities and Financial Product in an aggregate manner while combining the customers' instructions with the instructions of other customers.

Accordingly, the Bank takes all reasonable measures to carry out Securities transactions in the best possible way for the customers, taking into account, inter alia, the characteristics of the transaction, and subject to specific instructions given by the customers, but this does not guarantee that the best transaction can always be obtained for each and every instruction of the customers. The execution policy for executing customers' orders can be found on the Bank's website. The information regarding the measures taken by the Bank for best execution are set out in the execution policy of the Bank published on the Bank's website, as updated from time to time.

3.13.4.2. The customers agree that it will be possible to deviate reasonably from the prompt execution of the customer's instructions in the types of transactions and situations described in the Bank's execution policy, as updated from time to time, to achieve better terms for the customer.

Additionally, the customers hereby instruct the Bank that when they give a specific instruction regarding the execution of a transaction, the Bank will execute the transaction pursuant to the customer's instructions, including its execution outside of a Regulated Market and/or in contravention of the Bank's execution policy.

3.13.4.3. In addition, to the extent that the Bank uses brokers to execute transactions in Securities and Financial Product for its clients, these brokers will have arrangements that enable the Bank to meet its obligation to the customers for best execution. In such a case, the Bank will be subject

to the manner in which the relevant broker executes the transaction per the broker's execution policy, and the Bank cannot change how the transaction, including its price, is executed by the relevant broker.

### 3.13.5. **Complex Securities**

Activity in Complex Securities shall also be subject to the following provisions:

3.13.5.1. Without derogating from the risks involved in transactions in Securities and Financial Products set out in the Bank's website, the customers declare that if they choose to carry out transactions in Complex Securities, the decision to do so will be made at their sole discretion, that as of the date of execution as aforesaid, they are proficient in such transactions, that they knowingly assume all the risks involved in transactions in Complex Securities, and that they have all the means to bear the damages that may be incurred by them in the execution of transactions in Complex Securities. The clients declare and confirm that they are aware that investing in Complex Securities is only suitable for those who have full information and knowledge regarding Complex Securities and the risks involved in investing in them, as detailed on the Bank's website.

3.13.5.2. The risks detailed on the Bank's website do not include all risks involved in investing in Complex Products, but only part of these.

### 3.13.5.3. **Disclaimer of Liability**

Without derogating from the aforesaid in this document, the customers hereby exempt the Bank from any liability for any damage, loss, loss of profit, expenses, and direct and/or indirect payments that may be caused to the customers as a result of the execution of a transaction in a Complex Security at the request of the customers or as a result of the failure to perform such action in those cases in which the Bank is entitled not to perform such action. The Bank will not be exempt if the said damage, loss, expense, or payment results from the Bank's negligence.

Without derogating from the provisions of this subsection above, the customers hereby exempt the Bank from any liability for any damage, loss, expense, and direct and/or indirect payments that may be caused to the customers as a result of an act or omission of the Bank that resulted from a telephone conversation between the Bank employee and the customers, even if it turns out that the telephone conversation was made with a person who presented himself as authorised to obligate the customers, however later it became clear that he was not authorised to do so. The Bank will not be exempt if the said damage, loss, expense, or payment results from the Bank's negligence.

### 3.13.5.4. **Taxes**

Investing in a Complex Security may have special tax implications. Customers considering a transaction in a Complex Security should consult experts regarding the tax implications of their actions.

### 3.13.5.5. **Revocation of the ability to execute transactions in Complex Securities**

Without prejudice to or derogating from any of the provisions hereof, the Bank shall be entitled at any time, at its sole discretion, to notify customers of its refusal to allow them to conduct transactions in Complex Securities.

### 3.13.6. **Risks of investment in Securities and Financial Products**

Every investment in Securities and Financial Product involves a certain level of risk. Investing in Complex Products involves a higher level of risk than other products. Before deciding to make a transaction in Securities and Financial Product, customers must assess the risks involved in the transaction. In addition, customers must read every relevant document related to the investment, such as the product terms document, and not be satisfied with a general or concise disclosure of the risks. Additional information regarding risks in certain Financial Product is published on the Bank's website and updated from time to time.

### 3.13.7. **Conflicts of Interest**

The Bank acts to identify and manage potential conflicts of interest and implements controls and procedures for the management of conflicts of interest as aforesaid.

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## Part B – Credit

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### 4. **Terms and conditions for receiving credit/loans**

The terms and conditions stated in this section below will apply to credit and loans that the bank will advance to the customers: (a) in unlinked Israeli currency, (b) in index-linked Israeli currency, (c) in Israeli currency linked to a foreign currency exchange rate, (d) in foreign currency, and (e) in advanced on-call credit, which will be advanced in accounts that are held or will be held under the customer number mentioned above, in such amounts, for such periods, with such repayment dates, interest rates and additional terms and conditions (if any) that will be stated in the credit application. In any case where the bank will agree to advance the customers' credit in the account, the credit account will be operated in accordance with the terms and conditions stated below, in accordance with the relevant type of credit, and the additional terms and conditions that are stated in the credit application (without derogating from the provisions of the section of the General Terms and Conditions with respect to each type of credit).

#### 4.1 **Definitions**

In this section (hereinbefore and hereinafter), the following terms will be interpreted as follows:

- 4.1.1 **'The credit application'** – a document in the bank's customary form, which includes the specific terms of the credit.
- 4.1.2 **'The credit'** – any loan or credit that will be advanced to the customers.
- 4.1.3 **'The credit currency'** – the currency in which the credit was or will be given.
- 4.1.4 **'The credit account'** – the account whose number is stated in the credit application, in which the credit will be advanced and/or repaid.
- 4.1.5 **'The amounts due'** – the credit, the interest thereon, index-based linkage differentials, foreign currency exchange rate linkage differentials, the bank's commissions and expenses and every other amount that the customers owe the bank in connection with the credit.
- 4.1.6 **'Date of payment of the interest'** – any date determined in the credit application as a date for payment of interest to the bank.
- 4.1.7 **'debit date'** – the date on which any payment is due on account of the credit (principal, interest, etc.) according to this document and according to the credit application.

#### 4.2 **The manner and date of advancing the credit**

The date of advancing the credit will be the date on which the credit will be transferred to the credit account (the **"date of advancing the credit"**).

The bank will not be obliged to advance or renew any credit to the customers.

#### 4.3 **Calculation of the interest**

- 4.3.1 The outstanding balance of any credit will bear interest for the period from the date of advancing the credit until the date it is actually repaid to the bank.
- 4.3.2 The interest will be calculated on the daily balances of the credit, in accordance with the number of days that have actually passed divided by 365 or 366, according to the number of days in the year in which the relevant period occurs. If a part of the period to which a certain interest rate applies is in a 365-day year and the other part in a 366-day year, the calculation will be made for each part of that period separately, according to the number of days in the year to which that part applies.

Notwithstanding the aforesaid, for credit in respect of which the principal and the interest will be paid in accordance with the Spitzer table method, the interest for the period beginning on the date of advancing the credit until it is actually repaid will be calculated on the daily balances of the credit, on the basis of the number of days that have actually passed divided by 360 days in a year and 30 days in a month, unless another number of days is specified in the credit application.

If the credit is in foreign currency, the interest will be calculated for the period from the date of advancing the credit until its actual repayment according to the number of days that have actually passed divided by 360 days (unless another number of days is specified in any relevant bank form).

- 4.3.3 The first interest payment will be made in respect of the period commencing on the date of advancing the credit until the first interest payment date following the date of advancing the credit. On each subsequent interest payment date after the aforesaid payment, interest will be paid in respect of the period elapsed from the last interest payment date until the next interest payment date.

#### 4.4 **Manner of payment and prepayment**

- 4.4.1 The customers undertake to pay the bank the amounts due on the dates that will be determined in this document and/or the credit application.

Notwithstanding the aforesaid, if the first payment date will occur on the last date of any month, or on a day that does not have an overlapping day in one of the relevant months thereafter, as applicable, then each payment date as aforesaid thereafter will be on the last day of the relevant month.

- 4.4.2 The customers may pay the amounts due, or any part thereof, before their agreed payment date (hereinafter in this section, '**prepayment**'), subject to the payment of prepayment commissions and additional terms and conditions that will be customary at the bank on the date of making any such prepayment.

If on any date of making the prepayment there will be any provision of law that restricts the amount of the prepayment commissions that the bank may demand, or that determines other conditions for making the prepayment, the prepayment will be made subject to the provisions of that law, and the bank may make the prepayment conditional upon the payment of the highest rate(s) and/or amount(s) of prepayment commissions permitted by law for that type of credit on the date of making the prepayment.

- 4.4.3 In any other case, the bank may make the prepayment conditional on the payment of prepayment commissions and additional payments and other preconditions that, at the bank's discretion, reasonably reflect the damage that will be caused to it by the making of the prepayment on that date.

It is hereby agreed that section 13(b) of the Pledge Law, 5727-1967, and any other section that will replace it will not apply to the prepayment.

- 4.4.4 All the amounts that will be credited to the credit account will be applied, first, to pay the bank's expenses, second, to pay commissions, third, to pay the interest and index-based and/or foreign currency linkage and the compensation to the bank according to the provisions of this document (in so far as any is requested by the bank) for an additional cost or currency conversion, and, finally, to repay the principal of the credit. Without derogating from the aforesaid, in case of amounts paid by way of a prepayment, subject to any law and to any agreement with the customer, the bank may, at its discretion, apply the remaining amount for the payment of the principal to the last payments of the principal.

#### 4.5 **Payment on a day that is not a business day**

In any case where a payment date will occur on a day that is not a business day, that payment date will be postponed to the next following business day. However, in a case of index-linked credit in shekels and foreign currency credit, if the following business day to which the aforesaid payment date was supposed to be postponed will occur in the month after the month in which that payment date occurred, the payment date will be brought forward to the last business day of that month.

With respect to index-linked credit, this section shall also apply to 'the effective date,' if that term is mentioned in the credit application.

#### 4.6 **Special terms and conditions for credit in Israeli currency**

In addition to any other provision that applies to the credit according to this section, the following provisions will apply to the interest rate on credit in Israeli currency:

- 4.6.1 **Credit with fixed rate interest**

The interest rate on the outstanding balance of shekel credit with fixed rate interest (whether the credit is index-linked or not) will be as stated in the credit application.

#### 4.6.2 **Variable rate interest**

The interest rate on the outstanding balance of shekel credit with variable rate interest will be the rate that is higher or lower than the prime interest rate by the percentage number stated in the credit application.

Any change in the prime interest rate at the bank will result in a change in the interest on the credit, by an equal percent to that by which the prime interest rate changed, or, at the bank's choice, by the same proportion by which the prime interest changed in relation to the prime interest rate that existed prior to such change.

Notwithstanding the aforesaid, in any case where the interest rate (prime interest plus or less the interest margin) for any day will be less than 0%, the outstanding balance of the credit will bear interest at a rate of 0% for that day.

In a case of payment in accordance with the Spitzer table method, the interest will be calculated as stated above, and if there will be a change in the prime interest on a day that is not an interest payment date, then the new rate of interest will apply from the date of the change of the interest or from the next interest payment date after the date of the change, as the bank so chooses.

For the avoidance of doubt, it is hereby clarified that the bank will also be entitled to change the interest rate for the amounts of credit that have already been advanced in the credit account.

#### 4.7 **Special terms and conditions for index-linked credit in Israeli currency**

In addition to any other provision that applies to credit in Israeli currency according to this section, with respect to index-linked credit in Israeli currency the following provisions will also apply:

##### **Terms and conditions of index linkage**

Payments of the principal and interest of any credit in Israeli currency that is linked to the index will be linked to the index, and the customers will pay the bank, for this credit, amounts that will be calculated in accordance with the linkage terms and conditions of this section.

(1) For the purpose of calculating the terms and conditions of linkage to the index, the following definitions will apply:

**'The new index'** - the index last published before the relevant debit date. If the debit date is on the 15th of the month, and that is not a business day and therefore the payment date is postponed, the new index will be the index last published prior to the 15th of the month.

**'The base index'** - the index last published before the date of advancing the credit or any part thereof, with respect to that part of the credit.

(2) Payments of the principal and interest will be linked to changes in the index, as stated below and subject to the terms of the credit application –

If on the debit date it will transpire that the new index has increased in relation to the base index, or that the new index had decreased in relation to the base index, then the payment will be increased or reduced (as the case may be) in proportion to the amount of the increase/decrease in the new index in relation to the base index. If the new index will be equal to the base index, payment shall be paid as the customers would have been liable to pay had it not been for the provisions of this section.

In addition to the aforesaid, regarding any late payment of principal or interest, the payment will be increased or reduced (as the case may be) in proportion to the amount of the increase/decrease of the new index in relation to the base index. The provisions of this subsection do not derogate from any other provision in this document regarding defaults in making payments.

Notwithstanding the aforesaid, if an index is not published for any month or months (hereinafter – **'the missing index'**) and a debit date falls after the date on which it should have been published, then the debit will be increased or decreased on a temporary basis in proportion to the difference the new index and the base index that was most recently published before such date, which will be on a temporary basis until publication of the missing index.

If it transpires that the missing index that will be published after the aforesaid debit date has increased in relation to the new index that was used for calculating such debit, then on the next debit date or, at the bank's choice, 14 (fourteen) days after the date of publication of the missing index, the difference shall be paid according to its value on the debit date.

If it transpires that the missing index has decreased in relation to the new index that was used for calculating such debit, then on the next debit date the customers will pay, the difference according to its value on the debit date shall be deducted from the next debit.

#### 4.8 **Special terms and conditions for credit in foreign currency**

In addition to every other provision that applies to the credit pursuant to this section, the following provisions will apply to credit in foreign currency:

##### 4.8.1 **The manner of paying the credit**

All amounts that are due or will be due to the bank from the customers on account of the credit in foreign currency, interest, commissions and expenses, will be paid to the bank in the currency of the credit, but the bank may demand that they are paid, wholly or partly, in Israeli currency, in accordance with the BLL rate for transfers and cheques or for banknotes, as applicable, that will be determined by the bank on the relevant date as the rate at which the bank will sell the relevant foreign currency to its customers in exchange for Israeli currency, together with an exchange commission and any tax, charge, compulsory payments or other similar payments.

##### 4.8.2 **The interest rate**

The interest rate that will apply to any credit in foreign currency will be as stated below:

- (1) A fixed rate that will be stated in the credit application, or, if no such rate is stated-
- (2) A rate that will exceed by a specific percentage (as will be stated in the credit application) the Foreign Currency Interest Rate Benchmark rate.

It should be clarified that the interest rate (the Foreign Currency Interest Rate Benchmark rate plus the "interest margin") will vary according to the change that will occur in the Foreign Currency Interest Rate Benchmark rate, as stated in the credit application.

Notwithstanding the aforesaid, in any case where the interest rate (the Foreign Currency Interest Rate Benchmark rate plus the interest margin) for any interest period will be less than 0%, the outstanding balance of the credit will bear interest at a rate of 0% for that interest period.

##### 4.8.3 **The bank's right to convert credit in foreign currency to credit in Israeli currency in certain cases**

Without derogating from any right given to the bank according to this document, it is agreed that in any of the cases that entitle the bank to demand the immediate repayment of the outstanding balance of credit in foreign currency or only the amount in default, the bank may, at any time, convert all or part of the credit in foreign currency into Israeli currency, by debiting the customer's account in Israeli currency with the amount that will be required to cover all the amounts due at such time on account of the relevant credit in foreign currency, and the corresponding amount will be credited to the credit account that exists at that time. The credit will be converted at the bank's customary rate on the date of the aforesaid conversion, and the interest rate on the credit in Israeli currency will be the maximum rate customary for similar credit in Israeli currency. The customers undertake to repay the bank immediately the credit that was advanced to them in Israeli currency as aforesaid. The credit in Israeli currency will be regarded, for all intents and purposes, as if it were the original credit that was advanced, mutatis mutandis.

#### 4.9 **Special terms and conditions for credit in Israeli currency that is linked to foreign currency**

In addition to any other provision that applies to credit according to this section, the following provisions will apply to credit in Israeli currency that is linked to foreign currency:

##### 4.9.1 **The manner of paying the credit**

All the amounts that are or will be payable by the customers to the bank on account of the credit, interest, commissions and expenses, will be paid to the bank by paying the corresponding amount in Israeli currency, together with foreign currency linkage differentials.

##### 4.9.2 **The interest rate**

The interest rate that will apply to any credit in Israeli currency that is linked to foreign currency will be the rate stated below:

- (1) A fixed rate that will be stated in the credit application, or, if no such rate is stated
- (2) A rate that will exceed by a specific percentage (as will be stated in the credit application) the Foreign Currency Interest Rate Benchmark rate, for the currency to which the credit is linked.

It should be clarified that the interest rate (the Foreign Currency Interest Rate Benchmark rate plus the interest margin) will vary according to the change that will occur in the Foreign Currency Interest Rate Benchmark rate, as stated in the credit application.

Notwithstanding the aforesaid, in any case where the interest rate (the Foreign Currency Interest Rate Benchmark rate plus the interest margin) for any interest period will be less than 0%, the outstanding balance of the credit will bear interest at a rate of 0% for that interest period.

#### 4.9.3 **Foreign currency linkage differentials**

Payments of the principal and interest will be linked to the relevant foreign currency exchange rate, as will be determined in the credit application, in accordance with the following linkage terms and conditions:

For the purpose of calculating the foreign currency linkage differentials, the following definitions will apply:

**‘the foreign currency exchange rate’** - the BLL rate for transfers and cheques, which will be determined by the bank, according to the rate at which the bank will sell to its customers the relevant foreign currency in return for Israeli currency plus an exchange commission and any tax, charge, compulsory payments or other similar payments.

**‘the new foreign currency exchange rate’** - the foreign currency exchange rate that will apply on the date of the actual payment of the relevant principal or interest.

**‘the base foreign currency exchange rate’** - the foreign currency exchange rate that will apply on the date of advancing the credit.

- 4.9.4 If on the debit date, it will transpire that the new foreign currency exchange rate has increased in relation to the base foreign currency exchange rate, then the payment will be increased in proportion to the increase of the new foreign currency exchange rate in relation to the base foreign currency exchange rate. However, if the new foreign currency exchange rate will be equal to or less than the base foreign currency exchange rate, the payment will be calculated in accordance with the base foreign currency exchange rate.

#### 4.10 **Special terms for advancing and maintaining advanced on-call credit**

In addition to every other provision that applies to the credit pursuant to this section, advanced on-call credit will also be subject to the following provisions:

##### 4.10.1 **The credit period**

Advanced on-call credit will be advanced for a period of 7 days, beginning on the date stated in the credit application as the date of advancing the credit, and ending on the date stated in the credit application as the date for the first payment.

##### 4.10.2 **The rate of interest and calculation of the interest**

- (1) The outstanding balance of the credit will bear interest on the daily balances, or, at the bank's choice, on the balances for another period as will be customary at the bank, for the period from the date of advancing the credit until the actual repayment thereof to the bank.
- (2) The interest will be variable interest at a rate of the Bank of Israel interest rate from time to time, plus an interest margin (hereinafter – **‘the margin’**), and will change whenever there will be a change in the Bank of Israel interest rate, according to the change in the Bank of Israel interest rate.

Notwithstanding the aforesaid, in any case where the interest rate (the Bank of Israel interest rate plus the margin) for any day will be less than 0%, the interest rate on a debit balance in the credit facility for that day will be 0%.

#### 4.10.3 **The method of repayment and prepayment**

- (1) The credit and the interest thereon will be repaid to the bank on the earliest of the following two dates, **without** an obligation to pay a prepayment commission:
  - (1) At the end of the credit period;
  - (2) On the business day on which the customers will notify the bank that they wish to repay the amount of the credit and the interest thereon.
- (2) A notice by the customers to the bank regarding the repayment of the credit, may be given by the customers- by telephone, email, fax or in writing only to the addressees on behalf of the bank who will be specified in the credit application and only to the phone or fax numbers, or email addresses or address specified in the credit application, or to any other phone number, fax number, email addresses, or address in Israel of which the bank will give notice to the customers.

### 5. **Documentary credits and guarantees/indemnities of various kinds**

The terms stated in this section and the terms stated in the application to open a documentary credit or the application to issue a guarantee (as defined below), as applicable, which will constitute an integral part of this document, will apply to a documentary credit and/or a guarantee (as defined below), which the bank will agree to issue at the request of the customers (without derogating from the general terms and conditions that applies to all types of credit).

#### 5.1 **Definitions**

In this section, the following terms will be interpreted as follows:

- 5.1.1 **'documentary credit'** – written undertakings in favour of a beneficiary/beneficiaries, issued by the bank from time to time directly, or through a correspondent, at the request of the customers or any of them, according to which the bank undertakes to pay the beneficiary the amount specified therein against receipt from the beneficiary of the documents specified therein, to the full satisfaction of the bank, and this in the amounts, for the periods and with the payment dates, interest rates and additional terms (if any) that will be stated in the applications to open a documentary credit that will be submitted by the customers to the bank.
- 5.1.2 **'guarantee'** – written undertakings by the bank to pay a beneficiary/beneficiaries in connection with securing the debts of the customers towards such beneficiary, letters of indemnity or other letters (and any document or letter and any other undertaking that will be issued by the bank in connection with any of the aforesaid) and any other similar undertaking that the customers or any of them will request the bank to issue for them from time to time, whether directly or through a correspondent, in favour of a beneficiary/beneficiaries, in the customers' accounts that are held or will be held under the customer number, in the amounts, for the periods and with the payment dates, interest rates and additional terms (if any) that will be stated in the applications to issue a guarantee.
- 5.1.3 **'correspondent'** – a bank or other third party, in Israel or outside Israel, that will at the request of the bank open and/or issue and/or advise of the opening or issue of a documentary credit or a bank guarantee.
- 5.1.4 **'beneficiary' or 'beneficiaries'** – the third parties in whose favour the documentary credits or the guarantees was opened and/or issued.
- 5.1.5 **'application to open a documentary credit,' 'application to issue a guarantee'** – the customers' application for the provision of any of the services set out in this section, as applicable.
- 5.1.6 **'documents'** – the documents that relate to the documentary credit.
- 5.1.7 **'goods'** – the subject of the documents.
- 5.1.8 **'The ICC rules'** – the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce (ICC) as they will be in force on the date of opening the documentary credit.

## 5.2 **Opening a documentary credit or the issue of a guarantee**

- 5.2.1 The bank will be entitled, at its sole discretion, to refuse any application to open a documentary credit and/or application to issue a guarantee, or to make its consent subject to the terms and conditions that the bank will think fit.
- 5.2.2 In any case where the customers will make an application to open a documentary credit or to issue a guarantee, the bank will be entitled, at its discretion, to cause the documentary credit to be opened or the guarantee to be issued by a correspondent that the bank will select. For all the purposes of this document, any documentary credit that the bank causes to be opened and any guarantee that the bank causes to be issued by any correspondent as authorised by this section will have the same status as a documentary credit opened by the bank or a guarantee issued by the bank at the customers' request, as applicable.

## 5.3 **The terms, conditions and rules that will apply to every documentary credit or guarantee**

- 5.3.1 Every documentary credit or guarantee that the bank will agree to open or issue at the customers' request will be subject to, in addition to the special terms of which the customers will notify the bank in writing in the application or in any other way, all the conditions set forth in this document.
- 5.3.2 Every documentary credit will also be subject – in addition the provisions of this document – to the ICC rules.

## 5.4 **The independence of the documentary credit or guarantee**

The undertakings of the bank and any correspondent in accordance with any documentary credit that will be opened or guarantee issued at the customers' request, constitute irrevocable undertakings of the bank and/or the correspondent to third parties, such that the bank has no possibility to prevent the withdrawal of monies and the debiting of the account in accordance with the documentary credit or the guarantee.

Moreover, the undertakings of the bank and any correspondent in accordance with the documentary credit and the guarantee are autonomous, and do not depend in any way on any agreements that were made or will be made between the customers and/or another or others and the beneficiary or beneficiaries, or undertakings that were made or will be made by the customers and/or another or others to the beneficiary or beneficiaries, or on the fulfilment of any conditions by the beneficiary or beneficiaries, except for the conditions expressly stated in the documentary credit or guarantee itself (as applicable), and no payment by the bank or the correspondent to the beneficiary or beneficiaries, or by the bank to the correspondent, will require the customers' consent or be conditional upon the giving of notice to the customers or prior authorisation from them.

## 5.5 **The payments to the bank for the documentary credit or guarantee and indemnification of the bank**

- 5.5.1 In any case where the bank will open or issue or cause the opening or issue of a documentary credit or a guarantee, the customers will compensate and indemnify the bank for any liability or undertaking that the bank undertook or will undertake, directly or indirectly, with respect to or in connection with such documentary credit or guarantee, and moreover, with respect to all the claims and demands that will be filed against it, and with respect to all the expenses and damages that will be incurred by it or caused to it, as a result of any such liability or undertaking.

Without derogating from the generality of the aforesaid:

- (1) The customers will pay the bank any amount that the bank and/or its correspondent paid, or were required to pay or obligated to pay, according to or in connection with any documentary credit or guarantee, whether or not the documents and/or goods arrived, in the same currency that the bank and/or the correspondent paid, or were required to pay or obligated to pay as aforesaid. For the avoidance of doubt, the customers hereby agree that if, as a result of any court order, the bank will not pay any amount in accordance with the documentary credit or guarantee on time, and the order is subsequently cancelled, the customers will also indemnify the bank for any additional amounts that the bank will pay in connection with the

documentary credit or the guarantee, as a result of the delay, provided that the bank was of the opinion that it was liable to pay such additional amounts.

- (2) In any case where legal or any other action is taken against the bank and/or against a correspondent in connection with any documentary credit or guarantee, whether by any third party or by the customers, or the bank and/or the correspondent become involved in any other way in any claim or demand whatsoever in connection with the documentary credit or guarantee, and moreover, in any case where the bank and/or the correspondent think fit to take any action in connection with any documentary credit or guarantee as aforesaid, the customers will indemnify and compensate the bank, immediately upon its first demand, for loss, damage or reasonable expense, including attorney's fees, that the bank and/or the correspondent incurred with respect to or in connection with the taking of action as aforesaid, and will pay the bank any amount that the bank and/or the correspondent paid, were required to pay or were obligated to pay to any third party in consequence of or as a result of any such action, in the same currency that the bank and/or the correspondent paid, were required to pay or were obligated to pay, as aforesaid.

5.5.2 Amounts that will be payable by the customers to the bank according to this section will be paid by the customers immediately upon the bank's first demand. Without derogating from the aforesaid, the bank will be entitled to debit any account of the customers held with it immediately with such amounts, on the earliest date on which the bank and/or the correspondent paid such amounts or were required to pay or obligated to pay them, without any need to give notice of this to the customers.

5.5.3 Any amount that the bank and/or the correspondent paid, were required to pay or were obligated to pay, in accordance with or in connection with any documentary credit or guarantee, will bear interest at the maximum rate, for the period from the date on which the bank and/or the correspondent paid, were required to pay or were obligated to pay until the actual payment thereof in full by the customers to the bank.

## 5.6 **Payment of amounts where there is an obligation to pay them**

5.6.1 Without derogating from the provisions of section 5.5 above and section 5.11 below, the bank will be entitled at any time to demand from the customers that they pay to it all the amounts that the bank and/or the correspondent undertook to pay in accordance with any documentary credit or guarantee that was opened or issued at the customers' request, even before the bank and/or the correspondent are required to pay them, and the customers undertake to pay the bank all the aforesaid amounts immediately upon its first demand.

Without derogating from the generality of the aforesaid, when an event occurs that entitles the bank to demand immediate payment of the customers' debts and undertakings to the bank, or some of them, for any reason, the customers will be liable to pay the aforesaid amounts immediately to the bank, without any need for notice or a prior demand by the bank.

5.6.2 Any amount that the customers will pay the bank as stated above in this subsection will be held by the bank in a separate deposit, which will be used (together with the interest thereon as stated below) for the purpose of making a payment in accordance with the documentary credit or guarantee (or for the purpose of indemnifying the bank, if the bank paid in accordance with or in connection with the documentary credit or guarantee any amount not from the deposit money), and will bear interest at the bank's customary rate for deposits of similar amounts for a period similar to the period from the date on which the aforesaid amount is paid by the customers to the bank until the bank makes use of it as aforesaid, or until it is returned to the customers as stated below, as applicable.

5.6.3 Within 30 days of the expiration of the bank's liability to pay according to the documentary credit or within 30 days of the date of expiration of the relevant guarantee, the amount of the aforesaid deposit and the interest accrued thereon will be returned to the customers, in so far as it was not used to make a payment in accordance with the documentary credit or guarantee or to indemnify the bank and/or the correspondent in respect of or in connection such payments as aforesaid.

For the avoidance of doubt, it is clarified that if an injunction is issued by any entity prohibiting payment of the documentary credit or guarantee, the bank's liability will end only after the full and final cancellation of the aforesaid injunction.

The provisions of this section are intended to add to, and not to derogate from, the bank's rights according to the lien and set-off sections below, with respect to the amounts of the aforesaid deposit and the interest thereon.

#### 5.7 **Expenses**

The bank may, at any time, at its sole discretion, exchange notices with the correspondents or with others, at the customers' expense, by the customary international electronic means of communication, including facsimile, telex, swift, telephone calls, and Internet, on any matter relating to a documentary credit, and to debit any account of the customers at the bank, subject to any law, with all the expenses that it will incur or will be charged in connection with such acts, together with interest, at the determination of the bank, from the date of the expense or debit until full actual repayment of such expenses by the customers. The customers undertake to pay the commissions and expenses that the bank will be required to pay to correspondents in connection with the execution of the customers' instructions as aforesaid.

#### 5.8 **Exemption from liability of the bank and the correspondents**

Notwithstanding any other provision in this document, the bank and its correspondents will not have any liability whatsoever for any damage, loss or expense whatsoever that are likely to be caused or are caused to the customers, directly or indirectly:

- 5.8.1 In a case where the documentary credit and/or guarantee will not be executed on time or properly, or will not be executed at all for any reason whatsoever;
- 5.8.2 In a case where the documents or the goods will not reach their destination at the proper time or at all, or in a case where the goods do not conform to the documents;
- 5.8.3 With respect to the quantity, quality, value, packaging, manner of loading, description and delivery of the goods;
- 5.8.4 With respect to any damage or loss that will be caused to the goods for any reason and in any place;
- 5.8.5 With respect to any defect, flaw, imperfection, incorrect description or forgery of bills of lading, insurance certificates or other documents, and with respect to any avoidance of or defect in the customers' rights according to any document and against any party;
- 5.8.6 As a result of a mistake or error of the bank and its correspondents in the interpretation of the terms and conditions of any documentary credit or guarantee that will be issued at the customers' request;
- 5.8.7 As a result of the bank's reasonable use of various means of communication, such as mail, telephone, telex, swift, courier, facsimile or any other method of communication or transmission, whether private or public, and as a result of any loss, delay, misunderstanding, destruction or deterioration in any such use;
- 5.8.8 With respect to amounts that will be transferred to the bank's correspondents and will not be repaid by them if all or part of the documentary credit will not be executed, for any reason, and with respect to any case of negligence or breach of trust by the bank's correspondents;
- 5.8.9 As a result of circumstances beyond the bank's control or as a result of a strike, work stoppage, organized disturbance, sanctions, or similar events of the bank's employees or some of them.
- 5.8.10 In general, with respect to any damage or loss that will be caused to the customers, directly or indirectly, and which derives from the documentary credit or guarantee or from any action or inaction of the bank or the correspondents on any matter relating to the documentary credit or guarantee.

The provisions of this section are intended to add to, but not to derogate from, the provisions in the ICC rules with respect to the liability or exemption from liability of the bank and its correspondents.

Notwithstanding the above provisions in this section, the bank will not be exempt from liability if the damage, loss or expense were caused as a result of the negligence of the bank and/or its employees, provided that negligence of any correspondent of the bank or the correspondent's employees will not be regarded, for the purposes of the aforesaid, as negligence of the bank.

#### 5.9 **The filing of legal action by the bank**

Without derogating from any other right of the bank, the bank is entitled, at its discretion, but is not liable, to take legal or other action against the customers and against any other party whatsoever in connection with the documents and the goods or the proceeds thereof, and in connection with any other matter deriving from the documentary credit/the guarantee. Section 24 below will apply to legal proceedings in accordance with this section, mutatis mutandis.

Without derogating from the generality of the aforesaid, the customers will be liable, upon the bank's first demand, to sign and to deliver to the bank a power of attorney in the name of whoever the bank will stipulate, and all the other documents that will be required, at the bank's discretion, in connection with taking the aforesaid action.

#### 5.10 **Extension of the validity of a guarantee, and its amendment**

The bank may, at its absolute discretion and subject to giving notice to the customers, extend the validity of any guarantee that was issued at the customers' request, and in a case where the bank will do so or in a case where the bank will amend, with the customers' consent or at their request, the terms of any guarantee, the terms and conditions of this document will apply to any extended or amended guarantee as aforesaid.

#### 5.11 **Receipt of the documents by the customers**

5.11.1 The receipt of the documents or some of them by the customers (or their delivery to the customers' representatives) constitutes, for all intents and purposes, final and absolute approval, without any reservations on their part, of the documents' compliance with the terms or requirements of the documentary credit, and that the documents are in order.

Moreover, the possession of the documents usually represents control of them and the goods, and after their delivery to the customers or their representatives, there is no longer any possibility of reversing the situation, unless the bank will receive prior written approval for this from the correspondent, and from any other body or entity involved in the relevant documentary credit.

5.11.2 Therefore, the debiting of the customers' account, as stated in this section above, will be done by the bank without the customers being entitled or permitted to prevent it or object to it in any way or at any time, notwithstanding any claim, cause of action or reservation that the customers have or will have in their relationship with any party or entity whatsoever, including the beneficiary, the bank, the correspondent, etc. The customers undertake that they neither have nor will have any complaint or cause of action or claim against the bank in connection with or with respect to the payment of any documentary credit, according to its stated terms.

5.11.3 For the avoidance of doubt, it is clarified that if the customers will take possession of the documents after the reservations of the bank and/or the correspondent with respect to any non-compliance or defects have been presented to them, this will constitute final and absolute approval of the customers to pay the aforesaid documents, and the customers will not be entitled to raise any claim whatsoever in connection therewith. This will also be regarded as irrevocable consent of the customers to debit the account with any amount that will be required in order to pay the proceeds of the documents.

#### 5.12 **Temporary approvals to release consignments**

If the goods that are the subject of any documentary credit will arrive from abroad before the documents with respect to those goods will be received by the bank, and the customers apply to the bank with an application to issue for them a guarantee, a letter of indemnity or a delivery instruction, or to add the bank's undertaking to such a letter, in a manner that will enable the customers to receive the goods without delivering the documents, and/or if the customers will apply to the bank to endorse in their favour a copy of the bill of lading that they will receive and which is made out to the order of the bank or in which the

bank appears as consignee, before the documents are received by the bank (hereinafter – ‘**the endorsement**’), and/or to give the customers a temporary approval, addressed to the shipping/airline agent, to release the goods (all the documents stated above, including the endorsement and the temporary approval, will be called hereinafter in this section, jointly and severally, ‘**the guarantee**’), and the bank will issue such a guarantee (and it is clarified that the bank will be entitled, at its discretion, to refuse to agree to any request of the customers), the following provisions will apply:

- 5.12.1 The customers will deliver to the bank the original documents relating to the goods with respect to which the guarantee was given, with a sufficient endorsement and in a manner that ensures that they will be received by the transport agent. The customers will return the guarantee to the bank within ten days of the date on which it was delivered to them, if they do not use it.
- 5.12.2 The customers will compensate and indemnify the bank, at all times, with respect to any liability or undertaking that the bank took upon itself or will take upon itself as a result of or in connection with the guarantee.

For the purpose of the aforesaid, everything stated in this document regarding the customers’ obligation to compensate and indemnify the bank will apply as if the guarantee were an undertaking of the bank on the basis of a documentary credit that it opened at the customers’ request, and everything stated in this document with respect to the customers’ undertakings and the bank’s rights with respect to a documentary credit as aforesaid will also apply to the guarantee, *mutatis mutandis*.

- 5.12.3 The customers hereby waive their rights to make claims of any kind and type whatsoever that are related to the import of the goods, including with respect to the documents’ compliance with the terms of the documentary credit, which they would have had, if the documents had arrived and been examined before the release of the goods by them.

Without derogating from the generality of the aforesaid, the customers also waive fully, absolutely and in advance, claims relating to:

- (1) The non-arrival of the documents in general, or their arrival after the credit has expired;
- (2) Any material, formal or other defect that may be found in the documents when they are received by the bank and/or in the goods;
- (3) Any nonconformity that may exist between the documents that will be received and their description in the documentary credit and/or between any other document that was presented by the customers now and any other document that will be presented with the documents;
- (4) Any nonconformity or defect in the documents, as a result of which the financing period will be shortened or changed, if it was approved, or its terms will be amended, or it will be completely cancelled and immediate payment of the documents will be payable in cash;
- (5) Any nonconformity of any kind between the documents that will be received by the bank and the terms of the documentary credit, including a nonconformity between the amount of the invoice that will be presented with the documents and the amount of the documentary credit;
- (6) Any kind of nonconformity between the documents and the goods.

- 5.12.4 The customers hereby undertake, upon the bank’s first demand, to comply with the terms of any instruction that the bank will receive in connection with the documents and to allow the bank to comply with the terms of any such instruction, and for this purpose to deliver any document to the bank, upon its demand.

## 5.13 **Pledge of the documents and goods**

- 5.13.1 The customers pledge and charge to the bank with a first-degree fixed charge, as collateral for the full and precise payment of all the secured sums as defined below, the documents that relate to any documentary credit and the proceeds thereof, the goods that are the subject of the documents and all the insurance rights relating thereto and all the customers’ rights vis-à-vis the

beneficiary or anyone acting on its behalf to receive the goods (hereinafter, jointly and severally, **‘the pledged assets’**).

The bank’s correspondents (with respect to possession of the documents) and the storage facilities where the goods are stored (with respect to possession of the goods) will be regarded as bailees on behalf of the bank as defined in section 4 of the Pledge Law, 5727-1967 (hereinafter: **‘the bailees’**).

For the purpose of this section, the term **‘the secured sums’** means:

- (1) All amounts that are due or will be due or may become due to the bank from the customers on account of, with respect to or in connection with all the customers’ undertakings in accordance with this document, together with interest, maximum interest, linkage differentials and exchange rate differentials (if any), commissions, bank charges and expenses of any kind whatsoever; and
- (2) Any debit balance in a current account of the customers that will be created (or that will increase) as a result of the debiting of such account with respect to amounts that are due or will be due to the bank from the customers with respect to or in connection with the provisions in subsection (1) above.

5.13.2 In addition to the provisions above and without prejudice thereto, all the goods that are the subject of the documents deposited in the bank’s storage facilities and/or in the bank’s name at the bailees’ storage facilities (hereinafter – **‘the pledged goods’**) will be deemed to be pledged to the bank, with a charge as stated in this section above, from the moment they are deposited in the aforesaid storage facilities or from the moment they are delivered to the bank or the bailees, and the fact of the presence of the aforesaid goods in the aforesaid storage facilities will serve as *prima facie* proof that the aforesaid goods are pledged to the bank in accordance with the terms of this document.

The bank is entitled to hold the pledged goods in any place that it will think fit, to pack and unpack them at any time and to transfer them from one place to another.

For the avoidance of doubt, it is clarified that the term **‘the pledged assets’** in this section also includes ‘the pledged goods.’

The customers undertake to notify the bank immediately when the pledged goods arrive at the designated port and to take, at their expense, all steps required to store the pledged goods in the bank’s name and to insure them for its benefit, in accordance with the provisions in this section below.

5.13.3 The customers undertake that the pledged assets are not and will not be charged, pledged or attached in favour of any third party, that they have complete ownership of them and will have complete ownership of them when they are delivered to the bank or the bailees.

The customers undertake that at the time of their deposit or delivery to the bank or the bailees there neither is nor will there be any restriction or condition that applies according to law or agreement to the transfer of ownership in them or pledging them in favour of the bank.

5.13.4 In any case where the bank will discover that the pledged assets or any part thereof have been lost, have been damaged or may be damaged or may lose a substantial amount of their value, or that an event has occurred that may affect the financial means of any guarantor who has given a guarantee to the bank to repay all or a part of the secured sums, the customers will deliver to the bank, immediately upon its first demand, additional collateral or additional guarantees, to the bank’s satisfaction.

5.13.5 The customers hereby undertake:

- (1) To give the bank immediate notice of any case where an attachment is imposed, enforcement action is initiated, or an application is filed to appoint a receiver for all or any part of the pledged assets, and to give immediate notice of the pledging of the assets in favour of the bank to the authority that imposed an attachment or carried out an enforcement action or that was requested to appoint a receiver as aforesaid and to the third party that initiated or requested the aforesaid, and to carry out at their expense

immediately all the steps required to cancel the attachment, the enforcement action or the appointment of the receiver, as applicable.

- (2) Not to sell or transfer in any other manner, and not to undertake to sell or transfer in any other manner, the pledged assets or any part thereof, and not to transfer in any other way their rights therein to anyone else, without the bank's prior written consent thereto.
- (3) Not to pledge or charge the pledged assets or any part thereof in any manner whatsoever with rights that will be equal, superior or subordinate to the bank's rights in accordance with this document, without the bank's prior written consent thereto.
- (4) To pay the bank, immediately upon its first demand, a commission for handling the pledged assets, at the rate customary at the bank, without derogating from any other rights of the bank.
- (5) To pay regularly and precisely all the expenses in connection with the pledged goods and the storage facilities in which the pledged goods will be kept at any time, including taxes, storage facilities, packing, unpacking and shipping, salaries of the bailees and the storage facility workers. The bank may make any such payments and expenses at the customers' expense, but it will not be obliged to do so. Without derogating from any other right of the bank, the customers undertake to reimburse the bank immediately, upon its first demand, any amount paid by the bank as stated in this section above.

5.13.6 The pledge created in accordance with the provisions of this section in favour of the bank will be independent of all the collateral or guarantees that the bank received or will receive from or for the customers, and will not affect them or be affected by them, and shall serve as a continuing collateral that will continue to remain in full force until the bank will confirm to the customers in writing that such pledge is null and void, even if, at any time before the bank gives the customers such a confirmation, the customers will not have any debt to the bank.

5.13.7 The customers hereby release the bank from all liability in connection with any loss, damage or impairment of any kind whatsoever that may be caused, if any, to the pledged assets, directly or indirectly, for any reason whatsoever.

#### 5.14 **Insurance of the pledged assets**

5.14.1 The customers hereby undertake to insure the pledged assets at their full value against those risks that the bank will stipulate, from time to time, with such insurance company, and on such conditions that will be agreed by the bank, and whenever the bank will deem to it be necessary, immediately upon its first demand, to insure the pledged assets with any additional insurance or to amend the terms of any existing insurance or to insure them with another insurance company.

In connection with the aforesaid insurance, the customers undertake:

- (1) To fulfil all the terms of the insurance and in particular to pay all the insurance premiums in full and on time, to deliver to the bank immediately the policies, and within seven days of the date scheduled for the payment thereof, all the receipts for the payment of the premiums, as well as to give notice to the insurance companies immediately in writing, with a copy to the bank, of any case of theft, loss or damage of the pledged assets;
- (2) To deliver to the insurance company, immediately after taking out the insurance, a notice in a form that will be satisfactory to the bank, regarding the pledge and assignment created herein in favour of the bank and regarding the bank's rights according to this document, which will include, inter alia, irrevocable instructions to the insurance company to pay all the amounts that are payable or will be payable by it to the customers, with respect to or in connection with the insurance of the pledged assets or any part thereof, solely to the bank (**'the pledge and assignment notice'**), as well as a request that the insurance company will deliver to the bank a letter of confirmation as stated below;
- (3) To deliver to the bank, within seven days of taking out any insurance, a letter in a form that will be satisfactory to the bank, in which the insurance company will confirm to the bank the receipt of the pledge and assignment notice and its consent to act in accordance

therewith, and will undertake to notify the bank, at least thirty days in advance, of the date of cancellation or expiration of any insurance;

- (4) To sign, immediately upon the bank's first demand, any certificate and any document which, according to any law or in the opinion of the bank or according to a term of any insurance policy for the pledged assets or any part thereof will be required or desirable in order to perform all or some of the customers' undertakings as stated above.

5.14.2 The customers hereby irrevocably grant the bank power of attorney to do on their behalf, in their stead and at their expense any of the actions listed in section 5.14.1 above, in any case where any of the aforesaid acts will not be done by the customers or will not be done to the bank's satisfaction; however, the giving of the aforesaid power of attorney will not release the customers from fulfilling any of their undertakings according to this document, nor shall it require the bank to use the aforesaid power of attorney in whole or in part.

Any insurance of the pledged assets or some of them, which will be taken out by the bank by virtue of the aforesaid power of attorney, may be in the bank's name or in the customers' name, at the bank's sole discretion.

5.14.3 In addition to giving the bank power of attorney as aforesaid, the customers hereby grant irrevocable power of attorney to the bank to do on their behalf, in their stead and at their expense, any of the following acts: to demand and claim from the insurance companies and to make any settlement with them, as the bank may deem proper, with respect to claims arising from the insurance, including arrangements that settle or waive their rights, in whole or in part, to sign an arbitration agreement and to collect the insurance amounts, whether the insurance is or will be taken out by the customers or in their name, or whether it is or will be taken out by the bank.

The customers agree that they will not be entitled to do any of the acts listed in this section without the bank's prior written consent thereto.

5.14.4 The customers hereby release the bank, in advance, from any liability in a case where the bank does not exercise any of its powers, and in particular, but without derogating from the generality of the aforesaid, in a case where the bank does not take out any insurance as aforesaid, or in a case where it does not take it out on time or in the correct manner, or in a case where because of a defect in the form of the insurance or because of the low amount of any insurance or because of a failure to make a demand or for any other reason, the insurance companies do not pay for any damage or loss; and the customers hereby waive, in advance, any claim against the bank with respect to or in connection with any claim, negotiation or arrangements that will be made by the bank, as aforesaid, whether the insurance was or will be taken out by the customers or in their name or it was or will be taken out by the bank.

5.14.5 The customers' rights, in the present and in the future, that derive from insurance of the pledged assets, whether it is taken out or will be taken out by the customers or by the bank as stated in this section, as well as all the customers' rights under the Property Tax and Compensation Fund Law, 5721-1961, as it will be in force from time to time, and under any other relevant law, as well as any right of compensation or indemnification that the customers will have against a third party, because of the loss of, damage to or expiration of the pledged assets, are hereby pledged and assigned to the bank, in accordance with all the terms of the 'Pledge of the documents and goods' section above.

#### 5.15 **Undertaking and power of attorney to the bank**

The customers hereby undertake, upon the bank's first demand, to sign all the documents relating to the documentary credit and to endorse them in favour of or to the order of the bank, and to do any act that the bank believes will be required or desirable with respect to all the charges and insurance mentioned in the 'Pledge of the documents and goods' and 'Insurance of the pledged assets' sections above, and without derogating from this undertaking, the customers hereby grant the bank irrevocable power of attorney, on their behalf, in their stead and at their expense, to sign the documents and/or any other document relating to the documentary credit, to endorse them and to do any act as aforesaid.

#### 5.16 **The requirements of any law and import license**

The customers undertake to comply with all the legal requirements relating to the documentary credit. Without derogating from the generality of the aforesaid, in any case where an import license or any other permit or document is or will be required to import the goods, the customers hereby undertake that any such permit will be in their possession, and they undertake to deliver it to the bank and/or the competent authorities upon first demand.

#### 5.17 **Levy relating to the documentary credit**

The customers hereby undertake that if a levy currently exists or will be imposed in the future under any law, in connection with any documentary credit, they will pay that levy, and if the bank will be required to pay or will pay such a levy, they shall pay the bank the amount of the levy, at the rate, on the dates, in the currency and according to the calculation method of which the bank will give notice to the customers. The provisions of section 5.5.2 above and the 'Right of set-off' and 'Right of lien' sections will apply to such a payment.

#### 6. **General terms and conditions that apply to all types of credit**

The provisions of this section will apply to all types of credit that will be advanced to the customers in accordance with this part B, including, but without derogating from the generality of the aforesaid, credit/loans or a documentary credit or a guarantee (hereinafter: '**credit**'); any application to receive credit according to its definition here will be called hereinafter: '**application to receive credit.**'

#### 6.1 **Events of Default and demand for immediate repayment**

##### 6.1.1 **Events of Default**

Each of the following events will be regarded as an event of default ("**event of default**" or "**events of default**", as applicable):

- (1) the customers do not pay the bank any amount payable by them to it on its payment date.
- (2) an attachment will be imposed on the customers' assets or any of them and/or execution proceedings will be carried out against them and/or a seizure order and/or freezing order will be made against the customers with respect to the account, in whole or in part.
- (3) a petition will be filed for receivership of the customers' assets or any part thereof, and/or a receivership order will be made as aforesaid and/or a permanent and/or temporary and/or other receiver will be appointed over the customers' assets, or a part thereof.
- (4) in the bank's opinion, the customers are in the financial state of insolvency.
- (5) an application will be filed against the customers for an order to commence proceedings and/or an event entitling the filing of such an application occurs and/or an order will be made with respect to such an application.
- (6) the customers will announce that they intend to commence negotiations (including protected negotiations) between them and any of their creditors and/or their shareholders and/or their members for the purpose of reaching a compromise or an arrangement or a debt settlement or give notice of the commencement of negotiations for an arrangement or negotiations for an arrangement shall have commenced or an arrangement is signed (hereinafter: an "**arrangement**") or the court shall order the convening of a creditors meeting to approve an arrangement or the appointment of an arrangement manager or an application to appoint an expert to examine an arrangement or an application to submit an arrangement for the approval of the interested parties or an application for a delay of proceedings or an application for a stay of proceedings, or an order will be made on the basis of any one of the aforesaid applications.
- (7) an application will be filed for a winding up order or for the appointment of a temporary preliminary liquidator, liquidator or special manager, or such an order will be made.
- (8) an indictment will be filed against the customers and/or (if the customers are a corporation) against an office holder in the customers and/or against an individual who directly or indirectly controls the corporation.

- (9) the death, legal incompetence, imprisonment or departure from the country of the customers, or (if the customers are a corporation), the aforesaid will occur to an individual who directly or indirectly controls the corporation.
- (10) the customers' name will be deleted or will be about to be deleted from any legal registry and/or a warning is registered in a register that is kept with respect to the customers by the Companies Registrar of an intention to register the customers as a Company in Breach and/or the customers will be registered in such a register as a Company in Breach.
- 'Company in Breach'** – means as defined in section 362A of the Companies Law, 5759-1999.
- (11) the customers (if the customers are a corporation) pass a resolution regarding voluntary liquidation or liquidation by the court, a merger, spin-off or reorganization, or the customers will breach their undertakings under the 'Prohibition of merger' section in this document in any other way, or there is a change in the controlling owner of the customers, directly or indirectly, without the customers having obtained the bank's prior written consent thereto.
- 'spin-off'** – bears the meaning thereof in part E (2) of the Income Tax Ordinance (New Version) or any provisions of law that will replace it.
- 'control'** – means as defined in the Securities Law, 5728-1968.
- (12) a transaction is made with the persons who control the customers (if the customers are a corporation) in a manner that may materially affect the customers' profitability, assets or obligations.
- (13) the customers' business activity, production operations or trading business is discontinued and not resumed within 60 days of such discontinuation or most of the customers' assets are sold.
- (14) the customers breach or do not perform any of their undertakings to the bank, or an event or condition occurs that constitutes a ground for demanding immediate repayment, or it transpires that any declaration or confirmation of the customers is incorrect or inaccurate, whether the aforesaid is included in this document or in the credit application or is included or will be included in any other document that was signed and/or will be signed by the customers with the bank.
- (15) a license and/or concession received by the customers will be cancelled or amended in such a manner as might in the opinion of the bank adversely affect its business activities.
- (16) there will be a material change in the type of the customers' business activity or the activity will be diverted to activities in new fields of risk (including activity abroad).
- (17) the customers will make use of the credit proceeds that they receive from the bank for a purpose other than the purpose for which the bank agreed to advance it, without obtaining the bank's prior written consent thereto.
- (18) the customers do not submit to the bank financial statements in accordance with the provisions of this document and/or will breach in any other manner any of their undertakings relating to the preparation or production of financial statements or the delivery of information to the bank as required.
- (19) an event or circumstance will occur, that adversely affects or endangers, in the bank's opinion, the possibility of the bank recovering the credit in full and on time (including a material adverse change in the customers' financial condition and/or activities and/or business and/or a downgrade in the customers' rating by any ratings company) and/or there will be a concern, in the bank's opinion, that an event or circumstance as aforesaid is likely to occur, whether or not the occurrence of such event or the creation of such circumstances depend on the customers.
- (20) any event will occur, as a result of which any party whatsoever in Israel or abroad may be entitled, according to law and/or any document that was signed and/or will be signed

by the customers, to demand immediate payment of all or some of the customers' debts or undertakings to that party, even if that party does not exercise its aforesaid right.

- (21) (a) the value of an asset that is the subject of any collateral that the bank receives from or for the customers (hereinafter: '**the charged asset**'), as valued by the bank at its discretion from time to time, has lost or may lose a substantial part of its value. It is clarified that the value of the charged asset as valued by the bank may be significantly lower than the market value of the charged asset; or
- (b) the customers will pass a resolution or take any other action that adversely affects or may affect the rights of the bank in the charged asset or in the possibility of realizing it.
- (22) Upon the occurrence of any of the events stated in this section above, mutatis mutandis, to a guarantor for the payment of the credit and/or to someone who has provided the bank with collateral as security for the payment of the credit and/or to a corporation held by the customers whose activity is significant for the customers.

#### 6.1.2 **Reliefs and demand for immediate repayment**

Without derogating from the rights and reliefs available to the bank according to any document, including this document, and/or according to any law, it is agreed that in any case where an event of default will occur, the bank will be entitled, but not obliged, at its sole discretion, to adopt one or more of the following reliefs. For the avoidance of doubt, it is clarified that a failure to adopt a certain relief does not derogate from the bank's right to adopt that step at any time thereafter, at the bank's sole discretion opinion and without any time limitation.

- (1) Not to advance to the customers any additional credit that it undertook to advance to them, if at all.
- (2) To demand immediate repayment of the outstanding balance of any credit or part thereof together with linkage differentials, exchange rate differentials, interest that accumulated up to that time and has not been paid, expenses, other debits and commissions that have accrued up to that time and have not been paid, plus default interest that is payable for that type of credit and any additional amount that in the bank's opinion will be sufficient to compensate the bank for any damage that will be caused to it as the result of the early repayment of the credit (as stated in the provisions relating to early repayment of the credit, including on the customers' initiative).
- (3) Notwithstanding any other provision in this document, to increase the rate of interest on the credit or any part thereof by an amount that will be determined at the bank's sole discretion, provided that the rate of interest payable on the credit will not be higher than the rate of default interest payable on that credit (hereinafter: '**the additional interest**'). The new rate of interest, including the additional interest, will be payable on the credit from the date that will be stated in the bank's notice until it is actually paid in full or until the date of the bank's notice regarding the cancellation of the additional interest, whichever is the earlier.
- (4) To cancel and/or block any card immediately and/or to restrict the possibility of using it and/or to cancel the credit framework of the card and/or reduce it and/or not to renew it and/or to debit the account immediately with all or some of the amounts that are or will be payable by the customers to the bank for transactions that were made with the card, including for credit that the customers received or will receive through the card, together with outstanding interest as of that date, even before the ordinary dates of charging and/or the deferred dates of charging and/or the dates of the charge in instalments and/or the dates of repaying the credit, without any need for notice and all of which together with commissions.

#### 6.1.3 The customers undertake to notify the bank immediately when an event of default occurs and/or immediately when they become aware that an event of default is expected to occur.

Without derogating from the aforesaid, the customers undertake to notify the bank of every legal proceeding that will be filed against them and that may affect the customers' ability to pay their debts and undertakings to the bank.

- 6.1.4 If the bank cancelled or blocked a card, the relevant provisions in the enrolment terms for debit cards form will also apply.

## 6.2 **Default interest**

Any amount that is payable or will be payable to the bank according to this document or according to the credit application that is not paid by the customers on the date that was determined or will be determined for paying it in this document or in the credit application or that is not paid upon the bank's first demand (that was made in accordance with the terms and conditions of this document) will bear, for the period beginning on the date when the customers were liable to pay it until it is actually paid, default interest on the daily balances that will be calculated as stated in the 'Calculation of the interest' section above, at the rate determined in the credit application, and if no such rate was determined, at the rate stated below:

- 6.2.1 Default interest at the maximum legal rate that will prevail from time to time, for credit of the type advanced to the customers.
- 6.2.2 If there will not be a legal limit on the default interest rate, default interest that is relevant to the type of the credit and the type of account in the amount that will appear on the date of charging the default interest in the fair disclosure table published at the branches of the bank and on the bank's website or any other place where the bank will be required to publish it.

**For the avoidance of doubt, it is hereby expressed that the bank's right to default interest as aforesaid and the actual collection thereof will not derogate from the bank's right to take (or to continue taking) all steps for the purpose of collecting any amount not repaid to it by the customers on time or upon its demand as aforesaid.**

## 6.3 **Interest in legal claims**

Without derogating from the bank's right to default interest or to additional interest on the credit according to the provisions of this document, and without derogating from the specific terms of the credit –

- 6.3.1 If a claim will be filed by the bank against the customers for the payment of any amount that is payable or will be payable by them to the bank in accordance with this document and/or the terms and conditions relating to any credit that the bank advanced to the customers, the bank will be entitled to sue for that amount, for the period starting on the date of filing the claim, or, at the bank's choice, from the date on which that amount will be payable to the bank until the actual payment in full, interest at the rate of the default interest payable on credit of that type and in that currency (but it should be clarified that default interest will not be charged twice on the same amount for the same period).
- 6.3.2 Moreover, the bank will be entitled, at its choice, to claim interest and linkage differentials pursuant to the Adjudication of Interest and Linkage Law, 5721-1961, or any other law that will replace it.

If the bank will claim interest or interest and linkage differentials as aforesaid, the customers hereby agree that the judicial authority will award interest or interest and linkage differentials against them as aforesaid.

## 6.4 **Debiting the account/arrears account**

- 6.4.1 On the date of any payment on account of principal and/or interest and/or additional amounts that are payable and will be payable to the bank according to this document and/or according to the credit application (hereinafter in this section – '**the aforesaid payment**'), the bank will be entitled, but not obliged, to debit them to the customers' current account, whether in Israeli currency or in foreign currency, whether it has a credit balance or a debit balance or will have a debit balance as a result of the aforesaid debit.

If at the time of debiting the current account as aforesaid, it has a debit balance or it will have a debit balance as a result of the debit, the credit will bear interest at the rate that will be customary at that time according to the terms and conditions of that account. If the credit that will be provided to the customers as aforesaid in the current account will exceed the approved overdraft facility, if any, or if there is no overdraft facility in the account, this credit shall bear maximum interest according to the terms and conditions of that account. The interest that the customers will

be charged in the current account may exceed one or more of the default interest possibilities stated in this document.

- 6.4.2 If at any time after debiting the account as aforesaid, the bank will decide, at its discretion (also taking into account other transactions and entries that were debited or that are about to be debited to the aforesaid account up to and including that date), that the aforesaid account does not have sufficient cover for the aforesaid payment or a part thereof, and the bank is not prepared to give the customers an overdraft facility to cover it as aforesaid, then the bank will be entitled to cancel the debiting of the aforesaid account for the aforesaid payment (or that part of it that did not have cover as aforesaid) and to transfer it to the debit of a separate account in the customers' name, whether in Israeli currency or in foreign currency, at the bank's choice, that will be opened by the bank for that purpose (whether within the framework of a series of current accounts or in another series), even if before the cancellation of the debit, various debits and credits were made in the current account.

The provisions in this section shall not derogate from the bank's right to debit any other account of the customers, as stated in part C of this document below.

## 6.5 **The bank's right to demand an additional cost in all types of credit**

If as a result of any change in law (as defined below) or compliance with any directive, demand or request that was given or referred to the bank by the Bank of Israel or by another competent authority, or compliance with any obligation of the bank to the Bank of Israel or to any other competent authority, whether compliance with the directive, demand or request or obligation as aforesaid derives from any change in law or from an agreement that was made or will be made from time to time, between the bank and the Bank of Israel or another competent authority:

- (1) the bank will be obliged to hold or deposit foreign currency or Israeli currency or any liquid assets or the amounts of foreign currency or Israeli currency, or the value of the liquid assets that the bank is required to hold or deposit will be increased; or
- (2) the amounts of credit that the bank is entitled to give or continue to maintain or the amounts of the deposits that the bank is entitled to deposit with others will be restricted or reduced; or
- (3) any requirements are imposed on or will apply to the bank (or there will be a change that in the bank's opinion, will make any requirements stricter) with respect to the ratio between the bank's reserves, on the one hand, and the credit that the bank may give or continue to maintain or the assets or deposits that the bank is entitled to hold or receive, on the other hand; or
- (4) any term, condition or restriction will be imposed on or apply to the bank (or there will be a change that in the bank's opinion, will make any term, condition or restriction stricter) in connection with any relevant local and/or international money market or in connection with the bank's business or activity on such market; or
- (5) payments of interest, fines, charges or other payments will be imposed on or will apply to the bank, or the bank will be required to pay them (or there will be a change that in the bank's opinion, will make these payment requirements stricter);

and as a result of any of the aforesaid events:

- (1) the bank's cost or expenses in connection with the advancing of the credit in whole or in part or in connection with the continued existence of the credit in whole or in part will increase;
- (2) the amounts of the principal and interest that the bank is entitled to receive in connection with the credit will decrease;
- (3) the bank's costs or expenses in connection with a documentary credit or guarantee will increase.

**"bank's expenses"** for the purpose hereof includes expenses in connection with one or more of the following: (1) expenses regarding a guarantee or an undertaking to issue a

guarantee; (2) expenses regarding a documentary credit or an undertaking to issue a documentary credit; (3) any payment by the bank or the correspondents in accordance with a documentary credit or a guarantee; (4) the acceptance, endorsement or signature of the bank or the correspondents on a deed or any other document according to or in connection with a documentary credit;

Then the bank will be entitled to refuse to advance all or some of the credit to the customers (if it has not yet advanced the credit to the customers); if the bank has already advanced the credit or any part thereof to the customers, or in a case where the bank issued or opened a documentary credit or a guarantee, the customers will pay the bank, from time to time, upon its first demand, an amount that will be, in the bank's opinion, sufficient to compensate it for the increase in the bank's aforesaid costs and expenses, including in connection with the reduction of the principal and the interest and/or the expenses as aforesaid, and the amount of the compensation that will be determined by the bank from time to time as aforesaid will bind the customers.

'**change in law**' means a change, in the State of Israel and/or in any other country, in any statute, regulation, order, instruction or rule or a change as aforesaid in the interpretation of the aforesaid by a court, tribunal or other authority of such a country, which is competent to do so or which is responsible for the implementation or performance of any statute, regulation, order, instruction or rule as aforesaid.

In any case where the bank will demand compensation from the customers as stated in this section, the customers will be entitled, with the prior approval of the competent authorities in Israel (if such approval will be required by law), to repay the bank the outstanding balance of the credit (if credit was advanced to the customers), provided that all the following conditions are fulfilled:

- (a) The credit in connection with which the compensation is demanded is not a documentary credit and is not a guarantee or letter of indemnity; and
- (b) The customers will give the bank at least 15 (fifteen) days prior written notice of their intention to repay to the bank the whole outstanding balance of the credit (plus interest); and
- (c) The payment of the outstanding balance of the credit (plus interest) by the customers will be made on an interest payment date (but not before 15 days) as stated in section (b) above; and
- (d) Together with and in addition to the repayment of the outstanding balance of the credit (plus interest), the customers will pay the bank the compensation mentioned above, for the period from the occurrence of the event as stated in the bank's aforesaid demand until the repayment of the whole outstanding balance of the credit (plus interest).

#### 6.6 **The bank's right to demand an additional cost or to convert credit in foreign currency or credit linked to foreign currency**

In any case of credit in foreign currency or linked to foreign currency (including a documentary credit or a guarantee as aforesaid), the following provisions will also apply, in addition to every other right of the bank to demand an additional cost as stated in this document:

In any case where at any time the bank will determine (and any such determination of the bank will bind the customers) that as a result of a change in the local and/or international money market and/or an adverse change in the credit rating of the bank and/or the country, there will be a reduction in the available resources for advancing credit in foreign currency and/or the bank's ability to finance itself in the currency of the credit in foreign currency will be harmed, the bank will be entitled to refuse to advance the credit in foreign currency, in whole or in part, to the customers, or- if the credit in foreign currency, in whole or in part, has already been advanced to the customers, the bank will be entitled, at its discretion, to convert the credit in foreign currency into credit in Israeli currency, by advancing the credit in Israeli currency, as applicable, in the amount that will be required to cover all the amounts

payable at that time on account of the relevant credit, and the consideration for it will be credited to the credit account that exists at that time. The credit will be converted at the bank's customary rate on the date of making the conversion as aforesaid, and its terms and conditions will be as similar as possible to the terms and conditions of the original credit in foreign currency. The interest rate on the credit in Israeli currency will be as will be agreed between the bank and the customers. If the parties will be unable to reach an agreed arrangement within 7 days, the bank will be entitled to demand the immediate repayment of the outstanding balance of the credit (plus interest), and if the customers do not pay the bank the outstanding balance of the credit, the bank will be entitled to convert the credit as aforesaid, and the interest rate on the credit in Israeli currency will be the interest rate customary in the bank for similar credit in Israeli currency. It is clarified that for the purpose of making the aforesaid conversion, the customers will not be charged the exchange commission charged by the bank on a purchase or sale of foreign currency, or any other compulsory charge that will be in force at that time. The provisions in this section will apply to credit that is linked to foreign currency, *mutatis mutandis*.

#### 6.7 **The bank's right to require prepayment due to illegality**

If the bank determines, at any time (and such a determination of the bank will bind the customers), that as a result of any change in law, the advancing of all or some of the credit to the customers or that the continued existence of the credit advanced will become illegal, impossible or impractical for the bank, the bank may refuse to advance all or some of the credit or – if all or part of the credit has already been advanced– the bank will be entitled to demand that the customers prepay the outstanding balance of the credit (plus interest), and the customers hereby undertake to pay all the aforesaid amounts to the bank within thirty days of the bank's first demand, provided that the aforesaid demand will state that it is based on the provisions of this section.

#### 6.8 **The customers' books of account and the delivery of financial statements**

The customers undertake to keep full and proper books of account in accordance with every law in a permanent and regular manner, and the bank is irrevocably authorised to inspect and examine the books at any time.

If the customers are a corporation, the customers undertake to deliver to the bank their financial statements, in the format determined by law or in accordance with accepted accounting rules, immediately after the date of signing them. It should be clarified that this demand originates, *inter alia*, in the directives of the Bank of Israel that apply to the bank.

Without derogating from the aforesaid, the customers undertake to deliver to the bank, upon first demand, every balance sheet, statement, books of account, card, magnetic media, film, books, confirmations, other documents and any information and explanations regarding the customers, and information regarding their financial and operational status, their property and business, as will be requested by the bank.

A failure to deliver reports on time may constitute, *inter alia*, a breach of the directives of the Bank of Israel. In such a case, the customers will compensate and indemnify the bank, at such rate as will be determined by the bank to be the rate that reflects the additional cost caused to it (if any) as a result of the breach of the aforesaid directives. The aforesaid will not constitute permission to the customers to be late in delivering the financial statements or derogate from any other right of the bank in the case of a breach.

#### 6.9 **Transfer of the bank's rights and obligations**

6.9.1 The bank will be entitled at its discretion, at any time, without obtaining the customers' consent, to transfer the rights and obligations in the credit as defined below to any transferee, and any transferee will be entitled to transfer the rights and obligations in the credit to any other transferee, without needing the customers' consent, all of which is subject to the law and to the provisions of this section below.

6.9.2 The bank will be entitled to disclose and deliver to any transferee and/or potential transferee and/or adviser the information as defined below, in so far as necessary or desirable, in the bank's opinion, for the purpose of examining or effecting a transaction of the transfer of the bank's rights and obligations, provided that disclosure of the information to a transferee and/or potential

transferee and/or adviser will be subject to their signing a confidentiality undertaking to the bank's satisfaction, unless the transferee, potential transferee or adviser is subject to a duty of confidentiality by law.

6.9.3 The customers undertake to perform any act and sign any document that will be reasonably required by the bank in connection with the transfer of rights and obligations in the credit as aforesaid.

6.9.4 For the purpose of this section, the following terms will be interpreted as follows:

- (1) **'Rights and obligations in the credit'** – the bank's rights and/or obligations with respect to and/or in connection with credit that the bank advanced and/or will advance to the customers and/or with respect to and/or in connection with an undertaking to advance credit that the bank gave and/or will give to the customers, in whole or in part, as well as the bank's rights in accordance with charges and/or guarantees and/or other collateral that were given and/or will be given to the bank in connection with the credit and/or in connection with an undertaking to advance credit as aforesaid.
- (2) **'Transfer'** – a transfer and/or sale and/or endorsement and/or assignment of the rights and obligations in the credit, in whole or in part, entirely or in instalments, whether to one transferee or to several transferees, including by way of participations, hedging transactions, or in any other way that the transferor will think fit.
- (3) **'Information'** – information and/or data and/or documents that are currently in the bank's possession or that will be in the bank's possession in the future, including information and/or data and/or documents that relate to the customers and/or that were delivered to the bank by the customers and/or that were delivered to the bank by third parties in connection with the customers, including information and/or data and/or documents that relate to charges and/or guarantees and/or other collateral that were given and/or will be given to the bank in connection with the customers' undertakings to the bank.
- (4) **'Transferee'** – a person and/or corporation, whether in Israel or abroad.
- (5) **'Potential transferee'** – a transferee with whom the bank is negotiating and/or may negotiate for the transfer of the rights and obligations in the credit.
- (6) **'adviser'** – includes an adviser of a transferee or a potential transferee and companies that are involved in credit rating.

## 6.10 **Guarantees and collateral**

6.10.1 In any case where the value of an asset that is the subject of any collateral that the bank received from or on behalf of the customers (**'the charged asset'**), as valued by the bank in its discretion from time to time, has lost or is likely to lose a considerable part of its value (it is clarified that the value of the charged asset as valued by the bank may be significantly less than the market value of the charged asset), or where an event has occurred that may harm the financial means of any guarantor who gave the bank a guarantee for the repayment of all or some of the amounts that are payable or will be payable to the bank as aforesaid, the customers shall deliver to the bank, immediately upon its first demand, additional collateral or guarantees, to the bank's satisfaction.

6.10.2 In any case where the bank will hold cheques and/or bills that are signed or endorsed by the customers (hereinafter: **'the cheques'**), which were delivered or will be delivered to the bank for collection, custody, as security or in any other manner, they will be regarded as charged with a first-degree fixed charge to the bank as collateral for the payment of any debit balance that will be created in any account of the customers, for any reason.

The bank will be entitled to sell or discount the cheques, to take any legal or other action, as the bank will think fit for the purpose of collecting the cheques, and to charge the collection expenses to the customers' account. The bank will be entitled to settle with the signatories, endorsers and/or guarantors or any of them, to waive, exempt, receive from them partial consideration and to use the consideration from the cheques to repay any debit balance that will be created in any account of the customers. The receipt of the cheques or the receipt of the full or partial consideration for

them as aforesaid shall not derogate from the customers' obligation to pay the debit balanced in the account, without derogating from the bank's right to take other measures in order to collect the aforesaid debit balance.

The customers hereby undertake that cheques that have been delivered and cheques that will be delivered by them to the bank from time to time are entirely held and owned by them and are unencumbered by any charge, attachment and third-party right of any kind, and the customers are entitled to pledge and charge them to the bank.

In any case where cheques were delivered to the bank for discounting or for another purpose, consideration for them was given to the customers and the cheques were not paid, the bank will be entitled to charge the customers for the amount of the cheques that were not paid.

The customers agree that if the bank will decide to sell the cheques itself, three days' notice of the steps that the bank is about to take will be regarded as reasonable time for the purpose of section 19(b) of the Pledge Law, 5727-1967, or any provision of statute that will replace it.

The customers undertake not to create, without the bank's prior written consent, any pledge, assignment or other charge whatsoever on the cheques with preferential, equal or subordinated rights to the rights given to the bank under this document and documents that the customers signed and/or will sign in the future in favour of the bank.

- 6.10.3 The provisions in this 'Guarantees and collateral' section is intended to add to and not to derogate from the bank's right to demand immediate repayment of credit when an event of default occurs.

7. **Provisions that apply to customers' credit in accordance with the Fair Credit Law, 5753-1993**

Notwithstanding the provisions of this document, credit that is subject to the Fair Credit Law, 5753-1993, which will be advanced to a borrower who is subject to such law, will be subject to the provisions and terms and conditions stated in the specific credit documents, in so far as there is a conflict between them and this document.

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**Part C – Banking Communication and Payment Services**

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All the sections stated in part C below will apply to the account, as defined in the preamble to this document, and will apply to every service that the bank will provide to the customers in accordance with this document.

8. **Banking communication services**

8.1 **General**

The provisions of this section apply to banking services that are provided by means of banking communication channels and services, as will be defined by the Bank of Israel from time to time, including Internet channels, landline and cellular telephone channels (including human responses), facsimile, SMS, self-service ATM machines, etc. (hereinafter – **'the systems'** or **'the service channels'**).

Connecting the customers to the services and/or the service channels will be done in accordance with the discretion of the bank, on terms to be determined by the bank and a manner that will be permitted by the bank, from time to time. Connection to the systems and/or the use of infrastructure that does not belong to the bank (such as an electronic data interchange (EDI) or a Swift Messaging Services Score) (hereinafter – **'third-party systems'**) may be subject to agreements to which the bank is not a party between the customers and third parties, and it is clarified that nothing in them will derogate from the customers' undertakings according to the terms and conditions of this document.

8.2 **Definitions**

In this section, the following terms will be interpreted as follows:

- 8.2.1 **'device'** – a desktop or laptop computer, telephone of any kind, including a mobile phone, fax machine, email box, disk, card reader, smart cards, identification means and any equipment, hardware and software or any part thereof used by the customers for the services.
- 8.2.2 **'the bank's equipment'** – devices that will be delivered to the customers by the bank.

- 8.2.3 **‘giving instructions’** – the giving of instructions to perform transactions by means of the systems, directly to the bank’s systems, without the intervention of a banker.

The bank will decide, in accordance with criteria that will be determined by it from time to time, which types of transactions will be performed in the format of giving instructions.

- 8.2.4 **‘information’** – information of any kind whatsoever with respect to the account, including account statements, notices and letters, and data, publications and general information (including marketing information and advertisements), etc., which will be presented, delivered and/or sent by the bank at its discretion (all of which jointly and severally).

- 8.2.5 **‘sending of requests’** – the use of the service channels for the purpose of sending requests to perform transactions, through a banker, to the bank. The bank will decide, in accordance with criteria that it will determine from time to time, which types of transactions will be handled in the format of sending requests.

- 8.2.6 **‘services’**- the receipt and sending of information and/or a summary of information and/or the giving of instructions/sending of requests to perform transactions in the accounts and/or the giving of instructions/the sending of requests to perform transactions in favour of third parties (at the bank and/or at other banks) and/or the provision of technical support and/or other services or transactions of any type that the bank will allow from time to time at its discretion.

### 8.3 **Receipt of services**

- 8.3.1 The customers will be entitled to receive the services which the bank will permit from time to time through the service channels.

The receipt of services by the customers will be in accordance with the bank’s instructions, as they will be delivered to the customers from time to time, and subject to the rules, and terms and conditions customary at the bank with regard to the type or types of account and/or services that will be in force on the date of the giving of instructions by the customers through the systems. The customers hereby agree that the aforesaid rules, terms and conditions will apply to them and bind them, and the customers will be regarded as having signed the relevant forms for the purpose of performing such transaction.

In addition to the aforesaid, customers who use systems of third parties must act in accordance with the instructions of the suppliers regarding the manner and terms of use thereof.

- 8.3.2 The giving of an instruction or the sending of a request for the performance of a transaction does not guarantee actual performance. Actual performance depends on all the terms and conditions stated in this document and on additional terms and conditions, including the lack of any legal impediment or any other reasonable impediment, the presentation of all the documents and approvals required for the performance of the transaction and is subject to the transaction not being likely to expose the bank to significant or unreasonable risks, at its discretion, including (but without limitation): risks deriving from sanctions regimes imposed by foreign countries, international organisations, or the State of Israel, risks of money-laundering and the financing of terror, etc., risks deriving from the amount of the transaction, or from the balance of the customers’ relevant account in the bank –together with the unutilized amount of the overdraft facility– being insufficient (hereinafter in this section – **‘insufficient balance’**) for the effecting of the transaction, etc.. In cases of this kind, the bank may refuse, subject to the provisions of the law, to perform the transaction or may perform it in full or in part or approximately, and in any case where the bank will do so, this will bind the customers. It is hereby clarified that with respect to telephone instructions, the aforesaid will apply even if the aforesaid matters become clear to the bank after the end of the call in which that instruction was given to the bank.

- 8.3.3 Before giving an instruction or sending a request to perform any transaction, the customers should ascertain that there is a sufficient balance for the purpose of effecting such transaction in the relevant account, or the existence of suitable collateral that the bank has agreed to consider and that will enable the bank to act accordingly. The customers agree that the bank will be entitled – but not obliged – to perform the transaction even if the relevant account will have an insufficient balance or there is no suitable collateral. For the avoidance of doubt, it is clarified that the bank’s consent to perform any transaction in the absence of a sufficient balance does not oblige it to agree to the performance of additional transactions in such cases.

- 8.3.4 In any case where an instruction and/or request is sent to the bank to perform any transaction, the bank may carry out all the transactions that will be required by it, at its discretion, and any such transaction that the bank will perform as aforesaid will bind the customers.
- 8.3.5 The bank will be entitled to refuse in a reasonable manner to perform a request that was sent through any of the systems, also in view of the circumstances that will exist on the day when the transaction was supposed to be performed in practice.
- 8.3.6 In any case where the bank will allow the performance of a transaction on the assumption that the customers have signed a document/form that according to the bank's procedures needs to be signed before giving of an identical instruction in writing and it later becomes clear to the bank that the customers have not signed such a document/form, and in any case where the bank will reach the conclusion that any instruction/request is tainted by a lack of clarity or in the bank's opinion it should not be performed in its entirety without obtaining further details, information or explanations from the customers, the bank will be entitled, at its choice, not to act at all in accordance with that instruction/request or to perform it only in part or to act in another way that will constitute, at the bank's discretion, in the circumstances of the case, the approximate performance of that instruction/request.
- 'lack of clarity' for the purpose of this section –in the content of the instruction/request or in the manner in which the instruction/request was received or originates in an error of the communication lines.
- 8.3.7 The customers hereby give the bank authorisation to debit any of their accounts with such amounts that will be required to perform the transactions, including to perform transfers and pay levies and taxes according to any law.

#### 8.4 **Finality of an instruction/request**

Subject to the provisions of the law and the provisions of this document below regarding the possibility of cancelling a payment instruction:

- 8.4.1 Transactions that are performed by way of giving instructions are final and cannot be cancelled.
- 8.4.2 Requests to give instructions can be cancelled on those systems that allow this, provided that the bank has expressly stated that they may be cancelled, and as long as they have not been approved by the bank.

#### 8.5 **Limits on amounts**

The bank may determine, from time to time, ceiling/s in a daily, monthly or other amount for the performance of transactions in accordance with its discretion (hereinafter – 'the ceilings'), in addition to the limits imposed on their performance under the terms and conditions in this document. The customers undertake to act solely within the framework of the permitted ceilings that will be published by the bank from time to time.

If the bank will receive instructions for the performance of transactions that exceed the ceilings determined by the bank, the bank will be entitled, but not obliged, to perform them, and such transactions, if performed, will bind the customers.

#### 8.6 **Additional terms and conditions that apply to the performance of transactions**

- 8.6.1 In addition to the provisions in section 17 below, services that will be provided through the systems and that are related to international trade will be governed by the relevant rules, as applicable, published by the International Chamber of Commerce in Paris that will be in force on the date that the customers give the instruction to perform the transaction (and with respect to transactions that are performed in the format of sending requests – the rules that will be in force on the date when the bank will perform the transaction, if it will approve it).
- 8.6.2 Without derogating from these terms, the surfing or use of the bank's sites (including the applications of the bank) are also subject to the terms of use as updated from time to time in the bank's sites, and the use of the bank's sites for the purpose of receiving the services shall constitute agreement to such terms.

#### 8.7 **Information regarding transactions through the systems and information transferred through the systems**

- 8.7.1 Information regarding transactions that will be performed through the systems will appear in the customers' relevant account statements.

Except in cases where there is a legal obligation to do so, the bank will not be obliged to send the customers notices of the performance or non-performance of transactions with respect to which instructions were given or requests were sent through the systems.

- 8.7.2 After giving an instruction/sending a request, the customers should verify its performance or non-performance.

- 8.7.3 The service channels will be used, according to the characteristics of each service, for the sending, presentation and/or delivery of information of any kind whatsoever regarding the account, from time to time, from the bank and/or to the bank.

- 8.7.4 The information may also include information that needs to be provided according to law.

- 8.7.5 In addition, it is emphasized, *inter alia*, that:

Certain information, data, transactions and events, such as debits and credits (including with respect to cheques), valuations of a deposit, etc. displayed in the systems, may not be final and may change or not be performed at all. Moreover, there may be additional data, transactions and events that will not be reflected in the information.

The information is partly obtained from third parties; it may change from time to time and is provided 'as is,' for the customers' convenience and personal use. *Inter alia*, the customers should take into consideration that after its publication, there may be changes in the information that will not necessarily be reflected within the framework of the services.

## 8.8 **Risks, liability and data protection measures**

- 8.8.1 Banking communications systems are vulnerable to risks from the nature of the systems being based on software, hardware, and communication networks, including cyber risks, malicious software, impersonation of the customers and/or the bank's sites, online scams, disruptions and unavailability in the operation of the systems (when an alternative channel will not be available to the customers in every case). The bank invests considerable efforts in protecting against these risks, but despite this, is not possible to block and to prevent them completely, and damage and/or loss may result from the realization of any of the risks, including the disclosure and/or disruption of information, disruption of instructions/requests, unauthorised transactions in accounts, impersonation, the forging of documents, non-performance, erroneous performance and/or late performance of an instruction/request. The aforesaid is especially emphasized in view of the use of the systems and/or components and/or sites that are not within the bank's control. In order to minimize the risk, the customers should be careful to protect the data, as stated below.

- 8.8.2 Use of the systems and the services is conditional on the identification and verification of the customers in accordance with the instructions of the bank and its discretion. **The customers undertake to maintain absolute confidentiality of codes, subscriber numbers, passwords, PINs (personal identification numbers) and/or personal keys, and any other means of identification (hereinafter – 'data protection measures'), and to keep them in their sole possession and without access to others. The data protection measures are personal, and are used exclusively to identify the customers for the purpose of activity on the channels and systems. It is absolutely prohibited to keep the data protection measures in or near the device. The customers and the authorised representatives will be liable to replace the data protection measures as directed by the bank, at least with the frequency determined by the bank. Codes, passwords, etc., that are determined by the customers and the authorised representatives should be as random and difficult to guess as possible.**

**If, in accordance with the consent of the bank, the customers operate the systems by way of persons authorised by them (hereinafter in this section- "authorised persons"), the customers undertake to bring the content of these provisions to the attention of the authorised persons, and to ensure that they act in the manner specified in this section.**

- 8.8.3 **The customers agree and undertake as follows:**

- (1) Not to transmit, upload or send illegal or offensive materials and/or messages, false data, spam, viruses, malware and similar erroneous and/or unreasonable data;

- (2) Not to allow changes, copies, unauthorised use and/or damage to the device, the data protection measures or the bank's equipment;
- (3) The customers will be responsible for safeguarding any information received by them through the systems.
- (4) To strictly comply with the data protection instructions relating to the service channels and the services that will be published by the bank from time to time.
- (5) Not to make use of any robot, spider, data retrieval and search engine or any other automatic or manual tool that is programmed to index, retrieve and locate data in services or applications, or any similar tool that is programmed to expose the data storage structure and code in the services and/or application.

8.8.4 For the purpose of connecting to third-party systems that make use of a public key (such as an EDI system) or other relevant data to communicate with the bank and receive services through them, the customers are required to deliver to the bank the public key for decoding their transmissions and/or the data as aforesaid.

In a case of a change of the public keys and/or any of the data as stated above, the customers are required to deliver them to the bank before starting to use them.

8.8.5 The presentation of the risks as stated in this section shall not derogate from the liability of any of the parties by law.

#### 8.9 **The devices used to obtain the services**

8.9.1 The customers undertake to ensure that the devices used by them to receive the services are technically suitable to receive them and support the requested service.

8.9.2 With respect to certain services (such as the receipt of SMS messages), the receipt of the service is subject to limitations of the relevant service channel, including its availability, as well as on the part of the service channel providers (the cellular operators, the Internet providers, etc.). Without derogating from the aforesaid, the customers agree to the sending of the information through the service channel providers/operators.

#### 8.10 **Notice of malfunctions and exceptional events**

The customers shall notify the bank immediately when they become aware of any case of misuse of the systems and/or the device or the existence of a reasonable concern thereof, including exposure/loss/theft of a device and/or data protection measures and/or a case of giving an instruction or sending a request to perform any transaction in their accounts and/or information that was received or sent without their authorisation, and of any case of an disruption and/or malfunction and/or error and/or receipt of information about any third party and/or accounts held in the name of others, through the systems.

8.11 There may be cases in which it will not be possible to use the systems, in whole or in part, for any reason. In these cases, the customers will contact the bank's branches and/or use other service channels to which they subscribe (subject to working hours).

#### 8.12 **Installation, operation and maintenance of the device**

8.12.1 The liability for the installation, operation and maintenance of the device rests with the customers only.

8.12.2 **With respect to the bank's equipment, the customers hereby agree and undertake as follows:**

- (1) The bank's equipment is and will at all times belong to the bank, and the customers will only have a personal license to use it for their own purposes, in accordance with the bank's instructions. The customers undertake not to allow any third party to use and/or service the bank's equipment without the bank's prior written consent. The customers undertake to take all reasonable steps to protect the bank's equipment against misuse and/or use for a purpose other than the one for which it was given.
- (2) The customers undertake to keep the bank's equipment in good condition and inter alia to act in this regard in accordance with the bank's instructions.

- (3) In a case where the services are finally terminated in accordance with the ‘Changing, blocking or stopping the services’ section below, the customers will be liable to return the bank’s equipment to the bank within 14 days of the termination of the services, when it is intact and in working order. The software shall be returned to the bank and the customers shall destroy all the copies of the software in their possession. If the bank’s equipment is not returned to the bank within this period of time, or it is returned but is not intact and/or is not in working order, the customers shall pay the bank the cost of the bank’s equipment, at the rate customary at the bank, and the bank will be entitled to debit the customers’ account for the said amount.

### 8.13 **The systems software**

- 8.13.1 All the rights of every kind and type whatsoever, including, but without prejudice to the generality of the aforesaid, any copyright, any patent, commercial secret, trademark and any property right in any software that was developed and/or will be developed by or for the bank within the framework of and/or in connection with the systems (hereinbefore and hereinafter – ‘**the software**’) will be owned solely, completely and absolutely by the bank or a third party from whom the bank acquired the right to use that software.
- 8.13.2 The customers undertake not to infringe the rights of the bank and/or any third party in any software that will be given to them (including by way of downloading) and to make every effort and take every step required to prevent such an infringement by third parties, including their employees and anyone acting on their behalf.
- 8.13.3 The customers hereby undertake not to make any copy of the software, except for backup purposes, and not to allow any person and/or entity other than them to make any use of the software or a part thereof.

### 8.14 **Service centres**

The bank may operate, at its discretion, designated centres for the purpose of providing services and support with respect to the services to the customers.

### 8.15 **Changing, blocking or stopping the services**

- 8.15.1 The bank will be entitled, at any time, at its discretion, to reduce and/or change and/or block and/or stop, finally or temporarily, in whole or in part, the scope of the channels and/or services, with 14 days’ prior notice.

Notwithstanding the aforesaid, in so far as the stoppage or cancellation of a channel or service concerns a means of payment, the bank may stop or terminate the service with 45 days’ prior notice.

- 8.15.2 Notwithstanding the aforesaid, the bank will be entitled to block and/or stop, finally or temporarily, in full or in part, the scope of the channels and/or services at its discretion, and/or will be entitled to stop or cancel a service channel that is a means of payment without notice, in exceptional cases arising from an immediate need of the bank to protect its customers and/or itself and/or third parties. Without derogating from the generality of the aforesaid and without derogating from the provisions of the law that apply to an immediate termination of a payment service without notice, each of the following cases will be regarded as an exceptional case that justifies blocking and/or stopping channels and/or services as aforesaid:

- (1) In any case where the bank becomes aware of cases of the type stated in the ‘Notice of malfunctions and exceptional events’ section above and in any other case of a significant malfunction, disruption or fault and/or clarification and/or the existence of a reasonable concern of leaking of information and/or hacking and/or misuse of the systems.
- (2) In any case where the bank receives notice of cancellation of an authorisation of any of customers or of the authorised persons or the occurrence of an event resulting in the cancellation of the authorisation.
- (3) In any case of the performance of activity that deviates from the bank’s instructions, in any of the systems.
- (4) In any case where the bank is entitled to reduce or cancel the customers’ overdraft facility or demand immediate payment of any credit that it advanced to the customers.

- (5) If in the opinion of the bank transactions are carried out in the account which do not match the activities in the account.
  - (6) If there is a concern by the bank that transactions are carried out in the account which are prohibited by any law or are transactions connected to money laundering or the financing of terror or any criminal offense.
  - (7) If in the opinion of the bank transactions in the account expose the bank to risks deriving from sanctions regimes imposed by foreign countries, international organisations or the State of Israel.
  - (8) In any case where the bank will be prevented from continuing to provide the services for a reason connected to any third party and/or technical reasons and/or by any law and/or in accordance with the directives of the Bank of Israel that will be in force from time to time.
- 8.15.3 Without derogating from all the aforesaid, it is clarified that there may be cases where the services will be stopped in order to perform maintenance works and/or an upgrade, with respect to which notice will not necessarily be given.
- 8.15.4 The customers will be entitled to notify the bank at any time that they wish to stop receiving all or some of the services, including by means of the systems that allow this.

#### 8.16 **The bank's records and keeping them**

- 8.16.1 The provisions in this subsection below are in addition to the provisions in the section regarding the delivery of mail and confirmations of the performance of transactions at the branch below.
- 8.16.2 The bank shall keep computer records of the performance of transactions and queries through the systems and keep the records for such periods of time that it will decide, which shall not be less than 6 months for records of transactions and 60 days for records of queries. In addition, the bank is entitled to record and document (audio recording, video recording including the system screens, or in any other way) the customers' communications through the systems and store the recordings. In such a case, the aforesaid records and recordings will be regarded as a part of the bank's records.
- 8.16.3 All the bank's records regarding the existence, date and content of an instruction or request to perform a transaction or to receive or transmit information through the systems, and regarding the sending of information by the bank to the customers will serve as *prima facie* proof of such an instruction or request and its content.
- 8.16.4 In a case of a conflict between the data on the bank's systems and the data on the customers' computer or on the computer of any third party, the data appearing on the bank's systems will prevail.

### 9. **Authorisation to debit the account**

An authorisation to debit the account that was given by the customers will be subject to the following provisions:

- 9.1 Setting up an authorisation to debit the account will be done with the bank's form that is designated for this purpose or in with another document that is delivered to the bank, subject to the bank's procedures and the provisions of the law, and the bank agreed to accept it and to act in accordance with it.
- 9.2 The setting up of an authorisation to debit the account may be delivered to the bank by the customers or through the beneficiary of the authorisation, all of which shall be in accordance with and subject to the law and the bank's procedures. The bank will be entitled to reject an application to set up an authorisation to debit the account.
- 9.3 The bank will be entitled to cancel an authorisation to debit the account or not to perform a payment transaction at the request of a beneficiary of the debit authorisation, on reasonable grounds.
- 9.4 The customers will be entitled to cancel an authorisation to debit the account in a notice that will be delivered to the bank or to the beneficiary of the authorisation and a notice as aforesaid from the beneficiary of the authorisation to the bank will be regarded as a notice that was given by the customers,

and the bank will be entitled to rely on a notice that was given to it by the beneficiary of the authorisation as aforesaid, and in such a case, the customers will not have any claims against the bank as a result of cancellation of an authorisation to debit the account.

- 9.5 The customers will be entitled to cancel a certain debit that they were debited by virtue of the authorisation to debit the account, in a notice that will be delivered to the bank within no later than three business days from the date of the debit. The provisions of this subsection above will not apply to types of authorisation to debit the account that will be determined, if any, by the Minister of Finance, and/or upon the fulfilment of conditions that the Minister of Finance determined to be ones in which it will not be possible to cancel a certain debit by virtue of an authorisation to debit an account.

## 10. **Liability for defects in the performance of payment transactions**

- 10.1 The bank will not be liable for any damage or expense that will be caused, if at all, to the customers and/or to any third party whatsoever as a result of a defect in the performance of a payment transaction, which was caused as a result of an act or omission of the customers and/or anyone acting on behalf of the customers and/or another payment service provider.
- 10.2 A payment transaction that was made on the basis of a unique identification code of a beneficiary that the customers delivered to the bank, whether it was delivered on its own or it was delivered with additional details, will be regarded as a transaction that was made by the bank as required for the purpose of the identity of the beneficiary, and the bank will not have any liability for damage that is likely to be caused to the customers, and the customers will compensate and indemnify the bank for any damage, loss and expense, of every kind and type, whether direct or indirect, whether foreseeable or unforeseeable, that will be caused to the bank, as a result of a demand, contention or claim of any third party, as a result of the non-performance of a payment transaction by the bank or because of a defect in performing it, all of which provided that the non-performance or the defect as aforesaid were caused as a result of the bank's reliance on an erroneous unique identification code that the customers delivered to the bank.

## 11. **Theft or loss of an essential component or misuse of a means of payment**

In a case of theft or loss of an essential component of a means of payment that was issued or will be issued to the customer by the bank, or misuse of a means of payment by someone who is not entitled to use it (hereinafter – ‘the loss’), the following will apply:

- 11.1 The customers will notify the bank of this immediately, in any way that the bank will allow from time to time (hereinafter – ‘the notice’). The customers will deliver in the notice the details that will be required regarding the circumstances of the loss, the payment transactions that were made as a result of the misuse of the means of payment and the details of the damage that was caused, and they will take every reasonable step to help to minimize the damage. If the notice was not delivered in writing, the notice will be delivered, in so far as the bank required this, also in writing, within a reasonable time.
- 11.2 The customers will not be responsible for the misuse of the means of payment that was made after delivery of the notice.
- 11.3 The bank will not be liable for any damage to the customers and/or to any third party if it acted in good faith and without negligence on the basis of the customer’s notice as aforesaid.
- 11.4 The bank will be entitled to debit the account for any payment transaction with the means of payment with respect to which the notice was given, which was performed in the period between the time when the customers became aware of the loss and the time when the notice was delivered, according to the lower of the following two amounts:
  - 11.4.1 A fixed sum of NIS 75, plus NIS 30 for each day that passed between the date on which the customers became aware of the loss or the date of delivery of the notice. Notwithstanding the aforesaid, if the notice was delivered within 30 days of the date on which the means of payment was first misused, the amount of the charge shall not exceed NIS 450.
  - 11.4.2 The amount of the payment transactions that were actually made in the course of the misuse.
- 11.5 The amounts stated above may be changed on the basis of an order of the Minister of Justice, which will be published in Reshumot.
- 11.6 The aforesaid restriction of the customers’ liability to the amounts stated above will not apply, and the bank will be entitled to debit the account for every payment transaction that was made with the means of payment before notice was delivered by the customers as stated in that section, if the use of the means of payment was made after the customers made the essential component in the means of payment available to another person, whether the use was made with the customers’ knowledge or it was made without their knowledge. The provisions of this subsection will not apply when one of the following is fulfilled:
  - 11.7 The essential component in the means of payment was made available to the other person in reasonable circumstances for the sake of safekeeping only or it was made available to a beneficiary for the purpose of giving a payment instruction through the beneficiary;
  - 11.8 The misuse was made after the essential component in the means of payment, which was made available to the other person, was stolen from that person or was lost by him.
  - 11.9 It is clarified, notwithstanding everything stated in this section above, that the limit on the customers’ liability will not apply in a case where the customers acted with fraudulent intent, and in such a case, the customers will be solely liable for the misuse of the means of payment.
  - 11.10 It is clarified that the provisions of this section will not apply to an authorisation to debit the account.

## 12. **The date of performing transactions**

- 12.1 If the bank undertakes to perform any transaction for the customers, and no date is determined for performing it, the bank shall perform it within a reasonable period of time that is usually required for performing such a transaction.
- 12.2 If the customers were entitled, subject to the provisions of this document, to receive from the bank, as beneficiaries in the account, money that is due or will be due to them at any time, including by virtue

of a payment instruction that was given by any third party for the customers, the customers' account will be credited by virtue of such an instruction on the business day on which the money was received at the bank, or on a later date that was agreed between the customers and the bank ('the date of the credit'). Notwithstanding the aforesaid, it is agreed that in circumstances that will justify this, the date of the credit may be on a later date, provided that the bank will credit the account on the earliest possible date after the circumstances stated above have ceased to exist. Without derogating from the generality of the aforesaid, the date of the credit may be on a later date, inter alia, in each of the following cases:

- 12.2.1 If the bank has a legal impediment to making the credit on the date of the credit, including an impediment that derives from compliance with the provisions of law, custom or procedure that relate to the prohibition of money laundering or the prohibition of the financing of terrorism.
- 12.2.2 If the delay is caused as a result of constraints relating to special characteristics of the nature of the instruction that was given to credit the customers, including in a case of crediting the customers' foreign currency account and/or as a result of activity of correspondent banks or other third parties that provide services to the bank, in Israel or abroad.
- 12.2.3 If the instruction to credit the account is unclear or is not sufficiently understood by the bank or if a disruption, nonconformity or mistake occurred in the instruction that was received at the bank to credit the customers' account.

### 13. **Cancellation of payment instructions**

- 13.1 The customers will be entitled to cancel payment instructions by giving notice to the bank by the end of the business day or by an earlier time according to the times that will be published by the bank from time to time on the bank's Internet site and/or in any way that it will be permitted for the bank to display them, provided that the bank is able to stop the performance of the payment instruction in accordance with the reasonable technological restrictions that apply in the circumstances of the case.
- 13.2 Notwithstanding the above and subject to the provisions of the law:
  - 13.2.1 Payment instructions whose time of performance is in the future may be cancelled by means of advance notice from the customers given to the bank, in so far as there is no contrary stipulation by the bank or in the provisions of any law;
  - 13.2.2 Payment instructions whose time of performance is immediate or that are given within the framework of a secure payment transaction according to the meaning of this term in the Payment Services Law cannot be cancelled.

### 14. **Closing the account**

- 14.1 Without derogating from the provisions of any law, the bank will be entitled, at any time, to close the account or to stop one or more of the fields of activity and/or the service channels provided to the customers according to this document or to deny the customers their right to act in the account with cheques or similar instruments, after giving 45 days' prior notice to the customers, unless there are exceptional circumstances that justify the closing of the account or the stopping of the activity as aforesaid immediately without giving notice as aforesaid.
- 14.2 The customers will be entitled to request the bank to close the payment account at any time. In such a case, the bank will act to close the account five business days after the date on which the customers completed the actions required to close the account, including the performance of the aforesaid actions as stated in section 14.3 below.
- 14.3 The bank is entitled to make the closing of the account conditional on there not being any impediment to do so by law and on the performance of the following actions:
  - 14.3.1 The payment of all obligations for debit cards that the bank issued to the customers, in so far as they issued any;
  - 14.3.2 The settlement of obligations to a third party that the bank took upon itself with respect to the customer's account;
  - 14.3.3 The receipt of a notice from the customers, that they will not make use of cheque forms that have not yet been drawn, in so far as there are any in the possession of any of them;

- 14.3.4 Covering all of the customers' obligations to the bank;
- 14.3.5 The signing of an identification document by all or some of the customers, in cases where there is a reasonable concern regarding the identity of the person submitting the request to close the account.

The aforesaid actions will be performed in accordance with the procedures that have been determined and will be determined from time to time by the Bank of Israel. Details can be obtained at the branch of the bank where the account is held.

- 14.4 The customers undertake to return to the bank all cheque books and cards in their possession when closing the account.
- 14.5 In any case where the account is closed – whether by the bank or by the customers – the interest and the maximum interest, if there will be any, that has accumulated until then will be paid immediately upon the closing of the account.

## 15. **Suspending the use of a means of payment**

- 15.1 The customers will be entitled, at any time, to suspend the use of any of the means of payment that were issued and/or will be issued to them by the bank (including suspending the giving of a debit authorisation to a specific beneficiary), for a period chosen by them, provided that it will not exceed 14 days. The customers' request to suspend the use of a means of payment will be delivered by them to the bank in the manner that the bank will direct, from time to time, in its publications on the bank's Internet site and/or in any other acceptable manner in which the bank may give such instructions. The customers undertake not to make use of the suspended means of payment during the suspension period.
- 15.2 Notwithstanding the aforesaid, the bank will be entitled to allow the customers, at its sole discretion and including with respect to certain types of means of payment, to suspend a means of payment for a period that exceeds 14 days. If the bank allows this, and a suspension is requested by the customers for a period that exceeds 14 days, the bank will be entitled to determine that the suspension will continue to remain in force until another instruction is received from the customers.
- 15.3 The bank will be entitled to suspend the right of the customers to make use of any of the means of payment that were issued and/or will be issued to them by the bank, if this is required in accordance with the provisions of any law or on other reasonable grounds. Alternatively, the bank will be entitled, but not liable, to make available to the customers an alternative means of payment to any of the means of payment as aforesaid.
- 15.4 Without derogating from the generality of the aforesaid, the following grounds, inter alia, will be regarded as reasonable grounds for suspending the customers' right to make use of any of the means of payment:
  - 15.4.1 The existence of a reasonable concern that the safety of the means of payment has been prejudiced, a concern of misuse of the means of payment or fraud;
  - 15.4.2 The existence of a reasonable concern that the means of payment may be used to commit an offence or to cause the bank to breach a provision of law;
  - 15.4.3 The activities in the account expose the bank to risks deriving from sanctions regimes imposed by foreign countries, international organisations, or the State of Israel, risks of money-laundering and the financing of terror, etc
  - 15.4.4 The existence of a real concern that the customers will not fulfil their obligations to the bank;
  - 15.4.5 In any case of a problem, disruption, malfunction or clarification relating to the use of the means of payment, according the circumstances of the case and/or the type of the means of payment;
  - 15.4.6 In any other case where, at the bank's discretion, the continued use of the means of payment may cause damage to the customers or the bank.
- 15.5 It is clarified that the suspension of the use of the means of payment as stated in this section above (whether at the request of the customers as stated above or at the initiative of the bank as stated above) does not and will not derogate from the validity of current and/or future obligations of the customers with the suspended means of payment, where the payment instructions relating to them were given before the date of the suspension of the use of the means of payment.

- 15.6 The suspension of the use of a means of payment as stated in this section above may, in view, inter alia, of the type of means of payment that is suspended and the circumstances of the case, result in the suspension of additional services that are provided to the customers, which are not payment services (for example, viewing information, giving instructions that are not payment instructions, etc.), with the means of payment that was suspended as aforesaid.

16. **Deduction of commissions or other charges from money that is transferred within the framework of a payment transaction**

- 16.1 The bank will transfer all of the money with respect to which a payment instruction was given and shall not deduct from it a commission or any other charge.
- 16.2 It is hereby agreed and clarified that, notwithstanding the provisions in section 14(a) of the Payment Services Law and section 45.1 above, the bank will be entitled to deduct any debt, charge, expense, cost or commission that is due or will be due to it from the customers or one or several of them, including according to the terms and conditions of this document, from money that is due or will be due to the customers, as beneficiaries in the account from the bank, at any time, including by virtue of an instruction to transfer money that was given by any third party for the customers, whether on their own or with others.

17. **Times of receiving instructions**

Any instruction (including a payment instruction) that will be received by the bank after the time determined for the end of a business day, or after an earlier time that will be determined by the bank from time to time, as the latest time for receiving instructions (**‘the latest time for receiving instructions’**) or on a day that is not a business day (and with respect to transactions relating to foreign currency – on a day which is not a foreign currency business day) shall be considered as if received by the bank on the first business day (or foreign currency business day, as applicable) thereafter.

The bank’s determination regarding the latest time for receiving instructions may vary according to the circumstances, including different times for different days, for different offices, branches or departments, and even for different means of communication, and according to the fields of activity, types of services, different systems or service channels, and it will be published on the bank’s Internet site and/or in any other way that the bank will be permitted to display it.

18. **The bank's right not to execute certain instructions**

In each of the following cases, the bank may, in its discretion, refuse to execute any instruction of the customers or postpone the execution thereof or execute it only in part, as applicable:

- 18.1 If the instruction is unclear or is not understood by the bank, or it lacks details;
- 18.2 If the instruction was given with respect to cheques and/or bills for collateral, collection or to credit an account, and the cheques or bills or some of them were not attached to that instruction or suffer from any defect (such as a lack of endorsement(s), a first endorsement or special endorsement that is unclear, nonconformity between the words and figures, etc.) or the details of a cheque or bill as aforesaid do not conform with their description in the form;
- 18.3 If the instruction was not given on the bank’s customary form;
- 18.4 If the instruction reaches the bank after the date determined for its delivery;
- 18.5 If the instruction is given by means of the Hishbank (Quickbank) service or in a branch box and it relates to a transaction the bank does not usually perform by such channel;
- 18.6 If it is an instruction that concerns a transaction that the bank does not generally perform;
- 18.7 If the execution of the instruction involves debiting any account of the customers and the status of the account does not allow it to be debited as aforesaid;
- 18.8 If the customers instruct the bank to make various payments to the debit of any account and the status of the account does not allow it to be debited with all the aforesaid payments, the bank will be entitled (but not liable), at its discretion, to make any one or more of those payments as it thinks fit;

- 18.9 If in the opinion of the bank transactions are carried out in the account which do not match the activities in the account;
- 18.10 If there is a concern by the bank that transactions are carried out in the account which are prohibited by any law or are transactions connected to money laundering or the financing of terror or any criminal offense;
- 18.11 If in the opinion of the bank transactions in the account expose the bank to risks deriving from sanctions regimes imposed by foreign countries, international organisations or the State of Israel.
- 18.12 If the bank is prevented by law from executing the instruction.

The bank will notify the customers of the execution, non-execution, partial execution or approximate execution of any instruction. The aforesaid does not derogate from the customers' obligation to verify the execution, non-execution, partial execution or approximate execution of any instruction.

19. **Waiver by a business of various protections afforded by the Payment Services Law**

**Notwithstanding the provisions of this document, if the customer is a business whose annual sales turnover exceeds 30 million new shekels or another amount that will be determined from time to time in accordance with section 51(b) of the Payment Services Law, the rights and protections afforded to a customer under the provisions of sections 14(a), 19 and chapter F of the Payment Services Law will not apply with respect to that customer, and the customer will not be entitled to them.**

**In this regard, 'annual sales turnover' – the amount of the customer's receipts of every type and from every source, which was received in the previous financial year, according to the customer's annual financial statements that were prepared with respect to that year, and if no such annual financial statements were prepared, the annual sales turnover as aforesaid will be determined in accordance with the procedures and rules that are customary and usual or as will be customary and usual from time to time and at any time at the bank.**

**In accordance with the aforesaid, if the customer is a business according to the above meaning, the customer will not be protected in accordance with the provisions of the following sections of the Payment Services Law, even though it may be that these protections might have been available to the customer had it not been for the aforesaid waiver:**

**Section 14(a) of the Payment Services Law, which provides that a payment service provider will transfer all the money with respect to which a payment instruction was given and will not deduct from it a commission or any other charge;**

**Section 19 of the Payment Services Law, which defines the liability imposed on a payment service provider to a customer when performing a payment transaction, and provides, *inter alia*,: (a) the liability of the payer's payment service provider to the payer for the performance of a payment instruction precisely until the receipt of the transferred money within the framework of the payment instruction by the payee's payment service provider; (b) the liability of the payee's payment service provider to the payee, upon receipt of the money as aforesaid, to make the transfer of the money to him precisely; (c) the liability of a payee's payment service provider to the payee to transfer the payment instruction precisely to the payer's payment service provider in a case where the payer gave a payment instruction through the payee or in a case where the payee demanded the performance of a payment instruction by virtue of a debit authorisation; (d) the liability of a payment service provider to a customer with respect to a defect in the performance of a payment instruction – clarifying it and remedying it; (e) the liability of a payment service provider to a customer for compensation or indemnification for damage or expense that were caused to the customer because of a defect as aforesaid;**

**Section 24 of the Payment Services Law, which limits the customer's liability in a case of theft or loss of an essential component in a means of payment, as defined in the Payment Services Law, or in a case of misuse of a means of payment by someone who is not entitled to do so, under the conditions stated in the Payment Services Law, up to an amount of NIS 450 or the amount of the payment transactions that were actually performed in the course of the misuse, whichever is the lower;**

**Section 25 of the Payment Services Law, which restricts the customer's liability for the misuse made of a means of payment during a period of suspending the means of payment, or after the termination of the payment services contract or the return of the means of payment to the possession of the payment service provider;**

Section 26 of the Payment Services Law, which restricts the limited liability for misuse of a means of payment to a case in which the customer acted with fraudulent intent;

Section 27 of the Payment Services Law, which orders the payer's payment service provider to return to the customer amounts that he was charged for the misuse of a means of payment, beyond the amounts determined in the liability limit;

Section 28 of the Payment Services Law, which orders the payer's payment service provider to return to the customer the difference between the amount he was charged for a payment transaction that was performed on the basis of an instruction that was given through the payee, and the amount with respect to which the customer gave notice that he gave an undertaking, in a case of an increase of the amount of the debit without authorisation;

Section 29 of the Payment Services Law, which orders the payers' payment service provider to return to the customer the amount of a charge or a difference between the amount of a charge without an authorisation and the amount that a customer undertook, in a case where the customer was charged for a payment transaction with a missing document, and after the customer gave notice that he did not make the payment transaction or that the amount of the charge was increased without the customer's authorisation;

Section 30 of the Payment Services Law, which provides that an exemption or limit of the customer's liability for misuse of a means of payment will not be conditional on giving details to the payment service provider regarding the circumstances of the theft or loss of an essential component in a means of payment, as defined in the Payment Services Law, or in a case of misuse of a means of payment by someone who was not entitled to do so;

Section 31 of the Payment Services Law, which provides that the customer will not have any liability for abuse of a means of payment except for the liability stated in chapter F of the Payment Services Law;

Section 32 of the Payment Services Law, which provides that a payment service provider will not be entitled to charge the payee customer for any amount that was returned to the payer customer in accordance with section 27 of the Payment Services Law or because of other expenses that he incurred as a result, when on the conditions mentioned in the section is fulfilled. The section further provides that in a case where a payee's payment service provider is entitled to charge the payee customer for an amount that was returned to him in accordance with section 27 of the Payment Services Law or for other expenses that were caused to him as a result, the charge will not be made by way of setting off money that the payee customer is entitled to receive, without the payee's consent that will be given in writing.

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## Part D – General

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All the sections stated in part D below will apply to the account, as defined in the preamble to this document, and will apply to every service that the bank will provide to the customers in accordance with this document.

The customers or any authorised persons on their behalf are authorised to give the bank written instructions or in any other manner as shall be agreed between the customers and the bank.

### 20. Account in the name of a business

If the customers ask the bank for an account to be held in their name, while stating the name of a business (hereinafter – **'the business name'**), the following provisions will apply:

- 20.1 The use of the business name does not obviate or derogate from the customers' undertakings to the bank, according to this document and according to any other document that has been and/or will be signed by them with the bank.
- 20.2 The customers are all the persons/entities that conduct their business with this business name, and to the best of their knowledge, no other business is conducted with this name.
- 20.3 The customers will be entitled to deposit in the account and/or the foreign currency account promissory notes, cheques, documents and other negotiable instruments (hereinafter in this section – 'the documents') that are intended for them, when they are made out to the order of the business name.
- 20.4 The customers undertake to indemnify and compensate the bank upon its first demand for any damage, loss or expense that may be caused to it, directly or indirectly, as a result of the customers' use of the business name, including if it transpires that any of the documents was not intended for the customers or any of them but for others, and/or the customers were not entitled to deposit them in the account. The

bank will be entitled to debit the account and/or any other account of the customers held with it on the basis of this undertaking of the customers.

- 20.5 The bank will be entitled to cancel the arrangement stated in this section at any time, at its sole discretion, and to notify the customers thereof.

21. **The giving of details by the customers**

The customers confirm and undertake that the identification details and the additional details that they gave and/or will give from time to time to the bank, including with respect to and in connection with the type of activity and sources of the money in the account, are complete, correct and precise.

If any change will occur in any of the identification details and/or the additional details as aforesaid, the customers undertake to notify the bank of this in writing as soon as possible.

Without derogating from the customers' undertaking, as long as the customers do not give notice of the change to the bank, it does not bind the bank.

22. **Change of status**

Whenever there is a change in the status of the customers or in the status of any of them according to the provisions of any law (such as a change in the status of a customer from a minor to an adult, a change in the legal capacity of the customer, a change in the domicile or citizenship of the customers in relation to their declaration to the bank, etc.), the customers undertake to notify the bank immediately in writing, with details of the nature of the change.

23. **Prohibition of merger**

The customers undertake (if the customers are a corporation) not to make, not to undertake to make and not to take any steps towards making a merger with another corporation or other corporations without obtaining the bank's prior written consent thereto. For this purpose, the customers undertake to give the bank immediately any information and documents required by the bank, at its discretion, with respect to the proposed merger, for the purpose of determining its position with respect to the merger.

24. **Legal proceedings, expenses and place of jurisdiction**

- 24.1 The customers shall bear all expenses in respect of the stamping of this document and of any other documents created hereby and/or in connection therewith; and furthermore the customers shall bear all reasonable involved in exercising rights to collect the debts that are due or will be due pursuant hereto or pursuant to the terms and conditions of any account of the account holders, whether or not mentioned in this document, including the reasonable expenses involved in any claim or in the realization of guarantees or collateral in accordance with this document or any other agreement between the bank and the customers above, including the professional fees of the bank's lawyers.

The amount of the lawyers' professional fees that will be payable will be as determined in a judgment or decision of a court. In a case of enforcement proceedings, if the professional fees of a specific lawyer are not determined, the minimum fees determined by virtue of section 81 of the Bar Association Law, 5721-1961, will apply, and in any other case, as agreed between the bank and the customers. The customers will pay the bank, immediately upon its first demand, every expense as aforesaid plus maximum interest, for the period from the date it was incurred by the bank as aforesaid until its actual payment, and interest as aforesaid that will accrue during each month or any other period that will be customary at the bank from time to time will also bear interest as aforesaid.

- 24.2 The bank and the customers hereby agree that exclusive venue jurisdiction for all the purposes of this document will be given to the court in the nearest city to the branch where the account is held from among the following cities, Jerusalem, Tel Aviv, Haifa, Beersheba, Nazareth or Eilat, or – at the plaintiff's choice – the court closest to the branch where the account is held.

- 24.3 If a claim, proceeding or any demand is filed by a third party against the bank in Israel or abroad, in connection with any account of the customers at the bank, or if the bank becomes involved in any claim, demand or proceeding in a matter that is entirely a dispute between the customers and a third party or a dispute between the customers inter se, including attachment proceedings and any other interlocutory relief, the customers shall indemnify and compensate the bank for any reasonable loss, damage and

expense (including professional fees of the bank's lawyers) caused to the bank as a result of any claim, demand or proceeding as aforesaid.

In proceedings as aforesaid that take place before a court or any other competent judicial authority, in which the bank took an active part, the bank's rights as aforesaid to indemnification and compensation for the litigation costs in those proceedings shall be subject to the decision of the court or any other competent judicial authority, without derogating from the bank's right as aforesaid to indemnification and compensation for any loss, damage or expense in addition to the litigation costs.

- 24.4 In addition to the aforesaid, the bank is entitled to debit any account of the customers with it, whether it is mentioned in this document or not, for any amount that will be due to it from the customers as a result of any claim, demand or proceeding as stated above.

25. **The manner of operating a joint account – mutual authorisation**

- 25.1 Subject to any written authorisation that was given or will be given by the customers, which the bank will agree to accept, the right to act in the account belongs to all the customers jointly, and the provisions of section 59 of the Contracts (General Part) Law, 5733-1973, shall not apply.

- 25.2 If the customers have given or will give authorisation in an application to any of the customers (hereinafter – 'the authorised person(s)'), the authorised person(s) may, on behalf of all the customers, act in the account and/or in all the accounts/deposits which are or will be held under the customer number mentioned in the application, and to perform transactions and give instructions with the combination of signatures stated in the application, whether the account has a credit balance or a debit balance or it will have a debit balance as a result of any transaction, and to do in connection with the account all the transactions that the customers would be entitled to perform, if they all acted jointly.

For the avoidance of doubt, the authorised person(s) may perform transactions in the account in Israeli currency and in foreign currency in all the fields of activity, including transactions in a current account (including overdraft facilities), in a securities deposit (including the receipt of investment advice), in deposits, savings, credit and loans, documentary credits and guarantees/indemnities, in so far as these fields of activity were chosen or will be chosen by the customers, and to act in all the service channels, through which the customers chose or will choose to act, including by telephone and facsimile and banking communication services.

- 25.3 The authorised person(s) may perform acts of agency with himself/themselves and/or for his/their benefit with all the money, documents, securities, rights and assets that will stand from time to time to the credit of the account.

- 25.4 Without derogating from the generality of the aforesaid, the authorised person(s) are also entitled:

25.4.1 To give a guarantee on behalf of the customers to the bank for the repayment of all the amounts that are or will be due to the bank from the customers or from one or several of them, or from any third party, as a result of loans, credit, overdrafts or other banking services provided by the bank, provided that the bank will be able to recover from the customers on the basis of such a guarantee solely out of the money, documents, securities, rights and assets that will stand from time to time to the credit of the account;

25.4.2 To create on behalf of the customers collateral in favour of the bank with the money, documents, securities, rights and assets that stand from time to time to the credit of the account;

25.4.3 To sign on behalf of the customers any agreement, including credit documents and applications to grant an overdraft facility, loan agreements, guarantees, specific set-off letters, pledge documents, letters of undertakings and any other document that will be required in the bank's opinion in connection with all or some of the acts listed above;

25.4.4 To close the account and any account/deposit that is and/or will be held under the customer number stated above.

- 25.5 The provisions in this section above shall not be interpreted as if the aforesaid authorised person(s) may give an authorisation to another or others to perform any transaction stated in this section above; for the avoidance of doubt, it is clarified that the authorised person(s) may perform any transaction stated in this document on behalf of the customers, even if the customers did not receive any consideration in connection with the aforesaid transaction.

25.6 The customers hereby release the bank from any liability for any damage, loss and reasonable expense that may be caused to them, directly or indirectly, as a result of any transaction of the aforesaid authorised person(s), or as a result of any transaction that the bank will perform on the basis of any instruction or request of the aforesaid authorised person(s), provided that the bank will not be released if the damage, loss or expense was caused as a result of the bank's negligence or by exceeding the authorisation.

25.7 The authorised person(s) will be entitled to perform all of the aforesaid in all the fields of activity and service channels that constitute a part of the account.

25.8 **Termination of the authorisation**

25.8.1 All the authorisations will be terminated and the right to act in the account will be given to all the customers jointly, if the bank will receive written notice from the customers or from one or several of them regarding the cancellation of the authorisation of any of the customers, or if the bank will receive notice of any event as a result of which, according to law, the authorisation of any of the customers has been terminated.

25.8.2 Subject to the provisions in this document, the Agency Law, 5725-1965, will apply to the aforesaid authorisations.

25.8.3 Immediately after the bank will become aware of the termination of the authorisation, as stated in this section, the bank will give notice of this to the customers.

26. **Right of lien**

26.1 The bank will have a right of lien over all the amounts and assets due to the customers from the bank, and the bank may withhold them, at any time, without being obliged to notify the customers thereof in advance, until all the amounts due to the bank from the customers are paid, while maintaining a reasonable ratio between the amounts and the assets due to the customers from the bank, which are withheld as aforesaid, and the amounts due to the bank from the customers.

With respect to any of the amounts due to the bank from the customers whose date of payment has not yet arrived, the bank will be entitled to act in accordance with the aforesaid, if it has a reasonable concern that these amounts will not be paid to the bank in full and on time.

For the purpose of this section 26, the following terms will be defined as follows:

'The amounts and assets due to the customers from the bank' – all the money, whether in Israeli currency or in foreign currency, that is due or will be due to the customers from the bank in the account and in any other account or deposit of the customers at the bank and/or in any way or for any reason whatsoever, and all the bills, securities, bills of lading, documents, moveable property and other assets of every kind and type whatsoever that belong to the customers (whether the customers delivered or will deliver them to the bank or any third party delivered or will deliver them to the bank for them, whether they were delivered for collection, collateral, safekeeping and/or any other purpose) and the consideration for them, including all the customers' rights in connection with all the aforesaid.

'The amounts and assets due to the bank from the customers' – all the amounts, whether in Israeli currency or in foreign currency, that are due or will be due to the bank from the customers in any account and/or in any way or for any reason, whether their payment date has arrived or it has not yet arrived and whether their payment date is subject to the fulfilment of any condition(s).

26.2 In addition to the aforesaid, in any case where an attachment will be imposed on any amount and/or any asset out of the amounts and assets due to the customers from the bank, the bank will have a right of lien with respect to that amount and/or asset, as applicable, until the removal of the aforesaid attachment, provided that the right of lien according to this section will only apply to the amounts and assets due to the customers from the bank whose total amount and/or value will not exceed the outstanding balance of the amounts due to the bank from the customers from time to time.

26.3 In the cases stated in this section above, the customers will not be entitled to withdraw the amounts and the assets due to the customers from the bank or any part thereof or to act with them or in relation to them in any other way without the bank's consent, and the bank will be entitled to prevent the customers from making any dispositions with them.

26.4 The bank will notify the customers that it has exercised any of its rights according to this section, after it exercises it.

27. **Right of set-off**

27.1 Without derogating from the bank's right of lien as aforesaid, the bank is entitled (but not obliged), at any time, without being required to notify the customers thereof in advance:

27.1.1 To set off any of the amounts due to the bank from the customers against amounts due to the customers from the bank;

27.1.2 To buy any amount in foreign currency that will be needed in order to repay any of the amounts due to the bank from the customers, or to sell any foreign currency standing to the credit of the customers at the bank, and to use the sale proceeds in order to repay any of the amounts due to the bank from the customers or, as applicable, to buy another foreign currency that will be required to repay the amounts due to the bank from the customers;

27.1.3 To debit any account and any deposit of the customers at the bank, whether it is mentioned in this document or not, with any of the amounts due to the bank from the customers, and if the aforesaid amounts or some of them are for credit in foreign currency, to debit any account and any deposit of the customers as aforesaid that is held in the currency of the credit, or any account of the customers that is held in Israeli currency or in another foreign currency with the proceeds thereof (in Israeli currency or in the other foreign currency) at the rate in force at the bank on the date of debiting the account as aforesaid.

27.2 The bank will be entitled to make a set-off without any advance notice, but in the following cases, the bank will be entitled to make the set-off after giving advance notice to the customers:

27.2.1 In a case of a set-off against amounts due to the customers from the bank whose date of payment has not yet arrived;

27.2.2 In a case of a set-off against a fixed deposit which, were it not for the set-off, would be extended or renewed automatically, such that the customers would have derived certain rights or benefits.

Notwithstanding the aforesaid, if the delay in making the set-off may adversely affect the bank's position or prejudice any of its rights, the set-off will be made immediately.

Moreover, if notice was sent and during the period determined therein an attachment or notice of a receivership for the customers' assets will arrive or a similar incident will occur, the set-off will be made immediately.

27.3 Any purchase or sale as stated in this section will be made (if at all) at the bank's customary rate, out of amounts in Israeli currency or out of amounts in foreign currency, as applicable, that will stand to the customers' credit at the bank or that will be received from the realization of any collateral that was given or will be given to the bank by or for the customers.

27.4 Any debit as stated in this section hereinbefore and hereinafter will be made (if at all) either in an existing account or deposit or in an account or deposit that will be opened for this purpose by the bank in the customers' name, whether the account or deposit that will be debited will have a credit balance or a debit balance or it will have a debit balance as a result of being debited as aforesaid, and the debit balance that will exist (if any) in the account or deposit that will be debited as aforesaid will bear interest at the maximum rate.

However, if as a result of any debit with respect to foreign currency as stated hereinbefore or hereinafter, any account will have a debit balance or the debit balance in it will increase, then, if that account will be held in Israeli currency, the bank may, at any time, credit the account and debit with the proceeds thereof any account or deposit of the customers in the relevant foreign currency at the bank's customary rate on the date of debiting the account or the deposit in foreign currency as aforesaid; and if that account is held in foreign currency, the bank may, at any time, credit the account and debit with the proceeds thereof any account or deposit of the customers in Israeli currency at the bank's customary rate on the date of debiting the account as aforesaid.

27.5 In cases where the bank will exercise rights of set-off as aforesaid before the payment date of any of the amounts due to the customers from the bank, there may be adverse changes to the customers' rights with respect to or in connection with that amount (such as with respect to interest rates, linkage

differentials, exchange rate differentials, rights to bonuses or loans, an exemption from or reduction in income tax and deductions at source). In addition, the bank is entitled to deduct from the aforesaid amounts, commissions, expenses and damages that it is accustomed to charge when the customers break deposits of any kind, including savings, shekel deposits and foreign currency deposits.

27.6 For the purpose of this section 27, the following terms will be interpreted as follows:

**‘The amounts due to the customers from the bank’** – all the money, whether in Israeli currency or in foreign currency – that is due or will be due to the customers, subject to any law, from the bank in the account and in any other account or deposit of the customers at the bank and/or in any way or for any reason.

**‘The amounts due to the bank from the customers’** – all the amounts, whether in Israeli currency or in foreign currency, due to the bank from the customers on the date of making the set-off, in any account whatsoever and/or in any way or for any reason, including amounts whose payment date has arrived as a result of making a demand for immediate repayment and/or acceleration of repayment according to law and/or according to what is agreed with the customers.

## 28. **Commissions and expenses**

Subject to any law or instruction of the Bank of Israel:

28.1 Commissions and expenses in connection with the account, the transactions relating thereto, and various banking services, in the amounts set out in the bank’s fee tariff, as shall be agreed between the bank and the customers, will be debited to the account in which the transaction was performed or any other account of the customers as the bank will decide, on the dates set out in the bank’s fee tariff and in accordance with the terms specified therein or as agreed between the bank and the customers.

28.2 Without derogating from the aforesaid in section 28.1 above- other reasonable expenses in connection with the account, the transactions relating thereto and various banking services, will be debited to the account as aforesaid, in the actual amounts and dates as shall be determined by the bank.

## 29. **Right to debit the Account**

In any case where the bank will have a right to debit an account of the customers, the bank will be entitled to do so whether that account has a credit balance or a debit balance or will have a debit balance as a result of debiting it as aforesaid.

## 30. **Use of correspondents**

For the purpose of performing the customers’ instructions, the bank will be entitled, at its discretion, to use the services of correspondents and/or brokers (each of the aforesaid hereinafter: **‘the correspondents’**) in Israel or abroad, at its choice.

The customers undertake to pay reasonable commissions and expenses that the bank will be required to pay to the correspondents in connection with the performance of the customers’ instructions as aforesaid.

## 31. **Privacy and use of information**

31.1 In this section, "Personal Information" refers to any data relating to an individual who is identified or identifiable through reasonable effort, that will be provided to the Bank, or collected or processed by the Bank or by others on its behalf in any form whatsoever, including "Personal Information" and "Particularly Sensitive Information" within the meaning of these terms in the Privacy Protection Law, 5741-1981.

### 31.2 **Data Collection**

31.2.1 The customers are and/or shall be required, from time to time, to provide the Bank with Personal Information about themselves, as required by law at the Bank’s discretion for the purpose of opening and managing the Account (for example, under the Non-Sufficient Funds Checks Law, 5741-1981, and the Prohibition of Money Laundering Law, 5760-2000). The provision of other Personal Information is done voluntarily and with the consent of the customers and is required

in connection with receipt of various services from the Bank. Customers who do not agree to provide the Bank with the required Personal Information will be unable to open an account with the Bank and/or receive the services offered by the Bank.

- 31.2.2 The Bank also makes various online services available to the customers. Upon registering for or using such services, the customers agree to the provision, collection and processing of additional Personal Information, as specified in the Bank's Privacy Policy published on the Bank's website and in the app and/or in other policies of the Bank applicable to activities and services which customers use or for which they have registered (the "**Additional Privacy Policies**"). Customers who do not agree to the provision, collection, processing and transfer of the additional Personal Information as stated in the Additional Privacy Policies will be unable to register for the Bank's online services or receive those services or any related services.
- 31.2.3 In addition, customers may be required to provide Personal Information about third parties affiliated with the Account in any way, such as access holders, authorized representatives and beneficiaries. The provisions of this section ("Privacy and Use of Information") and the Additional Privacy Policies that pertain to the collection of Personal Information about the customer, its use and transfer thereof to third parties, shall also apply to information that the customer provided about such third parties or that was collected about them by the Bank. The customers represent and confirm that they have informed such third parties regarding the provision, processing and transfer of their Personal Information in accordance with this section and the Additional Privacy Policies, and that they have obtained their consent for such actions to be performed.
- 31.2.4 For purposes of all of the services provided by or on behalf of the Bank, the Bank may collect and process Personal Information about the customer, as provided by the customer or collected by the Bank from internal or external information sources, including public information sources. The Bank may collect, *inter alia*, personal details, information related to accounts, trading portfolios, financial instrument and credit card transactions, the customers' use of the Bank's various services and the various platforms it shall make available to the customers, including information from the customers' activity in online services, signature samples (including digital signatures), and any additional Personal Information that may be generated or provided as part of the use of the Bank's services and/or engagement with the Bank in any form, including through audio and video recordings, images from cameras installed at the Bank's various facilities, data storage technologies (such as cookies), surveys, queries, etc. The Bank may also collect and process biometric data used to identify individuals, as well as biometric means which allow the generation of such biometric data, for example for the purpose of customer identification and authentication and/or relating to the Account and for security purposes. At the customers' request, the Bank may also collect information collected in the context of use of services external to the Bank, including any information received from such external services through their interface with the Bank's systems.
- 31.2.5 The customers agree that the Personal Information provided to or collected by the Bank will be held in the databases controlled by the Bank and will be processed by the Bank or by any entity on its behalf at the Bank's discretion, as specified in this section and in the Additional Privacy Policies and subject to any law, including after the termination of the customers' engagement with the Bank.

### 31.3 Use of the Information

- 31.3.1 The Personal Information provided from time to time by the customers or collected about them, will be used by the Bank for the purposes listed in the Additional Privacy Policies applicable to the engagement, and for the following purposes:
- (1) Fulfilling the obligations imposed on the Bank by any law;
  - (2) Providing the services rendered to the customers, and services the Bank may offer in the future, as well as any related or complementary service;
  - (3) Managing the relationship with the customers, responding to inquiries and conducting surveys;

- (4) Making decisions, whether by persons or by means of algorithms, regarding customers or other entities, including decisions about the provision of various services, their scope, the conditions to their receipt, the manner of their provision and their optimization, evaluation, rating and risk management, compliance with legal obligations (for example, regarding anti-money laundering (AML) and combating the financing of terrorism (CFT)), and the conduct of legal proceedings;
- (5) Internal and operational processes at the Bank, including improving workflows and efficiency, enhancing the services and tailoring them to the customers' needs and characteristics, purchasing or developing technological services, managing and profiling usage data and information, as well as for generating anonymous, statistical and aggregate data based on Personal Information, for any purpose, including for research and statistics, trend analysis, service development, advertising needs, etc.;
- (6) Sending operational messages and alerts, for example regarding actions performed in the Bank's services, by any digital means of communication (including SMS, e-mail, push notifications) and the like;
- (7) Marketing various content, including promotional materials and marketing offers on behalf of the Bank, via any digital means of communication (including SMS, e-mail and push notifications), as well as offering various products or services, by any means of communication, that may be of interest to the customers, from time to time, based on profiling of their preferences and/or usage of the online services, all subject to law;
- (8) Generating additional types of information and specifications, including regarding the customers' areas of interest, personalities and preferences, and based on their belonging to a certain population group, by means of the information provided to the Bank and collected about the customers from other sources, in a manner that may be used by the Bank for existing services and for additional services that it may offer, including for direct mailing purposes;
- (9) Detecting, preventing and handling fraud, misuse and/or illegal or unauthorized activity in the Bank's services;
- (10) Information security purposes and for secure identification and authentication actions;
- (11) Handling technical malfunctions and providing technical support;
- (12) Conducting legal proceedings;
- (13) Complying with the requirements of any law, including foreign law, and in this context responding to orders or requests of governmental, regulatory or other competent authorities (for example, on AML and CFT issues, cross-border risks and sanctions regimes);
- (14) Any other purpose permitted by law.

31.3.2 The Personal Information may be processed using advanced technological tools, such as systems based on algorithms, artificial intelligence (AI), machine learning, language analysis, etc., all subject to any law and according to the Bank's procedures.

31.3.3 It is clarified that the Bank is entitled to use statistical or aggregate information that is not personal and does not identify the customers for any purpose, including to improve, enhance or streamline the service and related or ancillary services, for research and statistical purposes, as well as for training and developing AI models and applications.

#### 31.4 Transfer of Information to Third Parties

- 31.4.1 The Bank may transfer information, including Personal Information, to third parties as specified below, all in accordance with the purposes of use specified in this section and in the Additional Privacy Policies, according to any law and the Bank's procedures.
- 31.4.2 The Bank may transfer information about the customers, including Personal Information and information that is subject to a duty of confidentiality, to entities within the Bank Group; entities that provide a service to customers either in collaboration with or on behalf of the Bank; or a service to the Bank for operation and provision of the services, including outsourcing service providers, such as the Bank's auditors and accountants, and cloud infrastructure providers in Israel and abroad, including in countries that do not have an adequacy decision from the European Commission.
- 31.4.3 In addition, the Bank or service providers on its behalf may be required to deliver information to third parties, including to other banks, correspondents, credit card companies or issuers of other payment instruments, acquirers, aggregators and providers of payment services, payment systems and payment switches (such as Shva, Masav, SWIFT, Zahav and their equivalents), stock exchanges, clearing houses, insurers, insurance agents and other entities providing credit risk protection. It is clarified that each one of the entities listed above may transfer the information to other third parties pursuant to any law. The processing of information provided to such third parties may be subject to foreign law and to the privacy policies of the third parties to which the information is delivered.
- 31.4.4 Additionally, if the customers use services for the performance of money transfers, the Bank may deliver the customers' details to the recipient.
- 31.4.5 Without derogating from the aforesaid, the customers agree that the Bank and the entities receiving information from the Bank as aforesaid may deliver any information, including Personal Information, to any entity, including private individuals, corporations, governmental authorities and public bodies, in the following cases:
- (1) When delivery of the information is required for the Bank's compliance with any legal requirements, including compliance with the Proper Conduct of Banking Business Directives of the Supervisor of Banks, as well as for compliance with foreign law, practices or procedures, including on AML and CFT issues, sanctions regimes and cross-border risks;
  - (2) When delivery of the information is required to serve a vital public interest or protect a vital interest of the Bank;
  - (3) When delivery of the information is necessary to prevent harm to the Bank, customers or third parties;
  - (4) When delivery of the information is intended for the benefit of any or all of the account holders;
  - (5) When delivery of the information is necessary to handle breaches of the terms of the engagement with the Bank (including this Document, the Additional Privacy Policies or other legal documents applicable to the engagement);
  - (6) In the event that the Bank assigns its business, assets, or any part thereof and/or its rights and obligations or any part thereof vis-à-vis the customers, to a third party;
  - (7) When delivery of the information is necessary for the conduct of legal proceedings;
  - (8) If the customer gives consent separately to the transfer of the information to third parties.
- 31.4.6 The customers agree and confirm that the delivery of information to third parties as stated in this document, in the Additional Privacy Policies or in other documents applicable to the engagement with the Bank, will not constitute a breach of the Bank's duty of confidentiality pursuant to any law.

### 31.5 Rights in the Information and Contacting the Bank

31.5.1 The customers may request to review the Personal Information held about them in the Bank's databases, as well as to correct or delete Personal Information in certain circumstances, pursuant to the provisions of the Privacy Protection Law, 5741-1981, via the means of communication specified on the Bank's website, under "Contact Us".

31.5.2 If Personal Information is transferred to the Bank by third parties located in the European Economic Area (EEA), the customers may request to review, correct or delete such Personal Information, insofar as the Bank is obligated to do so by any law and subject to the Privacy Protection Regulations (Instructions regarding Data Transferred to Israel from the European Economic Area), 5783-2023.

31.5.3 The Bank's Data Protection Officer may be contacted with questions regarding the provisions of this section and the Additional Privacy Policies, at: [Privacy.Leumi@BankLeumi.co.il](mailto:Privacy.Leumi@BankLeumi.co.il).

### 32. Accrual of interest

Any interest that is mentioned in this document that is due from the customers to the bank, including maximum interest and default interest, which will accrue during any month or, as will be customary at the bank from time to time, during any other period with respect to which compound interest is permitted by law, shall also bear interest at the same rate.

### 33. Survivorship

33.1 In a case where all the customers are individuals and not corporations: whenever the number of the customers will decrease because of death, the surviving customers or their representatives, jointly, will be entitled to continue to perform transactions in the account (and in connection with all the documents that were delivered to the bank so that their proceeds will be credited to the account), and the heirs of every deceased person as aforesaid and the administrators of his estate will not have any right to act in the account or with the documents as aforesaid. However, these provisions in themselves do not constitute a determination with respect to the ownership of the money and the aforesaid documents that will be in the account or in the bank's possession at the time of death as aforesaid.

33.2 In each of the following cases: (a) the bank does not allow a survivorship clause in a certain account or type of account (business account); or (b) if the customers deleted in the request to open the account, the section entitled 'Survivorship clause in a joint account' or if the section does not appear at all in the request to open the account; or (c) if all the customers will notify the bank in writing of their desire that the provisions in section 24.1 above will not apply, or (d) if one or more of the customers is a corporation, then, whenever the number of the customers will decrease because of death (of a customer who is not a corporation), the surviving customers or their representatives will be entitled to perform transactions in the account (and with respect to all the documents that were delivered to the bank so that their proceeds will be credited to the account) only together with the administrators of the estate of the deceased (or if no such administrators have been appointed, together with the heirs of the deceased).

### 34. Leumi Information

The provisions below will apply in every case where the bank will allow the customers to receive information through Leumi Information, unless the customers will request that the arrangement stated below will not apply to them.

The customers will be able, by means of computer terminals stationed at the bank's branches for self-service by the customers (hereinafter – '**Leumi Information**'), to receive account statements that relate to their current accounts.

In addition, the customers will be able to receive notices regarding various transactions that will be performed in their accounts, shortly after the time those transactions were performed, by pressing a special key or in any case where they make any use of 'Leumi Information.' In those cases where an account statement that relates to an account or a foreign currency account of the customers is printed out by 'Leumi Information' and it shows more than the number of transactions that will be determined by the bank from

time to time with respect to that account, a bank statement will not be sent to the aforesaid address with respect to those transactions. However, notices as aforesaid that are not printed out by 'Leumi Information' during a particular period will be sent to the aforesaid address, in which case it will no longer be possible to obtain them through 'Leumi Information.'

Moreover, in any case, the notices regarding the performance of the transactions that will be printed out by 'Leumi Information' or that will be sent to the registered address of the customers will be printed in a condensed manner.

35. **The bank's records, notices and certificates**

- 35.1 The records in the bank's books, a copy of those records or any excerpt from those records or of the last page of those records will constitute admissible evidence of the authenticity of their content.
- 35.2 The customers shall examine every copy statement of account, notice and details sent by means of communications (such as the Internet site or application), every periodic detailed statement, every notice and every letter that will be sent or delivered to them in any way, by the bank or by means of an automatic device, or on a computer terminal, and they shall deliver to the bank their reservations in writing with respect to them, if they will have any, within 60 (sixty) days of the date when they are delivered or sent by the bank. Copies of a statement of account, periodic detailed statements, notices or letters that are delivered to the customers by means of an automatic device or a computer terminal as aforesaid will be regarded as having been delivered to the customers by the bank.
- 35.3 A written certificate of the bank regarding the interest rates, maximum interest, the bank's customary rate or the bank's commissions in the period or periods to which that certificate will relate will serve as prima facie proof of what is stated therein.

36. **Exemption from liability in certain circumstances**

Subject to what is provided in the law, the bank will be exempt from any liability for any direct and/or indirect damage, loss, expenses and payments that might be caused to the customers:

- 36.1 As a direct result of circumstances over which the bank has no control for as long as those circumstances occur, provided that the bank shall make every reasonable effort to comply with its undertakings.
- 36.2 As a result of the bank's reasonable use of various means of communication such as mail, telephone, telex, facsimile or any other means of communication or conveyance, whether private or public, and as a result of any, delay, misunderstanding, defacement or damage resulting from such use, provided that the bank will not be exempt if the said damage, loss or expense is a result of the bank's negligence.

37. **Delivery of mail and confirmations of the performance of transactions at the branch**

- 37.1 The customers' address for the purpose of delivering mail, account statements, notices, confirmations of the performance of transactions at the Branch, demands, copies of account statements, letters and any other information, including court papers and notices and warnings pursuant to the Cheques Without Cover Law, 5741-1981 (hereinafter – 'mail'), is the address that was stated as the mailing address in the request or in the application to issue a card, as applicable, or any other address in Israel for the delivery of mail of which the customers will give notice to the bank.

- 37.2 The bank may send, deliver and/or transmit all mail of every kind (including any negotiable instrument) to the customers by regular mail or in any other way, at its choice, including by means of the systems.
- 37.3 The customers may request from the bank to receive mail through the bank's website/application and/or SMS and/or by any other means that the bank will allow from time to time (hereinafter- 'communication channels'), instead of sending mail to the mailing address (hereinafter- 'the service of sending notices and mail through communication channels'). The bank will not be required to send or deliver an additional time in any other way, mail that was sent by communication channels.
- 37.4 If the customers do not access their account on the Leumi website or with the Leumi application or will not open the notices that were sent to them by other communication channels, or if they do not agree to continue to receive the information by means of communication channels in accordance with the notice that will be sent to them, then, according to the provisions of the law, the bank will be entitled to return and send them the information by mail.
- 37.5 Following the closure of the account, the bank will allow access to the information that was sent to the customers by means of communication channels during the six months before the closure of the account. This information will be available to the customers for a period of 6 months after the closure of the account without any commission, through the branch or in another way, at the bank's discretion.
- 37.6 If a legal proceeding will be litigated between the customers and the bank, the bank will allow the customers access to information that was sent to them by means of communication channels during the period before the commencement of the legal proceeding.
- 37.7 The customers may give an instruction to terminate the service of sending notices and mail through communication channels at any time.

38. **The bank's exemption with respect to duties of a holder of a bill**

The customers hereby exempt the bank – with respect to every bill signed or endorsed by the customers – from all the duties of a holder, such as presentation for acceptance or payment, protest, giving notice of non-acceptance or dishonouring of the bill.

39. **Taxes**

- 39.1 The term 'tax' means – including Income Tax, VAT, Estate Tax or Inheritance Tax, Property Tax, a levy, fee, fine and any other compulsory payment that is imposed or will be imposed by the laws of the State of Israel or another country.
- 39.2 If the bank will have, according to an agreement or by law (including a foreign law), an obligation to deduct tax at source or an obligation to collect taxes, then the bank will deduct the tax or collect the tax from the accounts or the deposits (money and securities), and will debit the account with any amount that will be required as aforesaid, all of which shall be in accordance with the provisions to which it is subject, unless the customers will deliver to the bank in advance a certificate from the relevant authority regarding an exemption from deduction of tax or collection of tax as aforesaid.

The deduction of tax at source or the collection of tax by the bank do not necessarily reflect the tax liability of the customers, which is subject to an assessment by the various tax authorities. The deduction of tax at source or the collection of tax by the bank or the non-deduction of tax at source or the non-collection of tax by the bank do not determine the customers' tax liability.

39.3 The customers undertake to report to every relevant tax authority according to law (including foreign law) that applies to them, and to pay every tax that they owe in respect of income received in their accounts or in respect of the holding of money or other financial assets held in their accounts at the bank, even if amounts of tax were deducted at source or collected by the bank as stated in this section above.

39.4 All amounts of every kind and type whatsoever that are due or will be due to the bank according to this document will be paid by the customers to the bank in full, after all taxes relating to them have been paid and deducted.

Without derogating from the aforesaid, it should be clarified that in a case where any amounts that will be due from the customers to the bank as aforesaid will be liable to tax, then such amounts will be increased accordingly such that after the payment of the tax as aforesaid, the bank will be left with all the amounts due to the bank from the customers according to this document in full.

39.5 The bank is entitled to demand receipt of a certificate from any relevant tax authority, including a foreign tax authority, regarding an exemption from tax or regarding the payment of tax as a condition for withdrawing money or assets from the account or for a transfer of money or assets to another account.

39.6 If for any reason the bank will not make the tax debit or the tax deduction or will be required to correct it, the bank will be entitled to debit the account with any amount that will be required as payment of the tax and/or to gross-up of the tax, on any date including a future date, so that the deduction of the tax from the account will be as required of the bank. A future debit as aforesaid, in so far as it will be made, will be made with the value of the date on which the bank was liable to pay, collect or deduct the tax payment. We give the bank an irrevocable instruction and authorisation to make the debit as aforesaid.

#### 40. **Transfer of rights**

The customers will not be entitled to transfer to another or others their rights according to this document and/or any of the documents mentioned herein or connected herewith and/or in any account, without the bank's prior written consent thereto. The provisions of this section above will not derogate from any other provision of this document that absolutely prohibits a transfer of the rights in any account or deposit.

#### 41. **Waivers and/or settlements**

41.1 No waiver by the bank or settlement will bind the bank unless it was made in writing.

41.2 A waiver by the bank in favour of the customers with respect to a prior breach of or non-compliance with one or more of the terms and conditions of this document will not be regarded as a justification or reason for a further breach of or additional non-compliance with any of the terms and conditions of this document. A failure of the bank to exercise any right given to it according to this document will not be interpreted as a waiver of that right.

#### 42. **Technical changes in the account number and splitting an account**

The validity of the terms and conditions of this document will not be adversely affected even if, for any reason, the bank changes the number of any account, whether by adding digits or in any other way, and they will continue to apply to the account even with its new number. For the avoidance of doubt, it is hereby clarified that the bank will be entitled to change the account number, transfer the balance in it (and in the case of a securities deposit, the securities in it), whether the account has a credit balance or a debit balance, to another account, whether it is an

existing account or a new account that will be opened for this purpose, in any case where, in its opinion, such a change is needed or desirable for bureaucratic, administrative or technical reasons.

Moreover, the bank may split the account into two or more accounts, if the status of the account justifies doing so.

43. **Accompanying documents**

In every document in which this document is mentioned, the reference shall also include the Request to Open an Account Form that was signed and/or will be signed by us in connection with the account that is the subject of this document, as well as every application, appendix and document mentioned in this document, in so far as they are relevant to the matter. All of the aforesaid constitutes an integral part of this document.

44. **Change in the terms and conditions of this document**

The bank will be entitled to change, from time to time, the terms and conditions of this document or to add new provisions by giving at least 30 (thirty) days' prior notice to the customers, provided that the new change or provision will only bind the customers in the period after the aforesaid notice period ends.

What is stated in the periodic detailed statements constitutes an integral part of this document and part of its terms and conditions. In any case of a conflict between what is stated in the periodic detailed statements and what is stated in this document, what is stated in the periodic detailed statements will prevail.

45. **The Governing law**

The laws of the State of Israel will govern this document and the documents mentioned herein or related hereto, and their interpretation.

46. **Status of the persons signing this document**

46.1 The provisions of this document will apply to all the customers who actually signed it, jointly and severally. If additional names are stated among the names of the customers, the provisions of this document will only apply to the persons who actually signed it, and any reference to 'the customers' in this document will only relate to those customers who actually signed it.

The aforesaid will also apply if one or several of the persons whose names are stated above as the customers do not sign the document at all.

46.2 Every right that is given or will be given to the bank in relation to the customers in this document will be regarded as given to the bank in relation to the customers jointly, in relation to several of them and in relation to each one of them severally, and any mention of the customers in this document will be regarded as relating to the customers jointly, to several of them and to each of them severally.

46.3 The provisions of this section will apply subject to the section regarding survivorship above.

47. **Singular and plural**

In any case where an account or deposit is held in the name of a single customer, everything stated with respect to him, in so far as it relates to the customers, will be regarded as if it were stated in the singular.

48. **Headings**

The headings of the sections in this document are for the sake of convenience only and should not be taken into consideration in the interpretation of the terms of this document.

49. **Status of this document**

It is clarified that nothing in any of the sections of this document shall derogate from or limit the rights of the bank or the customers by law or by the terms of any other section of this document.

50. **Relationship to other documents and references from other documents**

All other bank forms/documents (hereinafter in this section jointly: “**form**”) shall be in addition to and not derogate from the provisions of this document. In any case of an explicit contradiction between a provision set out in any other specific bank form and a provision set out in this document - the provision set out in the specific form shall prevail. For the avoidance of doubt, it is clarified that the foregoing shall be limited to cases in which a specific matter is expressly addressed both in this document and in any such other specific form. In the case of an implicit contradiction, derived from the absence of express treatment of a particular matter in this document or in a specific form, the provisions of this document or the form which contains express treatment of such matter shall apply. If it is possible to construe the provisions as complementary rather than contradictory- they shall be construed as complementary.

If in any bank form there is a reference to a specific section number in this document, whose number in this version of this document has changed in comparison to previous versions, such reference shall be deemed to refer to the new section number as appears in this version.

51. **General definitions**

In this document, the following terms will be interpreted as follows, unless another meaning is given to them in the relevant section:

- 51.1 ‘**event of default**’ or ‘**events of default**’ – as defined in the ‘events of default and demand for immediate repayment’ section in this document.
- 51.2 ‘**Means of payment**’ – a sequence of actions that the customers are required to perform in order to give a payment instruction to the bank (except for a payment instruction by means of a bill, as defined in the Bills Ordinance).
- 51.3 ‘**The bank**’ – Bank Leumi le-Israel B.M., and each of its branches or offices, whether in Israel or abroad.
- 51.4 ‘**Law**’ – as defined in the Interpretation Law, 5741-1981, and any law, regulation, order, instruction, demand or request of a government authority, including instructions, directives and permits of the Bank of Israel that will apply and will be in force from time to time.
- 51.5 ‘**Payment instruction**’ – an instruction of the customers to the bank to perform a payment transaction, which is given by way of a means of payment, including if it is given through another person including the beneficiary, with the exception of a payment instruction by means of a bill as defined in the Bills Ordinance.
- 51.6 ‘**Authorisation to debit**’ – an authorisation that was given and/or will be given by the customers to the bank to make payment transactions out of their account or with a means of payment of the customers, in accordance with a demand of a beneficiary and subject to the terms and conditions determined in the authorisation.
- 51.7 ‘**Linkage differentials**’ or ‘**indexation differentials**’ – with respect to credit, all amounts that will be due to the bank for linkage to the index according to the provisions of this document,

in addition to the amounts of principal, the amounts of interest and/or any other amount that is due or will be due to the bank for any credit, and with respect to deposits, all amounts that will be due to the customers for linkage to the index according to the provisions of this document, in addition to the amounts of principal, the amounts of interest and/or any other amount that is due or will be due to the customers for the deposits.

- 51.8 **‘Foreign currency linkage differentials’** or **‘exchange rate differentials’** – with respect to credit, all amounts that will be due to the bank for linkage to the rate of the relevant foreign currency according to the provisions of this document, in addition to the amounts of principal or interest and/or any other amount that is due or will be due to the bank for any credit, and with respect to deposits, all amounts that will be due to the customers for linkage to the relevant foreign currency according to the provisions of this document, in addition to the amounts of principal or interest and/or any other amount that is due or will be due to the customers for the deposits.
- 51.9 **‘Month’** – a Gregorian month.
- 51.10 **‘The Payment Services Law’** – the Payment Services Law, 5779-2019, as amended from time to time, and all the regulations, orders and rules enacted thereunder.
- 51.11 **‘Payment account’** – without derogating from the generality of the definition of ‘account’ above, a payment account is an account that is intended, inter alia, for making payment transactions.
- 51.12 **‘Corresponding day’** – a day that is the same day of the month as the date on which the deposit or the credit began or any other date to which the corresponding day relates, as applicable; if a certain month does not have a corresponding day (hereinafter – **‘the short month’**), then unless expressly stated otherwise, that corresponding day will be postponed to the first day in the month following the short month. In any case where a corresponding day will fall on a day that is not a business day, in that case only that corresponding day will be postponed to the first business day thereafter.
- 51.13 **‘Business day’** – any day except for Saturday, national holidays, the two days of Rosh Hashanah (Jewish New Year), the day before Yom Kippur and Yom Kippur (Day of Atonement), the first day of Sukkot (Tabernacles) and the Eighth Day (Shemini Atzeret), Purim, the first and seventh days of Passover, Israel Independence Day, Shavuot (Pentecost), the Ninth of Av and any other day that shall be determined by the Supervisor of Banks to be a day that is not a banking business day, and in so far as a transaction in foreign currency is concerned (including deposits and credit), a business day will be a foreign currency business day.
- 51.14 **‘Foreign currency business day’** – as defined in the relevant bank form, and if not defined-a business day that is also a day on which the bank actually performs transactions in the relevant foreign currency, without a limit on the amounts of the transactions and with respect to which banking corporations generally perform the clearing of banking instruments.
- 51.15 **‘The card,’ ‘the card framework’** – as defined in the enrolment terms for debit cards, in so far as they were signed by the customers.
- 51.16 **‘Index’** – the price index known as the ‘Consumer Price Index’ (the cost of living index) including fruit and vegetables, which is published by the Central Bureau of Statistics, and including that index even if it will be published by any other official body or institute, and also including any official index that will replace it, whether based on the same data as the existing index or not. If the index will be replaced by another index that will be published by any body

or institute as aforesaid and that body or institution does not determine the ratio between it and the replaced index, the ratio will be determined by the Central Bureau of Statistics, and if that ratio is not determined as aforesaid, the bank will determine the ratio between the aforesaid index and the replaced index, after consulting economic experts that will be chosen by it.

- 51.17 **‘Merger’** – a merger according to part 8 or part 9 of the Companies Law, 5759-1999, and/or any transaction that results in the acquisition of the main assets of the customers by an individual or a corporation, or according to which the customers acquire, directly or indirectly, the main assets of another corporation or shares of another corporation that give them control over that corporation. For the purpose of this section, the term ‘control’ – means as defined in the Securities Law, 5728-1968.
- 51.18 **‘Overdraft facility’** – the overdraft facilities that will be made available at the customers’ request in accordance with the provisions of part A of this document and the unilateral overdraft facility that the bank will make available (if at all), at its discretion, in accordance with the provisions of this document.
- 51.19 **‘Payment service provider’** – according to the meaning thereof in the Payment Services Law.
- 51.20 **‘The bank’s books’** – will be interpreted as including any book, ledger, statement of account or deposit, loan contract, letter of undertaking, bill signed by the customers, card index, sheet, spool, means of storing electronic computer data and any other means of storing data made in the normal course of the bank’s business.
- 51.21 **‘Payment transaction’** – a transfer of money by the customer or for the customer (even if it is the same customer), including: (1) a transfer of money that is deposited in one account to another account, provided that at least one of the accounts is a payment account; (2) a deposit of cash in a payment account; (3) a withdrawal of cash from a payment account. It is clarified that a payment transaction that is made with a bill as defined in the Bills Ordinance will not be regarded as a payment transaction for the purposes of this document.
- 51.22 **‘Unique identification code’** – a combination of letters, numbers, symbols or another unique identification detail, which the bank determined and/or will determine that the customers need to provide in order to make a payment transaction, in order to identify the customers with certainty, as beneficiaries, or any other beneficiary, or the payment account of any of them.
- 51.23 **‘Quarter’**- a period equal to a quarter of a calendar year according to the Gregorian calendar, i.e. each of four periods of three months as follows: January-March, April- June, July-September, and October-December.
- 51.24 **‘Bank of Israel interest’** – the minimum interest rate, as applicable, determined by the Bank of Israel at the beginning of each month or at any other time that will be determined by the Bank of Israel, in the deposit or loan tenders, as applicable, that the Bank of Israel conducts for banking corporations.
- 51.25 **‘Maximum interest’** or **‘interest at the maximum rate’** – the highest interest rate prevailing at the bank, from time to time, including the additional amount for arrears, with respect to debit balances in checking accounts, debit accounts, credit accounts or foreign currency accounts (as applicable and according to the type of account), that exceed the overdraft facility and/or balances not paid to the bank on time.
- 51.26 **‘Foreign Currency Interest Rate Benchmark’** - a variable interest rate in foreign currency, in connection with credits, deposits or any other relevant product which is subject to a variable

interest rate in foreign currency, as shall be defined in respect of the currency and type of product, and set out in the credit, deposit or specific product forms.

- 51.27 **'Default interest'** – the interest that will be payable on any amount that is due or will be due to the bank according to this document or according to the credit application that was not paid by the customers on the date that was determined or will be determined for its payment in this document or in the credit application or that was not paid upon the bank's first demand (that was made in accordance with the terms of this document).
- 51.28 **'Prime interest'** – the basic interest for debit balances in current accounts that will be determined from time to time by the bank.
- 51.29 **'Records'** will be interpreted as including any record or copy of a record, whether recorded or copied by hand or by typewriter, and whether recorded or copied by way of printing, photocopying, photography (including microfilm or microfiche) or by any mechanical, manual, magnetic, optic, electric or electronic device including the recording of audio, pictures (including system screens) or video, or by means of electronic computer entries or any other means of recording or displaying words or figures or any other symbols used by banks.
- 51.30 **'Essential component,'** in a means of payment – a component in a means of payment, including an authentication item or detail that is used as a part of the means of payment, which is unique to the customer or the holder of the means of payment (or a combination of such components), by means of which the customer or the holders of the means of payment can give a payment instruction, all of which as will be determined by the bank with respect to various means of payments and/or various types of payment instructions, and as will be published by it on the bank's Internet site and/or in any other customary way in which the bank will be entitled to publish as aforesaid.
- 51.31 **'Bill'** – any promissory note, bill of exchange, cheque, drawing, payment order and any negotiable instrument of any type.
- 51.32 **'Misuse of means of payment'**- use of means of payment or of an essential component thereof by anybody not entitled thereto.
- 51.33 **'The bank's customary rate'** means the 'trading rate' or the 'BLL rate' as defined below, according to the determination of the bank from time to time, in view of the type and amount of the purchase or sale of the relevant foreign currency.  
Every such purchase or sale will be subject to an exchange commission and any tax, levy, compulsory payments, payments to the relevant international credit card organization or other similar payments.
- 51.34 **'Trading rate'** – a rate for transfers and cheques or banknotes (cash), as applicable, which is published by the bank from time to time during the trading date under the title 'Leumi rates' (or a title that will replace it), according to which the bank will buy from its customers or sell to its customers (as applicable) the relevant foreign currency in return for Israeli currency. The rate for each conversion transaction will be determined at the time when the bank actually performs the transaction during the business day.
- 51.35 **'The BLL rate'** (Bank Leumi rate) – a rate for transfers and cheques or banknotes (cash), as applicable, which will be determined by the bank on the relevant date as 'the BLL rate' at which the bank will buy from its customers or sell to its customers (as applicable) the relevant foreign currency in exchange for Israeli currency.

51.36 **‘The representative rate’** – the representative rate of the foreign currency published from time to time by the Bank of Israel; if the Bank of Israel does not publish the representative rate, whether temporarily or permanently, it will be replaced by ‘the BLL rate,’ which represents the middle rate between the BLL buying rate and the BLL selling rate. For the avoidance of doubt, it is clarified that the non-publication of a representative rate on Sundays, Saturdays and religious holidays shall not be regarded, in the absence of any other reason for the non-publication, as a case where the Bank of Israel does not publish a representative rate.

**Brief Description of the Main Provisions of the General Terms of Operation of an Account with respect to Rendering Payment Services**

Your attention is drawn to the fact that the details appearing below constitute only a summary with respect to the rendering of payment services. For the full version of the General Terms to Operate an Account at the Bank, see the General Terms to Operate an Account on the Bank's website at:

[www.bankleumi.co.il](http://www.bankleumi.co.il)

**The Main Provisions of the Service**

**General**

The Bank offers a variety of financial services to its customers including various payment services.

The Bank enables its customers to operate a current account (payment account) and execute payment transactions such as: depositing funds into an account, withdrawing cash from the account and transferring funds to third parties accounts. The Bank also offers services that are not payment services including the making of deposits, extending credit and executing securities transactions.

The Bank offers its services through various channels, including services at its various branches through a teller, issue of credit cards, execution of transactions by telephone and digital payment methods such as the Bank's application and website.

For the Bank's details and ways of communicating with the Bank, please see the information page that is available on the Bank's website:

[www.bankleumi.co.il](http://www.bankleumi.co.il)

**Details of the main payment services that the Bank offers its customers**

The main means of payment that the Bank offers its customers, in order to execute payment transactions (or some of them) are: service at the branch, executing transactions by telephone, online service on the Bank's website and application, and executing transactions through debit cards that the Bank issues to its customers.

Additional details in relation to the main means of payment can be found on the information page on the Bank's website at [www.bankleumi.co.il](http://www.bankleumi.co.il).

**The relevant dates for the main payment services offered by the Bank**

1. **"Business Day"** – Every day except Saturday, national holidays, the two days of Rosh Hashana (Jewish New Year), the day before Yom Kippur and Yom Kippur (Day of Atonement), the first day of Sukkot (Tabernacles) and the eight Day (Shemini Atzeret), Purim, the first and seventh days of Passover, Israel Independence Day, Shavuot (Pentecost), the Ninth of Av and any day that shall be determined by the Supervisor of Banks to be a day that is not a banking business day, insofar as a transaction in foreign currency is concerned (including but not limited to deposits and credit), a business day shall be a foreign currency business day.

**"Foreign Currency Business Day"** - as defined in the relevant bank form, and if not defined-a business day that is also a day on which the bank actually performs transactions in the relevant foreign currency, without a limit on the amounts of the transactions and with respect to which banking corporations generally perform the clearing of banking instruments.

The Bank may determine the latest time for receiving instructions on a business day and this in relation to various services and its determination, as stated above, may be vary according to the circumstances, including different times for different days, for different offices, branches or departments and even different means of communication and according to the fields of activity, types of services, and different systems or service channels.

2. **The latest time to receive payment instructions through the various means of payment**

Any payment instruction received by the Bank (a) after the time determined for the end of a business day, or after an earlier time determined by the Bank from time to time as the latest time for receiving instructions ("**the latest time for receiving instructions**"), or (b) on a day that is not a business day (and with respect to

transactions relating to foreign currency - on a day that is not a foreign currency business day), shall be considered as if received by the Bank on the first business day (or foreign currency business day, as applicable) thereafter.

The Bank's determination regarding the latest time for receiving instructions may vary according to the circumstances (including according to the fields of activity, types of services, different systems or service channels) and shall be published on the information page on the Bank's website at [www.bankleumi.co.il](http://www.bankleumi.co.il) and/or in any other way that the Bank will be permitted to display such information.

### **3. Expected Dates to complete the Payment Transaction**

The time the Bank requires to complete the execution of the customers' instructions (including payment instructions) varies according to the unique characteristics of each instruction and the latest time for receiving the instructions for such payment transaction.

On the date on which the payment instruction is received, the Bank shall advise the customer of the date on which it shall transfer the funds pursuant to the payment instruction and the date on which the beneficiary is expected to receive the funds (as far as the Bank is aware and according to what is customary for such a payment transaction or such means of payment).

The expected date to debit the account for transferring funds (in Israeli currency) within the Bank and outside of the Bank - shall apply on the date the transfer of funds occurred provided that it is a business day.

The expected date expected to credit the beneficiary's account - (1) for transfers of funds within the Bank - on the business day falling on the date the transfer of fund transaction was executed; (2) for transfers of funds outside the Bank - on the following business day that falls on the date the transfer of funds transaction is executed, except in those cases detailed in the information page on the Bank's website at [www.bankleumi.co.il](http://www.bankleumi.co.il).

### **4. The date until which the Bank may be notified that the payment instructions are cancelled**

The customers may cancel or change payment instructions by giving notice to the Bank by the time determined by law as the end of a business day, or by an earlier time as the customers are informed by publishing this on the information page on the Bank's website or in any other manner, provided that the Bank is able to change or stop the performance of the payment instruction in accordance with the reasonable technological restrictions that apply in the circumstances of the case.

Notwithstanding the above, and subject to the provisions of the law:

(1) Payment instructions for a future date may be cancelled at any time by giving advance notice to the Bank, unless determined otherwise by the Bank or pursuant to the provisions of any law;

(2) Payment instructions that are immediate or that are given within the framework of a secure payment transaction, within the meaning of this term in the Payment Services Law, cannot be cancelled.

### **5. The date the account is credited by virtue of the payment instruction given by a third party for the customers**

As a general rule, in the case the customers are entitled to receive funds to their account by virtue of a payment instruction given by a third party, their account shall be credited on the same business day on which the funds were received at the Bank or on a later date to be agreed with the customers.

Nonetheless, under certain circumstances the account may be credited on a later date, such as: (a) if there was a legal impediment preventing the execution of the credit on the date the funds were received by the Bank; (b) as a result of constraints relating to special characteristics of the nature of the instruction given to credit the account (for example, in the case of crediting the foreign currency account or as a result of activity of correspondent banks or other third parties that provide services to the Bank, in Israel or abroad); (c) if the instruction to credit is unclear or is ambiguous to the Bank or if there was a disruption, non-conformity or mistake in the instruction received by the Bank to credit the account. Insofar as such special circumstances cease to apply, the customers' account shall be credited on the earliest possible date to do so.

### **General Provisions with respect to the manner of using the means of payment**

1. The means of payment or the essential component in the means of payment (such as: the credit card, code, password, encryption etc.) must be kept absolutely secret, separate and inaccessible to others. You must act in accordance with the guidelines provided to you by the Bank, from time to time, with regards to producing such essential components, substituting them and safeguarding them.

For details relating to the essential components in relation to the various means of payment that the Bank issues please see the information page in relation to the payment services offered by the Bank and which is available on the Bank's website at: [www.bankleumi.co.il](http://www.bankleumi.co.il).

2. Use of the various means of payment entails various risks deriving, *inter alia*, from the nature of the means of payment and the manner in which it is used, such as the unique risks deriving from the systems through which a mobile phone is operated on which the Bank's application is installed. For details regarding the risks inherent in the various means of payment please see the General Terms of Operation of an Account form.
3. Giving payment instructions through the use of the various means of payment may require use of essential components including but not limited to various means of identification (such as: a one time password) to be determined by the Bank, or of the customers' choice.
4. To execute a payment transaction in favor of a third party, the customers must complete the details required to do so, including an identification detail that the Bank shall determine that the customers must provide to verify the identity of that third party with certainty (such as the Beneficiary Bank, account number, branch number). The customers must ensure that the beneficiary's identification details were inputted correctly. It is clarified that in the case the Bank executes a payment transaction in reliance upon such identifying details, the payment transaction shall be considered a transaction correctly executed by the Bank with respect to the beneficiary's identity.

#### **Closing a current account, ending and freezing means of payment**

1. **Closing the Account by the Customers:** the customers may request to close the account at any time by giving notice to the Bank. The Bank shall close the account after receiving a closure notice, by the end of five business days of the date the customers completed the actions required to close the account as detailed in the General Terms of Operation of an Account and in the provisions in the law.
2. **Ending at the customers' initiative:** as a general rule, the customers may end the means of payment contract at any time by giving notice to the Bank. After the Bank receives a termination of the contract notice and by no later than the end of one business day of delivering the notice, the Bank shall cancel the relevant means of payment.
3. **The Bank closing the account or ending a means of payment contract:** as a general rule and subject to the law, the Bank may close the account or end a means of payment contract at its initiative, after giving 45 days prior written notice to the customers, except in exceptional cases justifying the immediate closing of the account or ending the means of payment contract.
4. **Temporary suspending of the use of the means of payment at the customers initiative**

The customers may suspend the use of any means of payment, for a period of their choice provided that the period does not exceed 14 days, unless the Bank shall have permitted a longer period.

The customers' request to suspend the use of the means of payment shall be delivered by them to the Bank in the manner detailed on the information page in relation to the payment services offered by the Bank and which is available on the Bank's website at: [www.bankleumi.co.il](http://www.bankleumi.co.il).
5. **Temporary suspending of the use of the means of payment at the Bank's initiative**

The Bank may suspend the customers right to make use of the means of payment, if this is necessary in accordance with the provisions of the law or other reasonable grounds.

#### **The Cost of the Service**

The Bank charges various fees and charges for the services it offers to its customers (such as account operation fees). For the full information relating to the cost of the services that the Bank offers to its customers see the complete tariff list of the Bank, published on the Bank's website at: [www.bankleumi.co.il](http://www.bankleumi.co.il).

### **Misuse of the Means of Payment**

The customers shall notify the Bank immediately should they become aware of any concern that the means of payment issued to them by the Bank was stolen or lost, or in the case that they think that the means of payment was misused by a person not authorised to do so. The customers shall also notify the Bank immediately should they become aware of the theft, loss or misuse of an essential component of the means of payment, such as in the case of theft, loss or misuse of a credit card or of the code or the encryption which allow customers to make use of the means of payment (for example: the password that allows the customers to access the application).

In the event the customers learn of such theft, loss or misuse, the customers must notify the Bank thereof in the manner detailed on the information page available on the Bank's website at: [www.bankleumi.co.il](http://www.bankleumi.co.il). The aforementioned information page also includes details of the essential components in relation to the various means of payment issued by the Bank.

The Bank shall be entitled to charge the account for every payment transaction using the relevant means of payment, made during the period between the date on which the customers (all, one of them or someone on their behalf) learned of the misuse and until the date notice thereof was given to the Bank, according to the lower amount of these two: (1) a fixed sum of 75 New Shekels, together with 30 New Shekels for each day that passes between the date the customers or someone on their behalf learned of the loss until the date the notice is remitted. Notwithstanding the above, if the notice is delivered within 30 days of the day the means of payment was first misused, the sum charged shall not exceed 450 New Shekels; (2) the amount of the payment transactions actually made while the means of payment was misused.

Notwithstanding the above, the Bank may charge the account for any payment transaction (for any sum) that was transacted using the means of payment before the customers notice was delivered to the Bank regarding the misuse of the means of payment, if the use of the means of payment was made after the customers (all, one of them or someone on their behalf) made the means of payment or the essential component of the means of payment available to another person, whether the misuse was made with the customers knowledge or without their knowledge. The provisions above shall not apply in the following cases: (1) the means of payment or the essential component of the means of payment was made available to the other person under reasonable circumstances for safekeeping only or was made available to a beneficiary to give a payment instruction through the beneficiary (such as remitting the credit card upon executing a payment at a business establishment); (2) misuse after the means of payment or the essential component of the means of payment that was made available to the other person, was stolen from that person or he/she lost it. Similarly, the Bank shall be entitled to charge the account for any such payment transaction in the case the customers acted with an intent to defraud in connection with the misuse.

### **The Bank's Right not to Execute Certain Instructions**

The Bank is entitled not to honour an instruction to execute a payment transaction, to postpone the execution thereof or to execute it only partially, based on reasonable grounds, such as, in the case that executing the instruction involves debiting an account and the status of the account does not permit such a debit; if the instruction concerns a transaction that the Bank does not generally perform; if the Bank is prevented by law from executing the instruction (for details refer to the General Terms).

### **The Bank's Liability for a Defect in Executing a Payment Transaction**

The Payment Services Law determines a normative framework with respect to the Bank's liability upon executing payment transactions in relation to customers and in relation to other payment services providers.

The Bank shall not be liable for any damage or expense sustained, insofar as sustained, to customers and/or any third party, due to a defect in executing a payment transaction, caused due to an act or omission of the customers and/or someone on their behalf and/or of the other payment services provider.

### **Means of Communication**

According to the provisions in the Law, the Bank is obligated to send customers various notices and reports. *Inter alia*, the Bank is obligated to report to its customers the charges made through the means of payment that the Bank makes available to them. The Bank sends such reports through a number of communication channels. In addition thereto, the Bank offers customers various services which are designed to make it easier to receive all the information required in connection with the Bank services, for example via electronic mail, text messages (SMS), telephone, fax or other means, and this based on the contact details remitted to the Bank by the customers.

### **Waiver by a "Business" of various rights and defenses under the Payment Services Law**

According to the provisions in the General Terms of Operation of an Account, the provisions in Sections 14, 19 and Chapter F to the Payment Services Law (relating to misuse of a means of payment) and the sections in the General Terms of Operation of an Account deriving from the foregoing provisions shall not apply in connection with rendering the services to customers whose annual sales turnover exceeds 30 Million New Shekels.

**Deducting of Commissions or Other Charges from Funds Transferred to the Account**

In accordance with the General Terms of Operation of an Account and that determined in Section 14(b) to the Payment Services Law, the Bank shall be entitled to deduct any debt, charge, expense, cost or commission that is payable to it by the customers from funds that are due or will be due to the customers, including by virtue of an instruction given by a third party on behalf of the customers.

This document constitutes a translation of the original Hebrew version. In the event of any discrepancy between the versions, the Hebrew version shall prevail.