



# Environmental, Social and Governance Report 2024

People first 🧡 and foremost



**MIZRAHI TEFAHOT**



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## Letter from the Chairman and the CEO

The 2024 ESG Report summarizes the Bank's activities regarding the environment, social responsibility and corporate governance. Since the outbreak of the War on October 7, 2023, and throughout 2024, the Bank has initiated a series of measures and initiatives to support its customers and communities in need of assistance. Besides donations that were made at the beginning of the War to finance the urgent needs of residents of the Gaza Envelope, soldiers and volunteers, the Bank decided to adopt the city of Sderot and Kibbutz Kfar Aza, and accompany their rehabilitation and renewal processes.

In addition, the Bank granted extensive relief and banking benefits with regard to overdrafts, mortgages and business accounts, to a significant extent beyond the Bank of Israel's guidelines. This is for the benefit of residents from the conflict zones in the south and north, business owners, and especially reserve soldiers, who were forced to be absent for extended periods and to deal with damage to their business activities.

The unique solutions provided by the Bank's teams to households and businesses helped them cope with a complex reality involving disrupted routines and uncertainty. As part of this effort, the Bank initiated the establishment of "Orange Israel", a dedicated platform on the Bank's website, designed to increase the exposure of impacted businesses and to bring them customers from all over the country, contributing to their regrowth.

2024 was a particularly challenging year. The War led to tremendous upheaval on a national and personal level, and affected all aspects of life. As a large nationwide bank, we faced two major challenges: to actively assist everyone who needed help – private and business customers, conflict zone residents, reservists and other population groups – and at the same time, to continue to meet the Bank's business goals while providing exceptional compassionate and personal service. The 2024 financial results testify to our success in these tasks without sacrificing the support and assistance to our customers.

Despite the many challenges, the Bank met its ethical and social commitments. The Bank's employees put into practice the value that guides us – "People First" – and they were there for the customers, whenever distressed, with customized solutions and great sensitivity. In addition, the Bank's employees took an active part in donation and volunteer activities, demonstrating a spirit of solidarity and mutual responsibility.

In 2024, we continued to increase our commitment to corporate responsibility and to the advancement of ESG aspects. We reduced the Bank's carbon footprint, increased the amount of financing for environmental projects, and launched new green products.

At the same time, we increased the investment in the community. In addition to extensive financial donations, the Bank and its employees were partners in many volunteer and social assistance projects out of a deep commitment to supporting population groups affected by the War and other population groups in accordance with the Bank's social strategy.

In this report, we are publishing the Climate Report (TCFD) for the third year, which reflects the Bank's preparations for dealing with climate change and its challenges. The Bank's ESG achievements are reflected, among other things, in the receipt of the highest "Platinum Plus" ratings and Maala's AAA rating.

The Bank is a member of the UN Global Compact initiative and is committed to acting in accordance with its principles, which include the protection of human rights, employee rights, environmental protection and the fight against corruption. As part of this commitment, the Bank continues to promote the UN's Sustainable Development Goals (SDGs), and to integrate them into its business and social activities, from a long-term perspective of creating sustainable value.

The Bank is committed to being a leader in the banking system in the implementation and promotion of ESG aspects, while creating positive value for our customers, our employees, the community and society as a whole.

Mizrahi-Tefahot Bank wishes all the hostages and soldiers a safe return home and the wounded a speedy recovery, and sends its condolences to the bereaved families.

Sincerely,

**Avraham Zeldman – Chairman of the Board of Directors**

**Moshe Lari – CEO**



## ESG in the Mizrahi-Tefahot Group

The 2024 ESG Report presents the Bank's ESG activities. The Report reflects the Bank's initiatives and performance for the benefit of the environment, society and corporate governance in the past year.

2024 was a complex year. Despite this, the Bank continued to grow and show stability and giving. The Bank supported businesses and communities and led initiatives and actions that emphasized the values that guide it as a bank, especially "People First".

With the outbreak of the Iron Swords War on October 7, 2023, and throughout 2024, the bank committed to providing assistance and support through numerous activities and projects, according to a strategy that included actions for the community, banking-consumer relief and support for businesses.

While dealing with the challenges and extensive work for customers, the community and businesses, the Bank continued to strengthen its commitment to corporate responsibility and ESG values, alongside progress regarding the environment and the social aspects.

As part of the Bank's ESG vision, strategic goals for 2030 were defined regarding the environment and climate, gender equality and employment diversity. This report presents the progress made towards achieving these goals in 2024.

This year, the Bank reduced its carbon footprint by 5.8% compared to last year, as part of an effort to reduce its negative impact on the environment. In addition, in 2024, the Bank provided green credit in the amount of NIS 7.7 billion, and increased the amount of financing for environmental projects by approx. 15% compared to the previous year, recognizing the importance of green financing for a sustainable economy. The Bank also launched new green products designed to help its customers integrate environmental considerations into financial decisions and make a transition to a sustainable economy more accessible.

The Bank also strengthened its social contribution and influence. During the year, the Bank granted credit for social products in the amount of NIS 9.9 billion, an increase of approx. 9.5% compared to the previous year, reflecting the Bank's commitment to supporting projects that promote social goals, such as small businesses in peripheral areas and the rehabilitation of communities and businesses damaged by the War.

The Group's investment in the community is trending upward. In 2024, the Group's social investment amounted to NIS 52.3 million, including donations and assistance provided by the Bank as part of its efforts during the War. In addition, the Group's employees invested more than 40,000 volunteer hours, which included active involvement in community projects and in providing assistance to meet the needs that arose during the War. Furthermore, the estimated value of the banking reliefs and benefits provided to all customers in the Bank Group, in addition to the amount of donations, amounts to approx. NIS 624 million (including banking reliefs and benefits provided to residents of Sderot and Kibbutz Kfar Aza), assuming full utilization of all the benefits offered to the relevant population.

The Bank continues to prepare for the implementation of Proper Conduct of Banking Business Directive 345 regarding the effective management of climate-related financial risks, and in the process, significant progress has been made in the integration of climate aspects into the Bank's operations and in managing climate risks and opportunities. In addition, this report incorporates the climate report and the measurement of financed emissions for 2024.

This year, the Bank continued to engage in dialogue with ESG rating agencies in Israel and abroad in order to reflect its activity in these areas. This year, the Bank participated for the first time in responding to the CDP<sup>1</sup> and reporting on its activity regarding climate aspects. The Bank's Maala rating on the TASE increased this year to the highest AAA rating.

The Bank will continue to lead in business excellence while integrating ESG principles at the core of its operations.

Sincerely,

**Meital Haroush**

**Head of Human Capital and Resources Division**

1. Carbon Disclosure Project.



# Summary of the Bank's ESG Performance for 2024

Data as of December 31, 2024



## Environmental

The Mizrahi-Tefahot Group considers the management of environmental aspects related to its activities to be very important, including preparing for climate change and promoting environmental initiatives. This is done through responsible consumption of resources and environmental performance management, managing climate and environmental opportunities and risks, and supporting customers in the transition to a low-carbon economy, such as promoting and financing environmental credit.

### Preparing for the transition to a low-carbon economy

Financing for environmental purposes (NIS millions)<sup>1</sup>

**7,713**

### Reducing environmental impact

Rate of change in the total carbon footprint (tons of CO<sub>2</sub>e, location based), compared to the previous year

**(5.8%)**

Rate of change in the total carbon footprint (tons of CO<sub>2</sub>e, location based), compared to 2020, the base year

**(14.2%)**



## Social

The Mizrahi-Tefahot Group is driven by a deep commitment to its customers, employees, suppliers, and to the communities in which it operates. This approach, which places humanity first, is reflected in actions aimed at creating positive value for all of its stakeholders.

### Supporting the social periphery

Credit for social products and for the development of the social periphery (NIS millions)

**9,963**

### Impacting the community

Percentage of small and micro suppliers out of all the Group's suppliers

**70%**

Community investment amount (NIS millions)

**52.3**

Employee volunteer hours

**40,300**

### Equal, diverse work environment that promotes personal and professional development

Number of employees in the Group

**7,336**

Percentage of women in the Bank's management

**46%**

Average training hours per employee (hours)

**54**

Percentage of employees at the Bank from underrepresented population groups in the labor market<sup>3</sup>

**18.3%**

Percentage of women in STEM<sup>4</sup> positions

**37%**

Employee training investment amount (NIS millions)

**96.7**

### Quality customer service

According to a Bank of Israel survey,<sup>2</sup> Mizrahi-Tefahot is the most **recommended and fairest** bank among the major banks, and **ranks first** in customer satisfaction with service and waiting time at the branch.

**205**

Number of the Group's branches

**Three gold medals** were won in the Israeli Management Center competition for excellence in service and customer experience, for the service concept "Measuring Humanity, Winning in Service", "Writing Humanity", and the "Orange Israel".



## Governance

The Mizrahi-Tefahot Group is committed to responsible and ethical conduct in all areas of its activity, with strict adherence to the principles of proper corporate governance and compliance with the provisions of the law and the Code of Ethics. The Group emphasizes the fostering of a culture of compliance, including privacy protection and information security, preventing corruption, and the Board of Directors' effective management.

### Financial data and business excellence metrics

Provision for taxes (NIS Millions)

**3,326**

Profit before tax (NIS millions)

**8,980**

Operating expenses (NIS millions)

**5,222**

Dividend distributions (NIS millions)

**1,869**

Net profit (NIS millions)

**5,455**

Group revenue (NIS millions)

**14,721**

Retained economic value<sup>5</sup> (NIS millions)

**4,304**

### Leading in fairness and ethics

Mizrahi-Tefahot Bank is a leader with the perception of **fairness** towards customers<sup>6</sup>

Employee training hours regarding compliance and prevention of corruption

**136,155**

Bank employees who signed the code of ethics

**100%**

1. In accordance with accepted global practices, the Bank measures the green financing it has provided according to the credit amounts actually utilized by customers to promote environmental goals (balance sheet credit).  
2. According to the Bank of Israel's Banking Supervision Department survey regarding customer (households) satisfaction with the quality of the banks' service in 2024 (published in February 2025).  
3. An estimate prepared in accordance with the Ministry of Economy and Industry's Equal Employment Opportunity Commission definition for the recruitment of employees from demographic sectors characterized by occupational underrepresentation

4. STEM: Science, Technology, Engineering, Mathematics. STEM employees use their knowledge of science, technology, engineering, or mathematics in their day-to-day responsibilities.  
5. The difference between the Group's revenue and the operating expenses, provisions for taxes and dividends.  
6. According to the Bank of Israel's Banking Supervision Department survey regarding customer (households) satisfaction with the quality of the banks' service in 2024 (published in February 2025), Which also tested the perception of fairness among customers.



# The Bank's key ESG goals

In 2022, long-term ESG goals were defined regarding the environment, social and governance, derived from the Bank's strategic plan. As an influential and leading financial institution, the Bank considers the promotion of ESG goals extremely important as part of its responsibility to integrate sustainability values and social responsibility into its ongoing operations. The goals will assist the Bank and its customers in the transition to a low-carbon economy through sustainable financing and investments, with responsible management of climate risks and opportunities, alongside active support for the advancement of the Israel's climate goals. The goals reflect the Bank's commitment to create a positive and broad impact not only regarding the environment, but also in social aspect. In 2024, progress can be seen towards implementing these goals, which symbolizes another step towards realization of the vision by 2030. Alongside the goals, the United Nations Development Goals (SDGs) are presented to reflect the Bank's efforts to promote these goals in its activities.

## Environment

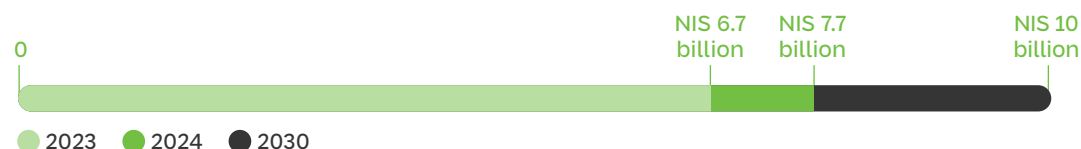


### Goals for 2030

The remaining financing and investments in projects that promote a green environment will be approx. NIS 10 billion.

### Progress status – performance in 2024

NIS 7.7 billion, an increase of approx. 15% in the amount of green credit compared to the previous year.



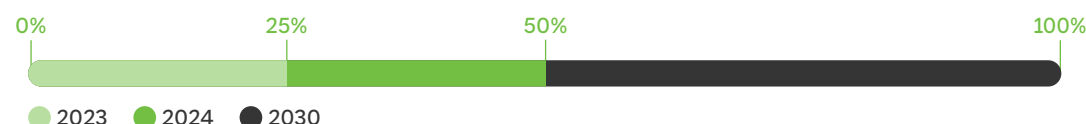
### Goals for 2030

The Bank will invest resources and develop green financial products that will promote green and environmental projects.

### Progress status – performance in 2024

In 2024, three new and unique green products were launched for private customers:

- Designated loans for the purchase of electric vehicles
- Benefits for charging electric vehicles for members of the Bank's club
- A dedicated financing track for the installation of solar panels, which enables loans on favorable terms and an expedited procedure



### Goals for 2030

Reducing exposure in the nostro portfolio to zero the in new coal mining and oil drilling industries by 2030. In addition, the Bank will not participate in IPOs of assets that create exposure to these industries.

### Progress status – performance in 2024

In 2024, there were no equity acquisitions in these industries.

### Goals for 2030

Reduction of the operational carbon footprint and emissions intensity by 40% by 2030, compared to 2020 (base year).

### Progress status – performance in 2024

Reduction of 14.2% in total carbon footprint and 13.3% in carbon footprint intensity per sq.m. (location based), compared to 2020.



## Society



### Goals for 2030

Promotion of occupational diversity by increasing the absorption rate of employees from underrepresented population groups in the labor market to 20%.

### Progress status – performance in 2024

18.3% of all Bank employees are employees from underrepresented populations in the labor market, and this year 24% of all employees absorbed were from these population groups.



## Governance



### Goals for 2030

Increasing female representation on the Board of Directors to 30% or more by 2026.

### Progress status – performance in 2024

In 2024, female representation on the Board of Directors was 20%.



# Mizrahi-Tefahot Group



Mizrahi-Tefahot Bank Ltd. (hereinafter – the “Bank”) is a public company and is one of the first banks founded in Israel. The Bank was incorporated as a company on June 6, 1923, under the name Mizrahi Bank Ltd. The Mizrahi-Tefahot Group also includes Bank Yahav for Government Employees Ltd. (the Bank has held 50% of all rights and means of control therein since 2008). The Chairman of the Bank’s Board of Directors is Avraham Zeldman, and the Bank’s CEO is Moshe Lari.

In February 2024, the Bank’s Board of Directors approved the appointment of Mr. Avraham Zeldman as Chairman of the Board, and he assumed the position on June 16, 2024, at the end of Moshe Weidman’s term.<sup>1</sup>

## Group and Bank activities

The Bank Group is the third largest banking group in Israel and operates in Israel and abroad. The Group engages in commercial banking activities (business and retail) and mortgage activities in Israel through 205 branches, business centers and branches nationwide. In addition, the business customer activity is supported by business centers and by professional headquarters units with industry specialization. As of the end of 2024, the Bank’s activities abroad are carried out through two banking branches (in the UK and in the USA).

## Customers from various supervisory operating segments

The Group serves customers associated with various operating segments, in accordance with the definitions of the Banking Supervision Department (annual sales turnover or annual revenue):

- **Households** – Individuals, except private banking customers.
- **Private banking** – Individuals whose financial asset portfolio balance at the Bank exceeds NIS 3 million.
- **Micro and small businesses** – Businesses with a turnover of up to NIS 50 million.

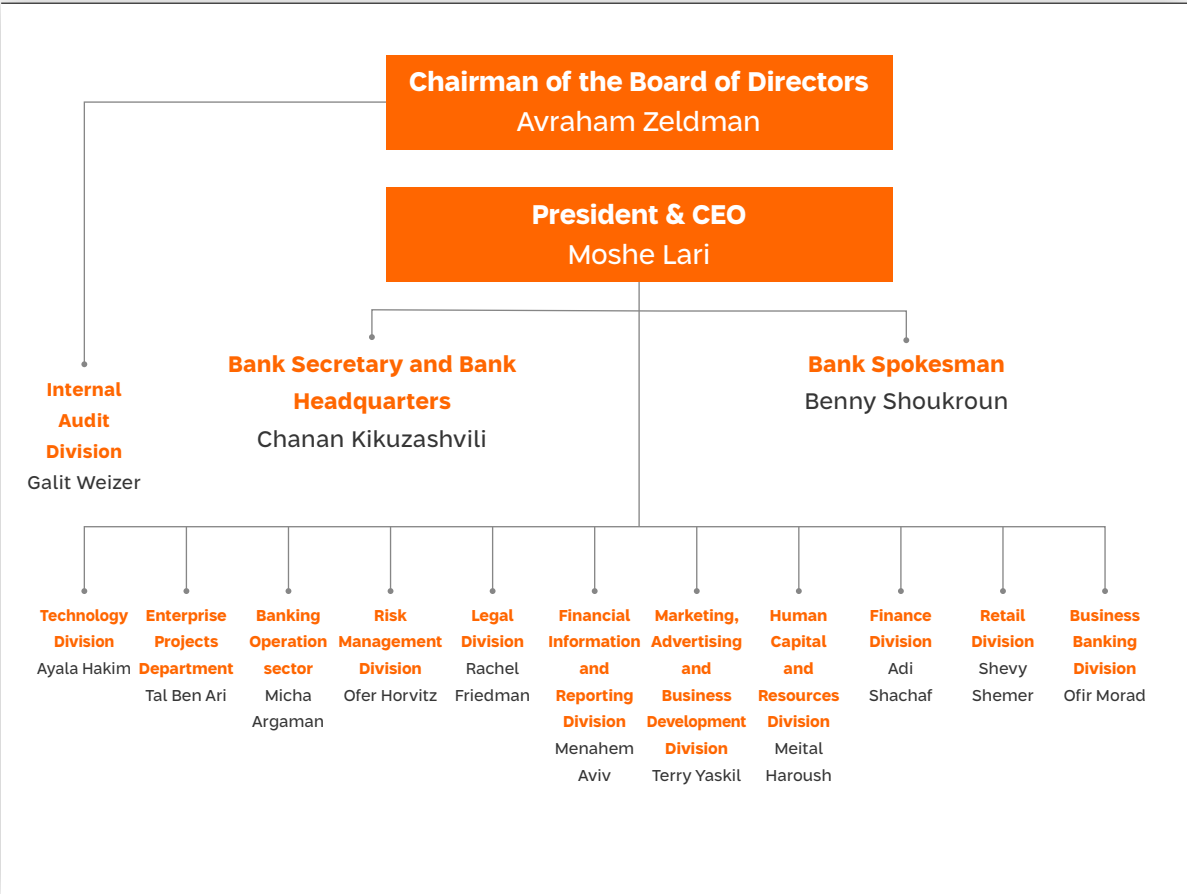
1. For additional information, please see the Bank’s report dated February 12, 2024 (Ref: 2024-01-015285) and also dated April 10, 2024 (Ref: 2024-01-036214).

- **Medium-sized businesses** – Businesses with a turnover of more than NIS 50 million and up to NIS 250 million.
- **Large businesses** – Businesses with a turnover of more than NIS 250 million.
- **Institutional entities** – Provident funds, pension funds, advanced study funds, trust funds, exchange-traded funds, insurance companies and stock exchange members that manage customer funds.
- **Financial management** – Includes trading activities, asset and liability management and real investments.
- **Overseas activities** – Presented separately from activities in Israel, broken down into individuals’ activities and business activities.



Organizational structure

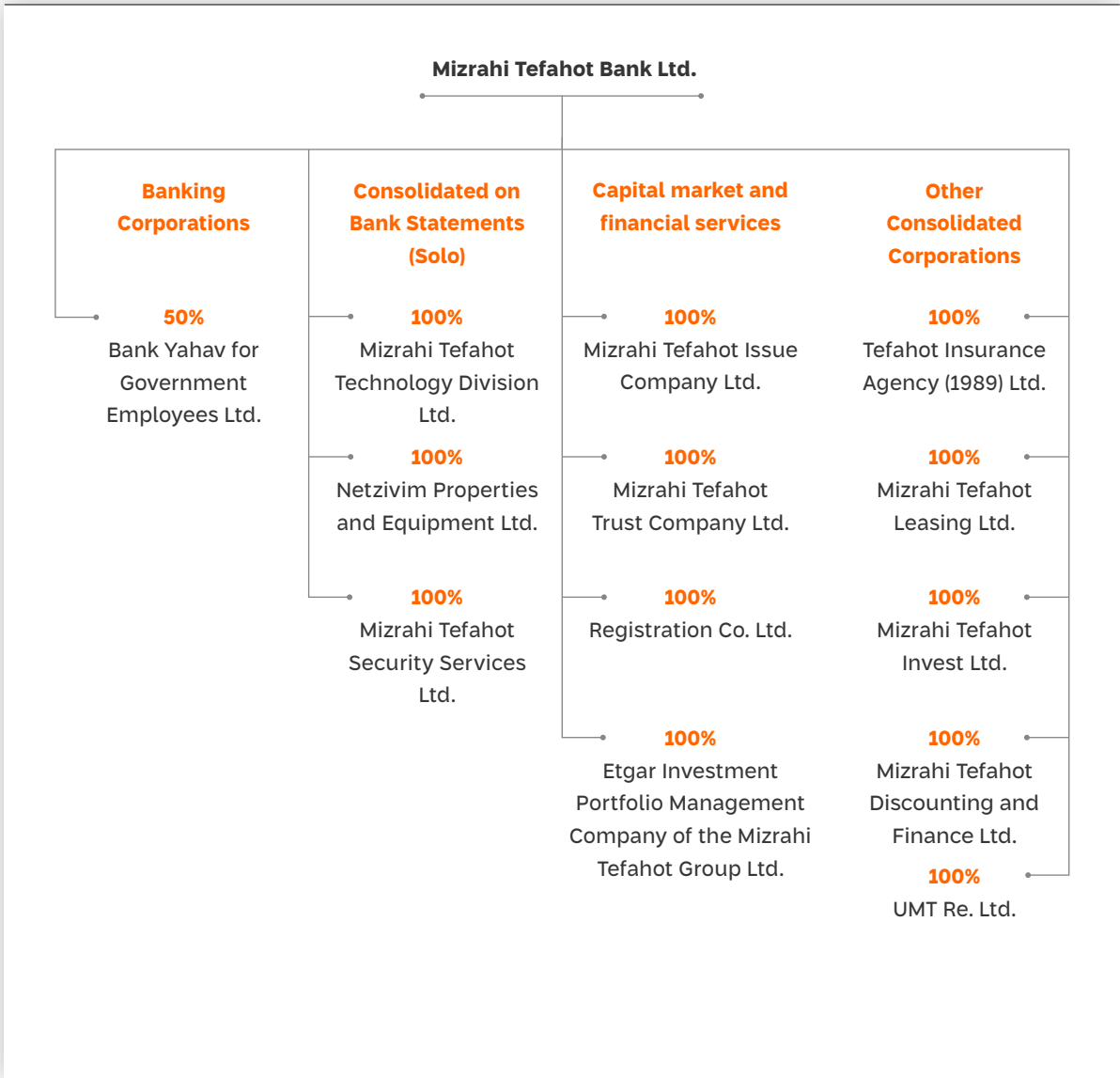
The following is the Bank’s organizational structure as of December 31, 2024:



Holding and control structure<sup>1</sup>

As of December 31, 2024, the Bank’s controlling shareholders are the Wertheim Group and the Ofer Group. For additional information on the holding and control structure, please see the Controlling Shareholders chapter (in the Corporate Governance chapter) of the Bank’s financial statements for 2024.

Structure of the Bank’s main holdings



1. The Bank has holdings in additional companies that are not material in the Bank’s operations. For additional information regarding the investees and investments therein, please see Note 15 to the Group’s financial statements for 2024.



# ESG management concept in the Mizrahi-Tefahot Group



The Group's ESG risk policy is derived from the ESG-related risks and opportunities identified by the Group and its stakeholders. The Group optimally manages ESG risks in order to create economic and social value for stakeholders, including shareholders, while minimizing a negative impact on society and the environment. In addition, the Group continuously works to increase transparency and reports on a yearly basis on its activities in accordance with the GRI and SASB international reporting standards, and also reports on climate aspects in accordance with the TCFD principles.

## ESG risk policy

In 2022, a Group policy for managing ESG risks was established for the first time at the Bank. The policy details the nature of the risk, its management approach, the measurement and monitoring processes, and the measures taken by the Bank to reduce the risk. The policy is submitted for annual approval by the Bank's management and Board of Directors. In 2025, the policy is expected to be updated in accordance with the completion of the implementation processes and application of Proper Conduct of Banking Business Directive 345 – "Principles for the Effective Management of Climate-Related Financial Risks".

ESG risk is the risk of financial loss to the Bank or damage to its reputation, resulting from current or future impacts of environmental, social and governance factors on the Bank, its counterparties or its invested assets. ESG risk touches many areas of activity and is, therefore, of great importance. Direct ESG risks relate to the impacts of the Bank's activities, including the management of its ongoing business, products and services. Indirect ESG risks relate to issues or events outside the Bank that may affect its customers and the business environment in which it operates.

ESG risk, as identified by the Bank, includes risk factors related to various issues, including ESG risks in financing, climate risks, social risk factors (human capital, customer relations, product and service marketing in a fair and equitable manner, supply chain) and risk factors in governance (corporate governance, ethics and compliance, privacy and information security). ESG risks may also damage the Bank's reputation on socially sensitive issues. Therefore, social risks are integrated into the management of all the

Bank's risks. Sensitivity to social risk exists in the product development processes and in the customer experience, by adapting the response, products and services to a wide range of target customers, based on an in-depth study of the needs and expectations of all types of customers. The Bank's guideline in adapting products to customers is to ensure that there is no discrimination or harm to certain groups of customers.

## Involvement of the Board of Directors and management

**The Bank's Board of Directors** – The Board of Directors is responsible for outlining and approving the ESG risk management framework, which ensures an adequate infrastructure for managing environmental, social and governance risks, in accordance with the Bank's strategy. The Board of Directors approves the ESG risk policy document once a year, ensures that the policy principles are implemented and that they reflect the Group's strategy, and oversees all ESG risks through its professional committees, such as the Risk Management Committee (for policy approval) and the Audit Committee. A corporate governance questionnaire is submitted each year to the Audit Committee and to the Board of Directors' plenary session, and the annual ESG work plan is also submitted annually for approval by the Risk Management Committee and the Board of Directors. In addition, a corporate responsibility report and ESG activity status are submitted once a year to the Board of Directors, alongside an annual report on ESG risk management at the Bank. The subject is also included in the quarterly risk document, which is presented to the Risk Management Committee and the Board of Directors as part of the ongoing risk management process. In 2024, a discussion of ESG risks was held in the Board of Directors' plenary session, during which progress in the work plan on ESG issues, the Bank's rating by Israeli and foreign rating agencies, regulatory innovations and more were presented.

**The Bank's management** – The management is responsible for implementing the policy document principles and integrating them into the work processes in various areas. A Risk Manager was appointed for this purpose, who is responsible for the proper implementation of the ESG risk policy. The Risk Manager is the Human Capital and Resources Division Head, and she reports to the Bank's management on a semi-annual basis, and to the Board of Directors on an annual basis, regarding the issue's progress at the Bank. The management's involvement in the issue of ESG risks is through a quarterly Steering Committee headed by the Human Capital and Resources Division Head, whose members are the heads of the relevant divisions. The Committee's role is to lead policy, activity, control and reporting regarding ESG risks, and to ensure that it is managed optimally. The assimilation and implementation of the ESG policy are carried out by the Corporate Responsibility Officer, who leads the ESG activity at the Bank in cooperation with the various divisions. This is through ongoing work interfaces with



designated representatives who serve as partners in monitoring, reporting, assimilation, and implementation of the issue.

## ESG implementation at the Bank

**Employee training on ESG topics** – In order to integrate ESG aspects into the Bank's operations and increase awareness among employees, 6,416 hours of training were held on ESG and corporate responsibility topics in 2024, alongside targeted training on diverse topics such as climate change, environmental risks, responsible investments, diversity and inclusion, fairness, the code of ethics, services for people with disabilities, accessible service principles, and more.

## Annual ESG Report

The Mizrahi-Tefahot Group has been reporting on a yearly basis to its stakeholders on its ESG performance for more than a decade. The report reviews the Group's activities in Israel and abroad, and is approved by the Bank's management and the Board of Directors' plenary session. This report provides a summary of ESG aspects for the year 2024. Similar to the Group's previous reports, this report was also written in accordance with the GRI reporting standard, and is in accordance with the most advanced transparency standard. In addition, the Group is reporting for the third year according to the SASB (Sustainability Accounting Standards Board) reporting standard.

The report presents the performance of Mizrahi-Tefahot Bank, Bank Yahav and the Group's branches abroad: in the UK and the USA (hereinafter – the "Group"), except where stated otherwise. However, since the activities of the Group companies or its branches abroad may differ from the activities of the Bank, it was decided in certain places to describe the performance only at Mizrahi-Tefahot Bank. In such a case, the term "the Bank" is used. In any case, all activities of the Group's branches abroad are carried out in accordance with the Bank's policy principles, and if there are any material differences, this is explicitly stated, especially with regard to Bank Yahav.

Most of the information presented in the report was collected on an ongoing and routine basis during the reporting year through the Group's information systems and from organizational sources. For this purpose, the Bank has built tools and means for measurement, monitoring and control, according to its activities.

The writing of the report was accompanied by expert ESG and sustainability consultants. In addition, an external due diligence audit was performed by an independent third party (please see the Index section of this report). The combination of professional guidance and an independent external audit helps the Group ensure that the information appearing in the report represents its activities properly and in accordance with the requirements of

the standard. The Group has committed to making informed use of the responses and feedback it receives from its stakeholders in order to learn from them and to continue to examine itself in these contexts.

## Climate Report (TCFD<sup>1</sup>) and measurement of financed emissions

As part of the Bank's long-standing commitment to ESG aspects and its preparation for climate change and its implications, at the end of 2023 the Bank published a report for the first time regarding the management of climate aspects for 2022.

In 2024, the second Climate Report for 2023 was published.<sup>2</sup> The report was written in accordance with the accepted principles for reporting on the management of the financial impacts of climate change on business organizations – TCFD. The Bank also measures and publishes its carbon footprint, including the amount of financed emissions. The calculation of financed emissions is in accordance with the international PCAF<sup>3</sup> standard. In this report, the 2024 Climate Report is published in a consolidated format.

1. Task Force on Climate-related Financial Disclosures.

2. The climate reports for 2022 and 2023 can be viewed on the Bank's website. The 2024 Climate Report has been published as part of this report.

3. Partnership for Carbon Accounting Financials.



Partnership in ESG initiatives




Mizrahi-Tefahot Bank adopts international and Israeli ESG standards.

 <b>UN Global Compact</b>	Since 2015, the Bank has been a member of the UN Global Compact initiative. The Bank promotes the principles of the initiative and reports on a yearly basis to the organization regarding the progress in the implementation of the COP (Communication on Progress) through this report and by completing a questionnaire.
 <b>Voluntary reporting mechanism for greenhouse gas emissions</b>	Once a year, the Bank reports on greenhouse gas emissions to the Ministry of Environmental Protection and to the Manufacturers Association of Israel.
 <b>UN Sustainable (Development Goals (SDGs)</b>	The Bank works to realize the SDGs through its business and social activities and reports in the ESG Report on its commitment to promoting the goals.




Selected ESG Ratings<sup>1</sup>

The Bank’s ESG performance is assessed by international and local rating agencies, which make the information accessible to stakeholders, and specifically to investors from Israel and around the world. The Bank maintains an ongoing dialogue with various types of rating agencies. Through these ratings, the Bank examines its activities against the performance of the financial sector in Israel and around the world and uses them to identify trends and improve its performance regarding ESG aspects.

Israeli rating agencies

 <b>Maala ratings – ESG and diversity and inclusion</b>	The Bank received the highest “Platinum Plus” rating for its ESG performance also in 2024. The Bank’s rating in the “Maala ESG” index on the Tel Aviv Stock Exchange is AAA. The Bank’s diversity and inclusion rating is the highest – 5 stars. This is a joint rating by Maala, the Equal Employment Opportunity Commission and the Ministry of Economy and Industry.
 <b>Greeneye</b>	The bank is rated in the Greeneye ESG Index.
 <b>Entropy rating – ESG</b>	The bank was ranked in the Top 5 out of 100 companies ranked in the TA-125 Index.

International rating agencies<sup>2</sup>

Rating agencies	Range	The Bank’s score
 <b>Sustainalytics ESG Risk Rating<sup>3</sup></b>	0–100 (inverted range)	17.8 Low Risk
<b>S&amp;P Global</b>	0–100	53 Top 18% among the global banking sector
 <b>MSCI ESG RATINGS</b>	AAA–CCC	A
<b>Bloomberg</b> <b>Bloomberg ESG Disclosure Score</b>	0–100	65.15
 <b>CDP</b>	A–F	C




The Bank is also included in the FTSE4GOOD<sup>4</sup> index series and is rated by other rating agencies, including the ISS.

1. The ratings are as of February 28, 2025 and may change throughout the year. These ratings should not be considered investment recommendations or an expert opinion.  
2. As of March 11, 2025.  
3. May, 2024, Mizrahi-Tefahot Bank received an ESG Risk Rating of 17.8 and was assessed by Morningstar Sustainalytics to be at Low risk of experiencing material financial impacts from ESG factors. In no event the ESG Risk Rating shall be construed as investment advice or expert opinion as defined by the applicable legislation. The information contained or reflected herein is not directed to or intended for use or distribution to India-based customers or users and its distribution to Indian resident individuals or entities is not permitted, and Morningstar/Sustainalytics accepts no responsibility or liability whatsoever for the actions of third parties in this respect.”  
4. FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that [Company Name] has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.



## Ongoing dialogue with stakeholders

In order to gain a deeper understanding of the needs and suggestions of stakeholders, the Mizrahi-Tefahot Group maintains an ongoing and productive dialogue with them: customers, employees, investors, suppliers, social organizations, and more. The Group works proactively to establish contact, along with effective responses to inquiries. The Group considers the dialogue with stakeholders as a business and management tool that assists in decision-making, product development, and in improving the response it provides.

 <p><b>Bank customers and the general public</b></p>	<ul style="list-style-type: none"> <li>● In 2024, the Bank conducted and published in-depth studies of value to the public on strategic issues, including: <ul style="list-style-type: none"> <li>○ Business Growth Index – A study of the main needs and challenges of businesses in Israel during the War.</li> <li>○ Real Estate Index – A comprehensive analysis of the housing market in Israel, including homebuyer and investor trends a period of instability.</li> <li>○ Investment Index – Psychological aspects and behavior of investors in the capital market in a period of economic uncertainty.</li> </ul> </li> </ul>
 <p><b>Employees</b></p>	<ul style="list-style-type: none"> <li>● “Roundtables” – Open dialogue with the CEO and bank employees from all units, and implementation of conclusions in the work plan.</li> <li>● “Breakfast Club” – Meetings of division heads with branch and department managers with the aim of creating an ongoing and direct dialogue between middle management and the Bank’s management, also including the raising ideas and insights.</li> <li>● BDI Ranking – The Bank conducts an employee survey in collaboration with BDI each year to determine the ranking of the 100 best companies to work for. The survey conclusions are reflected at the unit level.</li> <li>● “You Vote – You Influence” – A project that enables employees to be partners in deciding to which associations and social projects the Bank will contribute.</li> <li>● Efficiency suggestions – Bank employees propose initiatives for improvement and efficiency at the Bank. Some of the initiatives are integrated into the work plans.</li> </ul>
 <p><b>Governance and local government</b></p>	<ul style="list-style-type: none"> <li>● The Bank is a member of the Association of Banks in Israel and is active on its Executive Committee and Legal Committee.</li> <li>● The Bank is a member of the Association of Publicly Traded Companies in Israel and maintains a dialogue with the branches of government in the public and private sectors on issues relating to the entire banking system.</li> <li>● The Bank maintains an ongoing dialogue with regulators in its areas of activity.</li> </ul>

 <p><b>Suppliers and community</b></p>	<ul style="list-style-type: none"> <li>● Regular meetings and visits to the Bank’s suppliers.</li> <li>● Meetings and dialogue with organizations and associations on social and environmental issues in order to identify activities in which the Bank can contribute and invest.</li> <li>● Reviewing the effectiveness of existing projects and satisfaction with the volunteering of the Bank’s employees.</li> </ul>
 <p><b>Investors and shareholders</b></p>	<ul style="list-style-type: none"> <li>● Dialogue with analysts and institutional investors in Israel and abroad, close to the publication of annual/quarterly reports and subsequently.</li> <li>● Response to reviews in Israel and abroad regarding ESG.</li> </ul>

## Identifying material topics

The Bank conducts an extensive and thorough materiality analysis, which includes dialogue with stakeholders as needed, and each year validates the material topics in order to identify and update relevant trends and changes, thereby deepening the Group’s activity regarding the most material ESG topics, in addition to their presentation in the report.

The principles guiding the Group’s policy regarding ESG aspects are derived from the material topics identified by the Group, based on the Bank’s ESG risk identification process, and from examining the impact on stakeholders through dialogue with stakeholders and a comparative review of trends in Israel and around the world. The selected topics are the most important to the Bank’s stakeholders and to the Group itself.

At the end of 2024, a materiality analysis was performed that included validation and updating of the material topics. Accordingly, a comparative survey was conducted regarding the material topics reviewed in leading banks around the world and in Israel, in key rating agencies and in international reporting standards.

### Material topics selected for reporting:

- Reduction of environmental impact
- Management of environmental and climate risks
- Development of environmental and social products
- Responsible, transparent and fair service
- Financial inclusion and accessibility to the Bank’s services
- Customer privacy and information security
- Diversity, equal opportunities and preventing discrimination in employment
- Human capital
- Protection of human rights
- Involvement in the local community
- Responsible conduct and proper corporate governance
- Risk management

Based on the findings from the materiality analysis, there was no change in the list of material topics in 2024 compared to the previous year. However, as part of the material topics, aspects related to the risks and impacts resulting from the Iron Swords War that began on October 7, 2023 were added this year as well, and these are integrated throughout the report.



## Key objectives for 2025 that promote the realization of the SDGs

The following are the Bank's objectives in the areas of activity and their link to the relevant SDG goals<sup>1</sup> (these goals are part of the Bank's objectives for 2025, which appear at the end of each chapter in the report).

### Goals for 2025

#### Environmental



Reduction in paper consumption by approx. 30% by the end of 2025 compared to 2023.

Promotion of the placement of photovoltaic installations at the Mizrahi-Tefahot campus.<sup>2</sup>

The construction of the Bank's new campus in Lod is in accordance with the LEED standard for green construction, and is striving to achieve platinum certification of the standard with the aim of promoting energy efficiency.

#### Social



Expansion of social investment in community projects to promote equal opportunities in the social and geographical periphery.

Continued support and assistance to communities in the south and north that were affected by the War as part of the Bank's community activities.

Development and adapting of training courses in soft skills for employees with the aim of fostering an innovative work environment and in accordance with the changing work world.

#### Governance



A survey conducted on the protection of privacy as part of the process of implementing Amendment 13 to the Privacy Protection Law.

### Goals for 2025

Continued preparations for the implementation of the Bank of Israel's Proper Conduct of Banking Business Directive 345 – "Principles for the Effective Management of Climate-Related Financial Risks", which will enter into effect in June 2026. In 2025, the Bank will continue preparations for the implementation of the Directive, while improving methodologies and integrating climate considerations into decision-making processes.

Scenario analysis – The implementation of climate scenarios relating to transition risks will be examined.

Increased training for employees and managers on the subject of climate.

Intensified activity and adapting of services and products to a variety of population groups: Arab society, ultra-orthodox society and new immigrants, according to their unique characteristics.

Expansion of employee knowledge and connection to the ESG aspects.

Implementation of an updated responsible procurement policy in the Bank's divisions.

Upgrading of wellness and employee welfare services at the new campus and for all bank employees.

Expanded recruitment activities from the ultra-orthodox community, adapted to its unique characteristics.

Promotion of a healthy lifestyle among employees.

Preparations for the implementation of a new draft directive of the Bank of Israel – Directive 364 on the subject of information technology risk management, information security and cyber protection.

1. All of the objectives appearing in the report are forward-looking information as defined in the Securities Law, 1968. The information is based on assumptions, facts and data (hereinafter collectively – "assumptions") that were presented to the Bank's Board of Directors. The assumptions may not be realized due to factors beyond the Bank's control.  
2. Mizrahi-Tefahot Lod, the Bank's headquarters in Lod.





## Environment and climate

The Mizrahi-Tefahot Group considers the management of environmental aspects related to its activities to be very important, including preparing for climate change and promoting environmental initiatives. The Group's activity regarding climate and environment aspects is carried out through responsible consumption of resources and environmental performance management, managing climate and environmental opportunities and risks, and supporting customers in the transition to a low-carbon economy, such as promoting and financing environmental credit.



# Corporate governance and management of climate and environmental aspects



In recent years, global awareness of the potential impacts of climate change on ecosystems, society and the global financial system has been growing. In the coming years, these impacts are expected to continue, intensify and become a major challenge for countries around the world. The Mizrahi-Tefahot Group sees great importance in preparing for these impacts and the implications arising from them, and is striving to reduce its negative environmental impact.

The Group is working professionally and responsibly to increase its preparedness for risks that may arise from climate change. This is in accordance with the requirements of the regulator in Israel and based on accepted global practices, while preparing to make the necessary adjustments in its various operating segments for the benefit of all stakeholders and for the stability of the Israeli economy. In addition, in recent years the Group has been working in various ways to reduce its environmental impact, both as a financial institution that finances various entities and projects, and as a business entity that uses resources for its operations.

In 2023, the Bank published its first Climate Report (TCFD), which deals with its preparations for broad and comprehensive management of risks and opportunities arising from climate change. This report was a significant milestone in the Bank's preparation to integrate climate aspects into all activities. The Bank reports to the public on the progress of integrating climate aspects, its measures and performance in this area, as part of the Bank's consolidated ESG (Environmental, Social and Governance) Report.

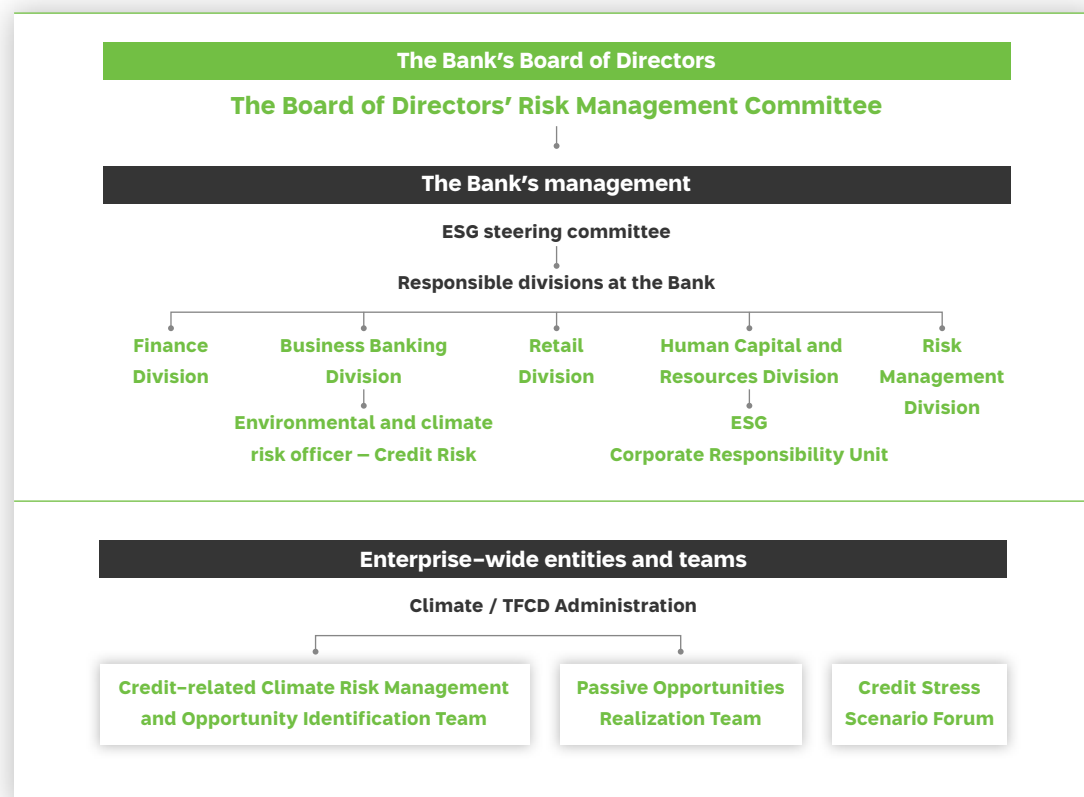
The Bank manages climate and environmental aspects as part of the ESG area. As such, they are under the joint responsibility of the Human Capital and Resources Division Head (who manages ESG risks at the Bank) and the other divisions of the bank that lead the management of climate aspects in various areas, each division according to its area of expertise and under the supervision of the Board of Directors.

Within this framework, the Bank has devised a corporate governance structure for the management and supervision of climate and environmental aspects. This structure includes the regulation of the assignment of authorities and areas of responsibility, alongside the integration of climate and environmental aspects management into business activities according to Bank's established policy.





## Main entities responsible for the Bank's management of climate aspects



## Supervision of the Board of Directors, management and the Bank divisions over climate and environmental issues

### The Board of Directors and its Committees

The Board of Directors is responsible for the Bank's business and financial strength. Its involvement in climate aspects is reflected in the ongoing activities of the Board of Directors and its committees.

The Board of Directors is responsible for outlining and approving the policy principles for managing ESG risks, including climate and environmental risks, and ensuring that these principles are implemented and that they support the Bank's business strategy. The Board of Directors receives regular reports on the Bank's preparedness for climate change and for other environmental aspects through the Bank's management and content experts. In addition, the Board of Directors holds an annual discussion on climate and environmental risks. In 2024, several discussions were held at meetings of the Risk Management Committee and the Board of Directors' plenary session on the subject of climate and environment, which included an update on the Bank's progress in preparing to integrate climate and environmental aspects into its operations.

## Risk Management Committee

The Board of Directors' Risk Management Committee discusses and approves the Bank's ESG risk management policy. This Committee discusses ESG risk aspects and the Bank's risk management and control policy, including the overall risk strategy and risk appetite, and the Committee is also responsible for making recommendations to the Bank's Board of Directors on the subject. As part of its work, the Committee supervises the integration of climate aspects into the Bank's risk management frameworks. The ESG risk management status, including climate risks and other environmental aspects, is reported on a yearly basis to the Board of Directors. In 2024, the status of the dealing with climate aspects was presented as part of the status regarding ESG aspects, and the Bank's ESG risk management policy document was also discussed and approved. The Committee also discussed an extreme climate scenario that was carried out in the Risk Management Division.

### The Bank's management

The subject of ESG, including climate and environmental aspects, is a cross-organizational issue. All of the Bank's divisions deal with these issues as part of their ongoing work given that climate and environmental issues affect various aspects and activities at the Bank. Therefore, its management is not centralized in one place, but is characterized by cross-division and cross-level management and the involvement of all members of management. In order to implement the work processes required to manage climate risks, realize climate opportunities and manage other environmental aspects, significant work interfaces exist to integrate the issue into the ongoing activities in all of the Bank's divisions. In particular, each of the Bank's risk managers independently examines, in collaboration with the Human Capital and Resources Division Head, how to properly integrate climate risks into the risk management framework for which he is responsible and to implement the desired risk management practices in the appropriate work processes, according to their materiality level.

## ESG Steering Committee

The management's involvement in the issue of ESG risks is through a quarterly Steering Committee headed by the Human Capital and Resources Division Head and whose members are the heads of the relevant divisions. The Committee is comprised of the managers of the relevant divisions and the Bank's unit managers involved in promoting ESG aspects. The Committee's role is to lead policy, activity, control, and reporting in the promotion of ESG aspects in all of the Bank's activities. The Committee reports to the Bank's management on progress and improvement in ESG performance, including environmental performance. The authorities and responsibilities of this Committee also



include integrating and leading the processes required to prepare for climate change. The Committee is responsible for devising the Bank's strategy for dealing with climate change and taking advantage of the opportunities that arise from it, examining and devising risk management mechanisms, updating policy documents with ESG aspects, reviewing the products offered at the Bank in order to take advantage of opportunities, and for overseeing ongoing reporting processes.

## Responsibilities of the Bank's divisions

### Human Capital and Resources Division

The integration and concentration of all efforts at Mizrahi-Tefahot Bank regarding the promotion of climate and environmental aspects, including implementation of the regulation applicable to the Bank on the subject, and are the responsibility of the Human Capital and Resources Division Head.<sup>1</sup> The Division Head is responsible for reporting on the development of the subject at the Bank – she reports to the Bank's management on a quarterly basis, and to the Board of Directors' Risk Management Committee and the Board of Directors' plenary session on an annual basis. In addition, according to the needs that arise from time to time, the Division Head submits regular reports to the Bank's CEO regarding the status of processes implemented at the Bank and its preparedness.

### The ESG Unit

The Bank's ESG Unit works to integrate and implement climate and environmental aspects into work and management processes. The subject is led by the head of the Corporate Responsibility Team, in full cooperation with the business and operational units, according to their areas of activity. In addition, there are ongoing work interfaces with designated representatives who serve as partners in the control, reporting, implementation and integration processes of the Bank's ESG issues.

The Unit, which operates within the Corporate Leadership Department in the Human Capital and Resources Division, is responsible for devising and implementing the Bank's ESG strategy. Its role includes integrating environmental and social aspects on a cross-functional level, along with the management of internal and external reporting processes in accordance with accepted global practices. The Unit also coordinates efforts to identify and realize ESG opportunities, including regarding climate and the environment, and to integrate these risks into the relevant risk management processes. In addition, the ESG Unit leads the climate and environmental training system for all of the Bank's divisions and is responsible for drawing up external reports on climate risk management, including within the framework of the annual ESG Report and the TCFD Report.

1. As part of her responsibilities as the Bank's ESG Risk Manager.

## Business Banking Division

Credit, the Bank's main area of activity, is the main banking area that is affected by and even affects climate and environmental issues. The Business Banking Division is responsible for managing all credit risks at the Bank, and it leads the implementation and integration of climate aspects in all relevant credit activities at the Bank (large businesses, small and medium-sized businesses and mortgages), regarding both the risk and the opportunities. The Division is working to fulfill this responsibility through a dedicated work team on the subject of climate in credit (please see details below). In addition, the Division is responsible for managing environmental risks in credit risk.

With respect to business credit, the Division is in the advanced stages of implementing a methodology for identifying and assessing climate risk factors that may affect the credit risk of the Bank or of a specific business borrower. The Division is responsible for continuing to develop the methodology in accordance with the development of the risk and its management tools. This methodology is an extension of the existing processes for managing environmental risks related to business credit. In order to develop the methodology, expand capabilities, and provide a quality response to reporting needs and regulatory compliance, the Division carries out the important and challenging processes of collecting, concentrating, and analyzing data, devising geographic mapping tools for insurance, and working with professional entities to improve methodological tools.

In view of the importance that the Bank places on the development of expertise in the fields of climate and the environment and the need to monitor and follow up on the development and management of the risk, a dedicated position was established in 2024 in the Business Banking Division, which is responsible for monitoring, measuring and gathering information in this area. The Head of Climate and Environmental Credit Risks serves as a professional knowledge source on the front line of credit risk at the Bank regarding climate, and to whom professionals required for the subject can turn in decision-making processes. Appointing an internal entity in the Bank responsible for the subject deepens the Bank's ability to integrate climate aspects into the core of its activities in a way that supports the development of its businesses and its relationships with customers.

At the same time, the Division leads the efforts throughout the Bank to identify and examine climate opportunities. It is responsible for leading the development of unique and innovative green credit products and increasing the amount of green credit provided by the Bank. The Division is responsible for updating credit policy in accordance with the risk and opportunity management mechanisms devised regarding climate aspects.



## Retail Division

The Retail Division is responsible for integrating climate aspects into the Division's activities, which include diverse aspects of credit opportunities and risks (in collaboration with the Business Banking Division) as well as diverse passive products. As part of the Bank's preparations to integrate climate aspects into its activities, the integration of climate risks into the activities of the Retail Division began in 2024 under the professional leadership of the Business Banking Division and in collaboration with professionals from the Retail Division units (in particular the Mortgage Department and the Commercial Department). As part of the Retail Division's responsibility for passive products, the Division has a work team on the subject of realizing passive opportunities. In addition, the Division is a partner in the integration of climate aspects by participating in forums and work teams established for this purpose.

## Finance Division

The Finance Division is responsible for integrating climate aspects into the Division's activities, both in the management of the risks, market risk and liquidity risk, and in the realization of opportunities under its management. The Division's professionals work to create mechanisms for assessing and managing climate aspects of investment risk in the nostro portfolio and in the Bank's real investments, and also work to devise mechanisms for assessing and managing climate aspects of liquidity risk. The Division's personnel participate in the Bank's efforts to develop and lead value propositions for the Bank's customers in passive products. As part of its areas of responsibility, the relevant professionals participate in the Bank's steering committees and work teams to promote these issues.

## Risk Management Division

The Risk Management Division serves as a second line of defense for managing climate and environmental risks. As part of this responsibility, the Division is responsible for reviewing and challenging the Bank's ESG risk management policy document, particularly with respect to climate and environmental risks. The Division is also responsible for developing and implementing stress scenarios for environmental aspects (including climate scenarios). The Risk Management Division is responsible for determining and integrating climate and environmental risk management processes into the overall risk assessment and adapting them to the risk management framework.

## Steering Committees and Administrative Teams

In early 2023, cross-organizational forums were established to integrate, lead, and manage climate aspects. The objectives of these forums are to coordinate between the Bank's departments to advance this area, make decisions, and approve the necessary measures.

### Implementation Administration of Proper Conduct of Banking Business Directive 345<sup>1</sup>

For the purpose of ongoing management of the integration of climate aspects and multi-year preparation for the implementation of Proper Conduct of Banking Business Directive 345, a dedicated administration was established, headed by the Director of the Human Capital and Resources Division Head and with the participation of managers and representatives from these divisions: Human Capital and Resources, Risk Management, Legal, Business Banking, Retail and Finance. The Administration is responsible for preparing recommendations to the Bank's management regarding climate risk management policy and for taking advantage of opportunities.

The Administration operates in two main implementation branches: the Credit-related Climate Risk Management and Opportunity Development Team and the Passive Opportunity Realization Team.

In 2024, the Administration convened a full forum four times to review and approve the work teams' activities, review professional materials, and to make decisions on necessary courses of action to advance the issue at the Bank and ensure implementation of the regulation. In addition, focused meetings were held in small forums as needed.

### Work Team – Credit-related climate risk management and opportunity development

The work team, headed by the Deputy Head of the Business Banking Division and with the participation of representatives of the Retail Division, Human Capital and Resources Division, Financial Reporting and Information Division and the Risk Management Division, was established to prepare the Bank for the inclusion of climate risks in the Bank's credit underwriting processes and methodologies, as well as to identify and realize climate opportunities through innovative green financing products. The team prepares recommendations for updating the Bank's credit risk management policy for climate aspects and creating the mechanisms required to implement the revised policy. These mechanisms include, among other things, the mechanisms for identifying, classifying and comprehensively assessing risks, as well as risk assessment tools for individual credit transactions. The team met biweekly in 2024.

1. Proper Conduct of Banking Business Directive 345 is the most important regulatory directive regarding climate for banks in Israel, which deals with guidelines for managing financial risks related to climate change.



### Work Team – Realization of passive opportunities

The work team, headed by the Head of the Customer Assets and Consulting Sector, with the participation of representatives of the Financial Division, the Business Banking Division, and various consulting and investment related departments and the Risk Management Division, was established to examine and prepare work plans for the realization of climate opportunities in non-credit business areas. The work team met several times in 2024, examined opportunities in passive products and worked to promote the development of climate-friendly financial products, such as investment products and deposits, while integrating relevant information into the consulting and analysis systems and integrating these considerations into the investment advice provided to customers.

### Credit Stress Scenario Forum

A forum headed by the Head of the Risk Management Division that also discusses climate stress scenarios. The Forum presents an outline of the results of stress scenarios resulting from the realization of climate risks, from a credit risk perspective.

### Energy Efficiency Committee

Due to the nature of the Bank's operations in office buildings, energy consumption is the Bank's largest direct climate impact factor. However, this area also represents one of the main opportunities for operational efficiency. The Bank measures and manages this issue on an ongoing basis and takes various steps to improve energy efficiency. The main effort in recent years has focused on the construction of the Bank's new headquarters building in Lod, which is designed and constructed in accordance with the advanced LEED green building standard. The Bank is also promoting additional initiatives in its facilities, such as replacing outdated and energy-intensive systems with advanced systems with efficient energy utilization. The issue of energy efficiency is managed at the Bank by the Energy Efficiency Committee, headed by the Head of Assets, Construction and Maintenance. The Committee, which consists of professionals from the Logistics Department and permanent professional consultants, meets on a quarterly basis and its role is to examine ideas and efficiency options.

# Climate and environment strategy





## Climate and environment strategy

Mizrahi-Tefahot Bank is preparing for climate change and its implications and is working to assist its customers with dealing with the possible adjustments that will be required. Management of climate aspects includes three layers, which provide a broad response to the impacts of climate change on the Bank and its customers:



### Support for customers in the transition to a low-carbon economy

With an understanding that the Bank has a unique position in the Israeli economy and in the challenges involved in dealing with climate change, the Bank is working to develop advanced financial products that enable its customers, and as a result the Israeli economy, to channel financial resources for a reduction in greenhouse gas emissions. The aim of these products is to contribute both to the global fight against climate change and to the business readiness of the Bank's customers for a low-carbon future.



### Responsible management of climate and environmental risks

Climate change creates diverse risk factors for the economy, which are developing gradually. The Bank must adapt its existing risk management frameworks to the nature of the new risks. The Bank is working to implement comprehensive and in-depth risk management mechanisms that will enable it to continue to provide its services optimally and consistent with its risk appetite, while paying close attention to the needs and readiness of its customers at the present time.



### Environmental responsibility

The Bank strives to reduce direct impacts on the climate and the environment, to prepare its operations for the possible impacts of climate change, and to ensure operational continuity and readiness to deal with possible climate challenges. In this regard, the Bank is working to reduce its operational carbon footprint, improve energy efficiency indicators, and reduce its consumption of resources.



Strategic climate and environment goals

As part of the Bank’s commitment to the management of climate and environmental aspects in an orderly and professional manner, the Bank has set long-term goals in this area. These goals are consistent with the Bank’s strategy for managing climate and environmental aspects and enable the Bank to create orderly and data-based work processes. The goals relate to making the most of opportunities and to the management of risks. This chapter includes indicators used by the Bank to monitor the management of climate aspects: measuring the exposure to risk in the business portfolio and measuring the Bank’s full carbon footprint, including its financed emissions. The chapter also includes indicators used by the Bank to monitor and manage environmental aspects such as water consumption, the volume of waste production and the energy consumption of the Mizrahi-Tefahot Group.

Strategic core component	Goals for 2030	Progress status – performance in 2023	Progress status – performance in 2024
Environmental responsibility	Reduction of the operational carbon footprint and emissions intensity by 40% by 2030, compared to 2020 (the base year).	Reduction of 8.9% in total carbon footprint and 8% in carbon footprint intensity per sq.m. (location based), compared to 2020.	Reduction of 14.2% in total carbon footprint and 13.3% in carbon footprint intensity per sq.m. (location based), compared to 2020.
Support for customers in the transition to a low-carbon economy	The remaining financing and investments in projects that promote a green environment will be approx. NIS 10 billion.	NIS 6.7 billion, a 52% increase in the amount of green credit compared to the previous year.	NIS 7.7 billion, an increase of approx. 15% in the amount of green credit compared to the previous year.
	The Bank will invest resources and develop green financial products that will promote green and environmental projects.	In 2023, a new track – “Sustainable Energy” was established as part of the State-guaranteed loan fund for small and medium-sized businesses. The track is for investments in goals and projects that reduce negative impact on the environment and promote energy efficiency.	In 2024, three new and unique green products were launched for private customers: <ul style="list-style-type: none"><li>● Designated loans for the purchase of electric vehicles</li><li>● Benefits for charging electric vehicles for members of the Bank’s club</li><li>● A dedicated financing track for the installation of solar panels, which enables loans on favorable terms and an expedited procedure</li></ul>

Strategic core component	Goals for 2030	Progress status – performance in 2023	Progress status – performance in 2024
Responsible management of climate and environmental risks	Reduction of exposure in the nostro portfolio to zero the in new coal mining and oil drilling industries by 2030. In addition, the Bank will not participate in IPOs of assets that create exposure to these industries.	The Bank is devising an outline to reduce exposure to these industries.	In 2024, there were no equity acquisitions in these industries.



# Support for customers in the transition to a low-carbon economy

## Support for customers in the transition to a low-carbon economy

Climate opportunities arise from the global transition to a low-carbon economy with all its implications, such as the development of new technologies for low-carbon production processes, the use of raw materials and alternative energy sources. In addition, the preparation and adaptation of various infrastructures to physical climate risks create many business opportunities for the Bank. These opportunities create shared value by assisting the Bank's customers in the transition to a low-carbon economy, and exist in two main aspects:

- Development of green credit products – including dedicated credit for project financing and companies with significant climate and environmental value.
- Integration of climate and environmental aspects into the Bank's investment advisory services and development of additional financial products.

### Green credit

The Bank considers the promotion of environmental issues important and provides dedicated credit for the development, establishment, operation or initiation of green products, services and infrastructures, which contribute to a reduction of the negative impact on the climate and the environment and to promote sustainability. The Bank has started the process of developing dedicated credit products for both business and private customers, which provide a solution for a variety of activities with a reduced climate impact and a reduction of the negative impacts of the business sector on the environment. In accordance with global green credit trends, the Bank has formulated an internal taxonomy that defines the criteria for environmental credit in a regulated manner, in accordance with accepted international standards<sup>1</sup> and adapted to the Israeli market. The taxonomy serves as the basis for developing a variety of green credit and passive products.

The Bank's green taxonomy includes seven categories with several optional financing channels that promote environmental aspects.

1. The Bank's taxonomy was based on the GBP standard for green bonds, which has been adopted by the world's leading banks as a standard that also regulates green credit.





## Green taxonomy for identifying and managing climate opportunities



### Renewable energies

One of the main components of the transition to a low-carbon economy is the production of energy through renewable means as an alternative to the burning of fossil fuels (which include: coal, oil and natural gas). Renewable energy projects in Israel include, among others: solar energy (installation of photovoltaic cells by renewable energy companies for sale, or by companies and businesses for self-use), hydroelectric energy, geothermal energy and wind energy. The renewable energy sector in Israel is growing rapidly, due to the increasing demand and the geographical characteristics of Israel, which enable the utilization of renewable resources. The Bank is involved in the financing for many renewable energy projects throughout the country. This classification includes companies or renewable energy infrastructure projects, as well as companies or projects that are engaged in the installation of solar panels on private/business properties.



### Energy efficiency

In addition to efforts for the production of energy from renewable sources, the reduction of greenhouse gas emissions also includes efforts to improve efficiency and save energy consumption in existing systems. Energy efficiency measures include, among other things, technological upgrading of high-emission production systems, renovation of assets to improve their energy consumption, and the establishment of energy storage systems. Companies or projects included in this classification: projects for the replacement of energy-consuming machines in industry with energy-efficient machines, renovation of real estate assets that improve their energy efficiency, and national energy storage infrastructure projects.



### Prevention and control of contaminants

Waste reduction and waste management are essential for the transition to a low-carbon economy, due to the large amount of emissions resulting from untreated waste. Waste collection, sorting and treatment systems make it possible to reduce the negative impacts resulting from waste, and sometimes even use waste for additional secondary uses (through recycling, production or energy recovery). This classification includes waste recycling and treatment companies as well as companies or projects engaged in the rehabilitation of contaminated land.



### Clean transportation

Vehicles are a significant source of greenhouse gas emissions in the world in general, and in Israel, which is a car-oriented country, in particular. In recent years, there has been an increase in the demand for electric vehicles, the development of mass transit systems, and improved walkability in urban areas. All of these enable a significant reduction in greenhouse gas emissions. The Bank provides financing for projects in this area, such as the fast lane and the Green Line of the light rail. Companies or ventures included in this classification: Construction and operation of public transportation systems and infrastructure, financing of urban development that supports walkability and non-motorized transportation, as well as financing for the purchase of electric vehicles and the establishment of charging infrastructure.



### Green construction

Green construction is designed to reduce the negative impacts of construction processes and to improve environmental performance and climate risk preparedness of buildings built using green construction. In 2005, an Israeli green building standard (TI 5281) was published in Israel, outlining the principles of green construction, along with other accepted international standards (such as the LEED building standard). The real estate and construction industry is a major industry in Israel, and the Bank sees great importance in the promotion of green building in Israel. This classification includes companies or ventures that engage in the construction, operation and acquisition of buildings/properties that meet green building standards.





### Sustainable water and wastewater management

Efficient use of water and wastewater treatment is an important factor in preparing for climate change, due to the possible impact of increased desalination and water treatment activities in periods of dryness and drought. In addition, it helps reduce the negative impact of greenhouse gas emissions resulting from wastewater. Israel is considered an advanced country in water treatment, but desalination and water treatment are energy-intensive operations with a cost that may increase significantly as a result of rising energy prices. Due to its geographical location, Israel is exposed to numerous water challenges that require solutions. The Bank considers financing projects that help solve these challenges extremely important, and is already involved in the financing for desalination and wastewater treatment projects. This classification includes companies and projects for the construction and operation of wastewater treatment and water desalination facilities.



### Technological developments

Technological innovation and climate technology are essential tools with which the world strives to find a solution to climate change and its possible consequences. Israeli innovation and technology industries create diverse solutions to prepare for or mitigate climate change. The Bank sees great importance in the financing of technology companies that develop diverse solutions to the challenges of climate change. This classification includes companies or ventures that finance investments in green companies as well as companies that develop climate and environmental technologies (climate-tech\clean-tech)..

## Green financing – Performance in 2024

In 2024, the Bank expanded its supply of green credit products through the development and launching of dedicated products for a variety of target customers. At the same time, the professionals worked to create collaborations that provide value to customers and support the Bank's green financing goals.

### Loans for the purchase of electric vehicles

A loan of up to 100% financing for a period of up to 60 months, on attractive terms that enable the purchase of an electric vehicle easily and conveniently while reducing environmental impact.



### A dedicated financing track for the installation of solar panels for private customers

A loan of up to NIS 100,000 for a period of up to 120 months, with flexible and customized interest tracks, with the aim of making renewable energy solutions accessible to private customers and helping to transform buildings into clean energy producers.



### Electric vehicle charging benefits

Exclusive electric vehicle charging benefits for members of the Bank's club, with an emphasis on cost savings and support for the transition to green transportation, including a 10% discount on a charging station and its installation in collaboration with ZEN-ENERGY.



The objective of the green products is to make it easier for the Bank's customers to adopt advanced environmental solutions, reduce carbon emissions in the Israeli economy, and adapt the solutions to the personal needs of each customer through a fast, accessible, and efficient financing process.





As part of the Bank's efforts to invest in products that promote a green environment and renewable energy in particular, in 2024 the Bank led a strategic financing agreement for the construction of solar energy and storage projects with an aggregate capacity of approx. 345 MWp and approx. 1,530 MWh of storage. This is the largest financing transaction signed in the renewable energy sector in Israel, which will enable the construction of approx. 35 ground-based solar projects.

In addition to the products launched for the Bank's customers, the Bank is working to develop additional credit products for a broad audience of customers. In order to support the development of these products, the Bank is promoting mechanization and automation processes that will allow professionals to efficiently manage the product development process and its operation. These processes enable the Bank to monitor its progress and performance, to review it regularly, and to maximize its existing capabilities.

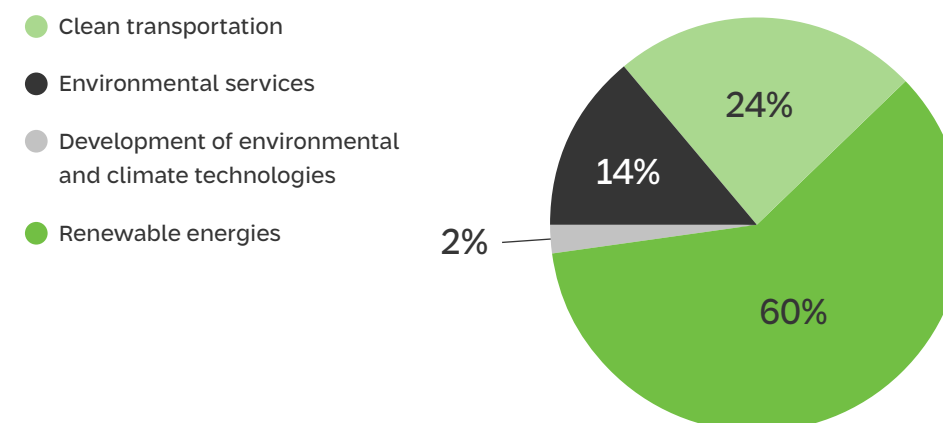
In accordance with accepted global practices, the Bank measures the green financing it has provided according to the credit amounts actually utilized to promote environmental goals by customers (balance sheet credit). This is in order to manage and reflect to stakeholders the Bank's actual impact, and according to this measurement, the Bank has set its goals in this area, as is customary worldwide. At the same time, the Bank also measures additional and future commitments for green financing (off-balance sheet credit, which includes guarantees and future commitments that have not yet been utilized by customers).



The financing<sup>1</sup> provided for environmental issues as of December 31, 2024 amounted to approx. NIS **7.7** billion, compared to NIS **6.7** billion in the previous year.

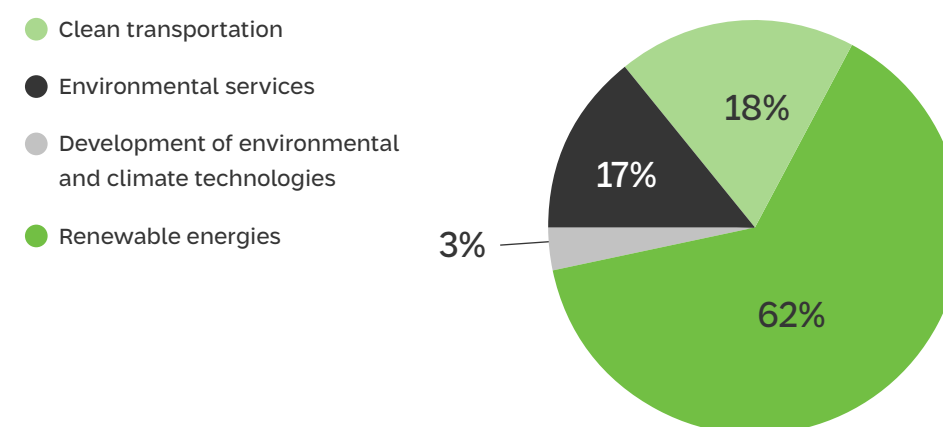
1. Only balance sheet credit. In accordance with accepted global practices, the Bank measures the green financing it has provided according to the credit amounts actually utilized by customers to promote environmental goals (balance sheet credit).

## Financing for environmental issues in 2024



The credit exposure<sup>1</sup> to environmental issues as of December 31, 2024 amounted to approx. NIS **11.7** billion, compared to NIS **9.6** billion in the previous year.

## Credit exposure to environmental issues in 2024



This year, there was also an increase in the amount of green credit as a result of the Bank's efforts to invest in products that promote a green environment in general, and renewable energy in particular, in accordance with the 2030 target.

1. Balance sheet and off-balance sheet credit.





## Integration of climate and environmental aspects into other financial products

The Bank strives to integrate climate and environmental aspects into other financial products and services it offers to its customers, other than financing the activity. The Bank is in the process of examining in depth the most effective channels for integrating these aspects into several passive products (products for managing the customers' capital, such as investment products and deposits), which will enable the customer public to realize climate opportunities in cooperation with the Bank.

## Integrating ESG aspects into investment advisory

The Bank provides its customers with financial advisory services tailored to the customer's needs through expert financial advisors. The Bank's Investment and Strategy Department is responsible for publishing investment recommendations to investment advisors in branches, and it periodically publishes updates on ESG issues. The Bank offers its customers securities with relevant reference to ESG issues. In addition, as part of their professional enrichment, advisors receive updates and reviews on ESG issues.

In 2024, the Bank's advisory system worked to enhance the way in which sustainability aspects are integrated into the advisory services it provides to its customers. For this purpose, the Bank purchased a dedicated system for ESG scores and reviews for public companies from an Israeli rating agency. These scores and reviews are intended to serve as supporting information for decision-making processes. The scores are integrated into the analyses performed on the companies and the reviews are made available to the investment advisors. In order to integrate these reviews in a high-quality and professional manner, specific training was provided to the Bank's advisors, and these will be expanded as needed. Increasing these capabilities enables the Bank to provide its customers with quality service tailored to their needs and preferences, including regarding sustainability aspects.

## Real investments

In 2021, the Bank established activity in the field of real investments in accordance with the law, including activity permitted for a banking corporation as stipulated in the Banking Law (Licensing). Long-term real investments are identified, reviewed and carried out through the Real Investments Committee or the Board of Directors of Mizrahi-Tefahot Invest Ltd. (starting in 2023, new investments are made through a wholly-owned subsidiary of the Bank). The Bank's investment policy takes into account ESG aspects, and there is a preference for investing in companies with a connection to this area or companies that emphasize these issues. The Real Investments team conducts a qualitative review of

the companies, and environmental and climate considerations are taken into account, including air and soil pollution, greenhouse gas emissions, damage to biodiversity and more. The review is also carried out with social considerations in mind, including work conditions and the granting of rights to employees, donations and support for the community. When making an investment decision, preference will be given to companies that see the importance of contributing to the environment and the community, and investments in companies that are significantly harmful to the environment and the community will be taken into account as part of the investment considerations. All investments carried out in 2024 were carried out in accordance with the ESG investment policy.

## Development of additional financial products

In 2024, the Bank worked to develop additional financial products that would increase its passive products activity. As part of these processes, the necessary infrastructures were developed for various products, collaborations with external parties were examined, and initial assessments of the Bank's customers' needs for these products were carried out. The Bank plans to launch additional green passive products in 2025.



# Responsible management of climate and environmental risks

## Climate risk management

The Bank is developing and updating its climate risk management frameworks, which include methodologies for identifying, assessing and mitigating risks, as part of the traditional banking risk management frameworks. The Bank has expanded the management framework for environmental risk in credit, in which it has operated in recent years, to also include climate risks. The Bank has established dedicated work teams and is working in collaboration with external consultants who are experts in this area in order to develop the climate risk management framework. Many resources have been invested in this process, intended to create an infrastructure that will provide a long-term solution to the Bank's business and regulatory needs, while of course maintaining an effective response to customer needs. The Bank chose to begin this process even before the approval of regulation in Israel on the subject with its recognition of the importance of advance preparation and understanding the complexity of the climate aspects and its possible impact on the Bank.

### Climate risks

Climate change creates risk factors for the global and local economy, and the Bank is working to identify and manage them responsibly and effectively in accordance with its business objectives. It is customary to divide climate risks into two super categories – physical risks and transition risks.

#### Physical risks

Risks arising from changes in weather patterns and geographic changes, including the increased frequency and intensity of extreme weather events due to global warming. These risks are divided into two main categories:

- **Acute risks** – Risks that include an increase in the intensity and frequency of extreme climatic events, such as floods, fires, heat waves and tropical storms.
- **Chronic risks** – risks that involve gradual and long-term change in climatic systems, and include a gradual increase in temperatures, changes in precipitation patterns, sea level rise, soil erosion and salinization of natural water sources, as well as other climatic phenomena.

The current scientifically accepted global scenarios estimate that long-term climate change as well as specific climate events have a potential for wide-ranging impacts on the labor market, on fiscal and monetary policy, on growth and other macroeconomic indicators. All of these may affect the Bank's credit risk profile and the credit ratings of private and business borrowers, as well as other financial risks managed by the Bank.





Physical risks also have the potential for widespread microeconomic impacts. Physical risk has the potential to harm borrowers and the Bank's investments, due to damage to the value of assets that will be affected by the realization of extreme events, damage to business continuity (due to disruptions in supply chains, difficulty in employees arriving to work, etc.) and a decrease in demand for products due to the loss of technological or business relevance resulting from physical changes.

### Transition risks

Business risks arising from the global transition to a low-carbon economy, designed to curb and reduce the impacts of climate change, including through the promotion of regulations and the promotion of climate-related technological innovation.

These risks are divided into several subcategories: policy and regulation, technology, market and reputation.

- Policy and regulatory risks arise from frequent changes in the requirements of legislators in Israel and around the world regarding climate aspects, which are expressed in changes in taxation, disclosure and licensing. Such changes are already being implemented worldwide, such as the application of the carbon tax at the borders of the European Union (known as CBAM<sup>1</sup>), which is imposed on the import of goods from high-emission sectors and which will affect many companies in the Israeli economy (including in the metal products sector and the fertilizer sector).
- Technological risks arise from the development of alternative technologies to existing technologies in high-emission sectors, in order to best deal with climate change. This could affect companies that develop or build on existing technologies.
- Market risks arise from fluctuations in the availability and prices of goods and products traded in markets, such as raw materials, energy and water prices, and securities.
- Reputational risks arise from a loss of confidence in companies and various industries as a result of climate change preparations and from changes in the preferences of consumers and business customers who wish to purchase more sustainable products and services that have a reduced impact on climate change.

Transition risks also have the potential for significant economic impact as a result of macroeconomic changes in the market structure of various economic sectors and changes in the volume of international trade between Israel and developed markets. From a microeconomic perspective, many companies are expected to be financially affected

1. Carbon Border Adjustment Mechanism.

by transition risks. This is due to changes in the business, regulatory, technological and public environment in which they operate, which may lead to a decrease in demand for their products and an increase in their operating expenses. Changes in these financial indicators may also translate into damage to the repayment capacity of these companies.

## Identification of climate risks that affect traditional banking risks

As a basis for the process of building a systematic methodology for the Bank's management of climate risks, the Bank carried out a systematic and comprehensive process to identify the potential impacts of climate risks on each of the relevant traditional risks that are routinely managed by the Bank. This is in order to identify the traditional risks in which the impact may be material, and select the traditional risk management frameworks in which climatic risk factors should also be integrated, depending on the level of materiality. Among other things, the following impacts were identified in this process:

Risk category	Definition of the risk   Examples of possible effects of climate change on the risk
Credit risk	<b>Definition of the risk</b> Credit risk is the risk that a borrower, or a counterparty of the Bank, will not meet its obligations to the Bank. Credit risk is a material risk in the Bank's operations. This risk is affected by several main factors: business risk arising from the customer's activities, concentration risks arising from excessive exposure to a borrower/group of borrowers and to economic sectors, geographical concentration risk, risk arising from exogenous changes relating mainly to changes in the borrower's macroeconomic environment, environmental risks and climate risks, credit risks abroad and operational risks, the realization of which has implications for credit risks.
	<b>Examples of possible effects of climate change on the risk</b> <ul style="list-style-type: none"> <li>● Climate change is expected to have macroeconomic impacts, which will affect growth and employment indicators, and consequently the financial strength and repayment capacity of private and business borrowers.</li> <li>● Climate change may affect the ability of borrowers to meet their obligations as a result of damage to profitability or physical damage to assets.</li> <li>● Physical risks may cause damage to the value of assets that constitute collateral for loans.</li> </ul>



Risk category	Definition of the risk   Examples of possible effects of climate change on the risk
Market risk	<b>Definition of the risk</b> Market risk is the risk of a loss in on- and off-balance sheet positions resulting from a change in the fair value of a financial instrument due to a change in market risk factors (interest rates, exchange rates, prices of stocks, commodities and inflation).
	<b>Examples of possible effects of climate change on the risk</b> <ul style="list-style-type: none"> <li>A change in market conditions may lead to high volatility in the value of the Bank's holdings in securities of companies operating in industries expected to be affected by climate change.</li> <li>Extreme climate events may lead to a change in the value of various financial instruments related to regions affected by the extreme event, including prices of securities and commodities and exchange rates.</li> </ul>
Liquidity risk	<b>Definition of the risk</b> The risk arising from uncertainty regarding the availability of sources, the ability to realize assets in a limited time and at a reasonable price. Liquidity risk is a material and unique risk due to the need for a response within as short a period of time as possible.
	<b>Examples of possible effects of climate change on the risk</b> <ul style="list-style-type: none"> <li>Extreme climate events may lead to a significant and rapid increase in customer demand for liquidity and credit in order to adapt to or deal with climate change.</li> <li>Changes in investor tastes and climate regulations may lead to an increase in the Bank's financing costs, if it does not meet market expectations in terms of its climate performance.</li> </ul>
Operational risk	<b>Definition of the risk</b> Operational risk is defined as the risk of a loss resulting from inadequate or obstructed internal processes, people, systems, or as a result of external events.
	<b>Examples of possible effects of climate change on the risk</b> The Bank's business continuity may be affected as a result of physical damage to its assets or disruption in the operational continuity. For example, extreme climate events and their effects on energy and transportation infrastructure (which may prevent employees from reaching their workplace) in Israel. In addition, the Bank's operating costs may increase as a result of climate change.

Risk category	Definition of the risk   Examples of possible effects of climate change on the risk
Reputational risk	<b>Definition of the risk</b> Reputational risk is the risk to the Corporation's profits, its stability or its ability to achieve its goals as a result of damage to its reputation. The damage may result from the Corporation's conduct, its financial condition or negative publicity (true or false).
	<b>Examples of possible effects of climate change on the risk</b> The Bank's reputation may be damaged as a result of increased expectations from the Bank's customers and other stakeholders for adapting its activities to climate change and as a result of damage to the reputation of its financed entities.

In 2024, the Bank intensified the processes of integrating climate aspects into its risk management – the work processes in business credit were expanded and dedicated processes were developed for the risk assessment regarding retail credit, housing credit and investments.

In order to effectively integrate climate aspects into risk management, the Bank implements regular processes that include identification, assessment, monitoring, control and mitigation of climate risks.

In addition, the Bank is taking steps to reduce exposure to climate risk within its operational risk management. As part of the preparations for business continuity management, climate scenarios, such as a flood scenario, are integrated into the Bank's plan. In the future, in accordance with the materiality assessment and other needs, the Bank will develop methodologies and tools for integrating climate risks into additional traditional risk management frameworks.



## Identification and assessment of climate risks in business credit

The methodology for identifying and assessing climate risks in business credit was developed in view of two objectives: one – the mapping and quantifying of the degree of the Bank's exposure to climate and environmental risks; and two – the development of appropriate mechanisms for reducing and managing risk at an individual and aggregate level (cumulative, gradual). The Bank has invested significant resources in the methodology development process. In this context, the Bank adopted leading global practices in this area and adapted them to the level of maturity of the Israeli market.

The process included mapping and analyzing the Bank's business credit portfolio, which led to the establishment of industry groups. The groups were characterized according to their economic activity, as well as the characteristics of their credit and the Bank's exposure to credit risks regarding them. Members of each group were found to have a similar climate risk profile. In collaboration with external consultants who are experts in this area, the Bank conducted a risk survey for each industry group, thereby identifying the material climate and environmental risks for that industry group, taking into account the specific profile of the Bank's customers. In addition, the time frames in which each material risk is expected to materialize were assessed, based on information available to the Bank. The risk survey was also approved by the industry experts in the Business Banking Division. Following the risk mapping, a "heat map" was formed that ranks the risks according to their potential impact for each industry. The heat map is reviewed and updated periodically, weighting parameters such as the time frame for the risk's occurrence, the availability of technological alternatives and the ability to adapt to changes. This map provides a coherent picture of climate risks for the entire credit portfolio.

As part of the Bank's efforts to improve and refine the methodology for assessing climate risks and to integrate it into its ongoing operations, the Bank has developed a methodology for assessing exposure to short- to medium-term transition risks. This methodology takes into account the evolving nature of climate risks and the characteristics of the Israeli economy and provides an alternative short-term risk score. In order to update and validate this rating, risk indicators have been developed that are periodically monitored by the Bank's professionals. If these risk indicators materialize, the risk rating is updated in accordance with the determined long-term risk score.

## Mapping of climate risks for commercial credit, with a breakdown by activity segments as defined by the Bank

Industry	Excluded industries	Intensity of exposure to transition risks in the short-medium term <sup>1</sup>	Intensity of exposure to transition risks in the long-term	Intensity of exposure to physical risks in the long term
Energy and fossil fuel		5		
	Retail sale of fuel for cars	3	5	4
Metals (production and commerce)		4	5	3
Chemical-based industries		4		
	Plastic products industries	4	5	4
Electronics, optics and mechanical industries		3	4	3
Infrastructure and environmental quality		3	3	4
Construction (closed projects)		2	2	4
Land uses (including renewable energy)		3	3	4
Commerce in energy-intensive products and services, including transportation and shipping services		4	5	4
Production and commerce in food products		3	4	4
Other commerce		3	3	3
Agriculture		2	2	5
Other industries <sup>2</sup>		3	3	2

● High intensity ● Medium-high intensity ● Medium intensity ● Low intensity

1. A short term is up to two years, a medium term is up to five years and a long term is more than five years.  
2. Industries with low exposure to climate risks.



In order to correctly assess the unique level of risk associated with each of the Bank's customers, the Bank has developed a tool for assessing the individual risk profile of an individual borrower, based on industry-specific risk assessment questionnaires. The questionnaires examine the degree of exposure of the customer to climate change and other environmental risks, based on an analysis of his business activity and the risks involved. In addition, the customers' mitigation mechanisms and preparedness for the materialization of risks are examined, as well as the effectiveness of these mechanisms. The residual risk assessment questionnaires are to be completed by the Bank's customers with the aim of helping the Bank to more accurately assess the risks to which it is exposed and to take into account the customers' unique characteristics and their mitigation and management mechanisms. In addition, these questionnaires may increase customers' awareness of the main risks to which they are exposed, and to subsequently adapt their activities to climate risks.

The risk assessment tool is implemented for Business Banking Division customers who meet material threshold levels determined by the Bank. In order to professionally implement the assessment tool, professional training on climate risks and methods of risk assessment and management is provided to the Business Banking Division professionals. In addition, as part of the Bank's planning for the integration of climate aspects into the credit risk management framework, dedicated tools were developed during the year to reduce climate risks in the provision of credit for customers identified as having high exposure to risk or significant credit amounts. The assessment mechanisms developed for the identification and assessment of climate risks in credit are in the implementation stages and will be included in the Bank's credit policy.

In 2024, an advanced geographic mapping tool for climate risk management was launched, which assists in the accurate identification of sensitive locations in business credit portfolios. The tool is based on risk data, such as sea level rise and extreme weather events, and enables the Bank to estimate the degree of exposure of collateral assets to risks and adjust policies to reduce them if necessary.

## Identification and assessment of climate risks in housing credit

Physical climate risks in Israel are expected to be seen in rising temperatures, an increase in the frequency and intensity of floods and fires, and more. Housing credit is long-term credit, and as such it is expected to be increasingly exposed to intensifying physical climate risks. As part of the Bank's preparations to integrate climate aspects into credit risk management, in 2024 the Bank began to develop a methodology for identifying and

assessing the exposure of the housing credit portfolio to physical risks, which the Bank will use to monitor the risk and examine the measures required for its management. Within this framework, the Bank carried out a process to identify the risk profile to which various regions in Israel are exposed, based on climate and meteorological reviews and forecasts, and in accordance with accepted global practices in this area. In order to accurately determine the risk exposure of an individual asset, characteristics that affect the risk exposure of that asset were mapped. The Bank is currently engaged in a process of measuring the risk exposure in the mortgage portfolio. In accordance with these measurement results, the Bank will examine its further steps in risk management. In order to track and monitor the risk, the Bank is taking steps to improve the data that will be required of the Bank's customers and/or professional entities in the mortgage process (for example, appraisers), and to automate the data and risk assessment processes in the Bank's systems.

## Identification and assessment of climate risks in small business credit

In 2024, the Bank developed a methodology for assessing and managing climate aspects of credit risk in the Retail Division. After examining the issue, a decision was made to focus the Bank's efforts regarding credit for small businesses, based on an understanding of the impact of climate risks on their operations. The exposure profile of small businesses to climate risks differs from the exposure profile of large businesses and corporations. In many cases, their business activities are focused on a limited geographical area, their security cushions are small, and their ability to make significant capital investments, which are often required to prepare for climate risks or to deal with their materialization, is smaller. In addition, the ability of these businesses to adapt to the changing demands of their customers is often less than that of more established businesses. In addition, the characteristics of the Bank's credit risk exposure for these customers are different, and accordingly, the work methods are adapted to these exposure characteristics.

The risk management and assessment methodology is based on the methodology developed in the Business Banking Division with the required adaptation to the risk profile of small businesses and the characteristics of the Bank's retail credit portfolio. In the first stage, industry groups with a similar climate risk exposure profile were grouped. For each industry group, a risk survey was conducted to identify the material risks, and a root risk was determined for each industry group. The root risk for business credit was determined on a uniform scale that takes into account exposure to both physical and transition risks. The risk survey and risk rating were conducted in collaboration with external consultants, according to leading global methods, and were validated by



professionals in the Retail Division. In order to assess the level of residual risk for customers who meet the materiality threshold to be determined, the Bank has developed short questionnaires regarding the customer's resistance to industry climate risks, which will be filled out by the banker during the underwriting process. The Bank aims to automate the questionnaires as part of the developed methodology implementation.

Mapping of climate risks for retail credit, with a breakdown by activity segments as defined by the Bank

Industry	Root risk
High-emissions industry	5
Other industry	4
Transportation	3
Garages and spare parts	5
Construction, contractors, and engineering work	3
Real estate and renewable energy	3
Commerce	3
Agriculture and food production	5
Other industries	Low risk exposure

● High intensity   ● Medium-high intensity   ● Medium intensity   ● Low intensity

### Identification and assessment of risks in the tradable investment portfolio

With the understanding that climate risks affect the global economy and market stability, in 2024 the Bank worked on the integration of climate aspects into its tradable investment portfolio. In this context, the Bank's tradable investment portfolio was analyzed and mapped, and a methodology for assessing risk was developed. Risk identification and assessment is based on ESG ratings from leading rating agencies in Israel and around the world, according to the operating region of the listed companies. For companies operating in Israel, a rating from an Israeli rating agency is used, for international companies, a parallel international rating is used, with the values adjusted to the rating model. The company scores are used by the Bank to assess the extent and distribution of the risk exposure of the Bank's tradable investment portfolio.

The Bank is currently working to implement the assessment methodology that was developed in the ongoing activity for the purpose of data collection and the methodology's accuracy. Subsequently, and depending on the results obtained, the Bank will develop mechanisms for managing and mitigating risk.

This methodology is an additional layer in the Bank's preparations to integrate climate risk into its nostro portfolio, and is in addition to the target set by the Bank for the reduction of exposure in the nostro portfolio to zero in new coal mining and oil drilling sectors by 2030, and to avoid participating in IPOs of assets that create exposure to these sectors. As part of this commitment, no equity purchases were made in 2024 and no new purchases of shares will be made in the coal mining and oil drilling sectors.

### Climate risk exposure indicators in the Bank's credit portfolio

As part of the Bank's commitment to the management of climate aspects, the Bank examines the degree of its aggregate exposure to climate risks in the business credit portfolio, in accordance with the internal risk assessment model that has been developed. Measuring the Bank's level of exposure to the various risk levels is the first and material step in the management of climate risks. At this stage, an initial analysis of the underlying exposure to climate risks in the Bank's business credit portfolio is performed. The analysis does not take into account the degree of the customers' risk management and the degree of unique exposure of each customer. These aspects will be introduced and integrated gradually through the assessment tools that have been developed.



Industry	Excluded industries	Intensity of exposure to transition risks in the short-medium term	Intensity of exposure to transition risks in the long-term	Intensity of exposure to physical risks in the long-term	Percentage of total commercial credit risk <sup>1</sup>
Energy and fossil fuel		5	5	4	5%
	Retail sale of fuel for cars	3			
Metals (production and commerce)		4	5	3	4%
Chemical-based industries		4	5	4	2%
	Plastic products industries	4			
Electronics, optics and mechanical industries		3	4	3	1%
Infrastructure and environmental quality		3	3	4	1%
Construction (closed projects)		2	2	4	34%
Land uses (including renewable energy)		3	3	4	9%
Commerce in energy-intensive products and services, including transportation and shipping services		4	5	4	6%
Production and commerce in food products		3	4	4	3%
Other commerce		3	3	3	2%
Agriculture		2	2	5	1%
Other industries <sup>2</sup>		3	3	2	25%

● High intensity ● Medium-high intensity ● Medium intensity ● Low intensity

1. Calculation of exposure by industry sector – Data as of December 31, 2024, Bank data not including nostro, business mortgages, subsidiaries and foreign branches.
2. Industries with low exposure to climate risks.

## Exposure to economic sectors at increased risk in the transition to a low-carbon economy

Another indicator examined by the Group, in accordance with the regulator's instructions, is the extent of the Group's credit risk attributable to sectors that are defined as sectors at increased risk due to the transition to a low-carbon economy, mainly due to their high-emission sectors. The Group has classified the sectors as those at increased transition risk, in accordance with leading global work frameworks on the subject. The total public credit risk in economic sectors at increased risk is 6.82%, out of the total public credit risk in the Group as of the end of 2024.

In 2024, there was a certain increase in the proportion of these industries in the Bank's total credit risk. The increase was led by the energy and real estate industries. Most of the financing in the energy industries was provided to companies engaged in the exploration, production and distribution of natural gas. Natural gas is considered a transitional fuel, whose negative environmental and climate impacts are less compared to coal and oil, and therefore the use of natural gas is a necessary tool in the global process of transitioning to a low-carbon energy economy. In addition, in recent years, local and international geopolitical crises have increased the instability of the global energy economy and emphasized the need to maintain Israel's stability and energy independence. The Bank sees great importance in continuing to engage with companies in these areas of activity, both in view of their importance as a transitional fuel and due to their importance to Israel's energy independence.

Economic sectors exposed to increased risk in the transition to a low-carbon economy	Percentage of total public credit risk
Fossil fuels <sup>1</sup>	1.86%
Animal agriculture	0.06%
Electricity generation from fossil fuels	0.76%
Manufacturers of cement, metal products, wood and paper products	0.93%
Income-generating real estate	2.61%
Transportation, shipping and vehicle manufacture	0.59%
<b>Total</b>	<b>6.82%</b>

1. The industry includes the entire fossil fuel value chain, including exploration, mining, production, refining, marketing and sale of products based on fossil fuels, including coal, oil and gas.



## Analysis of the effects of materialization of climate risks on the Bank through scenario analysis

Climate change may develop at a variable pace, intensity and manner, depending on the pace and nature of the global transition to a low-carbon economy. This may cause changes in the business environment in which the Bank operates, while creating new opportunities and risks. In order to examine the resistance of the Bank's business strategy to the potential impacts of climate change, climate scenarios were applied to physical risks, and their impact on the value of the assets pledged to the Bank was estimated (flood scenario, sea level rise scenario, fire scenario and kurkar ridge erosion scenario).

### Possible impact of a Net-Zero scenario on the Bank – transition risk

The Net-Zero scenario is a scenario in which the global economy makes a gradual and managed transition to zero emissions by 2050, in order to limit global warming to only 1.5 degrees Celsius (compared to the pre-industrial revolution period). This is in accordance with the principles of the 2015 Paris Agreement, the most comprehensive international climate treaty. This scenario is internationally considered to be the most desirable scenario in order to meet the goals of the Paris Agreement and reduce the economic damage associated with the transition to a low-carbon economy. Accordingly, many countries (with an emphasis on European countries) and many business companies around the world have declared their commitment to meet zero emissions targets in accordance with the outline required for this scenario. In this context, countries that have committed to these goals are undertaking significant processes to promote the transition to a low-carbon economy in their countries, including the adoption of advanced regulations, investment in greener infrastructure, and the promotion of innovative climate technologies. This is an ambitious scenario that assumes rapid regulatory changes and accelerated technological development in the short term. This scenario has significant transition risks, alongside lesser physical risks compared to the alternatives (however, these risks are not negligible due to the 1.5 degree warming).

In this context, it should be noted that the State of Israel has not committed to emissions targets consistent with the Net-Zero scenario. In particular, Israel's emissions reduction target for 2030 is considered low compared to other developed countries, most of which have set a reduction target of at least 40% by 2030. The structure of the Israeli energy economy is currently not compatible with a low-carbon economy, and no steps are currently being taken to accelerate the transition to such an economy. This also affects the Bank's preparedness, as a large bank in Israel that reflects the entire Israeli economy. The sectors expected to be most severely affected under the Net-Zero scenario are the economic sectors related to the fossil fuel value chain. Under this scenario, the

Bank is exposed to relatively higher credit risks, given its financing activity in the fossil energy sector.<sup>1</sup> The Bank's exposure to activity in the fossil energy sector stems from the characteristics of the energy market in Israel: As of 2023, only approx. 12% (9.1 TWh) of electricity generation in Israel comes from renewable energy, and according to the Electricity Authority's forecasts, this rate is expected to increase to only 28% (26.7 TWh) in 2030. The main source of energy production in Israel is natural gas, and according to estimates, it was responsible for 70% of energy production in 2023. This share is expected to increase to 72% in 2030 according to the Electricity Authority's forecasts.<sup>2</sup> The current structure of the Israeli energy sector and its expected dependence on fossil fuels in the future, according to current plans, moderate the Bank's exposure to risks associated with the transition to a low-carbon economy, at least in the coming years.

Nevertheless, the Bank's preparations to promote green financing and the expansion of the green credit it provides, particularly in the renewable energy sector, may reduce the overall level of risk in this scenario.

### Scenario analysis for climate risks (physical risk)

Physical risks are considered attribution threats in Israel, and have the potential to damage the Bank's physical assets or assets pledged to the Bank. In order to assess the Bank's exposure to these risks, the Bank performed an analysis of four extreme climate scenarios regarding physical risks:

**Flood scenario<sup>3</sup>** – A localized event in which water floods dry land, usually on a large scale, that could cause damage and loss of life and property. Flooding can result from a flash flood (a sudden flow of water following heavy rain), from river flooding, tsunami, etc.

**Rising sea level scenario** – An event that may materialize in the longer term, an accelerated rise in sea level resulting from global warming and climate change, the melting of glaciers and the warming of the oceans (and consequently an increase in their volume). A rise in the sea level in Israel may cause a retreat of the coastline, damage to beaches and structures near the coast, and make many areas uninhabitable, the salinization of the coastal aquifer (reducing the amount of Israel's potable water) and an increased risk of flooding in coastal cities.

1. As of December 31, 2024, 1.86% of the Bank's total credit risk was attributed to exposure to economic sectors that are part of the fossil fuel value chain (including exploration, mining, production, refining, marketing and sale of products based on fossil fuels, including coal, oil and gas), and another 0.76% of the total credit risk was attributed to the fossil fuel electricity generation sector.
2. From the Electricity Sector Report, September 2023, Electricity Authority.
3. It should be clarified that flood events and rising sea levels may have additional impacts such as damage to infrastructure, disruption to business continuity and supply chains, and loss of income, which were not taken into account in the current scenario analysis, which only addressed credit aspects.



**Fire** – Natural fire that occurs with increased frequency, intensity and scope, due to global warming. Climate change causes an increase in temperature, prolonged dry periods and changes in wind conditions, which may cause an increased occurrence of forest and natural woodland fires.

**Erosion of the kurkar ridge** – This is caused on Israel's coasts by sea waves, winds and storms, as well as due to human activity (beach development, construction and infrastructure near the coastline). Erosion of the kurkar ridge may cause cliff collapse, damage to infrastructure, worsening erosion processes, and more.

The analysis was based on a mapping of the locations of properties pledged to the Bank and of the risk areas for various scenarios, according to updated maps from the Ministry of Environmental Protection. These maps are based on past flood events, including the 1992 flood. It was assumed that all pledged properties would be damaged according to their proximity to the mapped risk areas, according to damage rates determined at various intensities. Also, for reasons of conservatism, additional risk area layers were added to the risk areas, expanding the scope of the affected area. The extent of damage to the assets is according to the risk areas. Also, there is no reference to individual characteristics of the property (such as the property's height, floor, age of the building, and the quality of local drainage infrastructure) that may reduce the extent of the damage.

The scenario calculated the impact on the value of assets pledged to the Bank for both the mortgage portfolio and the assets pledged to secure business credit. For this purpose, a mapping of all assets pledged to the Bank was performed in accordance with the risk zone maps. The damage rates were calculated based on a conservative asset value (for example, for mortgages – the original value without the change in housing prices from the date the mortgage was taken; for business credit – according to the lowest existing valuation) and were determined in accordance with the risk characteristics of the various areas. After calculating the new value of the property after erosion (if the property is located in the risk areas and in accordance with the determined damage rate), the gaps between the current credit balances and the value of the damaged property were examined, and classified as credit balances at potential risk.

In all climate scenarios, an analysis was performed for several scenarios with different levels of severity. In addition, a combined scenario was calculated that assumes the realization of several climate scenario events simultaneously.

The results of the analysis, which was conducted based on conservative assumptions, indicate insignificant damage to the Bank's credit portfolio, even without taking into account insurance coverage on the assets. However, it should be noted that this analysis has limitations resulting from the limited availability of data in Israel. The Bank will continue to monitor the development of the risk and examine additional impact aspects and scenarios.

## Management of climate-related operational risks

The Bank is working to prepare for the operational risks arising from climate change and to adapt its policy to the preparations for the realization of these risks. The Bank is working to prepare appropriately for future challenges and business continuity for the critical services in various scenarios, including climate scenarios, and to provide a response to its customers even in times of emergency, to the extent possible.

The Bank has a systematic plan for business continuity (Continuity Management Plan), which includes a policy document for disaster recovery and business continuity approved by the Bank's management and the Board of Directors. The Bank has detailed work plans and work procedures for times of emergency. The business continuity plan is implemented in the systems of all the Bank's divisions and is led by the Business Continuity Unit. The Bank's preparation for national extreme scenarios, with an emphasis on earthquake events, is expected to provide a response for business continuity needs in extreme climatic events as well. At the same time, in order to prepare appropriately for the realization of climate risks, the Bank has mapped its strategic assets in order to examine their stability in a realization of climate scenarios, with an emphasis on the risk of flooding, which is particularly relevant due to the geographical location of these assets. There are plans for the relevant assets to reduce the risk and prepare for its realization. The Bank's preparations for operational climate risks is also reflected in the planning and construction of the Bank's new buildings. The Bank's new headquarters building in Lod was built in accordance with an advanced green building standard, and includes systems that protect against natural damage such as floods and fires, as well as systems for saving and monitoring the use of resources and air quality. In addition, the electricity sector in Israel is characterized by a relatively low level of preparedness for climate risks. The frequency of power outages is a significant risk in Israel, and it is also expected to increase because climate change is expected to lead to an increase in demand for electricity and damage to electricity infrastructure.<sup>1</sup> In order to prepare for this risk, the essential facilities at the Bank are backed up for emergencies in accordance with the Bank of Israel guidelines and relevant regulations.

## Management of environmental risks

Environmental risks are risks arising from the potential impact of environmental changes or damage on financial corporations. The Bank is exposed to a loss that may result from a deterioration in a borrower's financial situation, due to high costs caused by environmental hazards and environmental quality regulation. Deterioration may also occur from a decrease in the value of collateral exposed to environmental risk, or from the Bank being indirectly responsible for an environmental hazard caused by its financed project. Environmental

1. Based on the Institute for National Security Studies review – "Energy Security in the Face of the Climate Crisis".



risk also includes additional risks derived from it: reputation, third party liability, etc. Environmental risk factors are the Corporation's diverse effects on the environment, including in the context of air and water pollution, contaminated soil, damage to biodiversity, compliance with environmental regulations in various areas, and more.

The Bank has a regulated policy regarding environmental risk management within the framework of credit policy documents. Credit risk is the most relevant and important, and is affected by borrowing entities that have the potential to create pollution and environmental hazards. The Bank's credit policy documents include a dedicated policy for environmental risks, which includes a methodology for identifying, assessing and addressing environmental risk. Work processes have also been established to identify material risk when granting credit and to integrate the risk assessment, if any, into the periodic assessment of the quality of the credit provided.

The Bank examines the implications of environmental risks as an integral part of credit risks (in financial, legal and insurance aspects). The environmental risk management policy when granting credit, as part of the Bank's risk management and control process, takes into account not only considerations based on the customer quality, solvency, collateral quality, etc., but also environmental considerations, including the potential for harm to the environment as a result of the borrower's activities and the potential for environmental impacts on its regular activities.

The Bank integrates environmental considerations when granting credit, both in projects it organizes and leads and in the granting of ongoing credit to companies. This risk is examined in companies with a wide range of activity and a significant potential for environmental risk. In addition, when assessing the value of land collateral, the Appraisal Department performs an assessment of environmental risks that are taken into account when providing credit, in the context of environmental pollution and their implications on the value of the assets, with an emphasis on assets with the potential for soil and groundwater contamination.

Environmental issues are also integrated into the activities of the Bank's foreign branches. Mizrahi-Tefahot London uses the principles published by the PRA (Prudential Regulation Authority) regarding the management of financial risk arising from climate change, as guidelines for determining environmental risk management policies. As part of this policy, at the London branch, the credit application template includes a distinct reference to environmental aspects that are taken into account in credit approval considerations – in the real estate sector, risks are examined for aspects such as fires, floods and frost to green areas, while in the commercial credit sector, risks arising from the use and production of plastics, aquaculture, oil and gas are examined. These risks are also taken into account when assessing the value of assets used as collateral.

## Identification, measurement and supervision of environmental risks

- **Detection, identification, mapping and monitoring** – The Bank has mapped sectors with significant potential for environmental risk, including various energy, industry, transportation, desalination, mining and quarrying sectors. The economic sectors were sorted according to their degree of impact on the quality of the environment in these aspects: wastewater, hazardous materials, noise, radiation, waste, soil, air, odor, asbestos, air emissions. Next, material customers operating in industries with real potential for environmental risk, including climate risks, were identified. This mapping is reviewed periodically, and changes and adjustments are made following local and international guidelines, regulations and standards.
- **Estimation of the degree of impact of environmental risks** – Credit that met the defined criteria was examined, among other things, through: asset appraisals (according to criteria for locating land and assets where environmental aspects must be considered), material information published in the financial statements, information received from customers and reports to the Ministry of Environmental Protection. In large-scale financing (as a percentage of the Bank's capital) of real estate and land projects, an examination of positive indications of environmental risks is carried out according to a list of criteria defined by the Bank. Examination of this issue is also established as part of the supervisors' report on the project's status. In very large infrastructure projects (construction and new construction as well as operation), for which the Bank organizes the financing, an environmental assessment is carried out with an emphasis on environmental hazards and compliance with relevant regulations. Within this framework: A demand from the technical/environmental consultant to address the environmental impacts, an estimate of the project's costs and the means to minimize the risk, compliance with environmental regulatory requirements, the purpose of the project and its future uses, and operational steps to minimize environmental risks.
- **Credit for economic sectors with a significant environmental impact** – In credit applications in a material amount, for companies in sectors identified as having a significant environmental impact, reference is made to environmental risks that may affect the ability to repay the credit. For example, compliance with regulatory directives, significant environmental costs and legal proceedings conducted against the Company. These are weighted as part of the customer's overall risk assessment.



- **Use of environmental databases** – As part of the integration of environmental risks into the work system, an extensive list of environmental quality databases has been compiled to assist business entities if necessary. The list, which was prepared with the assistance of the Bank's environmental consultants, includes databases relating to areas of information regarding planning and construction, legal databases, licenses and permits, ratings and reports, maps and more.

## Employee training regarding environmental and climate risks

Also part of the Bank's preparation is the assimilation of awareness of climate and environmental issues among those involved in the provision of credit. The Business Banking Division headquarters conducts training in this area for relevant positions in the division, with the assistance of external professional consultants from the environmental and legal fields. The training includes the identification of warning signs in the context of environmental and climate risks, the implications of these risks on business aspects, regulatory updates, sources of information on environmental risk issues, how they are managed in the companies (investments and expenses in this area, legal claims, etc.), and aspects of environmental risks during receivership. The training is adapted to the characteristics of the business units' activities and includes a review of the work processes regarding the environment: in the companies' ongoing activities, in project support, in assets pledged to the Bank and in legal documents. In 2024, approx. one hundred hours of training on environmental and climate risk management were provided in dedicated training sessions for relevant positions. In the Business Banking Division, the subject of environmental risks and the expansion of policy and activities in this area were integrated into the framework of internal meetings with the relevant positions. The meetings presented an overview of environmental risks in general, and climate risks and their increasing importance in particular, with an emphasis on warning signs that require a more in-depth examination of environmental aspects.

## Climate and environmental risk management at Bank Yahav

Bank Yahav has begun a comprehensive process to build a framework for climate risk management, accompanied by external consulting. An initial gap survey was conducted in accordance with regulatory directives. The process will include the establishment of regular reporting frameworks for the management and the Board of Directors, along with the development of mechanisms for identifying, assessing and managing climate-related risks. As part of this process, a dedicated policy document for climate risk management will be written. Regarding climate risk management in the nostro portfolio, Bank Yahav has integrated climate and environmental risk aspects into the Bank's capital management and investment policy, even before the cross-functional processes for climate risk management were completed. The main exposure in the Bank's investments is to the banking sector, with reliance on S&P ratings and public publications indicating a low risk level. Next, and in accordance with the processes to be established at the Bank, the Bank will examine the need to adapt the existing mechanisms in the nostro system for risk management.



# Environmental responsibility

## Carbon Footprint Management and Reduction

The Mizrahi-Tefahot Group's carbon footprint consists of two main components: greenhouse gas emissions resulting from the Company's operational activities and greenhouse gas emissions associated with the Group's financial activities.<sup>1</sup> The Group has been managing its operational carbon footprint since 2012,<sup>2</sup> and has set a long-term reduction target for that purpose.

This is the third year in which the Bank has measured its full carbon footprint, including the amount of financed emissions. The calculation of financed emissions is in accordance with the international PCAF standard,<sup>3</sup> which currently serves as the leading global standard for calculating emissions associated with financial activities. The calculation is performed as part of the Bank's commitment to reducing emissions and mitigating its climate impacts.

As with any business organization, Mizrahi-Tefahot Bank's ongoing operational activities also have a direct environmental impact. The Bank strives to implement environmentally responsible practices in its ongoing operations and to reduce direct impacts while improving operational efficiency. As a consequence of the Bank's operations in office buildings, the Bank's main direct environmental impacts stem from energy consumption in offices and vehicle fleets, as well as from the consumption of office materials, with an emphasis on paper. The Bank manages these aspects through multi-year work plans to reduce impacts and frequent monitoring by the relevant teams at the Bank.

In 2024, the Bank continued its energy efficiency program, which includes the replacement of equipment and systems that are not energy efficient, encouraging a transition to hybrid vehicles, ongoing control and monitoring of energy consumption, and promoting green construction in the Bank's headquarters facilities. For additional information regarding the energy efficiency processes, please see below in this chapter.

## Measuring the Bank's operational carbon footprint

The Mizrahi-Tefahot Group diligently measures the greenhouse gas emissions caused directly by its operations from the consumption of gas and diesel (Scope 1), indirect emissions from the Bank's electricity consumption (Scope 2) and additional indirect emissions in the supply chain: paper consumption and paper waste sent for recycling, water consumption, electronic waste sent for scrapping and business flights (Scope 3).

1. Category 15 in Scope 3, according to the GHG protocol taxonomy, the leading global standard for calculating the carbon footprint.

2. In 2012, the Bank's first ESG report was published, which included carbon footprint data.

3. Partnership for Carbon Accounting Financials





This year, the Group continues to report its greenhouse gas emissions to the Ministry of Environmental Protection's voluntary reporting system. The greenhouse gas emission findings are measured in accordance with the GHG Protocol methodology.<sup>1</sup> This is the second year that the Group is reporting, according to a breakdown into Location-based and Market-based. From the data, it can be seen that in 2024 there was a decrease of approx. 6% in the total carbon footprint compared to the previous year (Location-based), and of approx. 14% compared to the base year, 2020. As a result, there was a decrease of approx. 6% in the footprint intensity per sq.m., and of approx. 7% in the footprint intensity per employee.

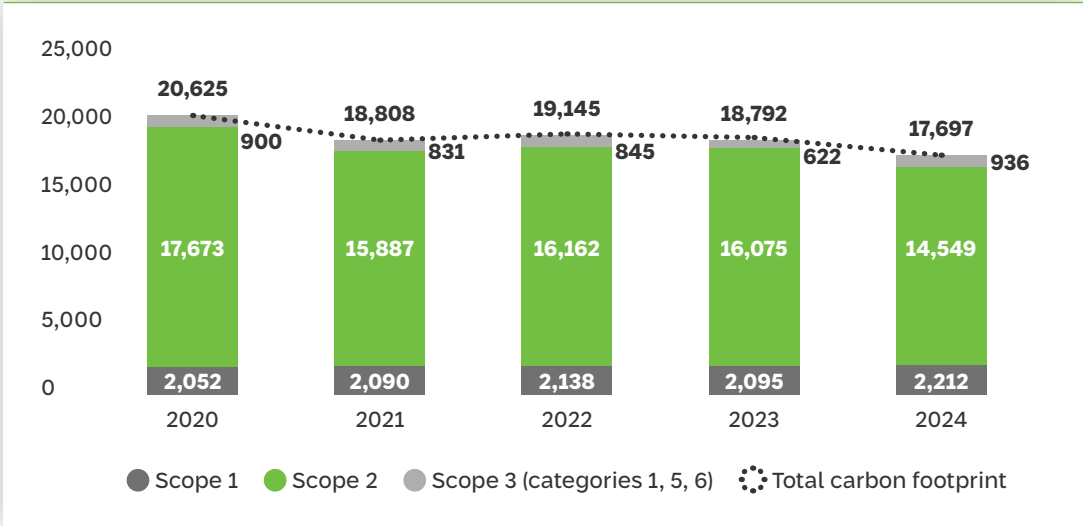
Mizrahi-Tefahot Group's operational carbon footprint (tons of CO<sub>2</sub>e)<sup>2</sup>

Market based	Measurement unit	2020	2021	2022	2023 <sup>3</sup>	2024
Scope 1	Tons of CO <sub>2</sub> e	2,052	2,090	2,138	2,095	2,212 <sup>4</sup>
Scope 2 <sup>5</sup>	Tons of CO <sub>2</sub> e	20,494	18,875	18,166	18,167	16,113
Scope 3 (categories 1, 5, 6) <sup>6</sup>	Tons of CO <sub>2</sub> e	900	831	845	622	936
Total carbon footprint – Scopes 1, 2, 3	Tons of CO <sub>2</sub> e	23,446	21,796	21,149	20,884	19,261
Carbon footprint intensity	Tons of CO <sub>2</sub> e / sq.m	0.155	0.143	0.128	0.139	0.128

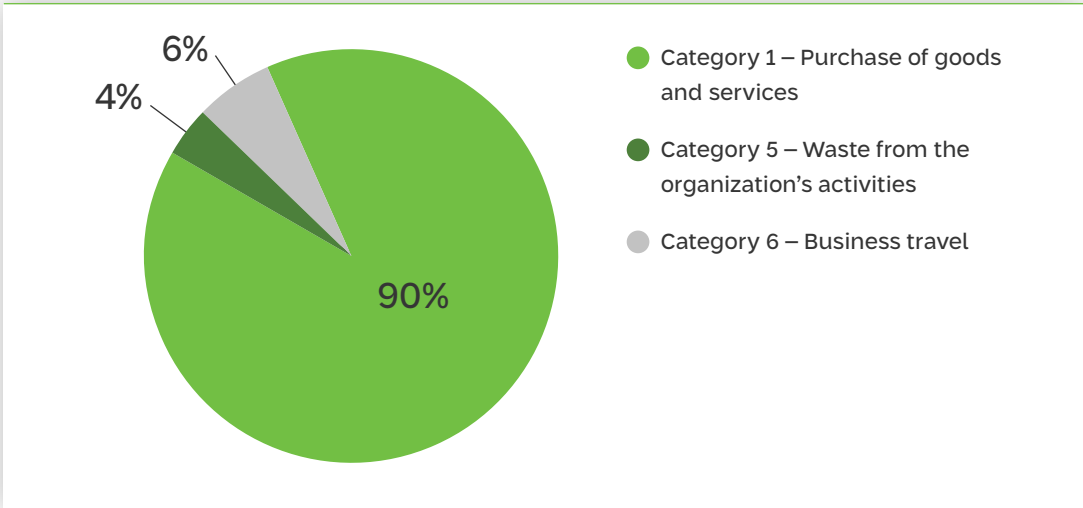
Location based	Measurement unit	2020	2021	2022	2023	2024
Scope 1	Tons of CO <sub>2</sub> e	2,052	2,090	2,138	2,095	2,212
Scope 2 <sup>7</sup>	Tons of CO <sub>2</sub> e	17,673	15,887	16,162	16,075	14,549
Scope 3 (categories 1, 5, 6) <sup>8</sup>	Tons of CO <sub>2</sub> e	900	831	845	622	936
Total carbon footprint – Scopes 1, 2, 3	Tons of CO <sub>2</sub> e	20,625	18,808	19,145	18,792	17,697
Carbon footprint intensity	Ton CO <sub>2</sub> e/ sq.m.	0.136	0.123	0.116	0.125	0.118
Carbon footprint intensity	Ton CO <sub>2</sub> e/ employee	2.719	2.460	2.523	2.589	2.412

1. Greenhouse Gas Protocol.  
2. The Group's carbon footprint data includes Mizrahi-Tefahot Bank and its main subsidiaries. Union Bank was included in 2020-2022, and starting in 2023 Union Bank was fully consolidated with Mizrahi-Tefahot Bank.  
3. Emissions data in Scope 1 and 2 include emissions from the Bank's computer room and backup servers (DRP), which total 4,581 tons CO<sub>2</sub>e in 2024.  
4. The increase is mainly due to an increase in the consumption of diesel, following the expansion of Mizrahi-Tefahot Bank's vehicle fleet by approx. 2 vehicles each year.  
5. There was a slight update to Scope 2 (Market-based) in 2020, due to improved emission data.  
6. Starting in 2023, Scope 3 calculations also include water consumption.  
7. Retroactive changes were made to Scope 2 in 2020-2023, due to the use of updated emissions data. As a result, there was a slight change in the carbon footprint intensity (ton CO<sub>2</sub>e/employee).  
8. This calculation includes paper consumption, paper recycling, electronic waste, toners and ink cartridges, business flights, and water consumption.

The Group's operational carbon footprint (tons of CO<sub>2</sub>e)<sup>1</sup>



Source of emissions – Scope 3<sup>2</sup>



1. The Group's carbon footprint data includes Mizrahi-Tefahot Bank and its main subsidiaries. Union Bank was included in 2020-2022, and starting in 2023 Union Bank was fully consolidated with Mizrahi-Tefahot Bank.  
2. Starting this year, the reporting of greenhouse gas emissions in Scope 3 is presented in categories in accordance with the GHG Protocol guidelines. Please note that the percentages shown in this graph do not include Category 15, for the ease of reading the data.



# Financed emissions

This is the third year that the Bank is reporting on the amount of its financed emissions. The measurement enables the Bank to manage its exposure to high-emission financing systematically and in-depth, and to use the information for high quality, data-based decision-making. The Bank continues to operate and develop its capabilities for measuring and assessing financed emissions, while ensuring compliance with the specific and updated requirements of the PCAF standard. In this framework, the Bank has worked to expand its capabilities for collecting financial and environmental information from its customers, and this year the Bank expanded the use of carbon footprint data collected directly from the Bank's business lenders for this purpose. As part of the updating and adapting the methodology, the Bank has used additional environmental data, which is increasing year by year with the Israeli economy's level of maturity in this area.

The results of the measurement this year showed a decrease in the intensity of the Bank's financed emissions, which in 2023 amounted to 104.9 tons of CO2 per NIS millions, while this year the emission intensity amounts to 96 tons of CO2 per NIS millions. The intensity of financed emissions is lower this year as a result of the increase in the financing of renewable energies and the expansion of the use of emissions data collected from customers, along with an increase in the availability of existing data in the Israeli economy and the efficiency of the electricity grid in Israel.

The Bank continues to work to refine and develop its carbon footprint calculation and assessment methodology to enrich the environmental database on which it is based, and to cooperate with its customers to promote a low-carbon economic future in the State of Israel.

Amount of financed emissions out of total commercial credit – 2024<sup>1</sup>

Economic sector	Total financed emissions (MTCO <sub>2</sub> e)	Percentage of total debts <sup>2</sup>	Emission intensity <sup>3</sup> (Tons per NIS millions)	Information quality score <sup>4</sup>
Other	0.3	1%	124.5	4.9
Energy and fossil fuel	2.5	3%	219.7	2.7
Commerce and services	1.8	5%	99.8	4.5
Real estate and construction	0.5	7%	19.2	3.4
Transportation and shipping	0.2	1%	76.7	3.8
Industry	1.1	2%	199	4.5
Infrastructure and environmental quality	0.2	1%	55.5	3.7
<b>Total</b>	<b>6.7</b>	<b>20%</b>	<b>96</b>	<b>3.7</b>

1. The amount of financed emissions for 2024 includes the credit data defined as material, from the balance sheet commercial credit provided by the Bank in the Business Banking Division and in the Retail Division. This data does not include credit in the Bank's foreign branches, credit to municipal authorities, and does not include credit in an amount less than NIS 1,000,000 (NIS 10,000 in the 2022 report). It should be clarified that credit to municipal authorities is not included in the calculation in accordance with the PCAF standard guidelines on the subject.

2. Credit to the Bank's public.

3. The total emissions intensity is calculated separately at the sector level and for all commercial credit. The intensity is the ratio of total emissions per million NIS of debt.

4. The information quality score is measured according to the PCAF standard and is given to each financing/investment based on the reliability of the information available to them. The score scale ranges from 1 – high to 5 – low.



## Management of environmental aspects in the Bank's operational activities

### Responsible resource consumption – energy efficiency

#### Energy consumption in the Mizrahi-Tefahot Group

		2020	2021	2022	2023	2024
Electricity (KWh)	Total electricity consumption per sq.m.	235	221.5	209.1	228.3	221.9
	Total electricity consumption per employee	4,701	4,427	4,541	4,725	4,543
	<b>Total electricity consumption</b>	<b>35,656,592</b>	<b>33,846,527</b>	<b>34,453,858</b>	<b>34,286,597</b>	<b>33,325,097</b>
Fuel (liters)	Total gas consumption	697,703	710,442	678,542	625,829	652,695
	Total diesel consumption <sup>1</sup>	134,769	162,068	197,345	228,516	246,095
	<b>Total fuel consumption</b>	<b>832,472</b>	<b>872,510</b>	<b>875,887</b>	<b>854,345</b>	<b>898,790</b>
Energy (GJ)	Total electricity consumption	128,364	121,847	124,034	123,432	119,970
	Total gas consumption	23,804	24,239	23,150	21,352	22,268
	Total diesel consumption	5,199	6,252	7,613	8,816	9,494
	<b>Total energy consumption</b>	<b>157,367</b>	<b>152,338</b>	<b>154,797</b>	<b>153,599</b>	<b>151,733</b>
Energy intensity	<b>Total energy intensity per sq.m. (GJ/sq.m.)</b>	<b>1.03</b>	<b>0.99</b>	<b>0.94</b>	<b>1.02</b>	<b>1.01</b>
	<b>Total energy intensity per employee (GJ/employee)</b>	<b>20.75</b>	<b>19.92</b>	<b>20.4</b>	<b>21.17</b>	<b>20.68</b>

\* KWh – Kilowatt/hour

\*\* GJ – an energy measurement unit

In 2024, the Group's gas consumption increased by approx. 4%.<sup>2</sup> It should be noted that the Bank's consumption data recorded a decrease of approx. 1% in gas consumption. Mizrahi-Tefahot's service station management activities has grown each year. As a result, the number of courier vehicles has increased, which resulted in an increase in diesel consumption and in an increase of approx. 8% in 2024.

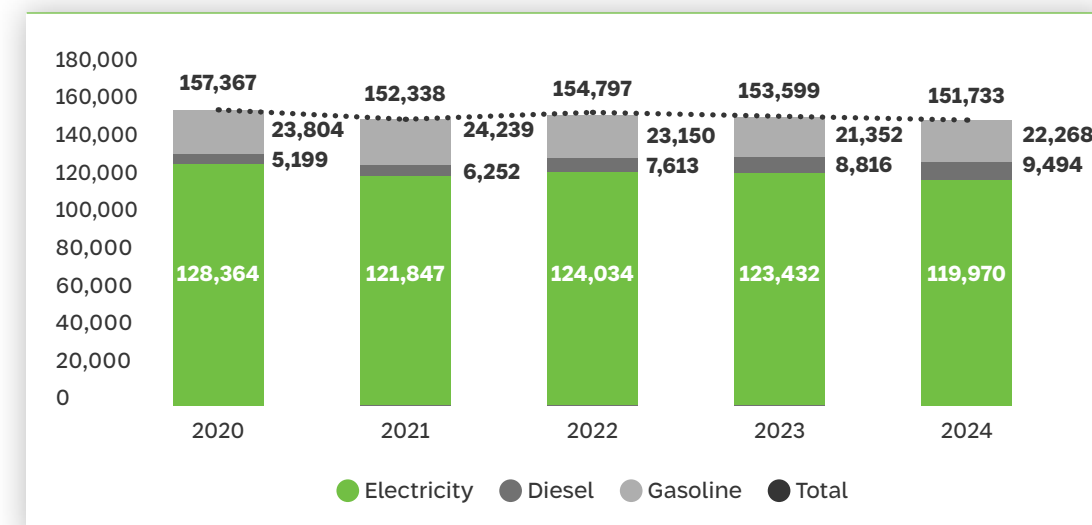
This year, the energy efficiency processes led by the Group in recent years continued, which resulted in a decrease of approx. 3% in electricity consumption. As a result, there was a

1. Diesel consumption also includes diesel consumption in generators. This is actually purchase data and not consumption. Due to the Iron Swords War, the Bank made a one-time replenishment of its reserves at Mizrahi-Tefahot Lod at the end of 2023, half of this replenishment was attributed to 2024, and this is in addition to the replenishment that took place in 2024, which will also be used by the Bank in 2025.

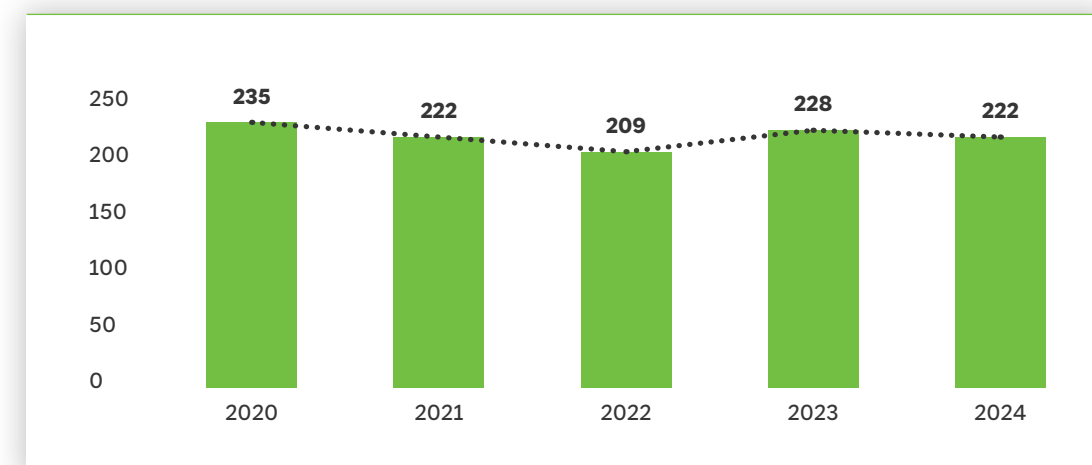
2. The increase in the Group's gasoline consumption is due, among other things, to a slight increase in the number of leased vehicles at Bank Yahav.

decrease of approx. 2% in energy intensity per employee, and 1% in energy intensity per sq.m. (GJ). In addition, there was a decrease of approx. 3% in electricity consumption intensity (KWh) per sq.m. and approx. 4% in electricity consumption intensity (KWh) per employee.

#### Total energy consumption (GJ)



#### Total electricity consumption per sq.m. (KWh)





## Measures for improving energy efficiency in electricity consumption

The following is a description of steps to improve energy efficiency in electricity consumption that have been taken in recent years, as well as this year:

- **Operation of a control and monitoring system in headquarters buildings, which assists in the monthly examination of electricity consumption** – The Bank analyzes electricity consumption costs for each building on a monthly basis, and in the event of an exception, it works (with the assistance of consultants) to identify the cause and address it.
- **Utilization of the generator system (for emergencies) during peak hours on an ongoing basis** – In accordance with the agreement signed in 2014 with the Israel Electric Company, the Bank participates in the Electricity Authority's load shedding program and sells electricity to the Israel Electric Company during peak hours, at its request, by operating the emergency generators. This is in order to help reduce peak points at the national level and utilize the diesel fuel in the generators at the Bank's headquarters in Lod. In this way, the generators' operating hours for self-testing were also reduced, as they rely on actual operation for testing purposes.
- **Installation of a circulation system for diesel fuel in generators** – This system was installed to prevent soil contamination with unusable diesel fuel, as well as to extend the life of the diesel fuel. In addition, a leak test is carried out on diesel fuel tanks to prevent leakage.
- **Upgrade of the air conditioning system** – In 2024, the air conditioning and control systems in the Bank's branches and facilities were upgraded, as part of comprehensive renovations and energy efficiency.
- **Efficient use of space** – Efficient use of space also leads to savings in electricity consumption. In 2024, there was a reduction in an area of approx. 329 sq.m. at the Stampfer branch in Netanya.

## Construction of the new campus and promotion of green construction

In 2022, construction work began on the new Mizrahi-Tefahot campus in the city of Lod, which will house all of the Bank's headquarters units. Towards the end of 2024, population of the Bank's training center began, and the project's completion and transfer of the units are expected by the end of 2025. Construction of the new

campus in Lod is planned in accordance with the most advanced standards in terms of the environment and employee well-being. The standards measure the reduction of the carbon footprint, reduction of environmental damage, improvement of working conditions and the promotion of employee well-being. The campus is intended to be an innovative center focused on preserving the environment and creating good conditions for employees.

The construction of the new campus in Lod is planned in accordance with the LEED standard. This is a voluntary American standard for green building. Building the new campus in accordance with this standard will assist the Bank in the implementation of environmental responsibility and efficient resource use. This innovative approach to campus construction incorporates environmentally conscious principles throughout the construction and operation of the building. The new campus construction project is aiming for LEED Gold certification.

The standard emphasizes the basic structure and essential systems of the building, and provides a solid foundation for future tenants to implement sustainable practices within the building's spaces. During the early planning stage, green building materials, proper planning of the construction site, including the prevention of environmental pollution, and construction techniques designed to minimize the consumption of natural resources and the creation of excess waste were determined. Energy-efficient design features, such as advanced insulation, high-performance glazing, efficient air conditioning systems and solar panels, are expected to significantly reduce energy consumption and greenhouse gas emissions. In addition, water-saving measures are planned at the campus, including low-flow fixtures (electronic faucets and dual flush tanks) and air-conditioning water collection systems for toilet flushing, which will reduce the environmental impact.

Several steps are expected to lead to a significant reduction in the use of private vehicles: establishment of a supplementary transportation system to public transportation operated by the Bank and an extensive shuttle system throughout the day to train stations, a high level of accessibility to existing and future intercity transportation infrastructure, encouraging shared transportation among employees, and integrating bicycle and motorcycle parking on campus. Concentration of the Company headquarters on one campus, along with the integration of technological means for holding online meetings and training, will enable savings in time and energy resources.

Another standard that is being adopted by the Bank is the WELL standard. The campus is designed according to the WELL V2 standard, a leading standard for green construction, sustainability, and employee well-being. The standard focuses on creating healthy and comfortable work environments that promote the overall health and well-being of users. This is done through the use of green design and technologies, management of materials



and air quality in and outside the building, promotion of physical activity and healthy nutrition among employees, and efficient management and control of energy sources.

In order to comply with the WELL standard, the campus will incorporate an advanced facade system that includes a structured shading design developed with the help of energy and thermal analyses. These enable the highest thermal and visual comfort conditions in the workspaces, with the shading of the facades and reducing cooling loads. Air conditioning systems that excel in energy efficiency, among the best on the market, will be installed and filtration measures will also be integrated, as well as efficient electrical systems and economical lighting design.

The technological infrastructure for control and monitoring at the new campus will encourage sustainability and the efficient use of resources, support the improvement of energy consumption and enable smart operation of the campus. All of these measures will lead to significant energy savings and a reduction in the campus's carbon dioxide emissions. Infrastructures for waste recycling and charging electric vehicles are also planned at the campus.

In order to enhance employee well-being, there will be landscaped areas at the campus to provide employees with areas for rest and recreation. The landscaping and vegetation system on the new campus will be designed so that they can also contribute to preserving biodiversity. Campus employees will be able to enjoy an active gym, classes and locker rooms. Movement throughout the campus will be through illuminated and inviting staircases that will encourage employees to move during the workday.

## Measures for energy efficiency in fuel consumption

In order to reduce fuel consumption in the organization's vehicle fleet, several measures are being implemented that complement each other. In addition to saving fuel consumption, the measures optimize the use of time and save costs. The Bank is adopting a policy of preferring vehicles with high energy efficiency and encourages the use of hybrid and electric vehicles.

- **Hybrid vehicles** – In 2021, the Bank defined a new policy to encourage employees and managers to choose hybrid vehicles for leasing. For this purpose, the amount of entitlement to the value of the vehicle at each level increased, so that employees could choose a hybrid vehicle. In 2024, the proportion of hybrid and electric vehicles was approx. 39% of the total vehicle fleet, unchanged compared to the previous year.
- **Transportation system** – The Mizrahi-Tefahot Lod building has a transportation system available to employees coming from various regions of the country. In

addition, the use of public transportation in general, and the train in particular, is encouraged through a shuttle transportation system from the train station to the Mizrahi-Tefahot Lod building (a supplementary system during arrival and departure hours). In 2024, approx. 20% of the employees in the Mizrahi-Tefahot Lod building used organized transportation daily. The transportation system is set to expand in 2025, with the move of all bank headquarters units to Lod.



In 2024, the Group invested approx. NIS **1.2** million in energy-saving initiatives. Of this amount, approx. NIS 790 thousand was allocated to renew air-conditioning systems, approx. NIS 365 thousand to renew LED lights, and approx. NIS 20,000 for building control systems. The large investment in air-conditioning systems led to savings of approx. **105** thousand KWh.

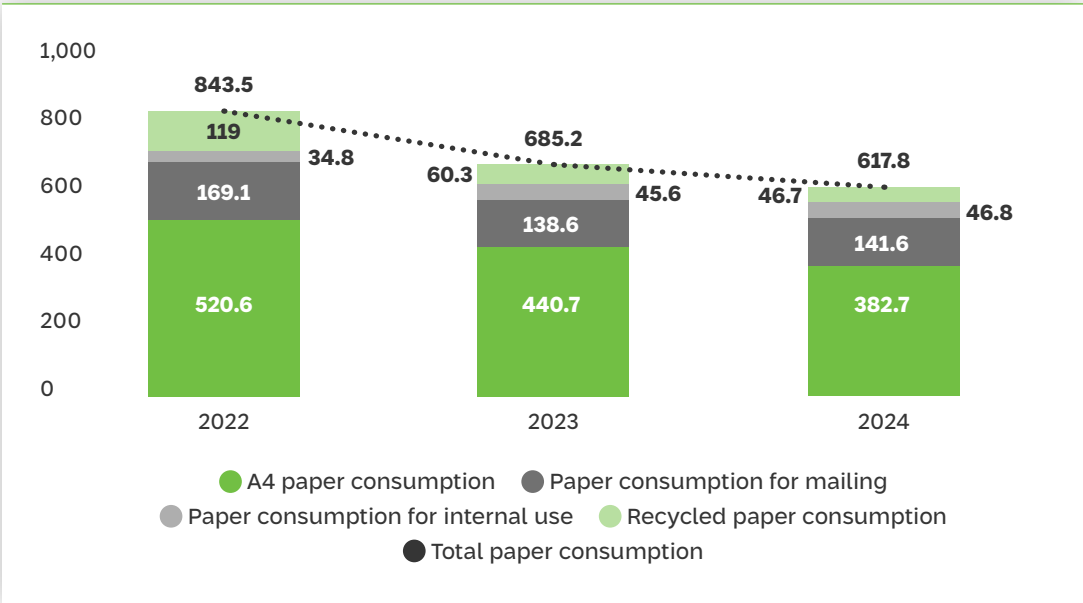


Paper consumption

The Group uses paper primarily for printing forms, letters to customers and reports, with a significant part of the use due to regulatory guidelines, such as Bank of Israel requirements.

	2022	2023	2024
Total paper consumption (tons)	843	685	618
Percentage of recycled paper out of total paper consumption	14.1%	8.8%	7.6%

Paper consumption in the Group



In order to reduce the use of paper, the Bank promotes digital solutions, which include the signing of documents on a tablet or remotely, development of automated tools to improve work convenience, and implementation of automated monitoring of the volume of printing. In 2024, these measures led to a 65% decrease in the number of pages printed from the mortgage system and an overall 31% decrease in printing compared to 2023. Currently, almost all mortgage portfolios are managed digitally.

In addition, the Bank expanded the use of online interfaces for the receipt of documents and for carrying out operations with government and other entities, with the aim of replacing the use of paper in various business processes. This is in addition to promoting a multi-year plan to reduce the use of paper in commercial activities. In 2024, there was a decrease of 67 tons in paper consumption (approx. 10% compared to the previous year) due to these efforts.

The Bank is also working to expand digital mailings – More than half of the customers currently receive mailings by email, and in 2024 the service was also expanded to the mortgage sector. At the same time, the Bank aims to incorporate environmentally friendly materials, and by 2024, approx. 7.6% of the paper purchased will be recycled, all made from 100% recycled fibers, and thereby meeting international standards.

Recycling and waste treatment

The Group’s waste treatment focuses on the separation of three types of waste: paper, electronic waste and ink cartridges.

Type of waste	Treatment method	Amount in 2020	Amount in 2021	Amount in 2022	Amount in 2023	Amount in 2024
Paper waste <sup>1</sup>	Transferred for recycling (tons)	486	795	1,157	579	323
Treatment of electronic waste	Scrapped (tons)	48	11	41	44	17
Treatment of ink cartridges and toners <sup>2</sup>	Scrapped (units)	10,889	10,033	9,849	6,376	7,473 <sup>3</sup>

All of the Group’s paper and electronic waste is recycled. The amount of electronic waste recycled each year varies depending on the projects related to the replacement of electronic equipment carried out according to the Bank’s needs.

The Group complies with the Ministry of Environmental Protection’s instructions in all matters related to the disposal of regular and hazardous waste.<sup>4</sup>

Water consumption

Water consumption in the Mizrahi-Tefahot Group is primarily for office needs, such as cleaning, drinking, and toilets. In 2024, the Group’s water consumption was approx. 98,421 m³, with a consumption intensity of 13.4 (m³/employee), which is an increase of approx. 14% compared to the previous year. The increase is mainly due to water consumption related to the continuation of construction work on the Mizrahi-Tefahot Lod Campus project this year as well. As part of the effort to improve efficiency in water

1. The total paper waste recycled is lower than the volume of consumption in 2024, due to the inclusion of paper consumption for mailings delivered to customers.  
2. This data does not include Union Bank.  
3. The increase in toners and ink cartridges in 2024, compared to 2023, is due to advance purchase orders placed by various units towards the end of 2022, which created a decrease in the 2023 figure.  
4. As a financial entity, the Bank’s hazardous waste includes batteries and light bulbs. This data is presented within the Bank’s electronic waste.



resource management, in 2024, the use of recycled water for irrigation of gardens on the Mizrahi-Tefahot Lod Campus was planned. In addition, the Group plans to purchase two units for producing water from air vapor, which will enable sustainable use of this resource.

When an abnormality in water consumption is recorded in the branches (usually through an alert from the local authority), maintenance center representatives are immediately dispatched to locate and address the source of the problem. In some headquarters buildings, there is a building control system that turns off the water taps at night and immediately sends alerts regarding abnormal consumption (for example, a leak) by text message. These calls are handled as quickly as possible in order to minimize damage to the water resource.

## Raising awareness of environmental issues – Steps to encourage recycling among employees

The Bank works to create environmental awareness among its employees and promotes initiatives for recycling, reuse and waste reduction.

- **Containers for collecting bottles, batteries and electronic waste for recycling** – Containers for collecting bottles, batteries and electronic waste have been placed on the Bank's premises, in order to encourage Bank employees to recycle.
- **Clothes collected for donations and recycling** – A container for collecting clothes has been placed in the Bank's office building in Lod, in cooperation with the "Pitchon-Lev" association.
- **Medicines collected for reuse** – The bank has joined the "Friends of Medicine" association to collect medicines that are no longer in use and donate them to those in need. Containers for collecting medicines are placed in all Bank branches throughout the country and in all of the Bank's headquarters buildings in order to donate and help people who cannot afford to buy them. The response of the Bank's employees and customers to this initiative has a positive environmental impact. The initiative has existed at the Bank for a decade, and so far, approx. NIS 8 million worth of medicines have been collected.
- **A book lending project in collaboration with "Rebooks"** – The Bank has partnered with the "All Good" association in a book lending project for Bank employees through libraries in the Bank's headquarters buildings. The libraries encourage reuse and encourage sustainable consumption.





## Control and regulatory compliance









In the reporting year, no fines or sanctions were imposed on the Group for regulatory violations on environmental issues.

The Bank conducts internal and external control regarding all aspects of environmental management.

- Control of paper consumption and its shredding is done by computer systems and by suppliers.
- The Group's fuel consumption data is transferred from the fuel companies.
- The Group's electricity consumption data is transferred from the IEC.
- Electronic waste recycling data is transferred from the supplier's reports.
- Every employee who uses a Bank vehicle regularly receives a report reflecting the fuel consumption data in his vehicle. This increases awareness of saving on consumption through efficient and correct use of the vehicle.



Defined goal	Response to SDGs	Status
The Bank's new campus in Lod is being built in accordance with the LEED standard for green building and is for platinum certification of the standard in order to promote energy efficiency.	 	In the work process. First occupancy of the training center in the new building was at the end of December 2024.
Promotion of the placement of photovoltaic installations at the Mizrahi-Tefahot campus.		In the tender process.
Reduction in paper consumption by approx. 30% by 2025 compared to 2022.		Done. So far, paper consumption has been reduced by approx. 27% compared to 2022.
Continued preparations for the implementation of the Bank of Israel's Proper Conduct of Banking Business Directive 345 – "Principles for the Effective Management of Climate-Related Financial Risks". Validation of a climate risk survey and an update of policy documents in all Bank's divisions.		Implemented and will continue in 2025.

Defined goal	Response to SDGs
The Bank's new campus in Lod is being built in accordance with the LEED standard for green building and is for platinum certification of the standard in order to promote energy efficiency.	   
Promotion of the placement of photovoltaic installations at the Mizrahi-Tefahot campus.	 
Reduction in paper consumption by approx. 30% by the end of 2025 compared to 2023.	
Continued preparations for the implementation of the Bank of Israel's Proper Conduct of Banking Business Directive 345 – "Principles for the Effective Management of Climate-Related Financial Risks".  In 2025, the Bank will continue preparations for the implementation of the Directive, while improving methodologies and integrating climate considerations into decision-making processes.  Scenario analysis – The implementation of climate scenarios relating to transition risks will be examined.  Increased training for employees and managers on the subject of climate.	





## Social

The Mizrahi Tefahot Group is driven by a deep commitment to its customers, employees, suppliers, and to the communities in which it operates. This approach, which places humanity first, is reflected in actions aimed at creating positive value for all of the Bank's stakeholders.



# Investing in customers



## People first and foremost



"People First" is the bank's service concept based on a value that requires the provision of professional, fair and transparent service to all its customers. The Bank provides services through various human and digital channels with emphasis on the customer's ability to choose according to their needs and convenience, including making products and services accessible to diverse populations. The Bank is attentive to the needs of its customers and adapts its products to them professionally, taking into account the current needs and the market with the aim of providing the best service for them. This service concept is an integral part of the Bank's business strategy.

In 2024, the Bank further strengthened the uniqueness of its humane service, focused on deepening relationships with the customers, and made adjustments to its activities in the context of the War.

In order to implement this policy, the Group operates on four levels:

- **Adapting products and services to customer needs** – The Bank offers a variety of financial products and services according to the needs of its customers.
- **Customer experience** – The Bank considers customer satisfaction as a measure of success, and therefore it attaches great importance to the quality of service and works to provide personal and optimal service to all its customers.
- **Fairness and transparency with the customer** – Fundamental values in the Bank's concept and code of ethics. The Bank conscientiously maintains a fair relationship with all stakeholders, and in particular with customers who are at the center of business activity.
- **Financial inclusion** – Making financial services equally accessible to the entire population, through the development of products and services adapted for diverse population groups, financial education, digitization and a human response at bank branches for population groups with low access to digital tools.





# The Bank's products and services



The Group offers a variety of products according to the specific needs of the Group's customers, their financial situation, the different stages in their lives and the unique needs of a variety of population groups. This is from a desire to provide value to its customers and enable them to make decisions tailored to their needs in the short, medium and long term.

## The main products offered by the Group in the various operating segments<sup>1</sup>

**Mortgages** – Mizrahi Tefahot leads the mortgage market in Israel and provides residential mortgages secured by a mortgage on a residential apartment, both from the Bank's funds and within the framework of government assistance programs, as well as all-purpose loans. In addition, the Bank provides unique financing solutions for selected population groups, such as a pension mortgage for the elderly population, a mortgage for businesses, and more.

**Insurance marketing (mortgage insurance)** – "Tefahot Insurance Agency (1989) Ltd." is an insurance agency wholly-owned by the Bank, which sells life insurance policies and property insurance policies owned by customers with mortgages at the Bank.

**Banking and finance** – Banking services are offered to private customers, business customers and corporations, including the management of current accounts and revolving debit accounts, provision of credit and guarantees of all types, deposits, State-guaranteed loans, foreign trade activities (import, export, documentary credit, etc.), credit operations, syndication transactions, factoring and activity in derivative instruments, including currency and interest rate trading.

**Deposits** – The Bank promotes the world of deposits by offering a wide range of deposits to customers of all banks. Deposits are offered for different periods and with a variety of liquidity options. Deposits are offered at attractive interest rates that are updated in accordance with the Bank of Israel interest rates, according to customer needs and market conditions.

**Capital market** – Securities activity on stock exchanges in Israel and abroad for customers, consulting for capital market activity, operational services for provident funds, operational

and distribution services for mutual funds, trust services for mutual funds and bonds (which serve as investment channels for the Bank's customers, including management of securities portfolios for customers). In addition, the Bank has a subsidiary, Etgar Portfolio Management of Mizrahi Tefahot Bank Ltd., which manages investment portfolios in securities and provides investment consulting for Bank customers and customers of other banks.

**Credit Cards** – The Bank provides the full range of financial products and banking services related to credit cards. These cards are issued to the Bank's customers by credit card companies in Israel, and the financial solutions are accessible and tailored to the customers' diverse needs.

**Construction and real estate** – The Bank has extensive banking activity with companies in the real estate sector and also provides unique banking services related to real estate, including financing for the construction of real estate projects, urban renewal using the closed-end lending method, and financing for income-generating real estate. The Bank offers various types of credit tailored to the financing needs of companies in the construction and real estate sectors.

**Large infrastructure projects** – The Bank leads the financing of large infrastructure projects in a wide variety of areas. For example, solar projects, transportation projects, desalination projects, and more. The Bank also examines environmental aspects in these projects.

**High-tech** – The Bank is increasing its activity among high-tech business customers in Israel and abroad (including start-ups) through the High-Tech Department, which operates in the Corporate Sector in the Business Banking Division and in foreign branches (the USA and the UK).

**Mizrahi Tefahot Invest** – Mizrahi Tefahot operates a real investments segment, through which the Bank considers real investments in mature companies, real estate companies, funds and investments in start-up companies. ESG considerations are also taken into account when examining investments, and the Bank refrains from investing in companies that do not comply with the its policy on this subject.

**Pension consulting** – The Bank offers free pension consulting services to all customers, through licensed pension consultants nationwide. The Bank's website has an area dedicated to pension consulting, which includes professional information and explanations in accessible and friendly language.

**Financing for car loans** – As part of the merger with Union Bank, Mizrahi Tefahot absorbed the leasing activity and established the subsidiary "Mizrahi Tefahot Leasing", which provides car loans to private customers who are not necessarily Bank customers and financial leasing to business customers.

1. The Group does not offer or sell financial products and services that have been confiscated or banned.



## Innovation in the Bank's products and services

The Bank works to encourage and adopt innovation in all areas of its activity, alongside a constant examination of the pace of technological development and changes in consumer habits and preferences in Israel and around the world. The Bank invests in the promotion of innovation in products and services, including the implementation of innovation in business and operational processes, examining innovation in the Bank's real investment activities, digital and technological innovation, and implementing a culture of organizational innovation in all of the Bank's divisions. In addition, content and methodologies on the subject of innovation are integrated into the Bank's training programs and in the management training program. The Bank encourages its employees to be partners in promoting innovation, improving work processes and in the provision of customer service. Innovative ideas are promoted through a unique "accelerator" process in integrated work teams.

The Bank manages an internal program to promote innovation, at the heart of which is a team of innovation ambassadors whose goal is to spread the value of innovation throughout all units. The innovation ambassadors are selected from among the organization's employees and managers, and undergo periodic training on creativity and the development of ideas. Each year, the ambassadors carry out a cross-bank process of brainstorming to improve the Bank's existing value propositions and the variety of services. After a rigorous screening process, the best ideas are presented to the members of the management and to the Bank's CEO for a decision on the steps to be taken in the following year.

In 2024, 35,593 hours of training on the subject of innovation were conducted. In addition, the Bank has a committee for the "Encouragement of Initiatives for Improvement, Savings and Efficiency", whose role is to discuss proposals from employees to improve the service provided to customers, improve processes and become more efficient. The committee meets several times a year and discusses the proposals received. The best proposals are implemented in the system and the proposers receive recognition awards at a festive ceremony attended by the Bank's CEO. This tradition has been introduced and assimilated with great success at the Bank and is an important value in its organizational culture. In 2024, employees submitted efficiency proposals, and some were incorporated into the work plans of the various Bank divisions.

## New initiatives at the Bank

This year, the Bank decided to publish the growth index and the real estate index, which provide investors, businesses and the entire public a different perspective on the Israeli economy:

## Israel's Growth Index for 2024

For the first time, the growth index examines the state of the business sector. The index, which was determined by Mizrahi Tefahot economists, is based on a large weighting of macro data and marketing research that presented the expectations of private business owners. In the weeks leading up to the publication of the index, a comprehensive survey was conducted among a representative sample of business owners, with the aim of learning how they perceive the development of private business and the economic developments in the economy as a whole in the coming years.

## Israel Real Estate Report for 2024

The Bank has launched the Israel Real Estate Report. This is a special report that presents a comprehensive picture of the local real estate market in 2024. The report is the result of two major studies conducted by the Bank in August 2024. These studies examined the attitudes of the general public and the perceptions of real estate investors. The results of the study revealed a complete picture of the complex and dynamic Israeli reality. Before the launch of the report and the conference, opinion columns by senior bank officials in the real estate field were published, regarding both mortgages and commercial real estate. The report was launched at a professional conference led by the Bank, attended by hundreds of the Bank's senior customers in the real estate industry. The conference and the report received very wide exposure in all media outlets. The conference reinforced the Bank's leadership in this area.

## Value-added products

- **Deposit without an account** – A service that allows customers from all banks to deposit funds in a variety of Mizrahi Tefahot deposits quickly and conveniently, without the need to physically visit a branch. This service is another tool that promotes informed and accessible financial management for the general public.
- **State-guaranteed fund that includes a green track** – As part of the State-guaranteed loan fund for small and medium-sized businesses, there is a "sustainable energy" track, in which loans are provided for the following purposes:
  - Investment in projects that reduce the negative impact on the environment by optimizing the business's energy consumption or switching to energy production from more considerate sources. For example, replacing and upgrading old lighting systems and air conditioning systems (heating and cooling systems) and installing solar thermal energy systems, as well as upgrading to electric vehicles and establishing vehicle charging stations.



- o Investing in projects that advance the State of Israel's environmental goals in terms of sustainable energy, such as energy efficiency in industry and buildings, converting fossil fuel-based systems to electricity-based systems, promoting production processes from clean energy sources, energy storage, and the use of clean transportation.

## Mortgage products

Mizrahi Tefahot is the leading mortgage bank in Israel. The Bank works to adapt a variety of financial solutions to its customers and to the Israeli public that will enable a balance between needs and financial capabilities, in the short and long term. The Bank provides its customers with the personal support of an expert banker, who helps them choose the ideal mortgage composition for them. The goal is to create a good, simple, clear and convenient experience for customers. In addition, the "Tefahot Touch" application, unique to the Bank, makes it easier for the customer in the process of obtaining the mortgage, with close support from an expert banker throughout the entire process. In addition, the Bank provides a variety of services to existing customers who wish to perform various actions during the life of the mortgage, such as changing the billing date of the mortgage payment, freezing payments in view of a specific change in the financial situation, early repayment of the mortgage, and more.

In 2024, the Bank initiated and led professional conferences against the backdrop of the Iron Swords War and its impact on the economy in general and the housing market in particular. Some of the conferences were held in collaboration with the leading economic press and with the cooperation of thousands of real estate agents in the housing and mortgage market. The Bank promoted the "Soon We'll Have a Home" project, in which the Bank makes available to customers, in a shared domain that includes a wide variety of content, useful tools and explanations of concepts relevant to anyone who is in the stage prior to taking out a mortgage, as well as essential information for those who already have a mortgage or a retirement mortgage for those aged 60+.

The Bank offers the customer the widest range of products in the banking system, including the following tracks:

**Secure mortgage** – A new track in which the amount of the monthly mortgage repayment remains stable even when the interest rate changes. When the interest rate increases, the period is automatically extended, and when the interest rate decreases, it is automatically shortened. This is a unique product for Mizrahi Tefahot Bank, which provides peace and security in a period of uncertainty. This product is of real value for customers, especially in a period when there is real concern regarding the purchase of an apartment due to the interest rate environment and high housing prices.

**Mortgage at your own pace** – A track through which the Bank allows its customers to receive a flexible mortgage loan. In this format, the payment schedule is built in advance, before the loan is executed, customized to the needs of the customers. For example, if at the beginning of the mortgage there is difficulty in committing to a high repayment, it is possible to pay a lower repayment and later increase the monthly repayment. The product is suitable for families with low incomes at the beginning, or when the household has several high financial obligations, which burden the ongoing management. Later, when income increases, the monthly repayment is increased according to ability.

**"Mortgage for Business"** – The Bank offers a unique product, "Mortgage for Business", which helps a business owner purchase a property for current operations as an alternative to renting and/or purchasing a commercial property financed by a mortgage. The loan repayment is spread over a long period of up to 25 years.

**Mortgages for a variety of sectors** – The Bank expands the product market according to the characteristics of each sector and its unique needs, including the ultra-orthodox population, the Arab population, foreign residents, senior citizens and kibbutzim.

## The Bank's operations for customers who own private businesses

In the business sector, where financial management is complex, personal service from a banker who knows the business and its owners is important. The Bank offers hybrid banking that combines digital channels with direct contact with the personal banker. The Bank has developed customized tools and products that provide added value to business customers, such as:

- **The "Who Did You Call a Small Business" Campaign** – In May 2024, the bank launched a campaign for the private business sector, which presented the challenges of managing private businesses and offered increasing benefits, such as a loan for joining, a State-guaranteed loan, an instant loan, and a personal banker who knows the business.
- **"Big in Business"** – A series of professional conferences for business owners that took place in three regions of the country: Haifa, Beersheba and Rishon LeZion, and were attended by hundreds of business owners. The conferences included lectures by marketing experts on practical topics for business growth and brand empowerment. The meetings, which were part of a series that included three events, provided participants with practical content in areas such as marketing, advertising and growing a business under competitive conditions. In addition, participants were given the opportunity to learn about Mizrahi Tefahot's variety of products and services, including its unique credit solutions, especially during



this challenging period of the War. The series of meetings was created from the Bank's perspective, which recognizes the needs of businesses that strive not only to survive, but also to grow and reach new audiences, which led to high levels of involvement and strengthening of the relationship with the Bank's customers.

- **Real estate credit for small and medium-sized entrepreneurs** – With a desire to provide quick and professional responses to credit requests from small and medium-sized entrepreneurs (purchasing groups and entrepreneurial projects with and without sales), the Bank operates two specialized business units: a dedicated department in the mortgage section that handles these customers, and the Real Estate Entrepreneurship Department in the Business Division, which provides support for small and entrepreneurial projects. The departments provide support for dozens of projects and provide a holistic banking solution for the project, from the land acquisition stage to the completion of construction.

## Adapting products to changes in interest rates and inflation

In view of the high interest rate environment and its impact on customers, the Bank has taken several steps that will make it easier for customers to get through this period:

- **Mortgages** – In 2024, the Bank focused its assistance to customers by implementing the Bank of Israel's payment deferral scheme for eligible population groups, as part of dealing with the economic consequences of the War. The Bank expanded the range of solutions in terms of the conditions and the scope of the eligible population. The Bank enabled mortgage restructuring quickly and easily with remote signing, as part of the overall response, which allowed customers to restructure the most important and largest loan in the household enabling them to meet regular repayments. The steps were taken out of a desire to adapt the mortgage to the customer's needs, provide accurate information regarding the financial implications, and implement the solution that best suits each customer. In addition, the Bank prepared for customers to return to payment after the deferral periods, and proactively identified customers with the potential to have difficulty meeting their monthly repayments and provided a personal response to each request, to ensure, as much as possible, that there would be a proper return to regular payments. In 2023, as part of the "Customer Consideration Basket," the "Overdraft Interest is On Us" benefit was launched, which is a benefit provided for a period of two years. As part of this benefit, mortgage holders who also have a current account at Mizrahi Tefahot Bank (from which the mortgage is paid) who sign up for the benefit do not pay interest on the current account overdraft – up to the amount of the monthly

repayment, and not exceeding NIS 6,000. In addition, a credit of NIS 1,200 was made against mortgage repayments (in accordance with the established criteria).

- **Deposits** – The Bank strives for a thorough understanding of the customer's needs and characteristics in order to adapt the deposit to the customer's needs, while providing detailed disclosure to the customer with an emphasis on the deposit interest rate, the deposit period and the deposit's exit points. In addition, there are a variety of deposits that allow the customer an attractive interest rate based on the prime rate, deposits with CPI-linkage and high liquidity as a response to market uncertainty. In 2024, a new product was launched – "Passion Fruit Deposit", a deposit with two interest tracks, where at the end of the period the customer receives the highest interest rate of the two tracks.
- **Credit** – The volatile interest rate environment is specifically referred to when providing a loan at a variable interest rate (prime), as well as ensuring that the type of credit and repayment terms requested by the customer are appropriate for his needs, financial situation and ability to meet the credit repayment payments. At the end of May 2023, the Bank launched a program in which household customers (according to the criteria) were sent notifications informing them of their ability to contact the branch and receive a loan deferral without paying a commission. In addition, the Bank launched a program to reduce interest rates on credit facilities and proactively granted a benefit for offsetting credit and debit balances, up to NIS 10,000, which ended in June 2024.

## Developing social products with shared value

The Bank recognizes the importance of identifying the risks and opportunities it faces and provides credit that is designated for the development, establishment or initiation of products with a positive social-community impact. In this way, the Bank creates shared value for itself and its customers.



In 2024, the Bank provided **social credit** in the amount of approx. **NIS 9.9 billion** for the promotion of social goals:<sup>1,2</sup>

1. The bank's methodology is based on the SASB standard relating to financial inclusion, adapted to the characteristics existing in Israel. The credit amount specified is only balance sheet credit.  
2. Beyond this amount, Bank Yahav granted credit to small businesses in the amount of approx. NIS 206 million.



## Promoting small businesses

- **Small Business Credit: "North-South Fund"** – The Bank promotes small and medium-sized businesses in peripheral areas by making them centers of attraction. This is done by creating employment opportunities, increasing income and improving the quality of life of the area's residents. At the beginning of the War, two aid funds were established for small and medium-sized businesses that were economically damaged as a result of the War, with a focus on the southern and northern localities and the industrial sector.
- **Development of small and micro businesses in the social periphery<sup>1</sup>** – The Bank provides credit to small and micro businesses located in localities with a low and medium socio-economic index, thereby helping to promote the economy and employment in these areas.
- **State-guaranteed fund for small and medium-sized businesses** – The Bank has been active within the framework of the fund for providing State-guaranteed loans to small and medium-sized businesses since 2012. Over the years, the Bank has won additional State tenders in this area. In addition to the "Iron Swords" program, which was established in 2023 and provides assistance to businesses that have been financially affected by the War, in 2024 the State launched another program called "Iron Swords – Reserves". This program is intended for businesses of reservists who have been financially affected and offers loans on preferential terms. In this program, the State bears the interest cost of the first year of repayment.

## Community development

- **Credit provided for community services and infrastructure in the social periphery<sup>2</sup>** – The Bank provides credit for the promotion of education, health, welfare and culture, as well as for the development of infrastructure in peripheral areas.
- **Social investments of the US branch** – In 2024, Mizrahi Tefahot United States invested in social investments as required under the CRA (Community Reinvestment Act), which assist small businesses with low and moderate incomes and promote affordable housing.
- **Credit provided for the rehabilitation of communities damaged by the War** – In 2024, the Bank provided credit designated for the rehabilitation of communities damaged by the War, including renewal loans for residents of the north and loans for businesses in Kfar Aza.

1. Businesses located in localities included in Clusters 1–5, according to the Central Bureau of Statistics' Socio-Economic Index for 2021. Small and micro businesses according to the Bank of Israel definition.

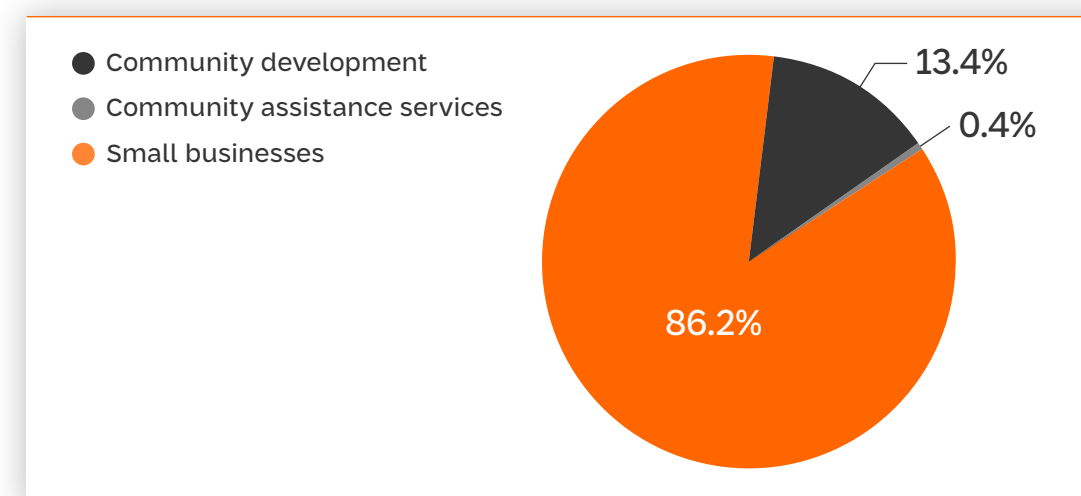
2. The category includes credit provided in localities included in Clusters 1–5, according to the Central Bureau of Statistics' Socio-Economic Index for 2021, for education, health, culture and welfare services, for community and public facilities and for infrastructure development in these localities.

- **Social bonds** – The Bank's core investment portfolio includes a portfolio designated for bonds issued for social purposes:
  - **Mathematics and Hebrew studies for Rahat youth (Rahat Bonds)** – In 2019, the Bank entered as an anchor investor in a social bond, which was issued to finance the "Mathematics in Rahat" project initiated by the SFI organization. The proceeds from the bonds purchased by the Bank were intended, among other things, for investment in a project to strengthen matriculation studies in four and five study unit levels in high school mathematics, and to strengthen Hebrew language studies in seven high schools in Rahat (approx. 1,200 students). The full investment of approx. NIS 3.6 million was transferred, of which a total of approx. NIS 0.4 million was transferred in 2024.
  - **Training ultra-orthodox men for the high-tech market (Developer Bonds)** – In 2022, an amount of NIS 1.25 million was transferred as an investment in the bonds. The bond issuer is a sister company of the issuer of the social bond currently in the repayment portfolio (Rahat Bonds). This bond is intended to promote an increase in the share of ultra-orthodox men in the high-tech market by training them as programmers and finding them employment upon completion of the training.

## Community assistance services

- **Credit to NPOs (non-profit institutions) and aid organizations** – The Bank provides credit to NPOs that work for the benefit of Israeli society. The bank also provides credit to businesses that provide health and welfare assistance.

Social credit for 2024







## Bank activities for customers and businesses that were affected during the War

### Assistance to the Bank customers

Since the outbreak of the Iron Swords War, the Bank has been working to ensure that its customers are able to cope with the situation in the best way possible. The Bank's personal bankers are in daily contact with customers, and in cases of difficulty or a problem, they provide them with a unique basket of tools that provides a response to their needs. Alongside specific solutions adapted for Bank customers in need of assistance, the Bank operates unique banking benefit and relief schemes for reservists, as well as households and business owners who are among the population groups that were particularly affected by the War and its continuation. In order to help the Bank's customers get through this difficult period, the Bank decided on various solutions to assist and provide relief to its customers, on a significantly broader scale than the base set by the Banking Supervision Department, including:

- A freeze on mortgage payments was made possible for several additional months (up to a year in total), without interest and linkage, and without cost, in accordance with the Bank of Israel's outline. For first-circle customers, the Bank expanded the terms of the outline, so that the customer is not charged a linkage fee for freezing the mortgage and residents of the north are given the option of spreading the repayment over the remainder of the loan period.
- Exemption from interest on an overdraft, up to an overdraft of NIS 10,000 for private customers who are residents of the northern border area or victims of the War operations or their relatives, residents evacuated from their homes, party participants, reserve service personnel and Emergency Order (Tzav 8) recruits.
- Exemption from interest on an overdraft, up to an overdraft of NIS 30,000 for small business customers (as defined in the price list – revenue turnover of up to NIS 10 million) who are residents of the northern border area or victims of the War operations or their relatives, residents evacuated from their homes, party participants, reserve service personnel and Emergency Order (Tzav 8) recruits.
- Exemption from fees for 3 months for private customers and small businesses (as defined in the price list – a revenue turnover of up to NIS 5 million) who are residents of the northern border area, reserve service personnel or victims of the War operations or their relatives; residents evacuated from their homes, party participants, reserve service personnel and Emergency Order (Tzav 8) recruits.



- Deferral of commercial loan payments for private customers (up to NIS 100 thousand) and for business customers (up to NIS 2 million, and with a revenue turnover of up to NIS 25 million) for a period of up to 12 months (from the beginning of the War).
- Establishing/increasing the amount of the current account overdraft for private customers at Bank branches throughout the country, up to NIS 20 thousand.
- **Assistance for reserve soldiers** – During the period of the War, additional benefits were provided, including assistance to reserve soldiers in purchasing an apartment and repaying the mortgage – NIS 100 thousand with no interest and linkage when taking out a new mortgage and NIS 100 thousand at prime interest as additional credit for a mortgagor at the Bank.

### Additional benefits for residents of the north

In order to ease the return of residents to the north and provide tailored financial support, the Bank launched various benefits:

- **"Home in the North" mortgage** – Mortgages with preferential terms on a first apartment in one of the northern communities that were evacuated during the War.
- **"Home Renovation" loan** – A home renovation loan of NIS 50 thousand and up to 10% of the renovation loan amount. Eligible for the benefit: Customers with mortgages at Tefahot, residents of the north who were evacuated from their homes and are renovating their home that was damaged in the War.
- **Tefahot Card** – Credit available on the Tefahot Card or a loan for any purpose in the green track in the amount of NIS 60–100 thousand on preferential terms.
- **Fund for financing the renovation of homes damaged in the War** – Loans to private customers to finance the home renovation, or to finance the renovation as a bridge until funds are received from a filed property tax claim, for evacuees from the north who are returning to their homes.
- **"Renovation to Compensation" loan** – A loan to finance renovations for households damaged in the War, up to NIS 150 thousand or 70% of the total claim.
- **"Renewal" loan** – A loan for home renovation and renewal, up to NIS 75 thousand.





The estimated value of the banking reliefs and benefits provided to all customers in the Bank group, in addition to the amount of donations, amounts to approx. **NIS 624 million** (including banking reliefs and benefits provided to residents of Sderot and Kibbutz Kfar Aza).<sup>1</sup>

## "Orange Israel" Project – A digital business arena to strengthen businesses during the War

During the war, hundreds of business owners living on the front lines and reservists and women faced many difficulties. With the aim of helping and supporting them, Mizrahi Tefahot Bank established the "Orange Israel" and "Orange Reserve" projects, an initiative that includes a digital platform and a physical presence that helps businesses to continue to exist and reach new audiences, thereby also supporting them financially. The project connected businesses from the combat zones and business owners who were drafted into the reserves with the public interested in supporting and purchasing products and services from them, without the Bank aiming to make a profit.

The "Orange Israel" digital domain appears on the Bank's website and currently includes more than 450 businesses from a variety of industries. A separate area was created for each business, which includes business details, contact details and a link to the business's website and pages on social networks. The Bank continued to promote the project through advertising campaigns and direct purchase requests from businesses, both in the digital space and through mobile fairs – "Israel Orange" trucks that arrived in communities across the country and offered the businesses' products for sale. The result was a significant increase in demand, high revenues and exposure to new audiences.

1. As of December 31, 2024, assuming full utilization of all benefits offered to the relevant population.



With the success of "Orange Israel" and the public's interest, in 2024 the activity was expanded to support various industries and special events throughout the year:

- **"Orange. Israeli"** – A new domain in the project, dedicated to women-owned businesses. More than a hundred business owners participated in this project, which aims to increase support for women-owned businesses.
- **"Orange. Equal"** – A new social project, offering products and gifts for sale from social organizations that employ people with disabilities and disadvantaged population groups. The project appears on the website of "Hacartis", the Bank's credit card, and allows members of the card club to purchase these products and support social businesses.
- **"Orange. Back to School"** – In August 2024, "Back to School" domains were established, where various back-to-school items were offered for sale from businesses owned by reserve servicemen and women and businesses from combat zones.
- **"Orange. Holidays"** – A special activity in preparation for the Tishrei holidays, in which the Bank invited the public to purchase gifts and holiday products from businesses from the conflict zones and owned by reservists, in the "Orange. Holidays" digital domain on the Bank's website. The initiative included products such as honey, beauty products, flower pots, wines, olive oils and gift boxes.
- **"Buying Orange. Israel"** – Local businesses from the north, the south and businesses owned by recruited reservists were integrated as benefit providers in the Bank's "Hacartis" club. The Bank subsidized the provision of benefits, and customers enjoyed special benefits at businesses participating in "Orange Israel". As a result, there was a significant increase in the number of purchases, both on the businesses' online websites and in physical stores.

In addition, at every conference or meeting held by the Bank, attention was paid to connecting suppliers with "Orange Israel". The Bank made direct purchases from these suppliers.





# Customer experience in a variety of service channels



Mizrahi Tefahot Bank places great importance on the quality of service and works to provide the best possible personal service to all of its customers. The Bank is attentive to the needs and desires of its customers, and works to continuously improve the service experience. The humane service concept enables personal attention and tailored treatment for each customer, with fair and professional treatment, transparency, and reciprocity.

## Service experience at the Bank

**Hybrid banking** – A banking service in a variety of central channels that optimally combines personal and digital banking, and allows all customers access to their personal banker at the branch. In order to improve the service experience, the Bank is making efforts to expand its direct communication channels and already in 2024, the option of corresponding with customers was also provided on WhatsApp in certain cases (the channel is being gradually implemented).

### Service charter

The bank has been leading the banking service standard in Israel for years, combining personal and human banking with advanced technology. As part of the entry into effect of Proper Conduct of Banking Business Directive 501 (Management of a Customer Service and Support System), the Bank published a service charter that details the principles of the Bank's service concept, which include the following:

- **Humane banking** – The Bank's DNA, which is found in every aspect of its customer service.
- **Fairness and familiarity** – Bankers know the customers, they are up to date on their situation, and provide the most transparent and fair service and treatment.
- **Variety of communication channels** – For the customer's choice, to ensure flexibility and convenience.
- **Closing the treatment with maximum speed** – A constant aim to handle customer inquiries the fastest and with the highest quality.
- **Professionalism and customer perspective** – Attention to customer needs and a sense of responsibility for professional and helpful service.



In 2024, employees participated in **42,729** hours of **customer service** training.

## A variety of service channels

**205 service points<sup>1</sup>** – The Bank has a wide distribution of branches throughout the country in order to provide quality and professional service to customers in all banking areas, close to where the service is needed. The Bank's growth strategy includes a consistent increase in the number of branches, providing a response to a wide range of customers. Service points include business centers, branches and extensions. In addition, the Bank operates six "Live" branches that offer banking services through direct and digital channels, with no reception service, and are available during extended operating hours. The Bank also operates four IPB branches that provide service to foreign residents, a premium branch for affluent customers, and this year a new investment advisory center was also opened in Jerusalem.

**287 self-service stations** – Customers have access to 212 Mizrahi Tefahot Bank self-service stations and 75 Bank Yahav stations. These stations enable many operations, including cash deposits and receipt of information independently. Most stations are available 24 hours a day.

**269 ATMs** – Of which 212 belong to Mizrahi Tefahot Bank, 57 to Bank Yahav. Some of the ATMs are not adjacent to a branch.

**Online communication channels** – Mizrahi Tefahot Bank offers its customers a variety of applications for convenient access to all of its financial products and services, including the most advanced mortgage application in Israel and an application for managing activity in the capital market. In addition, the Bank operates an advanced website that integrates means for contacting a personal banker. The website is also accessible in Arabic and English.

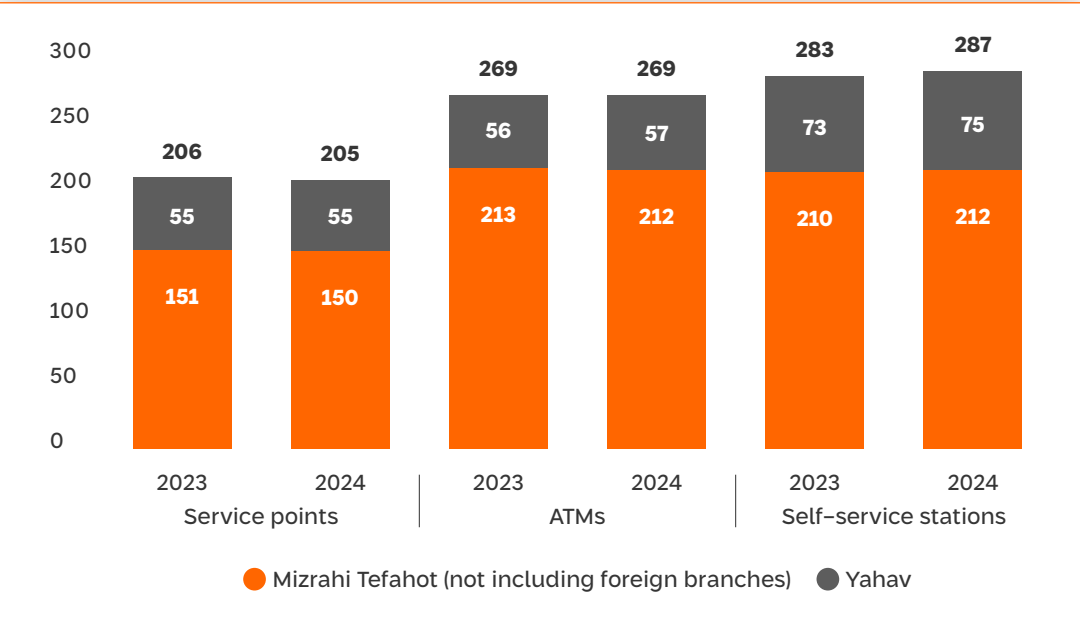
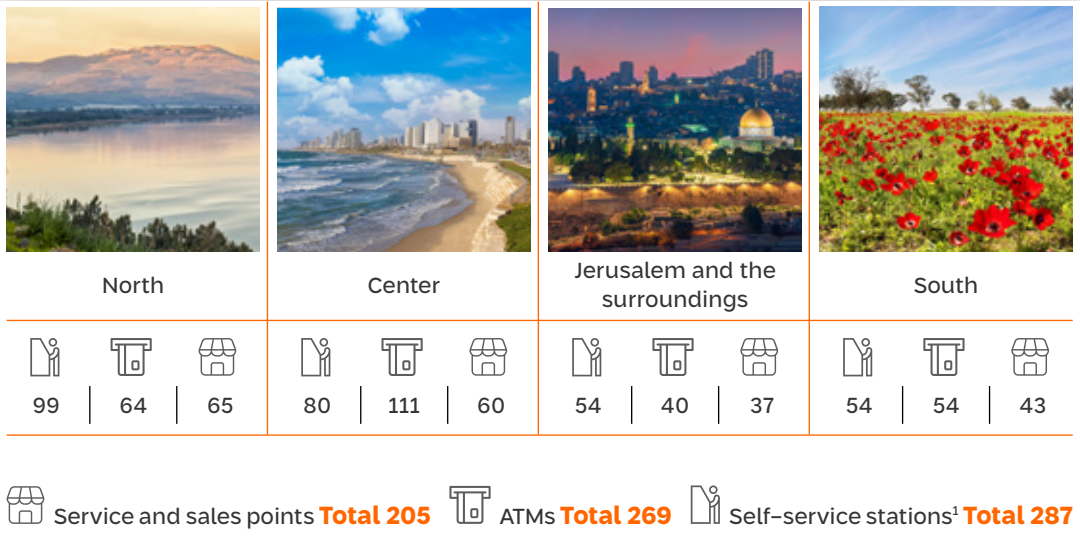
**Response provided in a variety of languages** – Customers who contact the call centers can receive service in several languages, including Arabic, French, Russian, Amharic, Spanish and English. In some of the Bank's branches, especially those located near a new immigrant population, service can be received in a variety of languages.

1. Including Bank Yahav.






Channels for receiving banking service



1. There may be changes compared to previous years due to a reclassification of geographical areas.

Measuring customer satisfaction

In order to assess the level of customer satisfaction within the organization on an ongoing basis and to compare it to the level of service provided to customers of competing banks, the Bank uses various research tools, such as customer satisfaction surveys, image surveys, surveys of people interested in taking out a mortgage, focus groups, surveys on customer experience in the engagement process, etc. These studies are conducted and presented to a variety of relevant parties in the Bank, from the professional units to the Bank's management. Based on the findings from the surveys and focus groups, the Bank develops strategic plans, establishes plans of action and adjusts its conduct, both internally and with customers. In 2024, approx. 130,000 existing and potential customers participated in customer surveys.



### Bank of Israel survey on satisfaction of household and business customers with the banks' quality of service

According to the findings of the 2024 survey, Mizrahi Tefahot Bank is the most recommended bank among customers of the major banks, for the fifth consecutive year.

In addition, the Bank leads in customer satisfaction with service and waiting time at the branch. The Bank of Israel survey data also shows that Mizrahi Tefahot Bank leads in the perception of fairness among the major banks, meaning that customers assume that the Bank treats them fairly.

**Customer Satisfaction Survey** – A comparative satisfaction survey among customers of the five largest banks in Israel, conducted by a Research Institute in November 2024, shows that satisfaction with Mizrahi Tefahot bankers continues to be very high and stable over time. For years, the Bank has led the banking system in satisfaction and recommendation indices, by a significant margin from competing banks. The Bank's constant focus on improving the customer experience is proving itself, with an 11% increase in customer satisfaction and a 150% improvement in the recommendation index (NPS) in the last two years.



**Bank Friendliness Index** – Mizrahi Tefahot Bank stands out in its achievements in the Ministry of Economy's Bank Friendliness Index for Small and Medium-Sized Businesses for the fourth consecutive year. In April 2024, the Ministry of Economy published the "Bank Friendliness Index for 2023". This index is calculated based on data received from the banks, the volume of credit to small and medium-sized businesses from the bank's total business credit, the interest rate to risk ratio of the credit and the bank's profitability rate from non-interest income. This is in addition to data from surveys conducted among business owners and financial advisors.

**Customer experience quality surveys in the mortgage sector** – Also in this sector, Mizrahi Tefahot Bank continues to lead the banking system in Israel in customer experience. In a comparative satisfaction survey conducted in 2023 by a research institute among mortgage borrowers at the four largest banks in Israel, it was found that the Bank leads both in satisfaction with the service and in customers' willingness to recommend it. Additional findings from the study conducted in 2024 strengthen the Bank's position as the most expert regarding mortgages.

## Awards and recognition

The Bank won three gold medals in the 2024 Hamil organization's Excellence in Service and Customer Experience competition. The win was awarded for the humane bank strategy – in the "Service as a Strategic Partner" category, with the "Measuring Humanity – Win in Service" campaign, which describes the processes that the Bank has led in the last two years to improve customer satisfaction. The Bank also won in the "Humanity Writers" campaign in the "Simplicity in Service" category, for implementing Mizrahi Tefahot's new service language in a variety of communication channels, as part of the concept of a humane bank whose bankers "write humanity". In addition to these, the Bank received a gold medal in the "Wartime Service" category, in view of its extensive activity immediately after the outbreak of the War in the three defined circles of activity: community service, banking-consumer relief, and service and support for businesses through the "Orange Israel" campaign.

In addition, in 2024 the Mizrahi Tefahot brand was again crowned and named a Superbrand in Israel by the international Superbrands organization, which operates in 70 countries around the world. The prestigious title has been given to the Bank every year for more than a decade, and it testifies to the strength of the connection created between the brand and consumers in the country, and to the fact that the brand provides consumers with more tangible and emotional benefits than other brands.

## Treatment of public complaints

As part of the Bank's commitment to excellent service and to maintaining relationships of trust with its customers, the Bank operates systematically to manage and constantly review the system for handling public inquiries and complaints, and attaches great importance to the process of improving service, correcting deficiencies, and streamlining banking processes. The Bank is committed to handling every inquiry in accordance with the Code of Ethics values and its organizational culture, which promotes values of reliability, loyalty, human dignity, excellence, commitment, integrity, fairness, and transparency.

A Customer Service Charter appears on the Bank's website and in branches, stating the Bank's approach to customer inquiries and the various ways of contacting the Public Complaints Unit. Customer inquiries come directly to the Bank, to the Public Complaints Unit, and to various entities within the Bank, or through the Bank of Israel and other external entities. The Public Complaints Unit is headed by the Ombudsman, who reports to the Bank's Chief Internal Auditor. The Ombudsman and the Unit employees work objectively and impartially, thoroughly reviewing all inquiries and responding to the customer quickly.

Customer inquiries are received by the Ombudsman and handled in accordance with Directive 308A, which regulates the Ombudsman's activities at the Bank. The Ombudsman addresses the failures that led to the complaint, with the aim of preventing their recurrence, and also determines an estimated timetable for their correction in cooperation with the Bank's relevant professional entities. At Bank Yahav, the entity responsible for handling customer inquiries operates in the Legal Advice and Compliance Department.

The Ombudsman reports periodically to the Bank's Board of Directors – to the Audit Committee and to the Board of Directors' plenary session (at least once a year), as well as to the Bank's management (twice a year), the Bank of Israel and the public on the website, regarding the number of inquiries and the issues raised therein, according to the details required by the Bank of Israel's directives and internal procedures. Examples of complaints that led to the exposure of deficiencies are presented to the Board of Directors, and in these cases significant corrective measures are taken. Insights that emerge from the system for handling complaints are integrated into the development of the Bank's services and the improvement of the customer experience. The report also includes data on public inquiries at subsidiaries and foreign branches, including reference to cross-organizational issues raised in complaints.

The Board of Directors approves the policy for handling public complaints and the service charter and discusses an in-depth review of the past year's data, which includes data on complaints that have been handled and complaints that have not yet been completed,



details on amounts that have been refunded or paid following complaints, remedies applied and material deficiencies that have arisen in the handling of complaints.

Every complaint received by the Public Inquiries Unit receives a response within two business days, and receives a full and professional response within a period not exceeding 45 days from the date of receipt (except in a few cases where a longer time is required for examination and response). In accordance with the instructions of the Bank of Israel, every complaint received by the Bank will be answered in as reasoned and detailed a manner as possible, and the allegations raised in the complaint will be addressed with relevant references. As part of the response, the Bank clarifies to the customer his right to file an objection to the Bank's decision regarding his complaint with the Supervisor of Banks, if the matter falls within his scope of handling. If it turns out that the complainant is entitled to financial relief or equivalent relief, the reasons for determining the relief will be detailed.

As part of the lessons learned process, the Bank monitors the deficiencies that were discovered until an appropriate solution is found. It distributes communications to employees on sensitive issues and holds training sessions that present examples of incidents that have occurred and common mistakes, with the aim of improving service and reducing the number of justified complaints.

Information on customer complaints in 2024

The Bank publishes information on its website, with full transparency, regarding public inquiries handled during the year. The following is data regarding all inquiries received at Mizrahi Tefahot Bank and Bank Yahav in 2024 and handled by the Public Inquiries Unit:

- In 2024, 4,742 inquiries were handled.
- 92% of the inquiries received were complaints and 8% were requests.

	Requests	Complaints
Mizrahi Tefahot	275	3,470
Yahav	102	895
Total	377	4,365

Subject	Mizrahi Tefahot		Bank Yahav	
	Percent of complaints in 2024	Percent of justified complaints (of total complaints) in 2024	Percent of complaints in 2024	Percent of justified complaints (of total complaints) in 2024
Means of payment	18%	29%	28%	14%
Housing credit	22%	26%	–	–
Service quality	10%	16%	15%	12%
Current accounts (incl. revolving debitory accounts)	16%	26%	11%	9%
Credit (non-housing)	15%	26%	22%	7%
Other activity of the corporation	10%	18%	8%	5%
Deposits and savings	5%	23%	4%	8%
Foreign currency	2%	20%	5%	9%
Securities	1%	37%	4%	3%
Information	1%	20%	1%	0%
Other	0%	0%	2%	13%

Complaints findings in 2024

In 2024, the rate of complaints found to be justified among the complaints was approx. 25% at Mizrahi Tefahot Bank, and approx. 10% at Bank Yahav (the remaining complaints were found to be unjustified, their handling was concluded without determining a position<sup>1</sup> or the subject of the complaints was not within the Unit's authority<sup>2</sup>). The Bank monitors all justified complaints and the deficiencies found until the handling is completed.

In addition to the inquiries handled by the Public Inquiries Unit, inquiries are received through additional channels, including social media platforms, which are handled by the Marketing Division as the first line of reputation risk management.

1. Cases where there are opposing versions without established references, or cases where there is no significance in determining a position for the purpose of providing relief to the customer and resolving the problem.  
2. Complaints regarding the fact that the branch did not approve credit or a debt settlement.





# Fairness and transparency



Fairness and transparency are cornerstones of the Bank's Code of Ethics and its concept of corporate responsibility. A fair relationship with all stakeholders, and in particular with customers who are at the center of business activity, is the basis for relationships of trust, success and the creation of shared value. The Bank has a fairness policy and procedure, within which it undertakes to maintain a transparent and fair relationship with its customers and to place the customer's best interests at the center of its business activity. Because of this, the Bank undertakes to act in the best interests of customers, to provide them with understandable and transparent explanations regarding the financial products and services offered at the Bank's branches and by digital means, including the consequences that will be imposed on customers if they do not comply with the product terms, to provide an available and accessible service to customers, and more.

The Bank operates in accordance with the fairness values detailed in documents (policies, procedures and the Code of Ethics). Automated processes and systems assist bankers in providing full and proper disclosure regarding the products offered to customers. The Bank manages fairness risk as part of the Bank's compliance risk.

The concept of fairness and transparency towards customers is based first and foremost on the provision of all the required information regarding financial products and services. This is done in a clearly and accessibly for each customer, enabling customers to make the best decisions for themselves. The Bank ensures that agreements with customers comply with the requirements of the law and the Banking Supervision Department directives regarding due disclosure, and that they are clear and easy to understand. The agreement includes ensuring that the customer understands the products and services offered to him, with a clear, simple and detailed explanation of the costs, conditions, risks and opportunities stemming from the product or service. In addition, the agreement must include the obtaining of prior consent to perform the transaction in the account. As part of the process of reviewing a new product or service at the Bank, the Compliance Department examines all compliance risks relevant to the new service or product, including fairness risk. This includes the various aspects of the product and their impact on the existence of a fair relationship that places the customer at the center of the

banking activity. The issue of due diligence to the customer, the benefits of the product or service, the suitability of the product to the customer's needs, and the marketing and sales processes of the product or service are examined.

As part of the Internal Audit Division's work plan, audits are conducted on the information presented to customers regarding various products and services. These audits also sample agreements with customers. In the event that agreements are found that require updating, including regarding due diligence and fees, the issue is reflected in the audit report. In addition, the Compliance Department conducts audits regarding fairness as part of the annual audit plan. The audit findings are discussed and addressed with the relevant divisions, and in cases where there is a cross-organizational deficiency, the issue is addressed accordingly.

The publishing of marketing messages and ongoing updates to customers is carried out in accordance with the Group's values and the provisions of the law and the Banking Supervision Department, and they include all the information required in accordance with the duty of disclosure. The Bank monitors the perception of fairness and the feeling of fairness towards its customers, in order to examine the Bank's status and image as a fair bank compared to other banks. Similar to previous years, Mizrahi Tefahot Bank was perceived by respondents as the most fair to its customers. This figure was revealed in the Bank's internal image survey, which is held on a quarterly basis among customers of the major banks. The Bank implements comprehensive assimilation measures in all Bank units for the implementation of the values of fairness, through courseware, training in professional courses and newsletters that are published from time to time.

## Responsible marketing and advertising

The Bank works to create transparency and clarity regarding its products and services, thereby helping its customers make decisions with understanding and in an informed manner. In order to promote fairness and transparency, the Bank ensures that its marketing messages are equitable, respectful and non-offensive, and comply with the provisions of the law and the Supervisor of Banks' Proper Conduct of Banking Business Directives. The Bank operates according to clear standards in all matters relating to marketing communications, publications, sales promotions and sponsorships. These standards are anchored in the marketing procedures and are regularly reviewed in each campaign, and in an organized manner once a year or more, if necessary.

As a leading entity in the economy, the Bank operates its marketing and advertising towards potential and existing customers, in strict compliance with the requirements of the law, compliance with the duty of full disclosure, and with respect and sensitivity to the various groups in Israeli society. The Bank operates according to a fair marketing policy in all



channels, including social networks. In addition, before launching marketing campaigns, a systematic risk assessment and potential impact analysis of the planned communications are carried out. These issues are presented for approval to the management, and sometimes also to the Board of Directors. Marketing communications are managed according to all codes accepted in the industry, both in terms of ethical rules and voluntary codes. The Group ensures that its advertising is carried out in accordance with the ethics rules of the Second Authority for Television and Radio.

In accordance with marketing procedures, all messages published on behalf of the Bank comply with the requirements of the law and are consistent with the following guiding principles:

- **Respectful and non-offensive advertising** – The Bank adapts its messages to a variety of population segments in accordance with their cultural norms and codes. The messages reflect the principles that guide the Bank in its ongoing activities: reliability, loyalty, respect for human dignity, professional integrity and commitment to customers.
- **Clear language** – The use of clear language is an essential element in providing quality customer service. The Bank aims to ensure that its customers properly understand their financial rights, their obligations and the terms of the products and services, so that they can make informed financial decisions.

## Fairness in products and services

The Compliance Officer is responsible for implementing fairness and transparency towards customers. In addition, as part of the Compliance Department's work plan, controls are carried out on fairness issues. The Bank works to assimilate the issue of fairness among all Bank employees, and the issue frequently arises in the Compliance Officer's quarterly reports. An integral part of the work processes related to new products or services involves the obtaining of approval from the Compliance function, which examines, among other things, the issue of fairness and the absence of discrimination in each new product or service at the Bank. When planning and approving a new financial product (deposit or credit), all of the product's components are examined, including aspects of fairness towards the customer. The examination is carried out as part of an orderly process, which includes consideration by all relevant business entities, gatekeepers, management and, in certain cases, the Board of Directors' Risk Management Committee. Within this framework, the Bank ensures that compliance risk and fairness risk (which is part thereof) are managed appropriately, and that the Bank implements appropriate controls and work processes that will reduce the risk. The Risk Management Division presents an annual

review of the new products or activities that have gone through the approval process at the Bank, for discussion by management and the Board of Directors' Risk Management Committee. The Bank also maintains broad control programs over business lines and works to maintain effective enforcement programs adapted to the Bank, as part of the Bank's overall risk management system, which also includes fairness risk.

Bankers have several tools at their disposal that help them make the best match between the customer's risk level and repayment capacity and between their needs and the banking products that can be offered to them. Bankers are required to conduct annual studies, training sessions and knowledge tests to ensure that they are well acquainted with the work procedures and know how to optimally adapt the products and services to the customer's needs. In addition, the Bank holds quarterly ethics training sessions for Bank employees, which include, among other things, reference to ethical aspects in service and sales situations, and leaflets are distributed to raise awareness. In 2024, the Bank completed a survey on fairness. The survey findings did not raise any material issues for treatment. In 2024, 37,572 hours of training on "fairness towards customers" were held throughout the Group.

In 2024, the Bank did not commit any violations of non-compliance with regulations on the subject of fairness in products and services or on the subject of marketing communications.



# Financial inclusion and financial education



Financial inclusion is important for individual well-being and for the stability of the overall financial system. It can improve individual well-being by creating conditions for escaping poverty, reducing inequality in society, encouraging business opportunities, and promoting economic growth. Mizrahi Tefahot Group works to increase financial inclusion through dedicated responses to diverse population groups according to their needs, promoting disadvantaged population groups and customers in crisis, making bank services accessible and through financial education.

## Unique response for diverse population groups

The Bank has defined the Arab society, the ultra-orthodox society and senior citizens as population groups it wishes to focus on over time and deepen its ties with them. This is based on the understanding that these population groups have unique social and cultural characteristics, in addition to financial needs that require a tailored response.

### Arab society

The Bank sees great importance in providing a tailored response to the unique needs of the Arab community and continues to deepen its activity in branches in Arab communities. As part of this, it works to increase the accessibility of financial services and remove cultural and language barriers, among other things by recruiting Arabic-speaking employees as part of the employment diversification strategy. With the aim of making mortgage products accessible to the Arab community, the Bank has developed solutions in recent years tailored to the unique characteristics of the sector, such as a "rural mortgage", with a focus on the quality of the collateral pledged. In addition, the Bank expanded the deployment of mortgage bankers to branches in Arab communities and launched a dedicated campaign that highlighted the "One Banker System" – a personal and humane banker, which exists at Mizrahi Tefahot. The campaign was distributed on signage, radio, and digital channels.

As of the end of 2024, the Bank has branches in the following Arab localities: Kafr Yassif, Nazareth, Shfaram, Sakhnin, Baqa al-Gharbiya, Umm al-Fahm and Kafr Qassem, as

well as remote branches in the Arara Council, Kafr Qara and Kassifa. The Bank also has branches in mixed cities.

### Ultra-orthodox society

In 2024, the Bank strengthened its relationship with the ultra-orthodox sector by launching the "Mortgage for Young Couples" concept, intended for couples starting their family and financial journey, usually before or after a wedding. The move was intended to provide young couples and their parents with tailored financial tools, with an emphasis on mortgages. Marketing the concept included adapting the language and marketing messages to designated media channels, and within its framework, solutions were presented, which will be detailed below:

- **"Secure Mortgage for Young Couples"** – A product based on the "Secure Mortgage" is intended primarily for young couples in the ultra-orthodox sector and in general, who are concerned regarding the uncertainty of mortgage repayments in an environment of variable interest rates. The product guarantees a stable monthly repayment, regardless of changes in interest rates, and provides financial security. When the interest rate drops, the repayment period is shortened, and when it rises, the period is extended, automatically without the need for intervention by the borrower.
- **"Young Couples Help from Parents"** – A product based on the "Pension Mortgage", which provides a solution for parents in the ultra-orthodox sector who are required to financially assist their children when they get married, but have difficulty supporting them all. The loan enables receipt of funds against a lien on an existing property, without selling the parents' apartment, thereby turning the property into a source of income. The mortgage can be spread over up to 30 years, while maintaining the parents' ownership, allowing them to continue to live in the property or rent it out, as they choose.
- **"Mortgage at the Young Couples' Pace"** – A product based on "Mortgage at Your Pace" and designed for young couples who may face financial challenges in the first year of their marriage. The product enables the planning of a personalized mix, in which lower monthly repayments can be made at the beginning and increased later, depending on financial progress. Alternatively, it is possible to start with high repayments and reduce them in the future, depending on the borrower's needs.

In addition, the Bank initiated four conferences open to the general public and free of charge, which included lectures on "Mortgage at Your Pace" and wise financial management for the family. The conferences had approx. 300 participants, and they received information





and practical tools for effective financial management in the new stage of life.

## Senior Citizens

As part of the plan to expand activity among senior citizens, the Bank operates through several channels:

- **Accessibility of banking services** – Customers aged 70 and over receive priority in telephone answering and service at branches, in accordance with regulations and even beyond what is required by law. In addition, the Bank's website has a designated area that centralizes information and services for senior citizens.
- **Tailored financial advice** – The Bank offers its senior citizen customers a financial advice service tailored to their needs.
- **Pension advice services** – The Bank offers a pension advice service by licensed pension advisors, tailored to the needs of senior citizen customers, at no additional cost.
- **Digital banking empowerment for senior citizens** – The Bank has produced three training booklets on the subject "The Easy Way to Digital Banking Activity". These booklets are tools for senior citizens for using the Bank's digital means. In addition, customers who are interested can receive personal guidance on digital activities at the Bank's branches.
- **Pension mortgage** – A unique financing plan with maximum flexibility, which provides a solution for those aged 60 and over. Pension mortgage products allow senior citizens to finance their ongoing financial plans through a monthly income supplement or to finance a large one-time expense by mortgaging a residential apartment, with the property remaining in the borrowers' ownership. In 2024, the Bank continued to expand the product's development for residential mortgages, and the branches that provide a solution for this product were also expanded, with the aim of enabling maximum geographical distribution while maintaining the focus and uniqueness of the product. In addition, the Bank promoted awareness of the product in media channels and through content promotion and sponsorship of dedicated conferences, collaborations with professionals active in the market, and lectures on the subject of pension mortgages at selected branches.

## Promoting disadvantaged population groups and assisting customers in a crisis

The Bank is committed to strengthening disadvantaged populations in Israel, as a leading financial institution in Israeli society and out of a commitment to assist its customers who are members of these population groups. Furthermore, the Bank works proactively to identify business and private customers who face difficulties, and provides unique and tailored solutions that will help them get through challenging times. Since the outbreak of the Iron Swords War, the Bank has increased its assistance to various population groups, including those who are not its customers.

### Promoting disadvantaged populations and making financial services accessible to diverse populations

The Bank works to assist disadvantaged populations in Israeli society, including customers in debt, women victims of violence and the needy population, directly and through entities working with these population groups.

- **Assistance to women who are victims of violence and survivors of prostitution** – The Bank is a partner in the voluntary agreement initiated by the Association of Banks in Israel and in cooperation with the Bank of Israel to ease the financial burden of women victims of violence who are staying in shelters and transitional housing, or who are being treated in the community, as well as of women or survivors of prostitution. The Bank provides assistance through a designated contact person in the Public Inquiries Unit, who handles inquiries in real time, as well as through agreements in principle, under appropriate conditions, to delay legal proceedings. In 2024, Mizrahi Tefahot Bank received 38 inquiries from social workers, women's aid centers and shelters for women victims of violence who accompany women in the community, which were handled by the designated contact person. Bank Yahav received 10 inquiries.
- **Interest retention for compensation recipients (Holocaust survivors)** – A program to retain a uniform and favorable interest rate for customers receiving compensation (Holocaust survivors), and to provide the option to renew these deposits without limitation.
- **Payment service for the Insolvency Commissioner vouchers** – The Bank won a tender to provide voucher payment services to individuals or businesses in insolvency proceedings. As part of the service, the Bank allows debtors to pay the vouchers at the cash desks of some of its branches. These are debtors who were ordered to pay a monthly payment as part of a bankruptcy proceeding.



- **Postponement of mortgage payments** – Assistance to customers who need it at any time, such as postponing mortgage payments before the holidays. Assistance is also provided during periods when household expenses increase and sometimes difficulty arises in making mortgage payments. The Bank also provides additional assistance solutions, such as loan recycling and rescheduling of mortgage payments, according to the customers' new financial situation.
- **Services for those eligible for the Ministry of Construction and Housing's assistance program** – The Bank is an executive branch of the State for providing services to those eligible for assistance from the Ministry of Construction and Housing. These services include loans within the framework of the Ministry's assistance programs, including location loans, conditional grants and loans to designated population groups (residents of the periphery, immigrants, people with limited mobility, etc.). It should be noted that Mizrahi Tefahot Bank is the main entity providing loans of this type. The Bank's extensive branch network enables it to be available and accessible to the diverse population groups that are eligible for this assistance program.
- **Foreign worker deposits** – The Bank was selected by the State of Israel in a tender to provide deposit services for foreign workers. As part of the service, the Bank accumulates the deposits transferred by the employer for the foreign worker until the end of his employment. When the employee ends his employment in Israel, the balance of the deposit is given to him at his request (in cash or on a prepaid credit card or by transfer to his account abroad).

### Assistance to customers in a crisis

The Bank supports the fair treatment of customers according to their situation, especially in cases of financial difficulties and crisis. The "Special Customers" sector in the Business Banking Division is responsible for handling the debt collection from customers and managing audited accounts. This sector is careful to uphold the Code of Ethics values, including preserving human dignity, reliability and fairness from a perspective of providing respectful and sensitive service to customers who have experienced a crisis.

In order to reach arrangements that debtors are able to meet, the Bank maintains a regulated and lengthy process for handling customers before transferring them to legal authorities. First, the branch holds conversations and meetings with customers in order for them to repay the debt, without requiring legal proceedings against them. If the branch has exhausted this process, in appropriate cases, the account will be transferred to the National Collection Center for further attempts to settle the debt. Only if this does not help, the customer in debt is transferred to the "Special Customers" sector and is treated according to a legal debt collection procedure that is updated from time to time

according to economic and regulatory changes and Bank policy. In addition, employees undergo training to strengthen their negotiation skills, customer handling strategies, and professional legal, economic and regulatory knowledge, through an internal and external training system.

In order to promote arrangements with customers in debt, representatives of the "Special Customers" sector and/or the representing lawyers hold meetings with the customers and joint operations with the Enforcement and Collection Authority. They also examine requests for arrangements from customers and aid organizations. The Bank has ongoing contact with aid organizations, including the "Paamonim" organization and the "Yedid" association, which assist customers in debt. Once a year, a report is submitted to the Board of Directors regarding the legal handling of accounts of customers transferred to the sector for handling.

### Promoting accessibility for people with disabilities

The Mizrahi-Tefahot Group is committed to providing equal service to all its customers, according to each individual's needs, including customers with disabilities. For this purpose, the Group works to make its services and products accessible, to enable anyone who would like to become a customer of the Group. The Group conscientiously complies with the Equal Rights for People with Disabilities Law, and accordingly places emphasis on making buildings, infrastructure and the environment accessible, and on making the service provided to the public accessible and suitable, so that people with disabilities can use it independently and comfortably. The accessibility issue is managed by an accessibility coordinator who has been certified as required, and the Bank is also accompanied by professional consultants on the subject. The accessibility of banking services and products is reflected in all areas:

- **Physical accessibility of facilities** – The Group is working to make branches, ATMs, service stations, the website and the application accessible to customers, so that people with disabilities can also use them comfortably. As of the end of 2024, 100% of Mizrahi Tefahot Bank and Yahav Bank branches are accessible to people with disabilities in terms of the structure and associated accessories. The bank handles any problem on an ongoing basis through the Logistics Department, which operates a branch maintenance hotline. Representatives from the hotline regularly tour the branches and resolve logistical problems.
- **Accessibility surveys** – As part of a comprehensive survey of maintenance at the Group's branches and according to work procedures and a consolidated work plan, maintenance supervisors conduct visibility surveys at the branches twice



a year, which also include accessibility aspects. These surveys did not reveal any significant gaps and no physical accessibility deficiencies were discovered. In addition, in each new property leased by the Bank, the necessary adjustments for accessibility are immediately made, on the recommendation of a licensed accessibility consultant.

- **Accessibility of banking services** – The Group is working to make banking services accessible in accordance with the Equal Rights for People with Disabilities Law. As of the end of 2024, all of the ATMs of Mizrahi Tefahot Bank and Bank Yahav are accessible to people with disabilities.
- **Accessibility of service stations** – The bankers' service stations and the automated service stations in the Group are accessible to people with disabilities, both physically and technologically, in accordance with the requirements of the law. Accessibility software has been implemented in the automated service stations, and an "inspiration loop" for hearing-impaired customers, as well as a support tray, have been placed in the bankers' accessible service stations.
- **Accessibility of E-banking services** – The Mizrahi Tefahot Group makes the necessary adjustments to the accessibility of the website and application, in accordance with the Equal Rights for People with Disabilities Law, the regulations thereunder, and in accordance with its service values. The websites of Mizrahi Tefahot Bank and Bank Yahav have been made accessible to people with disabilities according to the recommendations of the Israeli standard (IS 5568) for accessibility of Internet content and according to the guidelines of the WCAG 2.0 standard at level AA, as defined by the international organization W3C.
- **Accessibility by telephone** – The Bank also offers accessible service to customers who have difficulty receiving telephone service, such as customers with hearing impairments. For this purpose, the telephone service was adapted: the call routing was recorded at a slow pace, in clear language and without background music.
- **Employee training to promote accessible service** – The banks in the Group hold annual training sessions for their employees on accessibility, in order to raise employees' awareness of the Bank's accessibility services and to refine the provision of proper service to customers with disabilities. Every year, the Group's employees complete a refresher course on the provision of accessible service, and new employees undergo courseware on the subject. Training on accessibility is conducted as part of the onboarding and introduction course. In 2024, approx. 2,122 hours of training were provided to Bank employees on the subject of service for customers with disabilities. At Bank Yahav, approx. 1,000 hours of training on the subject were provided.

In 2024, the Group in Israel received one justified complaint regarding accessibility, which was handled as required and in accordance with Group procedures.

## Financial education

Mizrahi-Tefahot Bank places great importance on the promotion of financial education among the Israeli public. The Bank makes a significant effort to provide its customers, as well as the general public, with tools for proper financial conduct, tools for economic empowerment and proper budget management. Providing tools for smart and responsible financial conduct helps reduce situations of financial crises and enables financial strength for its customers. Sharing the Bank's knowledge and expertise in the financial world enables the development and advancement of its customers, both private and business, and the community as a whole.

### Bank activities for the general public

**"Meeting at Mizrahi-Tefahot"** – Based on its concept as a humane bank that works to make customers feel closer to the Bank and its branches, it created a social project that aims to empower, enrich and bring together residents in the vicinity of the Bank's branches. In 2024, the Bank expanded its meeting activities and as part of the project, special activities are held in and outside the Bank's branches after business hours, attended by leading lecturers. The lecturers speak on a variety of topics, including general enrichment alongside financial topics. Residents of the neighborhood and the branch area are invited to these activities, and participation in them is open to customers of all banks at no cost. The Bank operates a dedicated website that presents information regarding the lecturers, lecture schedules, and details of activities for a variety of audiences. As part of these activities, the Bank holds meetings with content tailored to target customers from diverse population groups in order to respond to their needs.



In 2024, the Bank held **30** activities as part of the **"Meeting at Mizrahi Tefahot"** activity, at which there were approx. **3,300** participants.



- **Financial Education Forum: Preventing financial fraud** – As part of the Bank's membership in the Financial Education Forum and joint activity of the Banking Supervision Department at the Bank of Israel, the Association of Banks in Israel and the Israel Police, the Bank also participated in raising awareness of the issue of financial fraud in 2024. Volunteer instructors from the Bank who had undergone specialized training lectured to senior citizens throughout the country.
- **Promoting financial education regarding mortgages** – An activity designed to help diverse population groups purchase real estate assets with an understanding and knowledge-based consideration, including activities and lectures on mortgages to customers of all banks, delivered by Bank employees specializing in the field. In addition, a format for working with a personal banker was implemented, which serves as an address for customer inquiries on any subject.
- **Investment professionals** – During the year, the Bank held seven dedicated meetings regarding investments and deposits. Each meeting included a professional panel with the participation of the Bank's investment experts, who dealt with diverse topics such as a review of the economic environment, the capital market and deposit options.
- **Training for economic recovery** – The Bank collaborates with the "Paamonim" organization, which conducts training for economic recovery, and accompanies families to success and financial strength. Bank employees were also invited to join as volunteer advisors throughout the country, and their training is funded by the Bank as a donation to the association.
- **Training for business owners** – As part of the Bank's support for business owners, it held three workshops specifically for business owners to assist them in promoting their business.



## On the occasion of International Women's Month, the Bank launched the "Women's Friday" meetings

morning events intended for all Israeli women. The meetings were held outside the branches and the participants enjoyed a show and fair by "Orange Israeli" – women business leaders.

## Bank activity among young people

- **The "Money Path Kit"** – A program that provides financial training for youth. A renewed and up-to-date kit appears on the Bank's website, with the aim of enabling a wide public of teachers, instructors and consultants to learn its contents and guide youth in this area. The kit is also translated into Arabic. In 2024, training sessions for the "Money Path Kit" were delivered by Bank employees, and by students who received scholarships from the Bank to finance their studies. In exchange for these scholarships, the students guided groups of youth in high schools.
- **The "Money Path for Elementary" kit** – A kit adapted for activity in elementary school classrooms (grades 3–6). The kit is intended for use by Bank employees who are interested in conducting activities in their children's schools.
- **Strengthening financial education for students** – The Bank has deepened its ties with higher education institutions through collaborations with colleges and universities, providing lectures to students by managers and employees who volunteer, and providing scholarships to students at several universities and colleges in financial professions. In 2024, the Bank increased the number of scholarships awarded, and gave priority to students in financial professions who actively served in the reserves during the period.
- **From studies to a financial career** – The Bank funds scholarships for students in the Social Sciences BA program with a specialization in Banking and Finance at Bar-Ilan University. The degree prepares students to integrate into management and operational positions in the banking system. The program enables students to be absorbed into practical work at the Bank from the first day of their studies, thereby beginning their professional training in the call centers or in one of the Bank's branches simultaneously with their degree studies. As part of the program, the Bank holds training sessions and lectures on financial topics for students.



# Community and volunteering



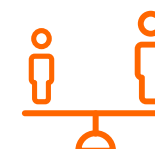
Mizrahi-Tefahot's social strategy is derived from the Bank's business strategy, which is based on the "People First" principle. Mizrahi-Tefahot's community activities promote this strategy through activities based on three central values: acceptance of others, promotion of equal opportunities, and solidarity in Israeli society. The activities help reduce social gaps and prevent discrimination, thereby advancing society and the community. Social activities are carried out in cooperation with non-profit organizations and social organizations, and are evident in the involvement and participation of bank employees and their families.

## Social strategy

In early 2023, Mizrahi-Tefahot Bank updated the leading values in its social strategy, as part of a regulated process of developing a social strategy consistent with the Bank's business strategy and which addresses the needs of society and the community. In accordance with this strategy, the Bank promotes social projects and activities for the community, focusing on the values of acceptance of others, promotion of equal opportunities, and solidarity.



**Acceptance of others**



**Promoting equal opportunities**



**Solidarity**



## Acceptance of others

This value was chosen in order to support population groups with disabilities: physical, mental, cognitive, communication disabilities and more, and to raise awareness of the issue among the general public.

## Orange Equals

In 2024, the "Orange Equals" project was launched for the first time, in which a dedicated digital domain was established on the Bank's website in collaboration with non-profit organizations and social businesses. The domain offers products from non-profit organizations and social businesses that employ people with disabilities or disadvantaged





populations. The Bank's customers who are members of the "Hacartis" club were invited to purchase gifts and products, and the Bank gave them a gift voucher in the amount of NIS 50 in order to encourage them to make a social purchase. In 2024, the Bank financed social purchases worth NIS 250 thousand in the **"Orange Equals"** project.

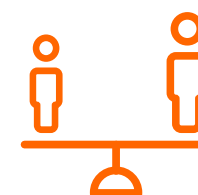
### Great in Uniform

Starting in 2022, the Bank has been actively adopting groups of soldiers with disabilities as part of the **"Great in Uniform"** program of the "Yad LaYeled HaMeyuchad" association. As part of the activity, the Bank supports three groups of young people with special needs who volunteer in the army and serve at the Home Front Command base and the Betzet base in the north under the name "Mizrahi-Tefahot Units". In 2024, the Bank expanded its participation and adopted the third group in the project. Volunteering allows young people the opportunity to integrate into society as equals. Bank employees active in the project meet with the soldiers several times a year and accompany them to events.



### The Race for Equality

In 2024, the Bank continued the **"Race for Equality"** activity – A social happening in collaboration with the "Simcha Layeled" association, in which more than 550 Bank employees and their families participated, along with 120 members of the association. The participants experienced the world of people with disabilities through experiential activities led by instructors who are alumni of the association and who deal with chronic illnesses and disabilities. In addition, the Bank hosted the association's alumni group at the telephone banking center at an annual fundraising event and assisted in raising donations for the association.



## Promoting equal opportunities

This value was chosen in order to promote equal opportunities for everyone, in the social and geographical periphery and in all aspects of Israeli society. The Bank works to provide practical tools for disadvantaged population groups so that they receive equal opportunities in the community.

### Scholarships for higher education

The Bank supports the promotion of equal opportunities in the social and geographical periphery by granting scholarships totaling NIS 1 million for higher education. The scholarships are granted to students from a low socioeconomic status who study financial subjects at institutions of higher education throughout the country. In 2024, approx. 200 scholarships were awarded to outstanding students, who in return volunteered in their communities. This year, special emphasis was placed on granting scholarships to students who served in the reserves, particularly during the Iron Swords War. In addition, the Bank grants scholarships to students of Ethiopian descent as part of the "Feuerstein Program" and to students with disabilities as part of the "Interlocking Instruments" program at Bar-Ilan University. Most of the students who receive scholarships contribute back to the community by volunteering as financial training instructors for their fellow students and for children and youth in schools in the areas where they live, or by participating in activities in various non-profit social organizations.

### Nitzanim PRO – Promoting technological education

In 2024, the Bank began a collaboration with the "Benetivei Udi" association in the "Nitzanim PRO" program. The program is intended for students in grades 10–12 and aims to promote technological education for youth from the social and geographical periphery. The Bank sponsors the project and supports the students' training and their integration into the technological units of the IDF and the high-tech industry. As part of the Bank's support for the program, financial assistance and guidance will be provided to male and female apprentices in grades 10–12 in the cities of Ofakim, Sderot and Netivot, with the cooperation of bank employees in these branches.

### Art that promotes equal opportunities

The Bank sponsored the "Festival of Cross-Border Arts" of the "Na Laga'at" Center for the third year, which featured performances by creators and artists with visual and hearing disabilities. On the occasion of the Day of Awareness of Equal Rights for People with Disabilities, a premiere performance was held at the "Na Laga'at" Center with the participation of actors with visual and hearing disabilities. The event opened the "Festival of Cross-Border Arts" held under the Bank's auspices. In addition, Bank customers were offered discounted tickets and bank employee volunteers took part in the festival events.





## Solidarity

This value was chosen with the aim of helping disadvantaged populations in Israeli society, through the involvement and encouragement of customers, employees and their families to take an active part in joint activities for the community.

### Partners of Choice

In the "Partners of Choice" initiative, which is now in its 16th year, the Bank's customers get to vote and be partners in choosing to which non-profit organizations the Bank will donate a special financial grant. The Bank's contribution is intended to promote social projects for the benefit of needy populations in cooperation with the winning non-profit organizations. The Bank's customers selected from a list of non-profit organizations that represent the Bank's social policy and promote issues of acceptance of others, equal opportunities, and solidarity. The thirteen non-profit organizations selected in the project in 2024 won a total of NIS 650 thousand for the promotion of social projects in cooperation with the Bank. The Bank's customers who voted and made an impact enjoyed an exclusive 15% discount on the purchase of a social gift from the "Children at Risk" non-profit organization, which helps children and youth at risk.

### Vote for Influence

In the "Vote for Influence" initiative, Bank employees propose and select associations and organizations that will receive a donation from the Bank. The donation is designated for the implementation of joint projects with the Bank. In 2024, 20 associations selected by employees were awarded a donation of approx. NIS 10,000 each.

### Adopt a Soldier

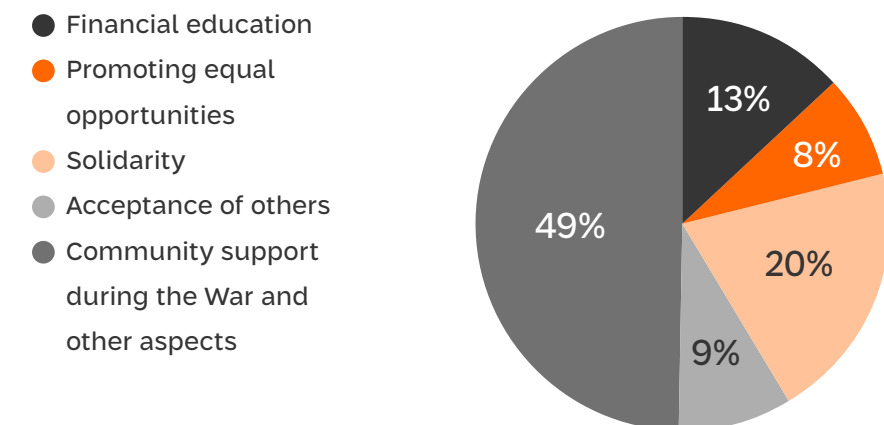
In 2024, the Bank continued, for the fourth year, to adopt the Tzabar Battalion of the Givati Brigade as part of the "Adopt a Soldier" project. In addition to the financial contribution, the Bank maintains ongoing ties with the battalion, which include participation in conferences for those being discharged and sports days, purchasing gift certificates for lone and needy soldiers, sending drawings by the children of Bank employees on holidays, and more. During the Iron Swords War, the connection with the battalion intensified: the Bank maintained continuous contact and provided a response for the needs that arose, including purchasing equipment, sending packages for refreshment, operating a food truck in the refreshment areas in the south, visiting wounded soldiers, participating in funerals and comforting bereaved families. The Bank's employees and managers accompanied the families of the wounded and the bereaved families of the battalion throughout the war.

The "Adopt a Soldier" project is a value-based and supportive collaboration that strengthens the connection between the Bank and the battalion's soldiers and expresses a deep commitment to contributing to society and to those serving in the IDF.



The Group's social investment in 2024 was NIS **52.34** million, compared to NIS **40.8** million in 2023. The investment amount consists of financial donations totaling approx. NIS **50.2** million, and donations in cash equivalents amounting to approx. NIS **2.14** million.

### Community investment budget by areas of activity for 2024<sup>1</sup>



1. The increase in the "Other" category compared to the previous year is mainly due to the significant increase in community contributions, as part of a budget designated for donations, assistance and support to the community during the War that was included in this category. This year, this budget was higher than last year due to the continuation of the War throughout 2024.



## Mizrahi-Tefahot Group has an impact on the community

Mizrahi-Tefahot activities have an impact on various communities. The following are selected examples of activities in 2024:

**2,700** volunteer hours in the "Returning to Life" project, in which Bank employees adopt and accompany people wounded in the War hospitalized in rehabilitation wards.



**630** participants in the "Center in Good Company" activity – The Bank, in cooperation with the Midot – SFI organization, initiated and established the "Center in Good Company" to promote social businesses and organizations. In 2024, approx. 630 people participated in the project in a variety of activities, including webinars, peer learning, and the "Call to Encourage Impact-Oriented Social Entrepreneurship for the Community" competition, in which financial grants were awarded on behalf of the Bank for projects that are consistent with the Bank's social strategy values. This year, a financial grant was awarded to four non-profit organizations, for example, the "Ziv Neurim" association, which assists youth at risk.



**45** social projects for youth received support from the Bank – As part of the youth movements' "Zazim" project. This is a joint project of the Bank with the Youth Movements Council for the Community, which aims to encourage youth movement members to volunteer for society and the community. This year, emphasis was placed on projects to strengthen stability and memorialize communities of residents of the north and south who were evacuated from their homes.

**Thousands** of food baskets were packed for donation by Bank employees in collaboration with associations, such as "Latet", "Leket Israel" and more, in preparation for Passover and Ramadan.



**1,800** participants in the "Noar Latet" project – The Bank is a partner in a program for social entrepreneurship, volunteering, and youth empowerment, in collaboration with the "Letet" organization. Youth from all walks of life in Israeli society initiate and operate social projects for the benefit of the communities in which they live. In 2024, 1,800 participants, 104 groups, from 43 activity centers, participated in the project.

**7,000** volunteer hours by Bank employees' children as part of the "Kayitzair" project.

Purchases from non-profit organizations and social businesses amounting

to **hundreds of thousands** of NIS –

The Bank usually purchases gifts for its employees and customers from non-profit organizations and social businesses, and also encourages employees to purchase holiday gifts from these organizations and businesses. In addition, sales fairs of a variety of non-profit organizations and social businesses are held throughout the year.







## The Bank's community activities in the Iron Swords War

Since the outbreak of the Iron Swords War on October 7, 2023 and throughout 2024, the Bank has been involved in donations, volunteering, and long-term ongoing projects with communities and population groups affected by the War. With the outbreak of the War and throughout the year, the Bank joined the national effort and made donations to assist affected citizens. Additional donations were made to rescue and health organizations, to IDF soldiers and security forces, along with extensive volunteering by Bank employees in a variety of areas for the community. Throughout the year, Bank employees took an active part in the activity and contributed thousands of volunteer hours throughout the country, thereby helping to strengthen residents of the south and north, soldiers and emergency teams, needy families, farmers, welfare population groups, the elderly, and more.

The Bank emphasized its social commitment during the War and provided a response to the changing needs of the community. The Bank's support during this period expanded to areas of assistance in addition to those it routinely supports, and a large amount of money was added to the Bank's annual donation basket. After providing immediate assistance in the first period of the War, the Bank focused on adopting communities that were affected by the War in the long term, as well as on the continuity of projects and adding initiatives following needs that arose as a result of the War.

### Return to Life – Flagship project

The Bank leads the "Return to Life" project designed to support soldiers injured in the War, with the aim of providing social support, emotional support, and financial assistance. Since the end of 2023, with the outbreak of the War, "Return to Life" teams, including approx. 150 employees and managers from the bank, have been accompanying the wounded soldiers hospitalized in rehabilitation departments at the main hospitals in Israel, including Sheba Tel Hashomer, Soroka, Bnei Zion and Rambam, where the highest concentration of rehabilitating wounded soldiers are located.

The volunteers visit the departments every week for approx. two hours each visit, establish personal contact with the hospitalized soldiers, identify their needs and provide support in two main areas:

- **Banking accompaniment** – Personalized financial assistance, including account management, loan distribution, mortgage relief and more.
- **Financial assistance** – Gift certificates and additional support as needed.



In addition to ongoing activities, the Bank initiates unique events in the rehabilitation departments at the hospitals, such as artist performances, Shabbat reception and holiday toasts. Furthermore, the Bank invited wounded soldiers to participate in a special panel as part of the Bank's Executive Conference and at events for reservist employees.

The project, which began with the outbreak of the War in late 2023 and continued throughout 2024, will continue to operate as long as necessary, out of a deep commitment to assisting the wounded and their rehabilitation process.



### Donations and adoption of communities in the city of Sderot and Kibbutz Kfar Aza – Flagship project

With the outbreak of the war, the Bank acted immediately to transfer financial donations to finance the purchase of equipment, food and urgent needs for residents of the surrounding settlements. In addition, the Bank announced the adoption of the City of Sderot and Kibbutz Kfar Aza, out of a commitment to providing a response to immediate, medium and long-term needs, with an emphasis on areas not addressed by the State. As part of the adoption, the Bank's teams held meetings with relevant entities in order to map the needs and build customized rehabilitation plans. At the same time, the Bank began allocating resources and implementing projects that help the communities recover and return to normal.

In 2024, the Bank led various initiatives as part of the adoption of the communities of Sderot and Kibbutz Kfar Aza, including:

- **Support for education in Kfar Aza** – Financing educational projects amounting to NIS 2 million, including Summer School, reinforcement of English and math studies, Bar and Bat Mitzvah programs, and support for 12th grade graduates.





- **Informal education** – Implementing educational programs for all age groups, alongside unique activities such as a Hanukkah party for children temporarily evacuated to the Kibbutzim Shefayim and Ruhama.
- **Assistance to small businesses** – A professional, marketing and financial support program for small business owners in Kfar Aza, regardless of the Bank where their account is managed. The program includes personal advice and financial solutions to support businesses until they return to full activity.

### Strengthening community stability in Sderot and Kfar Aza

The Bank strengthened its ties with local officials and led unique initiatives to promote community stability. Among the main activities:

- **Sderot** – Distributing food to residents who remained in the area, supporting stability and education teams.
- **Kfar Aza** – Establishing a "Heart of Kfar Aza" community center in Kibbutz Ruhama, and strengthening and supporting local businesses.

These initiatives emphasize the Bank's commitment to restoring communities and building a sustainable future for their residents, while creating a deep and long-term partnership.

### Employee volunteering for the community in the Iron Swords War

For years, Bank employees have been volunteering in the community as a matter of routine (as will be described later in the chapter). In 2024, and especially during the Iron Swords War, the Bank significantly expanded the volunteering activities of its employees. For this purpose, organizations, associations, initiatives and farmers in need of volunteers were mapped and located. Thousands of Bank employees volunteered in a variety of areas, including: assisting evacuees and farmers, packaging food and medicine, painting shelters, supporting soldiers and visiting the wounded.

Bank employees volunteered and opened their hearts to embrace, relieve and contribute to the civic and humanitarian effort. In addition, the Bank encouraged its employees to volunteer outside of working hours and rewarded volunteer employees and their families for doing so. The following are a few examples:

- Bank employees volunteered individually and as units within the Bank: packing food baskets, baking and cooking meals for soldiers and security forces, participating in the harvest, painting shelters and more.



- The Bank's management and employees donated Hanukkah gifts valued at hundreds of thousands of NIS to the children of Sderot and Kfar Aza.
- Bank employees purchased products produced by associations and small businesses from the south and the north.



## The "Gift Menorah"

In 2024, adjustments were made to the "Gift Menorah" project, which has been running at the bank for many years, and the gift donation was directed to children in the settlements along the confrontation line in the north. The amount of the donation given as part of the project for the purchase of gifts was doubled compared to the previous year, and it was possible to purchase 2,500 Hanukkah gifts, which were distributed to children in the settlements along the confrontation line in the north and in Kfar Aza.

### Donations

From the first day of the fighting, the Bank made financial donations to finance the purchase of equipment, food and urgent needs for residents of the settlements along the confrontation line in the north, soldiers and volunteers. In addition, the Bank contributed to several important projects. Among the donations it has made are the following:

- **Donation to the Jewish Agency** – In May 2024, the banks in Israel decided to make a donation to the Jewish Agency for the provision of critical assistance for the stability and survival of soldiers who have served or are serving in the reserves, and who are or whose spouses own businesses that have been affected by their husbands' reserve service. The assistance is provided through grants, as part of a new initiative established by the Jewish Agency. The Bank Group's share of the donation is NIS 18 million.
- **The fight against violence against women** – The events of October 7 highlighted the importance of the fight against violence against women. The Bank chose to highlight the issue by participating in and contributing to the social responsibility project of the Israeli business world, led by the "Ruach Nashit" association. In addition, in 2024, the Bank made donations to additional associations operating in this area, including "Isha L'Isha," the Association of Rape Crisis Centers, "Bat Melech," and others.





## Volunteering by employees

As stated above, the Bank's employees volunteer in the community even during regular business hours, and this is out of the Bank's recognition of the importance of volunteering as a tool for community involvement. The Bank is working to expand the variety of volunteer activities, both in terms of the nature of the activity and in terms of its scope, with the aim of strengthening the involvement and commitment of employees to the activity in the long term. In order to increase the employees' commitment to this issue, each unit and branch of the "adopted" social entity has a contact person – a community relations referent. The unit referents are responsible for the ongoing contact with the adopted entity and the implementation of the activity plan, which is mostly carried out as part of the Bank employees' workday. Employee involvement is also reflected in additional projects, such as financial training, mentoring for social businesses, purchasing products from non-profit organizations, volunteer activities to promote social goals, etc.

01 Bank-wide volunteering

02 Family volunteering



03 Personal volunteering

04 Unit volunteering

## Bank-wide volunteering

- **Good Deeds Week** – All branches and units were invited to independently choose the volunteer activity they wanted to carry out. More than 850 Bank employees from 35 branches and headquarters units participated in all the activities, initiating unit projects and volunteering in a variety of areas in the community.

## Unit volunteering

- **Approx. 90 branches and units "adopt" social organizations and volunteer in them throughout the year** – As part of the long-term volunteering activities, the Bank's units and branches adopt social organizations and institutions in their localities that work for disadvantaged populations. The activity includes ongoing support and mentoring by volunteer employees, holding social events, special initiatives ahead of holidays, and activities for the benefit of disadvantaged populations throughout the country.
- **Support and adoption of the "Interlocking Instruments" program for music studies and the operation of musical ensembles for people with disabilities at Bar Ilan University** – The Bank supports a program that enables diploma studies in music for students with disabilities at Bar Ilan University and holds unique activities with program participants, in collaboration with the Bar Ilan branch employees.
- **Peak volunteering days** – As part of this program, seven peak volunteering days were held in 2024 for branch and headquarters employees. A unique activity was held in each banking area and headquarters unit, tailored to the geographical area and the relevant volunteering area.

## Family volunteering

- **Kayitzair** – The Bank encourages not only its employees, but also their families to participate in social initiatives. As part of the "Kayitzair" project, which has been running for eight years, employees' children in middle school and high school volunteer in non-profit organizations and social organizations during the summer vacation. The Bank provides a cash voucher of up to NIS 650, depending on the number of volunteer hours, as a token of appreciation to employees' children who are graduates of grades 7-12 and who volunteer through the project during the summer months in non-profit organizations and institutions whose main work is for the community, such as Yad Sara, Magen David Adom, Ezer Mizion, Haverim Le'Refuah, Simcha Layeled, Latet. In 2024, approx. 120 employees' children participated in the project, volunteering a total of approx. 7,000 hours.



- **Parents and children pack-donate** – In the “Pack-Donate” project for Passover, Bank employees and their families participate together in packing food boxes for those in need at non-profit organizations across the country.

### Personal volunteering in core business areas

The Bank strives to share knowledge and expertise in the financial and banking fields, and Bank representatives take an active part in projects such as training for wise financial management, mentoring for businesses/social initiatives, judges on the investment committee for social enterprises as part of the “Hackaveret” activity in Lod, and more.

The Bank collaborates with non-profits and organizations, such as Eran and Paamonim, and encourages its employees and retirees to participate in volunteer activities. Employees undergo specialized training so that they are able to volunteer even after work hours, subject to professional screening processes.

- **The “Money Path”** – Financial training for young people – The Bank has developed specialized study kits with the aim of providing youth aged 14–18 with tools for a mature, independent and intelligent financial life. The kits deal with topics such as wise consumerism, advertisements and brands, account management, and more. Kits are available in Hebrew and Arabic on the Bank’s website and are intended for anyone who wants to provide guidance on the subject. Bank employees who have been trained for this purpose provide training in and outside the Bank to groups of children and youth with whom the Bank maintains a volunteer relationship throughout the year.
- **Encouraging Bank retirees to volunteer** – The Bank encourages retirees to volunteer and to participate in activities, such as providing financial support as part of the collaboration with the Paamonim organization. In preparation for employees’ retirement, the Bank holds designated fairs that offer a variety of volunteer opportunities in social organizations, out of faith in the retirees’ ability to continue contributing to the community.



### Employee volunteering in 2024

**40,300** volunteer hours by the Group’s employees in community activities.

**6,626** employees volunteered this year in a variety of projects.

**45%** of employees who volunteer do so regularly.

**6** volunteer hours on average per employee.

**53%** of the Group’s volunteer hours took place during working hours.



## Measuring the effectiveness and impact of the activity

In addition to the volunteers' satisfaction with the activity for the community, the Bank also measures the effectiveness and impact of the projects in which it is involved. After the activity is completed, the Bank sends questionnaires to the relevant parties to examine the participants' satisfaction and the need for constant improvement. At the end of each major activity, a lessons learned process is carried out with all the relevant parties and based on the feedback received from the field.

## Financial donations

Each year, the Bank allocates a budget for financial donations to non-profit organizations whose goals are consistent with its social strategy, and decisions on approving donations and their amount are made by the Bank's Donations Committee, which meets once each period. The donation requests must meet basic conditions: The non-profit organization submitting the request is a registered non-profit organization with approval to receive donations (Section 46A of the Income Tax Ordinance) and has a valid proper management certificate; the donation is for a specific purpose, and the organization undertakes to use the Bank's donation only for the purpose of the donation specified in the request; the donation is not intended for political activity. Requests to the Mizrahi-Tefahot Bank Donations Committee can be submitted through the email listed on the Bank's website.<sup>1</sup>

## Bank Yahav's community involvement

As part of its community involvement, Bank Yahav works to create long-term relationships with organizations and social partners, and it often focuses on empowering at-risk youth or people with disabilities. In this spirit, the Bank works to reduce gaps and promote equal opportunities.

1. <https://www.mizrahi-tefahot.co.il/about-mizrahi-tefahot-he/for-the-community/donation-requests/>

## Overseas branches' community involvement

In 2024, Mizrahi-Tefahot United States invested USD 7 million in social investments, in accordance with the requirements of the CRA (Community Reinvestment Act), assisting low- to middle-income small businesses and promoting affordable housing. In addition, as part of the CRA initiatives, employees of the US branch volunteered in the area of financial literacy for low- to moderate-income students. The branch also donated hundreds of thousands of NIS to non-profit organizations that provide services to low- and middle-income population groups and to financial education.

In 2024, the London branch's community investment, including donations to support social businesses and disadvantaged populations, was tens of thousands of NIS.



# Responsible supply chain



Architectural visualization of the bank's new campus in Lod.



The Mizrahi-Tefahot Group is committed to orderly and responsible management of the supply chain. The Group incorporates ESG criteria into its procurement policy and supply chain management, with the understanding that the Bank influences environmental and social aspects through its suppliers and its entire supply chain.

## Responsible supply chain management

Responsible supply chain management is implemented at the following levels:

**Promotion of local procurement** – Most of the Bank's suppliers are local Israeli suppliers.

**Promotion of procurement from small businesses throughout the country (decentralized procurement)** – The Bank recognizes the importance of small businesses as an engine for business growth in the economy and works to advance them. The Bank considers it an advantage to choose small and medium-sized suppliers, in view of their flexibility and ability to provide a quick and professional response to the Bank's needs, and it is even working to expand its supplier pool from among small businesses. When it comes to purchasing specific products, the Bank gives priority to local suppliers from the same geographic area, thereby expanding its supplier pool from peripheral areas.

**Preference for responsible suppliers and supplier control** – The Bank carefully reviews the conduct of the business owners with whom it engages, including their conduct in social and environmental aspects. The Bank's procedures for engaging with suppliers are regulated by procedures and are carried out in a way that is designed to ensure fairness in engaging and prevent embezzlement and fraud.

**Responsible payment policy** – The Bank has a known payment policy with its suppliers, and it accurately pays suppliers within the time it has committed to and determined in advance. In most cases, these are shorter deadlines than the guidelines of the Payment Ethics Law.





# Promoting responsible procurement in the Group in 2024<sup>1</sup>



In 2024, the amount of purchase orders was approx.

**NIS 738.7 million.**

The Group has **2,240** active suppliers.

**24%** of the suppliers are new suppliers.

**70%** of the suppliers are small and micro businesses.<sup>2</sup>

**25%** of the procurement amount is paid to small and micro businesses.



**97%** of the suppliers are local Israelis.

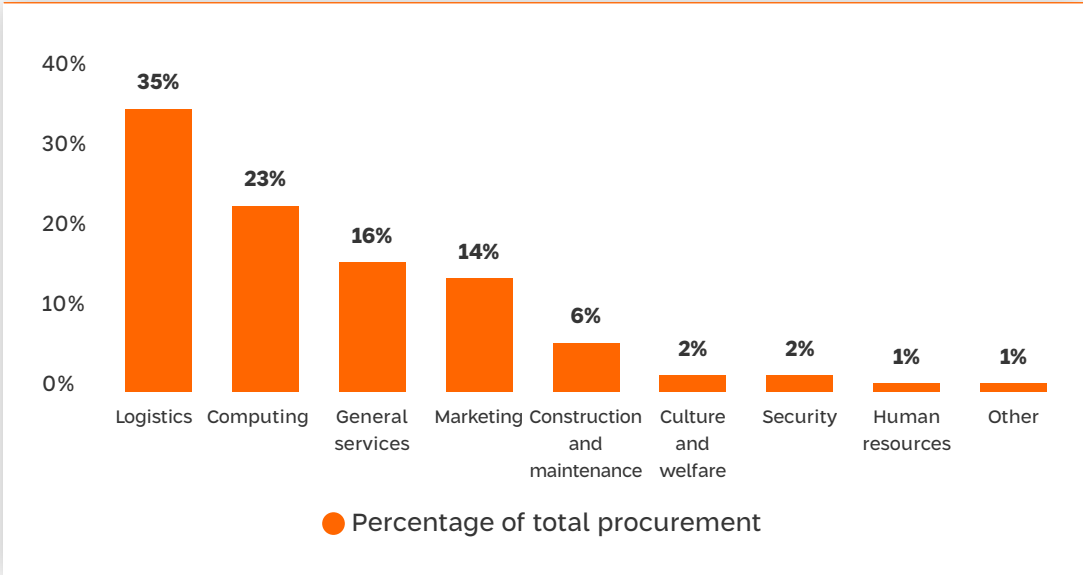
**24%** of the suppliers are from peripheral areas.<sup>3</sup>

1. With the exception of the amount of purchase orders and the number of active suppliers that refer to the entire year 2024, the additional breakdown that appears in this chapter is based on estimates based on data for the months of January–November 2024.

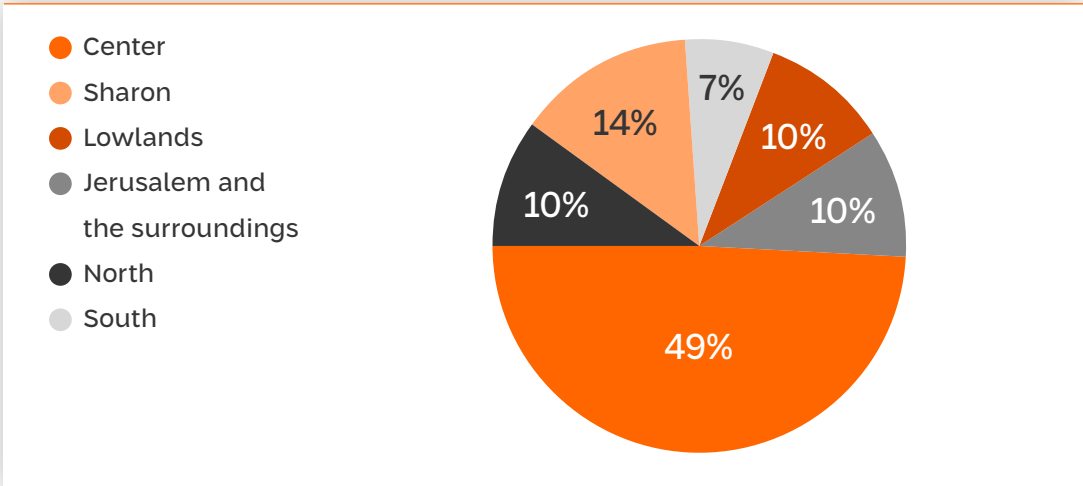
2. Clusters 1–5 according to the Central Bureau of Statistics' Socio-Economic Index for 2021.

3. In accordance with Government Resolution no. 2190.

Procurement in the Mizrahi-Tefahot Group

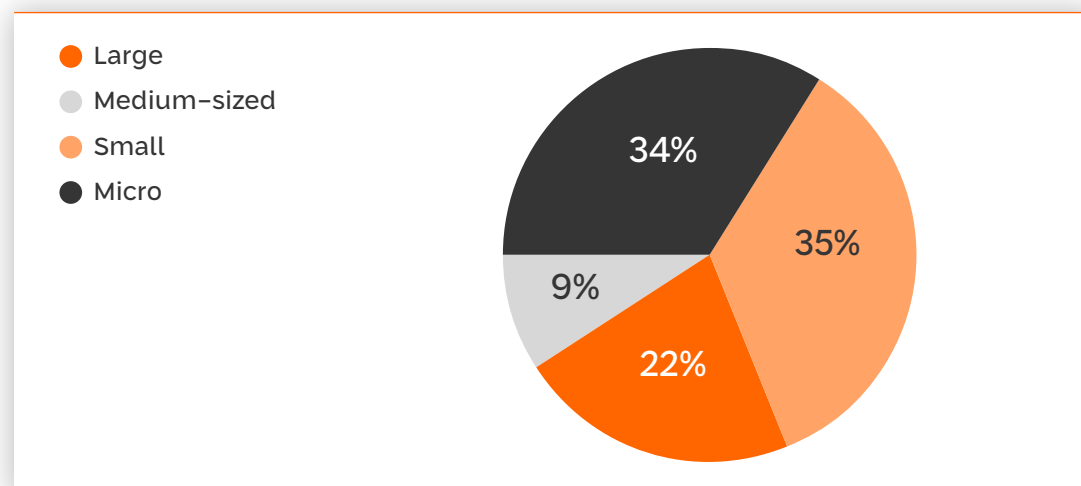


Breakdown of the Group's suppliers, by geographical region

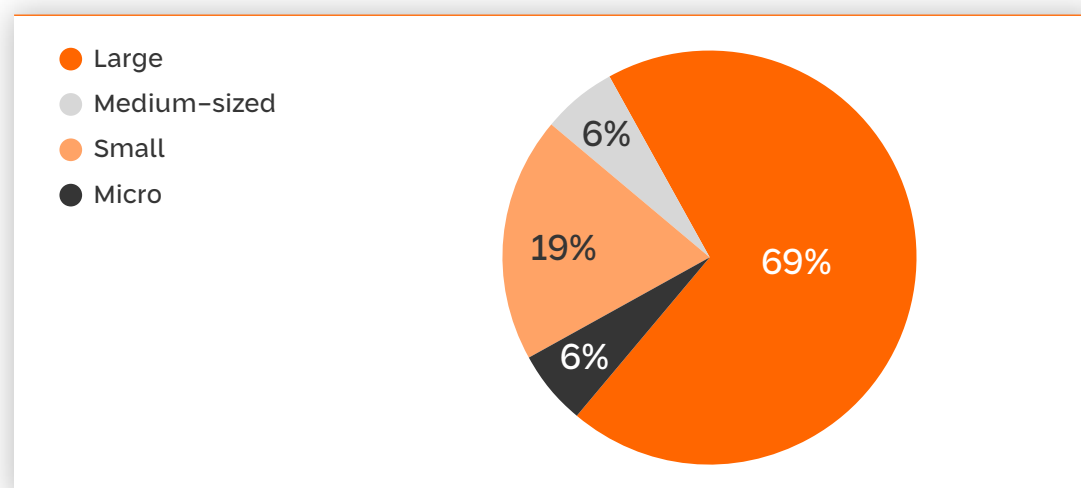




Breakdown of the Group's suppliers, by business size



Breakdown of payments to the Group's suppliers, by business size



## Preference for responsible suppliers

- Upholding laws and protecting human rights** – The Bank conscientiously engages only with suppliers who comply with all laws and regulations relevant to their area of activity. According to the Bank's procurement policy, the threshold conditions for suppliers include holding a business license and permits, maintaining adequate employment conditions including compliance with protective laws, maintaining the health and safety of employees, paying a minimum wage, not employing children and preventing human trafficking and forced labor, preventing discrimination and protecting the rights of employees. In addition, when the Bank signs agreements with its suppliers, it meticulously includes the obligation of the supplier to fully bear its obligations as an employer towards its employees and/or anyone on its behalf, including the supplier's obligation to comply with all legal provisions in all matters related to providing equal opportunity, preventing discrimination and preventing bribery and corruption in all areas of its business activity.
- Preference for suppliers from ESG aspects** – The Bank is interested in engaging with suppliers who recognize the importance of their impact on the environment and society. Contribution to the community and preference for equipment with a high energy efficiency coefficient are some of the parameters that the Bank examines when it considers establishing a relationship with suppliers.
- Code of Ethics** – The Bank prefers suppliers who operate according to a code of ethics in their organization. In the Bank's engagement agreements, suppliers undertake to act according to the values of reliability, professionalism and service, excellence, transparency, fairness and respect for human dignity, as part of their ongoing work with the Bank. These values are consistent with the Bank's Code of Ethics.

## Supplier control

- Supplier risk management and control** – The Bank has a policy for supplier management and outsourcing (outsourcing is managed in accordance with the Bank of Israel's Proper Conduct of Banking Business Directive 359A), which determines, among other things, the corporate governance aspects of supplier risk management, including defining the role of the risk manager, and the responsibility and authority of the relevant units in the various lines of defense. In addition, principles for measuring and managing risk have been established, which include periodic updates to the risk assessment. The Bank conducts an assessment of risk management, including corruption risks among suppliers and subcontractors with whom it works on an ongoing basis. The final accounts of renovations and



cleaning contractors are individually and regularly reviewed by the supervisor in charge of this area. In addition, contracts signed with architects, planners and supervisors contain a unique clause prohibiting them from receiving any benefit, directly or indirectly, from a third party.

- **Supplier control for lawful employment** – The Bank's engagement managers, including the Logistics Department Manager and the Bank's Procurement Manager, conduct visits to the Bank's main suppliers and examine the suppliers in accordance with the criteria defined by the Bank. A supplier who does not meet the criteria is subject to a contract termination procedure. In recent years, there have been visits to all main suppliers, and some of them have even had repeat visits. The visit is accompanied by a questionnaire developed to examine the suppliers according to the specified criteria. Voluntary issues (for example, whether a code of ethics exists) are also discussed during these visits. In 2024, several visits were conducted to regular procurement suppliers, and in addition, the Bank is in regular ongoing contact with its regular suppliers.
- **Monitoring the conditions of employees in the cleaning, security and catering sectors** – The Bank ensures that the employment conditions of employees in these sectors comply with all laws and regulations. The inspection is carried out by a qualified salary inspector in accordance with the provisions of the law, and it is also possible to receive inquiries from employees requesting specific inspections. Employees have access to an anonymous and discreet reporting mechanism for violations and non-compliance by their employers. In 2024, all of the Bank's suppliers complied with the provisions of the law in these areas that were inspected.
- **Supplier control on environmental issues** – If required, agreements with suppliers include clauses relating to environmental aspects in accordance with legal requirements. In cases where a supplier does not meet the criteria, a review of the continued engagement may be conducted.
- **Safety control and training** – The Bank works on an ongoing basis for control of the safety issue and to train supplier employees on this issue. A safety expert on behalf of the Bank conducts controls and provides instructions to contractors on various projects on the subject of occupational safety. In addition, proactive inspections are conducted by the Bank's safety consultant, which are carried out at every site where there is a construction project or construction work by the Bank. From time to time, training is provided to all external inspectors working with the Bank on this issue. In addition, a Safety Forum convenes on a quarterly basis with the participation of Bank representatives from the Logistics Department, a safety consultant and inspectors from the Bank's maintenance service provider.



## Purchasing services and products from social suppliers and suppliers of the "Orange Israel" project

The Bank promotes social values by purchasing services and products from associations, social businesses, and suppliers whose purchases carry social value, such as small suppliers or those who have been affected during the War.

At the beginning of the War, the Bank launched the "Orange Israel" project to support business owners from the north, the south, and reserve soldiers. The "Orange Israel" domain on the Bank's website presents more than 500 businesses offering a wide range of products. At the beginning of the year, it was decided that the Bank would purchase products and services from businesses that were integrated into the "Orange Israel" project. The bank conscientiously purchases gift items for events, conferences, and customers from the range of products of the "Orange Israel" businesses (such as wines, olive oil, gift boxes, flower pots, and more). For example, the suppliers at the Bank's organized conferences and at meetings in the CEO's office are from "Orange Israel" businesses, from the catering company to the gift items company.

In 2024, the Bank made significant purchases of services and products from businesses participating in the "Orange Israel" initiative, with the aim of providing direct support, strengthening the local economy and supporting the ongoing existence of these businesses.



# Investment in employees



The Mizrahi-Tefahot Group continues to grow and lead in business excellence and considers its employees as the key factor in its success and in achieving its business strategy and growth goals in activity and profitability, while providing honest and professional service to customers. The Group is committed to developing its employees professionally and personally and to providing an adequate and fair work environment that safeguards their health and well-being. The Group employs employees equitably from all walks of life in Israel.

## Mizrahi-Tefahot employees in 2024

The Mizrahi-Tefahot Group has **7,336** employees and managers. **86%** of them are employees of Mizrahi-Tefahot Bank, **13%** are employees of Bank Yahav and **1%** are employees of the Bank's foreign branches.

Approx. **94%** of the employees in the Group are employed full-time.





The average age of all employees in the Group is **40.9**.

The percentage of academics in the Group as a whole is approx. **75%**.

The percentage of students is approx. **6%**.



The average seniority in the Group is **12.5** years.

**36%** of the employees are new employees in the Group (up to five years, inclusive).

**38%** of the employees are employed at the headquarters (and the rest work in branches and call centers).

#### Breakdown of Group employees over the years, by age group

	Age group	2023			2024		
		Women	Men	Total	Women	Men	Total
Employees in non-management positions	Up to 30	1,186	361	1,547	1,184	415	1,599
	31–50	2,202	1,171	3,373	2,192	1,167	3,359
	51 and over	578	326	904	566	329	895
	Total	3,966	1,858	5,824	3,942	1,911	5,853
Group managers	Up to 30	8	3	11	8	4	12
	31–50	504	401	905	500	418	918
	51 and over	233	283	516	257	296	553
	Total	745	687	1,432	765	718	1,483
Total employees	Up to 30	1,194	364	1,558	1,192	419	1,611
	31–50	2,706	1,572	4,278	2,692	1,585	4,277
	51 and over	811	610	1,421	823	625	1,448
	Total	4,711	2,546	7,256	4,707	2,629	7,336

#### Geographic distribution of Mizrahi-Tefahot Group employees in Israel and abroad for 2024

	Residential area in Israel and abroad	Percentage of total employees
Israel	South	10.6%
	Jerusalem and the surroundings	17%
	North	10.5%
	Lowlands	23.3%
	Sharon	11.5%
	Greater Tel Aviv	25.6%
Total Israel		98.5%
UK	London	1%
USA	Los Angeles	0.5%
Total foreign branches <sup>1</sup>		1.5%

1. There is a strict policy of employing local employees in management and other positions in the Bank's foreign branches. Local employees make up approx. 90% of the members of management at the London branch and 100% of the members of management at the Los Angeles branch.



External employees

As a general rule, the Bank implements a policy whereby every employee is defined as an employee of the Bank for all intents and purposes from the first day.<sup>1</sup> From time to time, the Bank receives services from external companies for projects for a fixed period, but employs a small number of employees in this way. In 2024, the Bank received services from 32 external employees in professional positions. As part of the Bank's training, external employees also undergo training like all employees in various areas: privacy protection, prevention of sexual harassment, prohibition of money laundering, the Economic Competition Law, prevention of embezzlement and fraud, prohibition on the use of inside information, consumer and fair provisions.

Employee turnover

Employee turnover in the Group, by gender and age<sup>2</sup>

	Age group	2023				2024			
		Employees and managers hired at the Bank	Employees and managers terminated	Employees and managers who resigned	Employees who have retired	Employees and managers hired at the Bank	Employees and managers terminated	Employees and managers who resigned	Employees who have retired
Men	Up to 30	107	17	54		157	15	67	
	31–50	81	25	57		83	23	57	
	51 and over	13	2	12	46	10	3	1	48
Total men		201	44	123	46	250	41	125	48
Women	Up to 30	252	34	135		251	36	148	
	31–50	100	39	85		89	30	98	
	51 and over	7	0	9	40	2	3	3	86
Total women		359	73	229	40	342	69	249	86
Total up to 30		359	51	189		408	51	215	
Total 31–50		181	64	142		172	53	155	
Total 51 and over		20	2	21		12	6	4	
Total		560	117	352	86	592	110	374	134 <sup>3</sup>

1. This policy does not apply to the Technology Division.  
2. The data in the table does not include the call centers (banking center), which have a high turnover rate due to the nature of the work, which mainly includes students.  
3. The voluntary retirement program began in the second half of 2023 and resulted in an increase in the number of retirees in 2024, therefore there is a noticeable increase in the number of employees who retired in 2024 compared to the previous year.

Retaining the Bank's employees, while developing their capabilities and maintaining their satisfaction, is a central and important aspect of the Bank's approach, as it is a leading bank in Israel that provides professional and high-quality service to its customers. The employee turnover rates in each age group presented in the table above indicate that the Group is a desirable and stable workplace.

The turnover rate in the Group in 2024 (excluding banking centers) is 7.2% (employees who resigned/terminated) and 9.3% including employees who retired.<sup>1</sup>

The overall turnover rate of the Mizrahi-Tefahot Group, including banking centers, is 10.6% (employees who resigned/terminated), and 15.4% including employees who retired.<sup>2</sup>

In 2024, of the employees and managers who ended their employment with the Bank (excluding banking centers), 279 employees resigned, of which 230 were non-permanent employees. In addition, the Bank did not continue the employment of 90 non-permanent employees. The remaining employees resigned due to age or as part of a voluntary retirement plan. The voluntary departure rate is 5.6%.

Absence data (in number of days) in the Group in Israel, in 2024

		Vacation <sup>3</sup>	Reserves <sup>4</sup>	Days of absence due to illness (including work accidents)	Sick leave absence rate (in percent)
Mizrahi-Tefahot <sup>5</sup>	Women	67,494	3,235	62,286	5.3%
	Men	43,833	25,620	25,824	3.7%
	Total	111,328	28,855	88,110	4.7%
Bank Yahav	Women	11,138	697	9,506	4.5%
	Men	4,114	2,908	3,094	4.1%
	Total	15,252	3,605	12,600	4.4%
Total Group in Israel	Total	126,580	32,460	100,710	5%

1. Data on employees who retired appear on page 163 of this report under the heading "Support for employees preparing for retirement", in a separate table, "Retirement in 2024 in the Mizrahi-Tefahot Group".  
2. The voluntary retirement program began in the second half of 2023 and resulted in an increase in the number of retirees in 2024, therefore there is a noticeable increase in the number of employees who retired in 2024 compared to the previous year.  
3. At the beginning of 2024, vacation days were refunded to a certain group of employees entitled to a refund for the months of October 2023 – December 2023, in accordance with the war extension order.  
4. There has been a significant increase in reserve days due to the continuation of the Iron Swords War in 2024.  
5. Including the Technology Division, and excluding foreign branches.





# Human capital management



The Bank considers its employees and managers as partners in its success, and therefore it promotes them and create a supportive and respectful work environment. This commitment is reflected in the implementation of key principles in the Bank's operations: concern for the rights of employees, maintaining of fair employment conditions and the safety and health of employees. The Bank does not engage in any form of forced employment and does not employ employees under the legally permitted working age, in accordance with the Bank's commitment to protecting human rights.

The Bank treats its employees in accordance with the Human Capital Risk Policy document, which contains key principles regarding the treatment of human resources, such as the Bank's commitment to promoting a fair work environment and employment conditions, maintaining employee rights, a commitment to comply with all labor laws in the countries where the Bank operates, and even providing better working conditions than required by labor laws. In addition, the policy document deals with labor relations with managers and employees in a collective framework and maintaining a continuous dialogue with employees and their representatives. This policy is reviewed annually and submitted for approval from the Board of Directors.

As part of the human capital risk management policy, the Bank's management receives reviews of the Bank's human capital, from the most general level, monthly staffing and turnover, to details of turnover and absence rates. The reviews are presented according to a schedule defined in the policy and include defined risk thresholds. The Head of the Human Capital and Resources Division, assisted by the Head of the Human Resources Division, is responsible for policy and control regarding all employment relationships at the Bank. Human Resources Managers within the units are responsible for the treatment of employees. There are automatic control mechanisms that ensure that employee rights are maintained, including preventing exceptions to working hours, verifying the use of annual vacation days, and more.

The Human Capital and Resources Division manages human capital through data analysis (People Analytics) for all of the Bank's human resource needs, including workforce strategy, identifying skill gaps among employees, measuring the recruitment process,

evaluating performance, employee turnover risks, and more. The data analysis is reported to management on an ongoing basis. As part of this analysis, a dedicated unit continuously reviews the organizational structure of the Bank. Recommendations for changes are implemented while adapting the workforce to the new roles. Various organizational surveys are also conducted, including a survey for new employees at intervals of two weeks, two and a half months, and one year from the start of work. The survey examines their satisfaction with the onboarding process, the role, and the Bank.

## Dialogue with managers and employees

The Bank places great importance on maintaining ongoing communication with its employees and managers, in order to expand the dialogue with employees, as part of the commitment to a responsible employment environment. The Group operates in various ways:

- **"Roundtables" with the Bank's CEO** – In 2024, the Bank's CEO continued to meet with some of the employees in roundtable meetings that included open dialogue about what was happening at the Bank, at the headquarters and in the branches.
- **Breakfast Club** – In 2024, meetings were held between division/array heads and branch and department managers. The purpose of the meetings was to create an ongoing and direct dialogue between middle management and the Bank's management, which included raising ideas and insights.
- **Employee surveys** – The Bank cooperates with BDI on an annual basis to determine the Bank's ranking out of the companies that are most worth working for, and the conclusions are presented to management. The survey results are also examined with segmentation by gender, hierarchical level and age group. The survey insights are examined by the Bank and suggestions are made for implementation in the work plan. In 2024, the survey results showed a significant increase in Mizrahi-Tefahot Bank's organizational ranking, including an increase in employee satisfaction.
- **Providing feedback to employees** – The Group ensures that its employees receive regular feedback on their performance in a personal conversation or meeting at least once a year. The feedback conversation is a mutual dialogue that also allows employees to provide feedback on what is happening at the Bank. Workshops on the subject are held close to the feedback date, and a folder is distributed explaining the evaluation process and tools that will help the manager conduct an effective feedback conversation. Workshops on employee evaluation and providing effective feedback are also held as part of the management training processes. In 2024, 100% of the Bank's employees received an evaluation of their performance.



- New employees** – The Bank portal has a designated area for new employees, which focuses on aspects and milestones that accompany the employee professionally and personally along the way. In this area, there is a brochure for the new employee that includes information regarding his or her rights, an explanation of the salary slip and the components of the salary at the Bank, as well as information regarding promotion, compensation, and incentives. In addition, human resource managers meet new employees during the first three months of employment for a personal introductory conversation with the employee, and a discussion regarding their rights at work, the prospects for promotion at the Bank, an explanation of the salary slip and the Bank’s reward system.
- Direct dialogue with Bank employees at branches** – Human resource managers regularly visit Bank branches and hold discussions with managers and employees.

### Right of association

As part of the protection of employee rights, the Bank maintains the right of its employees to organize. Mizrahi–Tefahot Bank employees are organized in three committees: the Mizrahi–Tefahot Bank Employees’ Organization, the Mizrahi–Tefahot Bank Directors’ and Authorized Signatories’ Organization, and the Mizrahi–Tefahot Bank Technology Division Employees’ Committee. Bank Yahav employees are organized in a workers’ committee. The labor agreement determines the aspects of employment of employees at the Bank that are not on a personal contract, and they concern the terms of employment customary at the Bank, including work hours, employee compensation, and equal opportunities. The Bank’s managers are aware of the guidelines and procedures that ensure the committees’ scope of action and act accordingly. Collective agreements apply to approx. 92% of Mizrahi–Tefahot Bank employees, 95% of employees in the Technology Division, and 87% of employees at Bank Yahav. The remaining employees, who are not employed under the collective agreements, work under an individual employment agreement. In 2023, a special collective agreement was signed between the Bank and the Mizrahi–Tefahot Employees’ Organization for the years 2022–2026.<sup>1</sup> In addition, in 2024, a special collective agreement was signed between the Bank and the Directors’ and Authorized Signatories’ Organization at the Bank regarding wages and working conditions for the years 2023–2027.<sup>1</sup>

### Promoting job security

The Group works to promote job security among its employees. This includes that the Bank implements a policy according to which every employee is defined as a Bank employee for all

1. For additional information on collective labor relations and the new collective agreement, please refer to the 2024 Annual Report.

intentions and purposes from the first day. This policy also applies to employees of the banking centers, most of whom are students whose work is characterized by a higher turnover. At the time of the employee’s onboarding at the Bank, he is defined as “on probation” and, after a relatively short period of three years, the Bank decides on the granting of permanent employment status, in accordance with the procedure. 94% of employees are employed full-time, most of those employed part-time are students employed under a collective agreement, who are entitled to the same benefits and rights as full-time employees. As of the end of 2024, approx. 69% of the Group’s employees are permanent employees. As part of the signing of the collective agreement with the workers’ organization in June 2023, the Bank has the option of extending the period for receiving permanent employment status up to five years, for a certain percentage of employees.

Breakdown of the Group’s employees according to employment agreement

Employment agreement	2022			2023			2024		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Permanent	3,397	1,817	5,214	3,267	1,771	5,038	3,247	1,780	5,027
On probation	1,287	477	1,764	1,170	422	1,592	1,176	475	1,651
Employees on a personal contract	246	364	610	274	352	626	285	373	658

### Maintaining the safety and health of employees

The Bank places great importance on maintaining the safety and security of its employees, both physically and mentally, as an integral part of their employment conditions. In order to properly manage these aspects, the Bank has procedures that are communicated to the relevant employees. In addition, the Bank conducts measurements, investigations, inspections and training, for continuous improvement.

#### Safety in the Bank’s facilities

The Bank has an external safety officer who is employed on a regular basis. Meetings of the Quarterly Safety Committee, which includes external inspectors and the Safety Officer, are held once a quarter, and necessary measures are discussed to improve the safety of employees, customers, contractors and cleaning workers in all the Bank’s buildings. At these meetings, the Safety Officer presents his conclusions and recommendations based on the safety surveys he conducts at the Bank. The meetings are held with the participation of the supervisors responsible for branch maintenance, during which a safety refresher is also provided. Ongoing reporting of all safety events is conducted in the Operational Risk Portal system.



## Road safety, driving and vehicle maintenance

As part of the traffic safety work plan, the Bank is meticulously instructs its employees on the vehicle's safety systems and on careful driving (employees who drive a Bank vehicle or a leasing vehicle). In 2024, a courseware program was distributed by the Training Center in the first quarter, a summer driving courseware program was distributed in the second quarter, and a communication on summer driving was distributed in the third quarter. In addition, safety courseware was distributed to regular drivers and communications on safety, winter driving and a refresher on safety procedures. Mapping the safety status of the Bank's vehicles is carried out on an ongoing basis by the Traffic Safety Officer, who sends regular updates on winter driving, driving during vacations, and more. In addition, the Bank sends a postcard once a year to employees whose children have reached the age for obtaining a driver's license, which emphasizes guiding a new driver in driving safety and adapting driving to environmental conditions. In 2024, 7,166 hours of safety training were held.

## Work accidents

In 2024, 56 work accidents occurred at the Bank, of which 45 were on the way to or from work. As a result of the work accidents, the employees involved were absent for a total of 729 days. The lost time injury rate (LTIR) is 1.06.<sup>1</sup> In 2024, no deaths occurred among Bank employees as a result of work accidents in or outside the Bank.<sup>2</sup>

## Emergency preparedness

The Bank is prepared for emergencies such as fire, flood, epidemic, earthquake and war, and complies with Proper Conduct of Banking Business Directive 355 of the Bank of Israel on the management of business continuity. Emergency procedures define the division of authorities, responsibilities and procedures for handling emergencies. Equipment required to handle an incident is inspected in the audits, and there are procedures for cooperation and reporting to authorities, such as the Bank of Israel, the Israel Police, the Fire Department and Magen David Adom. Periodic exercises are also held for various scenarios.

## Mental strength and coping with operational distress situations

As part of maintaining employee safety and security, Bank employees participate in training on coping with operational distress situations at the branch. In the training for branch employees, in their onboarding at the Bank, they undergo training on coping with

robbery cases. In addition, reference materials and learning materials are distributed, training on the subject is held at the branches, and a lessons learned process is carried out. Security trustees have been appointed in the Bank's units who are trained and instructed to act in accordance with these scenarios.

The bank also attaches importance to coping with stress and maintaining mental stability among its employees. In 2024, 8,584 hours of training were given to 1,502 employees and managers on the subject of mental strength, coping with stress and crisis situations.

In addition, in 2024, the Bank established a psychological support center through the "Shai Institute" to assist Bank employees experiencing emotional and mental distress.

## Prevention of sexual harassment and bullying at work

The Bank considers it important to ensure a safe and pleasant work environment, and as such it is careful to prevent harassment, bullying of employees and sexual harassment. The Bank has appointed a representative in charge of preventing sexual harassment, who has been trained for the position and undergoes training from time to time. The supervisor is responsible for handling inquiries regarding sexual harassment, according to a procedure defined on the subject. The supervisor's responsibilities also include handling inquiries from outsourced employees who work at the Bank's facilities. Each year, a sexual harassment prevention procedure is sent to all Bank employees, including the supervisor's contact details. Once a year, the management and Board of Directors receive a report on sexual harassment at the Bank. All new employees participate in training on the subject through a mandatory course.

Workshops on the prevention of bullying and sexual harassment are held in management courses and at management conferences at the Bank. New managers participate in a workshop on the prevention of harassment and respectful work, as part of their first management course at the Bank. The Human Resources Department is responsible for receiving inquiries regarding the prevention of harassment from Bank employees. If a complaint regarding harassment at work is received, it is reviewed by an external party or by a Human Resources employee. The Bank also provides an anonymous line for Bank employees, where they can make contact regarding any issue that requires investigation, including sexual harassment, discrimination, violation of employee rights, or issues related to compliance with the law, corruption, etc.

In 2024, the Group received a few complaints regarding sexual harassment or bullying at work. An investigation was conducted and appropriate actions were taken to prevent a recurrence of the cases and increase awareness of the issue. In 2024, 3,653 hours of training were provided on the prevention of sexual harassment and bullying at work.

1. Lost Time incident rate – Calculated in relation to 200,000 work hours per 100 employees. The figure also includes accidents on the way to or from work.  
2. It should be noted that one employee died during 2024, unrelated to her work at the Bank.



Maintaining employee privacy

As part of the employment security provided to employees, the Bank also ensures the privacy of employee information stored in the various systems. These systems are managed in a database maintained at a high level of information security, similar to the customer database. The information in the employees' personal files is classified, and permissions are defined according to the need and the level of permission required for the position. In addition, when carrying out external engagements or activities that require the sharing of information with an external supplier, the initiating party is required to act in accordance with an appropriate procedure. The matter is forwarded to the Legal Division and the Privacy Protection Officer for review, in order to ensure handling in accordance with the Bank's strict standards. The work processes in the Human Resources Division with regard to privacy protection are consistent with the Bank's standards for handling information. Upon hiring a new employee, the privacy protection procedure is brought to his attention, and he confirms that he is aware that his personal information is stored in the Bank's databases in accordance with the procedure.

Maintaining employment conditions

Ensuring wages and social benefits in accordance with the law

In all areas of its operations, including at the foreign branches, the Bank is careful to pay its employees salaries in accordance with legal guidelines, and therefore also the mandatory minimum wage. It should be noted that the salaries for employees under the collective agreement are updated annually. The minimum wage determined in accordance with the collective agreement signed in June 2023 with the Employees' Organization is NIS 6,000, higher than required by law. The collective agreement determines, among other things, conditions relating to work hours and employee compensation. In addition, the Bank provides increased social benefits – the convalescence allowances paid to Bank employees are higher than those stipulated by law, as well as the sick leave quota for Bank employees. In a new employee's onboarding, the Bank fully details the employee's rights and conditions with full reference to the requirements of the position, organizational affiliation, direct supervisor, salary components and conditions, work hours, social rights including pension provisions, benefits and reference to the sensitivity of the position and the obligation for continuous vacation.

Parental leave data<sup>1</sup>

	2023			2024		
	Women	Men	Total	Women	Men	Total
Went on parental leave	469	5	474	427	7	434
Number of employees who returned to work after parental leave ended	190	4	194	168	6	174
Went on parental leave during the year and remained on parental/unpaid leave after the end of the calendar year	249	-	249	205	1	206
Went on parental leave during the year and chose not to return to work	31	-	31	30	-	30
Number of employees who went on parental leave in the previous year and remained employed 12 months after returning to work	332	5	337	365	5	370

Organizational changes and career development

The Bank meticulously informs its employees in advance of organizational changes, so that all parties involved can find the most appropriate solution in cooperation. All organizational changes are made with professional guidance together with the management. Employees required to change positions following organizational changes receive advance notice, and if the employee requires training, this is provided by the Bank. In cases of termination of employment, the advance notice period takes into consideration the employee's needs and the constraints of the system, provided that it is not less than that required by law.

Job offers at the Bank and tenders for management positions are distributed regularly to all Bank employees, and they are invited to offer themselves for each position. Each employee can examine, with their managers or the Center for Training and Learning Development, the knowledge gaps they have, in order to advance to the next position, and they can request professional training that will help them bridge the gap. In addition, the Human Resources Manager in each unit works to proactively identify employees for positions at the Bank, and collects data to examine options for filling future positions. The managers hold personal conversations with the employees periodically and during the annual feedback meeting, during which they discuss their aspirations for development in their work at the Bank. Depending on the employee's wishes and skills, the Unit Manager and the Human Resources Manager can recommend a development path through the training available at the Center for Training and Learning Development.

1. The data is for the entire Group, excluding foreign branches.





## Employee compensation

The Bank leads several positive incentive and reward initiatives for its employees, including:

- **Salary promotion** – Once a year, in accordance with the management's recommendation, the Board of Directors decides on a promotion or salary increase in the organization, based on performance in the past year. This is carried out in accordance with employee agreements.
- **Personal bonus** – Once a year, the Board of Directors decides on the granting of bonuses, their rate and the manner of their distribution. The eligibility for the bonus and the amount for each employee are determined based on their achievement of goals and according to the managers' recommendation. The main part of the bonus is granted based on the employee's personal performance and contribution to the Bank's success, and part of it is distributed uniformly to all employees.
- **Options for managers** – The granting of options to officers and managers in the Bank Group (department/branch managers and above) is intended to coordinate the compensation incentives with the Bank's strategic plan, long-term goals, results over time and the actual contribution of the Bank's employees to achieving the Bank's goals. The Bank's Board of Directors may from time to time approve an employee options outline, and as a result of it the Bank may grant managers in the Bank (including the CEO and officers) and in the subsidiaries options that can be exercised for shares.
- **Outstanding employees** – The Bank values outstanding employees and gives them special treatment. Outstanding employees receive a special bonus in addition to the annual bonus or an additional rank during the annual ranking. They are invited to an appreciation day – an experience day and a meeting with the CEO and members of the management, in which their achievements and contributions to the Bank are highlighted. The selection of outstanding employees is made in accordance with the recommendations of the managers, the achievements of the outstanding employees and their contribution to the Bank.
- **Personal awards** – The branch network operates a system of incentives and rewards based on excellence in indicators, branch activities and special promotions. Usually, the reward is given within a branch, for the purpose of a social gathering and leisure activities for employees at the branch. At the bank's headquarters, personal awards are distributed in recognition of employees who have achieved impressive achievements in the course of their work.

## Diversity, equality and prevention of discrimination in employment



Mizrahi Tefahot Bank maintains that diversity and equality in the workplace create social and economic value for the Bank, its employees, and for all of Israeli society. Hiring employees from a variety of population groups helps the Bank's customers receive service that is appropriate for their unique needs. The Bank continuously promotes equality in the workplace and does not discriminate against any employee on the basis of religion, nationality, race, origin, sex, age, gender identity, place of residence, or any other characteristic.

### Recruiting and retaining quality and equitable human capital

Mizrahi Tefahot Bank works to recruit and retain quality human capital in accordance with the job requirements and the required skills. The Bank is in constant contact with various entities in order to locate quality candidates for various positions. Candidates are located by contacting various recruitment channels, with the aim of expanding the pool of candidates and recruiting the most suitable candidate for the required position. The Bank's investment in human capital recruitment in 2024 was NIS 4.5 million. In addition to its social advantage, employees from diverse population groups has business advantages, and diverse employment enables the Bank to provide professional solutions for the Bank's customers' unique needs. In addition, the Bank receives a high level of commitment from these employees, thanks to the recognition of their uniqueness and the creation of a work environment adapted for them.

In order to refresh the topic among managers, in 2024 the Bank's managers underwent a courseware program on equal opportunities at work. The courseware was designed to provide managers with information and practice on the Equal Opportunities at Work Law, which prohibits discrimination of any kind. This prohibition applies to the hiring stage and throughout the entire period of employment in the organization, as well as in promotion, training and compensation processes.

The area is managed by a dedicated Diversity Manager at the Bank. In order to expand equitable recruitment, the Bank promotes dedicated programs for recruiting employees from the local community. The Bank adheres to a recruitment process that provides



equal opportunity to candidates from various sectors in Israeli society, and does not discriminate against employees on the basis of nationality, religion, cultural or ethnic affiliation, age, sex, gender, sexual orientation, any disability or any other characteristic. In addition, in order to adapt the recruitment processes to all candidates, adjustments are made to the recruitment and selection processes to ensure equal opportunities, so that job candidates are hired based on their skills and the needs of the Group. The adjustments usually include additional time and the possibility of taking the test in their native language (such as Arabic). As a strategy, the Bank actively works to recruit employees from a variety of population groups and from sectors characterized by underrepresentation in the labor market.

### Initiatives for increasing diversity at the Bank

**Employees from the ultra-orthodox community** – As part of a strategy to create a diverse work environment, the Bank is working to integrate employees from the ultra-orthodox community. In its efforts, the Bank collaborates with specialized placement companies such as “Anashim” and “Bereshit”. It also collaborates with the Institute for Career Guidance for the Ultra-Orthodox Public in Jerusalem, and with “Maftach” (JDC – Israel’s employment development centers for the ultra-orthodox sector). In addition, the Bank participates in specialized job fairs for employees from the ultra-orthodox community and advertises jobs through appropriate websites. The direct banking sector recruits women from the ultra-orthodox community, and the Lod Banking Center has a dedicated team staffed by women from the ultra-orthodox community. Most of the female candidates for recruitment come without any background or work experience, and they receive banking training during their employment. When the team is established and throughout their entire period of employment, the necessary adjustments are made to integrate them into the work, both in adjusted shifts and in the work environment.

**Employees from the Arab community** – As part of the strategy to create a diverse work environment, the Bank has continued to recruit employees from the Arab community in 2024. As part of the recruitment efforts, there is cooperation with the “Kav Mashve” association and the “Alfanar” association, which refer candidates from the Arab community to the Bank.

**Integration of employees with disabilities** – The bank is committed to promoting equal opportunities for people with disabilities. As part of the compliance with the provisions of the law for the employment of people with disabilities, a strategy was developed to absorb employees with disabilities and identify relevant positions for them in the Bank’s units. The Bank also appointed a person responsible for the employment of employees with disabilities. In this framework, the Bank maintains working relationships with the

Ministry of Labor’s “Equal Employment Program” and with associations specializing in assisting with the placement of these employees. Each year, employees with disabilities are recruited by the Bank for a variety of positions, and additional standards are added for new employees with disabilities. In order to ensure the integration of these employees, the work environment at the Bank is accessible. If other specific needs arise, additional adjustments are made.

Bank Yahav is a member of “The Valuable 500” project, which promotes accessibility and integration of people with disabilities in the world’s largest companies.

### Employee diversity data

Mizrahi-Tefahot Bank treats each and every employee equally and without discrimination, and therefore there is no registration or classification of employees by groups based on ethnicity or sector. However, based on an analysis of accompanying data and based on **the employees’ own statements**, the following is an **estimate** of the data for the Bank’s employees from underrepresented populations in the labor market. It is important to note that it is likely that the Bank has additional employees from these and other groups that are not included in the data.



**18.3%** of all Bank employees are employees from diverse underrepresented populations in the labor market, including employees from the Arab, ultra-orthodox and Ethiopian communities, and people with disabilities.

**13.5%** of employees are from the ultra-orthodox community.

**3%** of employees are from the Arab community.



**24%** of all employees hired by the Bank in 2024 are from diverse populations underrepresented in the labor market. .

**4%** of those hired by the bank in 2024 are from the Arab community.

**17%** of those hired by the Bank in 2024 are from the ultra-orthodox community.

**5%** of employees in the ultra-orthodox community are in management positions.

**12%** of employees in the Arab community are in management positions.

**7%** of all Bank managers are from diverse populations.

## Promoting a diverse and equitable work environment

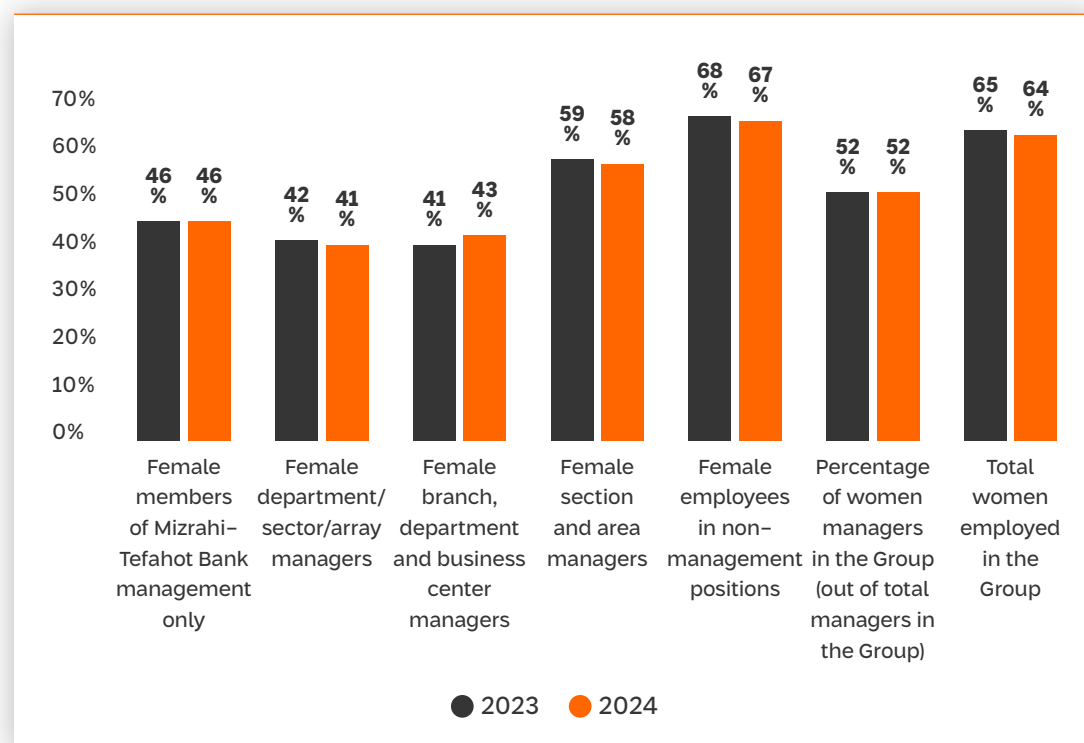
The Group strictly complies with the legal requirements regarding equal and fair employment, and also operates equitably in terms of the benefits granted to employees, subject to the various employment agreements. Part-time and full-time employees are entitled to the same benefits. These benefits include vacation pay, holiday gifts, employee gifts, and more. In addition to the standard benefits, there are specific benefits that are derived from the percent of the position, in respect of which there is a difference between full-time and part-time employees, such as convalescence pay, clothing, or vacation and sick days. In addition, the integration of employees from a variety of sectors requires a work environment that is culturally sensitive and adapts itself to the religious and cultural needs of its employees. Non-Jewish employees can take advantage of five vacation days each year on their holidays and special occasions at the Bank's expense, in addition to the vacation days on holidays according to the Hebrew calendar (when the Bank does not operate). As part of promoting the principles of equality, the Bank promotes a policy that prevents discrimination. The policy includes, among other things, activities to reduce gender inequality, prevent harm due to preference on ethnic or cultural grounds, dispel prejudices against people with disabilities, etc. The Bank operates an anonymous hotline that employees can contact if necessary. In 2024, there were no justified complaints from employees regarding discrimination.

### Promoting gender equality

The Bank places great importance on the promotion of gender equality in the work environment and equal employment between women and men, and enables women to reach key positions at the Bank and integrate throughout all management avenues. Bank employees are hired and promoted based on their skills and in accordance with the Bank's needs only.



Percentage of women in the Group, by rank



The proportion of women in management positions in income-generating divisions (retail, business and finance) is 51.03%, reflecting an increase compared to the previous year. In addition, 55% of all employees who were promoted to a management position were women. The proportion of women in STEM<sup>1</sup> positions among all employees in these positions is 37%.

## Salary gaps between men and women

The salary of each employee, at all levels and positions, is determined at the beginning of his or her employment at the Bank, regardless of the employee's gender affiliation, but rather according to his or her qualifications, professional experience and the position intended for him or her. The Group employees have salary promotions in accordance with equal criteria and their qualifications, taking into account only relevant considerations. In fact, when the salary of women and men in the same position was examined upon entry into the organization and up to a period of three years, no salary differences were found. In addition, differences were examined between the average salary of women and the average salary of men at the various levels throughout the Bank.

1. STEM (Science, Technology, Engineering, Mathematics) employees use their knowledge of science, technology, engineering, or mathematics in their day-to-day responsibilities. The figure includes employees of the Bank's headquarters and employees of the Bank's Technology Division.

Ratio of women's to men's salaries at the Bank for 2024

Rank	Salary ratio <sup>1</sup>
Members of management	0%
Senior managers	6.50%
Branch and department managers	3.74%
Employees <sup>2</sup>	11.30%
Employees in the same position (with up to three years of seniority)	0%

The data presented relates to full-time employees who have worked for at least 12 months at the Bank. The gap stems from the wide variety of positions within each of the categories presented above, and therefore there is variation in the total salary paid in each position (regardless of gender). The variation is affected by both the rank and the managerial standard in each of the positions. In addition, there is variation in salary conditions that are also derived from the personal characteristics of the employee, such as seniority, child allowances, etc.

1. The figure indicates the salary ratio between women and men, with a value higher than 0% indicating that men's wages are higher.  
2. Includes section and area of activity managerial ranks. The differences are due to parental leave / unpaid leave. There is no difference in salary between men and women at the time of their absorption at work.





## Support and assistance for employees during the Iron Swords War

Since the outbreak of the Iron Swords War, the Bank has worked to provide a response and assistance to all Bank employees and to employees who were affected in particular. Support and assistance to Bank employees was reflected in various areas: personal security and emergency routine, the well-being of employees and their families, management support and strengthening personal stability during this complex period.

### Employee support and adaptability

The Bank has worked hard to assist employees who were affected by the War, employees who were drafted into the reserves, and their families. In its concern for the mental well-being of its employees, the Bank has established a mental support center for their benefit. The Bank has also supported its enlisted employees and their families by maintaining continuous contact and sending gift packages to their homes. The Bank has initiated a series of measures to ease the burden on its employees and their families who were affected by the fighting, such as pay for workdays of employees whose families were evacuated from their homes and gift vouchers for the families of employees in the reserves.

Since the outbreak of War in 2023 and in 2024, the Bank has made every possible effort to care for the personal safety and mental well-being of its employees. Throughout the War, the Bank accompanied its employees and was attentive to needs that arose from the field. As part of the support provided by the Bank, it also supported the families of the recruited employees and employees whose spouses were recruited. The Bank initiated measures to make things easier for its employees during this challenging period, including, among other things:

- **Regular updates** – From the beginning of the War, communications and updates were issued to all employees, in order to update them with all the information they needed as employees during a period of emergency. In addition, a communication was issued to employees regarding the Bank's activities among customers and the community.
- **Support for managers** – During the war, emphasis was placed on supporting managers and employees in several ways, for example: management training courses in Zoom on stability in times of uncertainty, podcasts on the subject, a communication management kit in an emergency, a service experience kit and managing a joint dialogue during the War.



- **Psychological assistance** – After the outbreak of the Iron Swords War, the Bank began operating a psychological support hotline through the “Shai Institute”, to assist Bank employees experiencing emotional and mental distress.
- **Gifts for families of employees in the reserves** – The bank sent gift vouchers to family members and employees whose spouses were drafted into the reserves or served in the regular army and security forces.
- **Events to honor employees from the reserve forces and the security forces** – In 2024, the Bank initiated two recognition events due to the war: an event for the wives of the reserve forces and security forces and an event to salute the reserve forces (employees who served in the reserves). The events included experiential activities, empowerment and enrichment lectures, as well as leisure activities.
- In the northern and southern branches, working hours were adjusted to the security situation.



# Responsibility for employee well-being



The Group promotes the well-being of employees in their work at the Bank and in their personal lives, in various ways: employee benefits, work-life balance, maintaining a healthy lifestyle and supportive guidance for employees upon retirement.

## Employee benefits

The Bank emphasizes the circles that accompany the employee throughout his years of work, in his professional development, in personal occasions and, if necessary, in moments of crisis and distress. All Bank employees are entitled to benefits, with no distinction between experienced, part-time and permanent employees.

- **Benefits upon reaching milestones during the period of work at the Bank** – upon absorption, upon receiving tenure, upon promotion, at seniority points and towards retirement.
- **Seasons** – Benefits, gifts and gift certificates on holidays and at various events according to the calendar.
- **The employees' family circle** – Benefits on the occasion of events in the lives of employees and their families. Within this framework, gifts are given on events such as birthdays, weddings, births, as well as upon entering first grade and conscription into the army/national service, alongside events also intended for the employees' families. In addition, each employee receives automatic approval for breastfeeding time for a year, and an employee with more than a year of seniority can bring in a breastfeeding certificate each quarter for up to two and a half years for a newborn. In addition, employees benefit from participation in the financing of daycare centers and kindergartens for their children and reimbursement of payments for their children's higher education.
- **Banking benefits** – Bank employees enjoy benefits and preferential terms in managing their bank account, in facilities, loans and mortgages. Employees' family members are also entitled to benefits.

## Support for maintaining a healthy lifestyle

- **Fun days and team building** – The Bank ensures that all employees go out for fun days and team building activities.
- **Gym in the Lod headquarters building** – Bank employees have access to a gym in the headquarters building in Lod, where a variety of activities and classes are held throughout the week, at a nominal price.
- **Workplace League** – The Bank has ten sports teams that participate each year in the Workplace League. Approximately 150 of the Bank's employees actively participate in the Bank's sports teams, in training and competitions.
- **Medical screening tests for employees over the age of 35** – As part of its concern for the health and well-being of employees, the Bank finances medical screening tests for all employees over the age of 35. In 2024, approx. 25% of eligible employees took advantage of this benefit. Starting this year, employees over the age of 35 are entitled to a test once every two years, and employees over the age of 50 are entitled to a test once a year.
- **Breast Cancer Awareness Month** – As part of Breast Cancer Awareness Month in 2024, the bank chose to highlight the issue through a collaboration with the "One in Nine" association, the long-established association in Israel specializing in activities for women with breast cancer and their relatives. In collaboration with the association and with Keter, a special edition of a pink Keter chair and roll-up posters were launched, which were sent to all branches and headquarters buildings with the aim of raising awareness among the Bank's employees and customers. In addition, the Bank organized a lecture by the association's CEO for the employees.
- **Awareness of diseases and epidemics** – In cases where there is concern regarding an outbreak of a disease or epidemic in Israel, the Bank informs its employees on the methods of protection. The treatment of such cases is also anchored in the Bank's business continuity plan, in accordance with the Bank of Israel's instructions.
- **Assistance for employees with serious illnesses** – The bank has a welfare manager who is responsible for maintaining contact with employees with serious illnesses, handling their requests and needs. Treatment and assistance is also provided to employees whose families need financial support for medical aspects.





- **Assistance in times of crisis** – As part of the care for the family circle, unit managers, with the assistance of the Human Capital and Resources Division, accompany the employee and his immediate environment and support them even in situations of difficulty and crisis. In addition, an employee mutual aid fund has been established. Employees who are interested in this set aside a modest amount from their salary for the fund, which assists employees in crisis situations.

### Benefits for Bank Yahav employees

Bank Yahav provides benefits to employees: entitlement to a continuing education fund, summer camp, scholarships, dormitories, newspapers, convalescence, annual bonus, benefits from a welfare fund and clothing. In addition, there are benefits and bonuses on holidays and special events, such as a grant to mark years of service, gifts on holidays, gifts for personal events, and more. There is also an increased compensation track for employees who retire before retirement age. Bank Yahav retirees enjoy various benefits, such as gifts on holidays, gifts for birthdays, and participation in clubs and leisure activities. In addition, the Bank provides a budget for the retiree representative body to finance trips and lectures for Bank retirees. The Bank offers participation in the payment of a pension consultant for employees who retire at retirement age.

### Work-life balance

A proper and balanced combination of career and family directly affects the employee's well-being. There is also an desire for a balance between developing abilities and professional progress and developing personal interests and personal development. The Bank encourages its employees to maintain a balance between work and leisure and ensures that the employee has free time during the work week for family and other activities. The following are a few examples:

- **Work week** – The work week at the Bank for a full-time employee is 39 hours, instead of the 42 hours defined by law. For control purposes, the Bank monitors abnormal work hours and issues notices to employees who exceed the permitted hour quota, with a copy to managers. The Bank also ensures that employees take advantage of their days off and continuous vacation in accordance with the Annual Vacation Law, through control mechanisms. The Bank considers, on an individual basis, the possibility of meeting the needs of employees regarding their position percentage in special cases.
- **Additional vacation days paid by the Bank** – The vacation day quota is in accordance with the law and seniority, and even higher.
- **Support for employees who care for a sick family member ("caregivers")** – The

Bank is considerate regarding employees and shows flexibility in crisis situations in which employees are required to care for a sick family member.

- **Vacation voucher** – Once a year, employees receive a voucher with a nominal monetary value for a vacation reservation in Israel or abroad, according to their choice.

### Supporting employees in preparation for retirement

As part of its responsible employment policy, the Group supports employees in preparation for retirement (or as part of early retirement arrangements). Employees who retire upon reaching retirement age are entitled to a pension from the pension fund. The provisions for Bank employees are made in accordance with the law and even beyond legal requirements. Employees who retire before reaching retirement age (early retirement) are offered two tracks: an early retirement track and an increased compensation track. In addition, employees who retire in these tracks are entitled to assistance from the Bank in financing training courses and a meeting with a pension advisor to exercise their rights.

Employees in preparation for retirement or early retirement are entitled to a retirement plan that includes personal support, a retirement preparation workshop and advice from the Bank's Retirement Manager, refunds for tax/pension advice and professional training according to the employees' choice. All retirees are entitled to benefits in the management of the bank account, gift certificates for holidays and cultural events organized by the Retirees' Committee, which is also supported by the Bank. In addition, the Bank encourages managers to maintain contact with retirees in their departments and to continue to benefit from their experience and the extensive knowledge they have accumulated over the years, all in accordance with the retiree's wishes.

Women and men are entitled by law to work until the age of 67, and that is the situation at the Bank. As a rule, the Bank does not hire employees after retirement age, but in cases of employees who serve as a critical source of knowledge, and in cases where the Bank and the employee are interested in this, the possibility of extending their employment beyond the age of 67 is examined. In 2024, the Bank had 30 employees over the age of 67, including employees in the Technology Division, 60% of whom were in senior management positions.

Retirement in 2024 in the Mizrahi-Tefahot Group

	Women	Men	Total
Number of employees who retired	21	31	52
Number of employees who voluntarily retired (according to a voluntary retirement plan)	65	17	82
Total	86	48	134





## Retirement preparation course

Retirement from the workplace is a very significant process in the lives of employees and managers. In preparation for the process of retiring from the Bank, employees and managers are invited to a three-day preparatory course in which they are given tools and extensive information for the continuation of their journey. Examples of topics taught in the course: financial preparation, pension advice, insurance, personal vision, managing social connections and relationships in retirement, building an action plan, preparing a plan for retirement, and more.

In addition, once a year, a full-day retirement conference is held, dedicated to all those retiring from the Bank that year, to which they are invited with their spouses. At the conference, retirees enjoy lectures, participate in a workshop, meet associations where they can volunteer, and in a festive ceremony, the Bank's CEO presents them with a certificate of appreciation.

The course and conference express the Bank's gratitude to employees who have retired. In 2024, 75 people, retirees and their spouses, participated in the conference, and 65 employees and managers participated in the course sessions.



## Training and employee development

The Bank places great importance on the development of human capital and advocates for the continuous improvement of the professional and personal skills of its employees and managers, while providing opportunities for professional and personal advancement. The Bank strives to provide its employees with learning and development experiences that will help them keep up with the changing work environment and fulfill the Bank's business strategy.

The Bank's Center for Training and Learning Development is a strategic partner for cross-bank infrastructure moves, in all matters related to change management, implementation and training. The Group's training program includes courses, training sessions and enrichment for employees and managers. Each Bank employee (branch/headquarters), including part-time employees, is assigned a dedicated training track that includes training activities relevant to their role. Learning is carried out through a "hybrid" method, which includes a combination of online distance learning, face-to-face learning and digital independent learning.

### Training and mentoring of employees and managers

The training and personal and professional development processes, led by the Center for Training and Learning Development in the Human Capital and Resources Division, are implemented throughout the employee's entire employment period at the Bank. Starting from apprenticeship and certification tracks at the start of the position, through participation in various training programs during the period of employment in the position, preparation for the next position through participation in professional or managerial reserves, to preparatory activities for retirement. At the end of each training program, employees receive a feedback form, and the data collected is used to update and improve the training if necessary.

- **Personal mentoring program** – The Bank emphasizes professional and managerial mentoring. An employee entering a new position is trained by both a peer and the unit manager, as part of a structured mentoring program adapted to the position holder. In the management courses, the mentors are managers of all levels. In



addition, instructors from the Center for Training and Learning Development provide personal lessons at the employee's desk and online lessons directly to the employee's desk after needs are identified and learning topics are defined with the manager.

- **Learning organization** – The Center for Training and Learning Development develops projects aimed at instilling a culture of a learning bank, in which managers and employees treat learning as an ongoing activity that takes place both at the workplace and at the initiative of branch managers. Reference materials are accessible to managers and employees on the Bank's learning portal, there is mentoring when entering a new position, electronic self-study kits are distributed, training kits are distributed in team meetings, "learning flashes" are distributed in training groups for managers, and more.
- **Training sessions, seminars and continuing education** – The Bank offers training sessions and seminars on the professional, behavioral and managerial skills required to fulfill positions at the Bank, at the highest standards. The courses are conducted on the banking professions, as well as on everything related to management and leadership, and more. In the training framework provided to employees, there is a special emphasis on regulatory training. The training deals with the assimilation of new content among employees and managers, as well as retaining competence, refreshing and strengthening knowledge over time.
- **Personal support and counseling** – Upon entering a managerial position (branch/department managers), managers receive personal counseling and guidance, and personal counseling meetings are held in selected training courses. Counseling and guidance are provided on an ongoing basis and in the context of specific events, such as organizational change.
- **Platform for senior staff meetings** – Once a quarter, a "Forum 100" meeting is held, which is a platform for senior staff meetings, to enrich knowledge and to hold conversations and discussions on strategic issues.
- **Enrichment courses** – The bank offers its employees enrichment courses and courses that go beyond the requirements of the position, such as language courses, negotiation skills, innovation and creative thinking, and training in the use of Office.
- **Independent learning** – The Bank's VOD library is accessible to all employees and includes training videos to enrich knowledge on a variety of banking topics. In addition, there is a podcast system available for learning and enrichment on various topics, alongside dedicated enrichment for managers through dedicated

communications that are distributed from time to time.

- **Enrichment lectures** – From time to time, enrichment lectures are delivered by senior lecturers from the world of business and academia. The content is delivered online and open to all Bank employees and their families.
- **Training of employees outside the organization** – In addition to the courses taught within the organization, from time to time employees are sent to external training courses to expand their professional knowledge.
- **Academic education** – The Bank encourages activities to supplement and expand academic education among its employees, and participates in the financing of academic studies for bachelor's and master's degrees.
- **Training at Bank Yahav** – At Yahav Bank, a training program is developed each year for all employees, in accordance with the work plans and the needs of the bank. This program, which is adapted to the Bank's values and regulatory requirements, is distributed to all employees.



In 2024, **59,115** training days were held, compared to **45,870** training days in the previous year.<sup>1</sup>

**69%** of the training hours were held face-to-face.

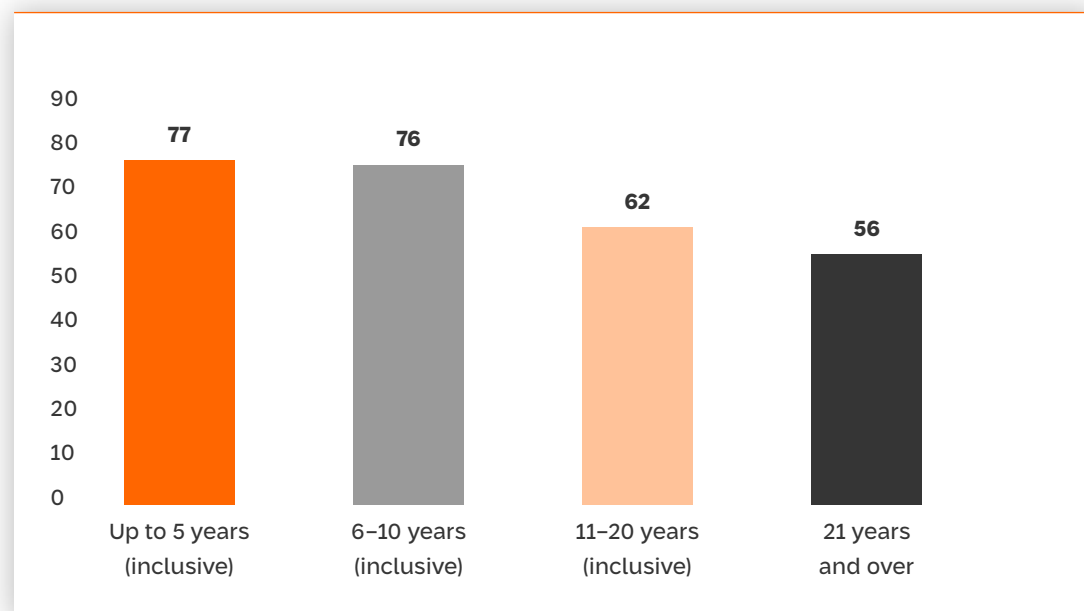
**31%** of the training hours were distance learning, including through e-learning and videos.

The cost of investing in employee training at Mizrahi-Tefahot Bank for 2024 is NIS **96.7** million.

1. A training day is equal to nine academic hours.



Average training hours at the bank in 2024, according to years of seniority<sup>1</sup>



Average training hours per employee by rank in 2024

	2023			2024		
	Men	Women	Total	Men	Women	Overall average
Managers	45	51	48	58	64	61
Employees	41	42	42	52	53	53
Headquarters	25	25	25	27	27	27
Branches	55	52	53	76	68	71
Total average	42	43	43	54	55	54

## Career development tracks

The Bank offers career development tracks for employees and managers, as part of the Bank’s policy that advocates for employee promotion, their long-term development, and internal promotion from among the Bank’s employees. In general, Bank employees are recruited into initial and advanced positions in many career development tracks in the organization. The Bank offers several career development tracks for employees and managers and examines the effectiveness of the training over the years.

- **Promotion of employees to management positions** – The Bank encourages the promotion of its employees to management positions and provides them with the

1. Breakdown of average training hours by years of seniority includes Mizrahi-Tefahot Bank only.

tools to do so. In 2024, approx. 94% of the managers appointed from among the Bank’s employees were promoted, of which 55% were women. The percentage of positions at the Bank that were filled by candidates from among the lower salary grades or by anyone who is not defined as management level is 98.9%.


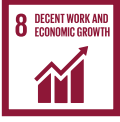


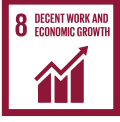



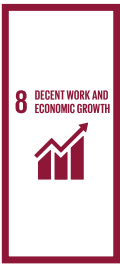
- **Manager development program** – A program designed for managers of areas and sections as well as branch and department managers. The program includes many courses, personal counseling, and workshops that teach management skills.
- **Management reserve training program** – The Bank has developed programs that train employees who are found suitable for future positions, both in the professional and managerial fields. Employees and managers who are found suitable for promotion undergo training as part of this program: Branch Management Reserve, Headquarters Management Reserve, Advanced Management Course, “Matara” Program for Training Managers for Senior Positions. The effectiveness of the courses and learning is evident in the rate of managers who were promoted; approx. 75% of the reserve graduates have been promoted in recent years.





**17** employees participated in the Management Reserve track that took place in 2023–2024, **10** of whom have already been appointed as managers at the Bank.










- **Professional Track Training Program** – The Bank has developed training programs for employees in future professional positions. As part of the reserve, bankers learn the content worlds related to all positions in the branches and receive tools to move to additional positions that will develop their careers.
- **Professional teams** – The Bank has established teams for various occupations, such as an analyst team, an economist team, and more, with the aim of creating knowledge groups and professional communities that will enrich each other. The teams meet periodically for seminars and enrichment in their area.
- **Manager training at Bank Yahav** – Bank Yahav operates programs to develop and maintain the management avenue at the Bank, which includes manager development courses at headquarters and in branches, specialized workshops, and personal guidance for managers, throughout the year.








Defined goal	Response to SDGs	Status
Upgrade wellness and employee welfare services at the new campus for all Bank employees.	 	In the planning process, as part of preparations for the move to the new campus.
Preparations for the transition to an advanced campus, a building with a LEED green standard, adapted to employee well-being according to the WELL standard.	   	In progress.
"Money Path" training sessions for financial education with an emphasis on students in the periphery as target customers.	 	Done.
Build career paths also adapted to professional positions in branches.		Done.
Expand training in service professions and create a uniform service language at the Bank.		Done.

Defined goal	Response to SDGs	Status
Expand awareness at the Bank on the subject of acceptance of others and diversity.		Done.
Recruit bankers from Arab society to make the Bank's services available in Arab communities.		Done.
Expand activity in Arab society and make available products and services adapted to its unique characteristics.		Done.
Expand activity in pension mortgages for housing as a solution adapted to senior citizens.		Done.
Increase the volunteer circle of employees' family members.		Done.



Defined goal	Response to SDGs
Promotion of a healthy lifestyle among employees.	 
Upgrading of wellness and employee welfare services at the new campus and for all bank employees.	
Development and adapting of training courses in soft skills for employees with the aim of fostering an innovative work environment and in accordance with the changing work world.	  
Expansion of social investment in community projects to promote equal opportunities in the social and geographical periphery.	 
Intensified activity and adapting of services and products to a variety of population groups: Arab society, ultra-orthodox society and new immigrants, according to their unique characteristics.	
Expanded recruitment activities from the ultra-orthodox community, adapted to its unique characteristics.	
Implementation of an updated responsible procurement policy in the Bank's divisions.	 

Defined goal	Response to SDGs
Expansion of employee knowledge and connection to the ESG aspects.	 
Continued support and assistance to communities in the south and north that were affected by the War as part of the Bank's community activities.	  





## Governance

The Mizrahi-Tefahot Group is committed to responsible and ethical conduct in all areas of its activity, with strict adherence to the principles of proper corporate governance and compliance with the provisions of the law and the Code of Ethics.

The Group emphasizes the fostering of a culture of compliance, including privacy protection and information security, preventing corruption, and the Board of Directors' effective management.



# The Group's commitment to responsible conduct



Stable, reliable and high-quality corporate governance is the key to the Group's success and the trust of investors and stakeholders. Proper corporate governance is required, among other things, to maintain the Group's stability and implement its strategy over time. This is supported, among other things, by an independent board of directors, high-quality management and clear reporting principles between the various bodies. All of these ensure effective supervision within the corporation. In addition, corporate governance is supported by remuneration based on appropriate criteria, independent and effective auditing and ethical conduct of employees with all stakeholders.

## Mizrahi-Tefahot Board of Directors

As part of the Bank's corporate governance, the Board of Directors outlines the Bank's policy and oversees the management's performance, and is responsible for the Bank's business and its financial strength. The Bank's Board of Directors operates in accordance with the provisions of the law, including the Bank of Israel's Proper Conduct of Banking Business Directives. The Board of Directors also implements the provisions of the law in order to ensure the absence of conflicts of interest among its members. These provisions include, among other things, the duty of care and the fiduciary duty, including the obligation to act in the absence of conflicts of interest.

### Profile of the Board of Directors<sup>1</sup>

- In 2024, Mr. Avraham Zeldman was appointed Chairman of the Board of Directors, effective June 16, 2024, following the end of the term of Mr. Moshe Weidman, who served as Chairman of the Bank's Board of Directors until that date.
- The Group's Board of Directors consists of ten directors – eight men and two women.
- Eight members of the Board of Directors have accounting and financial expertise (in the Audit Committee – five directors with such expertise), in accordance with the provisions of the Companies Regulations.

1. For additional information regarding the members of the Bank's Board of Directors, including their qualifications, education, experience and additional data regarding their tenure and additional information regarding directors with accounting and financial expertise and professional qualifications, as required by the Public Reporting Directives and the Securities Regulations, see Regulation 26 of the Bank's Periodic Report for 2024, on the Israel Securities Authority's Magna website.

- The Board of Directors includes four external directors, as defined in the Companies Law and in accordance with Proper Conduct of Banking Business Directive 301. All external directors are also independent directors.
- Among the directors are those with experience and knowledge in risk management, including credit risks. The Board of Directors' Risk Management Committee includes directors with extensive experience and seniority in risk management, as well as a director with proven knowledge and experience in information technology, information security and cyber.
- All directors are not subordinate to the CEO, directly or indirectly, and do not hold an executive position at the Bank.
- The average attendance rate of the directors in 2024 is 97%.
- No indictments have been filed against any of the directors and there are no pending proceedings or convictions against them in the last ten years.

The following is the list of the members of the Bank's Board of Directors as of December 31, 2024:<sup>1</sup>

Avraham Zeldman, Chairman of the Board <sup>2</sup>	Moshe Weidman <sup>3</sup>	Jonathan Kaplan
Eli Alroy	Hannah Feuer	Ilan Kremer
Ron Gazit	Joseph Fellus	Gilad Rabinovich
Estery Giloz-Ran		

### Independence of the Board of Directors and appointment of directors

The Board of Directors operates in accordance with the Companies Law and in accordance with Proper Conduct of Banking Business Directive 301, which established a list of issues within its authority and which it discusses and decides. In doing so, the Board of Directors exercises its independence. This is reflected in the detailed Board of Directors' procedures, which deal, among other things, with the composition and many functions of the Board of Directors, including actions it must take to exercise this status.

1. Mr. Avraham Zeldman commenced service as Chairman of the Bank's Board of Directors on June 16, 2024. Until that date, Mr. Moshe Weidman served as Chairman of the Board of Directors. The composition of some of the Board of Directors committees was changed accordingly.  
2. As of June 16, 2024, Mr. Avraham Zeldman serves as Chairman of the Board of Directors.  
3. Mr. Weidman served as Chairman of the Board of Directors until June 16, 2024.



According to Directive 301, the following rules apply to the Board of Directors:

- Bank employees may not be appointed as directors of the Bank, a director may not hold an executive position at the Bank and will refrain from participating in the ongoing management of the Bank.
- A director may not be present at discussions of the management and its committees, except for the presence of the Chairman of the Board of Directors in a discussion dealing with the Bank's overall strategy.
- A director may not address business matters to Bank employees, but only within meetings of the Board of Directors or its committees, except for inquiries to the Bank's CEO in specific cases and with documentation thereof according to Directive 301.
- A controlling shareholder may not serve as Chairman of the Board of Directors.
- A person whose current business or occupation create a permanent conflict of interest between him and the Bank or for whom there is a concern that they may create a permanent conflict of interest will not serve as a director.
- At least one-third of the Board of Directors must be external directors. The external directors at the Bank are appointed, each from the date of their appointment, for three-year terms according to the law. It should be noted that in corporations in which there is a controlling core, as there is in the Bank, this makes it more difficult to carry out a hostile takeover.

On December 24, 2020, the General Meeting approved a change to the Bank's Articles of Association regarding the term of office of directors, according to which the directors will be appointed at the annual meeting, and their term of office (excluding external directors) will be until the end of the third annual meeting. This will take place after the annual meeting at which appointments were approved or until an earlier date to be approved for this purpose by the Supervisor of Banks. At a special meeting, the Bank may appoint an additional director or directors to the Company, whether to fill a position that has become vacant for any reason or as an additional director or directors, provided that the number of directors does not exceed the maximum number determined in the Articles of Association. Shareholders may propose candidates for the appointment of a director, the appointment of the candidate will be submitted for approval by the General Meeting, and in this context, the candidates will be included in the agenda of the General Meeting, in accordance with the Bank's Articles of Association and the provisions of the law.

In preparation for the appointment of a new director, external or internal, a dedicated ad hoc committee will be appointed, consisting of people without a personal interest in the

matter. Its role is to examine the composition of the Board of Directors, taking the Bank's needs into consideration, and to discuss the suitability of the candidates. In 2024, the ad hoc committee convened twice in preparation for the reappointments of two external directors. An officer, as defined in the Companies Law, will not take action to appoint a specific director or to prevent his appointment, except by proposing his own candidacy for the office of director. A person who does not have the necessary qualifications and does not undertake to devote the appropriate time to performing the position, while taking into consideration the Bank's special needs and its size, will not be appointed as a director of the Bank and will not serve as a director.

Except for those who have served as directors up to the date of the annual meeting, no director will be appointed at the annual meeting unless the Board of Directors has recommended the appointment or if a Company shareholder has proposed him as a candidate. Nevertheless, the Board of Directors will be entitled to appoint directors to the Bank if a vacancy has arisen on the Board of Directors, after the previous annual meeting or with the approval of the Supervisor of Banks, provided that the term of office of a previously appointed director will expire at the next annual meeting. The vote at the General Meeting on the appointment of directors and the termination of their term of office will be held for each candidate for office or for each director separately. These decisions will be made by a simple majority of those participating in the vote, and abstentions will not be taken into account. If more candidates are elected than there are vacant positions, the candidates who received the highest number of supporters in the vote at the General Meeting will be elected.

The process of recruiting a director to the Bank is orderly and extensive, and in addition to materials that are provided to each director for review upon appointment and required information that is provided to him, meetings are also scheduled with members of the Bank's management.

Each subsidiary of the Bank has Articles of Association that determine the manner in which directors are appointed and the number of independent directors, if applicable. In addition, some of the subsidiaries are subject to regulation that governs corporate governance rules in accordance with their activities. Transactions with stakeholders are regulated by law and anchored in procedures, and the subsidiaries operate accordingly.

### **Gender diversity on the Board of Directors**

In July 2022, the Bank's Board of Directors approved a gender diversity policy, including adequate gender representation on the Board of Directors. According to the approved policy, adequate representation will be provided for both sexes, and the proportion of women serving as directors at the Bank will not be less than 30% of all members of the Board of Directors by December 31, 2025. In 2024, the proportion of women on the Board of Directors was 20%.



## The Board of Directors' work

The Board of Directors fulfills its duties through discussions in its plenary session, in meetings held at least once a month (or more frequently as needed), and in meetings of its committees. In 2024, 25 Board meetings and 54 Board committee meetings were held.

A variety of topics are presented to the Board of Directors and its committees for discussion and reporting, the vast majority of which are presented after being discussed by the Bank's professional bodies and control functions and by the Bank's management. Management's recommendations, as appropriate, are included in the background material distributed to the directors.

Within the framework of the Board of Directors' procedures, a series of topics and matters have been determined, with an emphasis on risk management at the Bank, for which there is a duty to report to the Board of Directors, and the frequency and format of reports have also been defined. In addition, the procedures include reference to types of events that require immediate reporting to the Board of Directors. Once a month, the Bank's CEO presents the CEO's Report, which reviews all of the Bank's activities and special events, and, if necessary, it also includes aspects related to ESG issues. Once a quarter, a comprehensive risk review is presented to the Board of Directors' Risk Management Committee and to the Board of Directors, in which all of the Bank's risks, developments in risk management and control in the reporting quarter, and from time to time ESG-related issues, are discussed.

If there are any unusual material events that affect the Bank in economic, social or environmental areas, they are presented to the Board of Directors as part of the quarterly risk document and as part of ongoing reports from the Bank's management to the Board of Directors.

In 2024, reports were submitted to the Board of Directors on an ongoing basis regarding the Bank's operations in a time of war (regarding aspects of business continuity, credit risks, financial risks, human capital and cyber), including discussions on the subject of a prolonged power outage scenario.

## Training and continuing education

The Board of Directors has a broad and diverse annual training program. From time to time, members of the Board of Directors participate in professional training courses delivered by internal or external lecturers on a variety of topics. The program focuses on continuing education courses in technological aspects, information and cyber security, environmental risks, climate risks, local and foreign legislation and regulation, credit rating methodologies at the Bank, models at the Bank, prohibition of money laundering and terror financing, Proper Conduct of Banking Business Directive 301 of the Bank of

Israel, transactions with related persons, all types of credit aspects, Basel IV Directive, capital management and market risks.

The continuing education program for 2024 included 23 director courses (on 11 dates), and included training courses on technological, strategic, financial and regulatory topics, led by a broad mix of internal and external lecturers.

## Consultation to the Board of Directors

The director's right to receive information and to consult with various parties in the performance of his duties was determined in accordance with the provisions of the Companies Law and in accordance with Proper Conduct of Banking Business Directive 301 of the Supervisor of Banks regarding the Board of Directors. This right was embedded in the Board of Directors' procedures. In justifying cases, the Board of Directors may seek the assistance of external consultants, in the manner and under the circumstances stipulated in the Companies Law and in Directive 301. In special cases, a director is entitled to receive professional consultation at the Bank's expense, if the cost has been approved by the Bank's Board of Directors. and all subject to and in accordance with the provisions of the Companies Law and Directive 301. In 2024, the Board of Directors sought the assistance of external consultants various areas, such as cyber and more.

## Effectiveness of the Board of Directors' work

The effectiveness of the Board of Directors' work is evaluated in accordance with Proper Conduct of Banking Business Directive 301 every two years. At the end of 2024, an assessment of the effectiveness of the Board of Directors' work was carried out with the assistance of an external and independent consultant, using structured and anonymous questionnaires. The product resulting from these questionnaires is a document that includes points for improvement in several content areas. This document was discussed by the Board of Directors, and at the end of the discussion, a list of recommendations for implementation was established. The Bank's secretariat monitors the implementation of these recommendations.

## General Meetings

- The Bank will hold an annual General Meeting with the participation of the shareholders each year, and no later than the end of fifteen months from the last annual meeting.
- The Bank's Board of Directors will convene a Special Meeting according to its decision and at the request of any of the following:
  - Two directors.



- One or more shareholders who hold at least five percent of the issued capital and one percent of the voting rights in the Company, or one or more shareholders who hold at least five percent of the voting rights in the Company.
- Subject to the provisions of the Companies Law or the provisions of the Bank's Articles of Association, the majority required at the General Meeting and at the postponed General Meeting to adopt a resolution is a simple majority of all the votes of the shareholders present at the General Meeting, entitled to vote and who voted therein, without taking into account the votes of those who abstained. A shareholder may vote at a General Meeting or a Special Meeting, in person or through a proxy on his behalf, in accordance with the provisions of the Bank's Articles of Association and subject to the provisions of the Companies Law.
- One or more shareholders, who hold at least one percent of the voting rights at the General Meeting, may request that the Board of Directors include an item on the agenda of a General Meeting to be convened in the future, provided that the item is suitable to be discussed at a General Meeting. Shareholders have the option of voting separately on each item on the agenda of the General Meeting. The Bank does not have preferred shares.
- In 2024, four Meetings were held on the following topics:
  - Reappointment of directors for an additional term
  - Approval of the terms of office and employment of Mr. Avraham Zeldman, regarding his term of office as Chairman of the Board of Directors
  - Discussion of the Bank's annual financial statements
  - The reappointment of Brightman Almagor Zohar & Co. as the Bank's auditors

## Board of Directors' Committees

In 2024, the Board of Directors had five standing committees:<sup>1</sup>

Credit Committee	
Name	
<b>Composition</b>	Until June 16, 2024: Moshe Weidman (Chairman), Hannah Feuer, Joseph Fellus, Jonathan Kaplan, Ron Gazit, Eli Alroy From June 16, 2024: Avraham Zeldman (Chairman), Hannah Feuer, Joseph Fellus, Jonathan Kaplan, Ron Gazit, Eli Alroy
<b>Function</b>	This committee is authorized to discuss general policy issues related to credit and to form recommendations to be presented to the Board of Directors' plenary session. The committee is also authorized to discuss the annual and multi-year work plan of the Credit Control Unit and to receive periodic reports on issues related to credit risk. The committee is also authorized to discuss credit applications that deviate from the credit policy and to make recommendations to the Board of Directors' plenary session for approval.
<b>Number of committee meetings</b>	13
<b>Attendance rate at meetings</b>	96%
Risk Management Committee	
Name	
<b>Composition</b>	Until June 16, 2024: Moshe Weidman (Chairman), Gilad Rabinovich, Avraham Zeldman, Jonathan Kaplan, Joseph Fellus, Ilan Kremer From June 16, 2024: Avraham Zeldman (Chairman), Gilad Rabinovich, Moshe Weidman, Jonathan Kaplan, Joseph Fellus, Ilan Kremer
<b>Function</b>	This committee is authorized to discuss issues and policies related to the management and control of risks at the Bank, the Bank's capital planning and internal control. The committee discusses recommendations brought before the Board of Directors' plenary session and forms them before a discussion by the Board of Directors on these issues. In this framework, the committee discussed, among other things, the master policy regarding the risk management and control framework, the overall risk strategy, the risk appetite, the capital adequacy assessment process and the quarterly risk document. The committee discussed the policy documents for the various risks and recommends to the Board of Directors that these documents be approved, including: financial risk management, operational risk management including business continuity management, reputation risk management, E-banking management, ESG policy, ESG risk management, privacy protection, compliance officer report and unified compliance policy. The committee has the authority to approve new products that require the approval of the Board of Directors' plenary session.
<b>Number of committee meetings</b>	8
<b>Attendance rate at meetings</b>	98%

1. As of June 16, 2024, Mr. Avraham Zeldman commenced service as Chairman of the Board of Directors, succeeding Mr. Moshe Weidman, who ended his position as Chairman on that date. For each committee, the overall attendance rate was calculated based on the actual composition



Name	Remuneration Committee
<b>Composition</b>	Hannah Feuer (Chairwoman), Estery Giloz-Ran, Gilad Rabinovich, Joseph Fellus
<b>Function</b>	This committee is authorized to discuss and make recommendations to the Board of Directors regarding remuneration policies and procedures, as required by the Companies Law and in accordance with the Proper Conduct of Banking Business Directives. The remuneration policy should be in accordance with the Bank's organizational culture, its long-term strategic goals and its control environment, so that the remuneration incentives do not encourage risks beyond the Bank's risk appetite as determined and will enable the maintaining of a solid capital base. The committee meets at least once a year to review the implementation of the remuneration policy. Every three years, the committee will recommend to the Board of Directors to approve or revise the established policy. In addition, this committee recommends to the Board of Directors the principles of the employment and retirement conditions of the Bank's senior management and employees. It also approves the remuneration of officers before it is approved by the Board of Directors and the General Meeting, as applicable.
<b>Number of committee meetings</b>	5
<b>Attendance rate at meetings</b>	100%
Name	Audit Committee
<b>Composition</b>	Until June 16, 2024: Joseph Fellus (Chairman), Estery Giloz-Ran, Hannah Feuer, Avraham Zeldman, Gilad Rabinovich From June 16, 2024: Joseph Fellus (Chairman), Estery Giloz-Ran, Hannah Feuer, Moshe Weidman, Gilad Rabinovich
<b>Function</b>	The authority and duties of this committee are to discuss deficiencies discovered in the management of the Bank's business and to propose to the Board of Directors ways to correct them, to determine arrangements regarding the manner in which complaints from bank employees regarding deficiencies in the management of its business are handled, to examine the annual and quarterly reports to the public, to discuss them and to make recommendations for their approval, to approve transactions and operations as stated in the Companies Law, and to approve transactions with related persons, in accordance with Proper Conduct of Banking Business Directive 312 regarding transactions with related parties. In addition, the Board of Directors has appointed the Audit Committee to be the body responsible for supervising the work of the Compliance Officer, including the issue of information privacy, implementation of the enforcement plan under securities laws and competition laws and their implementation. The Audit Committee oversees the work of the auditors. It also recommends the salary and the type of services requested from the auditors. The Audit Committee supervises events related to corruption and receives reports on unusual events of this type as well as within the framework of the quarterly compliance officer report.
<b>Number of committee meetings</b>	20
<b>Attendance rate at meetings</b>	99%

Name	Information Technology and Technological Innovation Committee
<b>Composition</b>	Until June 16, 2024: Gilad Rabinovich (Chairman), Eli Alroy, Ron Gazit, Estery Giloz-Ran, Moshe Weidman, Jonathan Kaplan From June 16, 2024: Gilad Rabinovich (Chairman), Eli Alroy, Ron Gazit, Estery Giloz-Ran, Avraham Zeldman, Jonathan Kaplan
<b>Function</b>	The purpose of the committee is to discuss and advise the Board of Directors regarding the strategy, risk appetite, and information technology policy, and the management of both the Bank and the corporations under its control, including its subsidiaries outside Israel (hereinafter – the "Bank Group"). Among other things, the committee deals with information security and cyber protection issues, the Bank Group's technological infrastructure, the management and use of databases, technological innovation and business innovation and their alignment with the Bank Group's overall strategy and policy. The committee also determines goals, annual work plans, and resources.
<b>Number of committee meetings</b>	6
<b>Attendance rate at meetings</b>	97%

## Remuneration policy

The remuneration of directors, including external directors, with the exception of the terms of office and employment of the Chairman of the Board of Directors, is provided in accordance with the Companies Regulations (Rules concerning Remuneration and Expenses for External Directors), 2000 (the "Remuneration Regulations").

### Remuneration policy for officers

On December 20, 2023, after receiving the approval of the Board of Directors and the recommendation of the Remuneration Committee, the Bank's General Meeting approved an updated remuneration policy for Bank officers (hereinafter – the "Officers Remuneration Policy") effective for the years 2024–2026 starting from January 1, 2024.

The remuneration policy combines the provisions of the Companies Law, 1999, and the provisions of the Remuneration for Officers in Financial Corporations Law (Special Approval and Inadmissibility of Expenses for Tax Purposes due to Irregular Remuneration), 2016 ("Executive Remuneration Law") and Proper Conduct of Banking Business Directive 301A on the subject of remuneration with the cross-organizational principles that the Bank's Board of Directors, following the recommendation of the Remuneration Committee, deemed appropriate to adopt regarding the remuneration of the Bank's officers, taking into consideration, among other things, the Bank's strategic plan for the years 2021–2025 and the terms of employment for officers currently in effect at the Bank.



The remuneration package for officers who are not directors will include two main components: a monthly salary (and related components) and performance-based variable remuneration (based on the Bank's performance targets, on personal performance indicators, including reference to ESG and including discretionary remuneration), which will include a cash bonus, and may also include long-term equity remuneration. The remuneration package may also include retirement-related benefits.

The medium-term remuneration (annual bonuses), as well as the long-term remuneration, are intended to promote the common interests of the officer and the Bank, and to strengthen the connection between the Bank's performance as a whole and the contribution of the officer to achieving the performance for the officer's remuneration, while adjusting it to the Bank's risk profile.

According to the remuneration policy, the maximum variable remuneration will not exceed 100% of the fixed remuneration, except in exceptional circumstances, in which the maximum variable remuneration will not exceed 200% of the fixed remuneration. In addition, the Bank's Board of Directors determined that the maximum variable remuneration for officers who are gatekeepers will not exceed 80% of the fixed remuneration and that these officers will be entitled to an additional fixed component (in the amount of two salaries, which constitutes fixed remuneration in accordance with the remuneration policy).

According to the remuneration policy, the remuneration ceiling, as defined in the Executive Remuneration Law (i.e., excluding payments for compensation and severance pay according to law), of the Chairman of the Board of Directors and the General Manager will be less than the lowest salary of a full-time employee of the Bank, including a contractor employee, multiplied by 35.

With regard to other officers (other than the CEO or directors), the Remuneration Committee and the Board of Directors are authorized to grant annual remuneration that exceeds that set forth in Section 2(a) of the Executive Remuneration Law, provided that it does not exceed the remuneration ceiling permitted under Section 2(b) of the Executive Remuneration Law (excluding provisions for compensation and provisions for rewards, according to the law). The Bank's remuneration policy for employees who are not officers applies to certain subsidiaries of the Bank, with the required changes.

### Remuneration policy for all Bank employees

In December 2023, after receiving the recommendation of the Remuneration Committee, the Board of Directors decided to approve an updated remuneration policy for three years, for all Bank employees, except for officers to whom the Bank's updated Officers Remuneration Policy applies, as stated above (hereinafter – the "Remuneration Policy for All Bank Employees").

The Remuneration Policy for All Bank Employees discusses the remuneration conditions

of the key employees at the Bank, as well as the remuneration conditions of the other managers at the Bank and the remaining Bank employees for the years 2024–2026. The terms of service or employment according to the Remuneration Policy for All Bank Employees include fixed remuneration and variable remuneration, as is customary at the Bank, as well as retirement conditions and any benefit, other payment or payment obligation provided due to tenure or employment.

The salary of most Bank employees is derived from comprehensive collective agreements. For additional information regarding remuneration for Bank employees, see Notes 22 and 23 to the Bank's financial statements for 2024.

## Internal control

The Bank's comprehensive internal control system is based on cooperation between central divisions, with the Risk Management Division serving as the leading and central entity in this area. Along with it, the Financial Information and Reporting Division and the Legal Division operate.

The Risk Management Division operates as a second line of defense in the Bank's risk management and control system, and is responsible for the overall framework for risk management and control. The Risk Management Division is involved in the processes of preparing the various policy documents, so as to ensure efficient and effective control activities that are appropriate for the risks to which the Bank is exposed. The designated policy documents regulate the Bank's internal control system. This framework determines the reporting chain when material or unusual events occur, and also determines the principles of the Bank's internal control culture. The Bank's risk policy documents explicitly define the roles of the various layers of corporate governance for addressing internal control risks (compliance, prohibition on money laundering, legal risk, operational risks, including embezzlement and fraud risks).

In addition, the policy documents detail the corporate governance for risk management, the roles of the Board of Directors, management and Bank units, and the roles of the Bank's lines of defense responsible for implementing the internal control framework and reviewing the effectiveness of the Bank's internal control.

The Legal Division is responsible, among other things, for examining the effects of legislative provisions and changes in legislation on the Bank's activities and providing ongoing legal advice to the Bank's units, as well as for coordinating the handling of claims against the Bank. The policy documents also regulate, among other things, the ongoing and periodic reports provided by the Bank's Chief Legal Counsel to the CEO, the Board of Directors and its committees, depending on the type of information and the legal risk inherent therein.



The Financial Information and Reporting Division is responsible, among other things, for preparing the Bank's financial statements for the public, for reporting to statutory authorities and management, as well as for taxation. The Division is also responsible for the classification of credit, determining provisions for credit losses and for challenging the processes of identifying and revealing problematic debts. In addition, the Division is responsible for supervision and control over the Bank's budget, control over subsidiaries and monitoring the Bank's work plans.

Once a year, the Bank's Audit Committee holds meetings with the gatekeepers without the presence of additional parties, including the Chief Legal Counsel, the Chief Risk Manager, the Chief Internal Auditor, the Chief Accountant, the Auditing Accountant, the Financial Reporting Officer, the Compliance Officer and the officer responsible regarding the prohibition of money laundering.

## Internal audit

In accordance with the provisions of the law and regulations, the Bank operates an Internal Audit Division that reports directly to the Chairman of the Board of Directors. The authorities and obligations of the Internal Audit Division are detailed in a letter of appointment that was discussed and approved by the Bank's Board of Directors, including the authority and ability to initiate audits in all of the Bank's units and activities. In addition, the Internal Audit Division has the authority to demand and receive any document and any information necessary to perform its duties. In order to perform their duties, employees of the Audit Division also have direct access to the records and information required relating to the audit subject.

The work plan prepared by the Internal Audit Division is presented annually for discussion by the Board of Directors' Audit Committee and approved by the Board of Directors' plenary session. In addition, the Division coordinates the handling of employee complaints, with an emphasis on embezzlement and fraud. Inquiries that raise suspicions of improper activity are reviewed by the Internal Audit and are included in the Division's semi-annual and annual reports to the Board of Directors' Audit Committee.

The Internal Audit Division prepares audit reports based on accepted professional standards: legal requirements, including the Internal Audit Law, and directives from supervisory authorities, including the directives of the Banking Supervision Department. Audit reports are regularly distributed to the Chairman of the Board of Directors, the Chairman of the Audit Committee, the CEO, and the supervisor of the audited unit. In addition, a copy of each report is forwarded to the CRO, the Compliance Officer, and the Supervisor of the Prohibition on Money Laundering, the Director of the Risk Control Division, and the Director

of the Information and Financial Reporting Division. Work processes in the Audit Division are carried out in accordance with organized procedures approved by the Board of Directors' Audit Committee. The internal audit examines, among other things, compliance with the provisions of the law, the guidelines of the Bank of Israel and other regulators, the policy, the code of ethics, and the Bank's procedures, and the existing systems and controls for ensuring this compliance are also examined within the framework of a multi-year, risk-based work plan. The audit reports concern both the implementation of the guidelines in the field units, and the post-implementation control processes carried out by the control units, including the Risk Management Division and the Compliance Department. In 2024, the scope of internal audit work hours was approx. 54,000 hours.

## External audit

The Bank's independent auditors since 1995 have been Brightman Almagor Zohar & Co. In 2024, the reappointment of Brightman Almagor Zohar & Co. as the Bank's auditors was approved at the General Meeting by a simple majority. Once a year, a discussion is held regarding the continuation of the engagement, and once every three years, a review is held regarding the need to replace the Bank's auditors. The Audit Committee oversees the work of the auditors. It also recommends the salary and type of services requested from the auditors. In 2024, the scope of external audit work hours was 24,000 hours.

## Tax policy

The Bank undertakes to maintain fair tax practices in all countries in which it operates and to comply with the provisions of the law. The Bank pays tax in accordance with the requirements of tax laws in Israel and the requirements of other countries in which the Bank Group has operations, and also implements the Double Taxation Convention to which Israel is a party. Tax audits are conducted regularly once a period, in accordance with the work plan of the Bank's Internal Audit. The subject of taxes is regularly included in the audit reports. The annual work plan regarding taxation is approved by the Bank's management. Transactions with related parties within the Bank Group are carried out at market prices, so the Bank does not transfer profits between operating areas for the purpose of reducing tax liability, including the preparation of reports in accordance with various regulatory rules that establish this conduct. The Bank refrains from tax planning and does not use tax shelters. In addition, the Bank submits a "country-by-country" report once a year in accordance with OECD guidelines. External control of the country-by-country tax payment data is carried out by Brightman Almagor Zohar & Co., and control over tax payments in Israel is also carried out.

The Bank implements the relevant compliance directives on the subject of customer taxation, and as a rule, it does not provide tax advice to its customers. For that purpose, the Bank



publishes new procedures to all Bank employees in order to inform them of the change and the operating method, as necessary. In cases where concerns arise on the subject, the Bank actively works to eliminate tax evasion by Bank customers. The Bank operates transparently and cooperates in full with tax authorities, including providing required disclosures regarding its activities. The Bank cooperates with ongoing audits by tax authorities and provides tax authorities with any information requested as part of the audits. The tax liability of the Bank's subsidiaries is determined according to the tax rates applicable in that country. The Bank supplements the tax liability to rates in Israel for the foreign branches.

### Tax payment

In 2024, the actual tax payment paid to the Israeli government was approx. NIS 3,715 million. In addition to that payment, the Bank paid tax in the US and the UK in amounts that are not material to the Bank's operations and are approx. 1% of the total tax paid by the Bank Group.

### Government support

In 2024, the Group did not receive any subsidies, tax breaks, incentives or other financial benefits from the Government of Israel or from the governments of other countries in which it operates. Furthermore, the Bank was not provided with any financial assistance by export credit agencies.

### Preventing conflicts of interest

The Bank implements the provisions of the law regarding the prevention of conflicts of interest among the Board of Directors. In particular, the Bank operates in accordance with the provisions of the Companies Law, Proper Conduct of Banking Business Directive 301 – "Board of Directors" and Proper Conduct of Banking Business Directive 312 – "A Banking Corporation's Business with Related Parties".

The Bank's policy for preventing conflicts of interest incorporates relevant procedures that establish guidelines regarding the approval of transactions with related parties and mechanisms for separating the banking corporation's activities in the various sectors, between the activities of the Bank as a banking corporation and the activities of controlled corporations or between the activities of the banking corporation and the activities of the group to which it is associated, in order to avoid the existence of conflicts of interest. The Bank's internal enforcement plan regarding securities also includes the aforementioned relevant Bank procedures, which include detailed provisions on this subject. In addition, the Bank has outlined guidelines for cases in which a director or another officer at the Bank has a personal interest, and guidelines were also outlined for cases in which there is a potential for a permanent conflict of interest.

## Business ethics



The Bank strictly adheres to business ethics among its employees. The fundamental values of the Bank's activities are defined in the Bank's Code of Ethics, which is embedded throughout the organization. The Bank has policy documents and procedures for handling embezzlement, fraud and violations of the law.

### Code of Ethics

The Bank's values that guide its activities:

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|--|--|
|  <b>Credibility</b>                             |  <b>Commitment to the bank</b>              |
|  <b>Customer loyalty</b>                        |  <b>Fairness</b>                            |
|  <b>Human dignity</b>                           |  <b>Transparency</b>                        |
|  <b>Excellence, professionalism and service</b> |  <b>Social and community responsibility</b> |

Bank employees have contact with important areas in the lives of many people and operate under laws and regulations that are frequently updated. The Code of Ethics sets high standards from a personal and organizational perspective. Bank employees are obligated to act in accordance with the values of the Code towards all of the Bank's stakeholders – customers, employees, managers, investors, business partners, suppliers and towards the community. The Code of Ethics is not a substitute for working in accordance with the law, regulations and bank procedures, but it adds to them.

The Code of Ethics, which expresses the spirit of the Bank and the organizational culture that prevails therein, defines the rules of conduct that are appropriate for all Bank employees. The Code is also based on an analysis of events that have arisen in the field and serves as a tool for dealing with issues and dilemmas that arise in the course of work. The Code of Ethics is regularly examined and reviewed by the Ethics Committee, which consists of employees and managers from all of the Bank's divisions. The committee meets

1. The Code of Ethics appears in full on the Bank's website.



regularly and discusses ethical dilemmas that have arisen in the field, and examines the implementation of the Code's values as a solution to these dilemmas. Every six months, the committee reports to the management and to the Board of Directors regarding its activities and the dilemmas that have been brought to its attention and the methods of resolution that have been implemented. The Head of the Human Capital and Resources Division is the person in charge of ethics at the bank. The Code was presented and approved by the Bank's management and Board of Directors,<sup>1</sup> and all employees, including new employees, are required to sign it. The Bank's Board of Directors and management promote a high level of ethics and integrity within the organization.

## Implementing the Code of Ethics

- **Reporting to the management and to the Board of Directors** – In accordance with the work plan for implementing the Code of Ethics, every six months the Chairman of the Ethics Committee presents a report to the management and to the Board of Directors regarding the implementation of the Code and on ethical events that have occurred.
- **Ethics Committee** – The committee, headed by the Head of the Human Capital and Resources Division, meets on a quarterly basis to discuss policy formulation, ethical dilemmas and inquiries that have come to its attention. The dilemmas deal with various aspects of the organization's activities: business activities and the interface with customers, the interface with suppliers and the ongoing work of all employees.



In 2024, **19,950** hours of training regarding the **Code of Ethics** and ethics topics were provided to the Group's employees.

- **Training on the subject of ethics** – All bank employees are trained regarding the Bank's Code of Ethics. Management training discusses ethical issues relevant to managers. Each new employee at the Bank, whether full-time or part-time, is required to learn the subject through a courseware program and participates in face-to-face training. The courseware performance on ethics is monitored. A lesson on the Code of Ethics is taught in each professional introductory course. Ethical dilemmas are presented on the Code of Ethics website.

- **Integration of ethical aspects in employee evaluation** – During employee evaluation, which is one of the sources on which organizational decisions are based (such as promotion, remuneration, etc.), ethical aspects of the employee's conduct are also addressed.
- **Dialogue with employees** – The bank constantly examines the degree of integration of the Code of Ethics through meetings, focus groups and training. As part of the work plan, an initiated discussion of ethical dilemmas is held in the Bank's units in Israel and abroad on a quarterly basis. Reports on this are forwarded to the Ethics Committee on an ongoing basis. In addition, there is an ongoing dialogue through forums of managers and employees. Among other things, the quality of the Code of Ethics' implementation and the accuracy of the work plan are examined accordingly. In 2024, no inquiries were received from Bank employees regarding the Code of Ethics.

## Prevention of embezzlement and fraud

The Bank works to maintain credibility and integrity in the management of its business and in its relations with all stakeholders. The implementation of business ethics at the Bank also includes the prevention of embezzlement and fraud, which is supervised by the Board of Directors' Audit Committee. The Bank has policy documents and procedures for handling embezzlement, fraud and violations of the law, as well as procedures that outline principles and tools for identifying and managing exposures to these risks, monitoring them, reporting and controlling them. In addition, the Bank has established an organizational structure with a separation of duties, work processes, monitoring systems and additional tools aimed at minimizing these risks. These activities are integrated into several risk management policy documents, such as human resource management, rotation, continuous leave, operational risk management and more.

## Mechanisms for identifying, locating and reporting regarding business ethics

### Systems for monitoring embezzlement and fraud incidents

The Bank has a system for monitoring suspected embezzlement and fraud incidents, which screens unusual events for examination in accordance with the business laws on which it is based. The audit compiles data relating to irregularities and employee complaints. The activity of all branches is monitored on an ongoing basis to detect unusual activity in general and unusual activity of employees in particular. In addition, the procedures at the Bank for engaging with suppliers are regulated by procedures that include work processes to prevent embezzlement and fraud.



## Employee reporting channels

The Bank allows its employees to make contact on any issue, including ethics issues, through various channels and at all hours of the day. The Bank can be contacted directly: the Chairman of the Ethics Committee through the Code of Ethics website, an open or anonymous application to the Internal Audit Division, and an anonymous line to the Compliance Officer. Referrals can be made through an online form, email, telephone, voicemail, fax, and in an envelope in internal mail. According to the procedure, an employee will report to his managers regarding cases or events in his area of responsibility that are suspected of constituting a significant violation of procedures or legal provisions. Depending on the matter, the manager will forward the report to the Internal Audit. In cases of suspicion of a criminal offense, the employee will report the event to the Internal Audit personally or anonymously. Information regarding the methods of making contact appears on the organizational portal, on the bulletin board in foreign branches, and it is published in branches.

## Protection of whistleblowers

The Bank has a mechanism for reporting corruption aimed at protecting employees who disclose corruption – embezzlement, fraud and violations of the law. This protection includes, among other things, refraining from publishing identifying details about the complainant, preventing dismissal, preventing disciplinary proceedings, preventing deterioration in his or her working conditions, preventing a delay in promotion, preventing threats or any similar harm that may be caused in connection with the report. In order to encourage Bank employees to fulfill their duty to report without fear of harm that may be caused to them, the reporting mechanisms for whistleblowers are anonymous. In the event of concern regarding harm to an employee's conditions on this basis, the employee may contact Human Resources or the Internal Audit, which oversees the protection provided to employees. The Board of Directors' Audit Committee oversees this issue. In order to enable the Audit Committee to monitor the procedure's implementation, the Internal Auditor reports to the Audit Committee on the number of anonymous reports, as well as whether it is necessary to implement protection for reporting employees. In 2024, no reports regarding bribery and corruption were received within the reporting mechanism, and there was no need to protect employees within the whistleblower mechanism.

## Reporting by parties outside of the Bank

Parties outside of the Bank, such as customers, suppliers and the general public, can contact the Ombudsman through the Bank's website, by phone, by fax, by email, by Israel Post and through an online form, and also by email directly to the Internal Audit. The Bank has a procedure that ensures the protection of information confidentiality. The

Bank is carefully maintains ongoing contact with the applicant, except in cases where this is not possible (for example, when making an anonymous application).

## Handling suspected fraud

The Bank's policy for handling fraud determines the methods implemented and the chain of reports required to handle this suspicion, including reporting to the Bank's CEO, the Chairman of the Audit Committee and the Chairman of the Board of Directors. In the event that a violation of the provisions of the law, regulations or Bank procedures by a Bank employee is discovered, disciplinary measures are taken, depending on the severity of the violation and the values embedded in the Bank's Code of Ethics, which may go as far as dismissing the employee. The findings of the examination are reported and brought for discussion according to the circumstances of the case by the management and the Board of Directors' Audit Committee. In addition, a process of investigation and lessons learned is carried out to prevent the recurrence of similar cases in the future. In cases where a criminal offense is suspected, a complaint is filed with the Israel Police and the incident is reported to the Bank of Israel in accordance with the Bank's regulations and procedures.

## Lessons learned, assimilation and employee training

In order to strengthen the reporting culture among employees, the Bank holds conferences and dedicated training, and also conducts investigations into various events and disseminates the conclusions to the field in order to prevent their recurrence in the future. The policy for preventing embezzlement and fraud is explained to employees. Every two years, a mandatory study on the prevention of embezzlement, fraud, violations of laws and procedures is distributed to all employees of the Bank and its subsidiaries. In cases where employee irregularities were suspected in 2024 (including following employee complaints, anonymous complaints and an examination of information on suspected violations of moral integrity received from other parties), disciplinary measures were taken, up to and including the employee's dismissal. It should be noted that these cases did not reveal deficiencies that indicate a general failure in the Bank's control environment processes and their effectiveness.



# Commitment to regulatory compliance



The Bank carefully implements the provisions of the law and the rules of corporate governance. Compliance with the provisions of the law and the Bank's procedures is part of the Bank's organizational culture and is not only the concern of the compliance function, but applies to every entity at the Bank and is an integral part of the Bank's business activities. The Legal Division advises on the implementation of the provisions of the law and their implications for the Bank Group's activities. The Risk Management Division accompanies the processes of their implementation in the activities of the relevant Bank units and ensures that the Bank units comply with the provisions of the law and the Bank's procedures.

The Bank has a compliance policy approved by the Board of Directors. This policy addresses compliance issues, prohibition on money laundering, terror financing, cross-border risks, fairness, privacy protection and internal enforcement of securities laws and economic competition laws. The policy applies to the entire Group with the necessary adjustments. The Bank has appointed a Chief Compliance Officer who works in accordance with a regulated letter of appointment that ensures his authorities and anchors his independence as part of proper corporate governance. The Compliance Officer works in accordance with the letter of appointment and in accordance with the duties applicable within the scope of his position, as defined in Proper Conduct of Banking Business Directive 308. The Compliance Officer is subordinate to the Chief Risks Officer and reports directly to the Board of Directors, its committees and the Bank's management, in accordance with the provisions of the Bank's procedures.

## Board of Directors involvement in the implementation of a culture of compliance and proper conduct

The Bank's compliance policy is approved by the Board of Directors once a year, and the Compliance Department's work plan and training plan are approved by the Board of Directors each year, as part of the multi-year work plans. As part of its role, the Board of Directors approves the Bank's compliance risk management policy, verifies the existence of reporting and supervisory measures for the implementation of the compliance risk management framework, and outlines the way in which the compliance

policy is communicated. The Compliance Officer updates the Audit Committee directly each quarter, as part of the Compliance Officer's quarterly report, and twice a year, he updates the Risk Management Committee. At least once a year, the Compliance Officer meets in person with the Board of Directors' Audit Committee. In addition, the Compliance Officer's annual report is presented to the Board of Directors.

The Legal Counsel, the Chief Risks Officer (CRO), the Compliance Officer, and the Bank's Chief Internal Auditor participate and report to the Board of Directors and its committees.

## Risk management policy

The Bank has specific policy documents in various risk management and control areas, which support the implementation of legal and regulatory provisions. In these documents, the Bank's Board of Directors have outlined the risk management principles in accordance with the Bank's strategic plan, as well as the principles for monitoring and controlling risks. This policy determines, among other things, the risk appetite, and in particular it determines that the Bank has zero tolerance for non-proper implementation of legal and regulatory provisions.

## Compliance risk management

Compliance risk management includes risks concerning the prohibition on money laundering, terror financing, cross-border risks and fairness risks, internal enforcement of securities laws and privacy protection. This risk management is carried out by identifying, assessing and documenting the compliance risks inherent in the Bank's business activities, including developments relating to new products, business practices, business lines, new customers or material changes in any of these. In addition, the Bank maintains and regularly updates a mapping of compliance risks, it maintains comprehensive control and enforcement programs and takes various measures in order to reduce the risk. The Bank conducts legal and operational risk surveys, which also include reference to fraud, and operates an ongoing system for monitoring fraud.

The Bank maintains broad control programs across the business lines as well as effective enforcement programs under securities laws and economic competition laws, tailored to the Bank and its unique circumstances, as part of the Bank's overall risk management system and with the aim of ensuring overall compliance with the provisions applicable to the Bank. In addition, the Compliance Department has detailed "second-line" control programs that examine the Bank's compliance with the applicable compliance provisions, in accordance with a risk-based approach. The Bank maintains and regularly updates a mapping of internal compliance and enforcement risks. It conducts gap surveys and maintains comprehensive control, implementation and enforcement programs and employs various measures to reduce these risks. In



addition, the Compliance Officer is involved in approving new products and procedures, and handling relevant transactions.

In June 2024, the Bank received a notification from the Supervisor of Banks, according to which it was decided to impose a civil fine of NIS 172,588 on the Bank for a violation of Section 24A(a) of the Banking (Licensing) Law, 1981 ("Banking Licensing Law") due to the Bank's historically insignificant non-controlling interest holding (19.98%) in a company that became a significant real corporation due to the addition of its controlling shareholder to the list of significant real corporations. The amount of the civil fine imposed is after a maximum reduction from the original amount of NIS 1,150,584 that the Supervisor of Banks announced its intention to impose, in accordance with the provisions of the Banking Licensing Rules (Reduction of Civil Fine Amounts), 2011. This includes, among other things, the actions taken by the Bank on its own initiative to identify the violation, to stop it and to prevent its recurrence in the future, to the satisfaction of the Supervisor of Banks, and before the Supervisor had contacted the Bank on the matter, and in view of the volume of work constituting the violation and other factual circumstances, including the scope of the violation and the profit that could have been derived therefrom.

### Implementation and assimilation of compliance at the Bank

Mizrahi-Tefahot Bank operates in several ways to implement and integrate compliance aspects at the Bank:

- **Compliance controllers and trustees** – Each division is responsible for management and compliance with regulations in its area of activity. In order to implement enforcement in the divisions, regional compliance controllers were appointed, who report directly to the Compliance Department and assist in implementing compliance in the Bank's branches. In addition, compliance trustees were appointed in all branches and at the Bank's headquarters, and compliance bankers were also appointed in large branches. They receive training on the subject of compliance several times a year and are responsible as the primary professional knowledge hub for employee inquiries regarding compliance, for performing first-line controls, identifying compliance risks and taking appropriate measures to mitigate them, along with handling customers in accordance with procedures.
- **Training and publications for employees** – As part of the implementation of a culture of compliance, the Bank provides training for its employees on a variety of topics: compliance, prevention of money laundering, prohibition on terror financing, bribery and corruption risks, compliance with international sanctions, fairness towards the customer, protection of privacy, prohibition and prevention of discrimination among

minorities and disadvantaged population groups, and more. Bank employees are required to complete courses and knowledge tests on compliance issues as part of their employment, and subsequently at regular intervals according to their role. In addition, near the time of absorption of new employees into the Bank or when changing roles, employees participate in professional training that includes content on compliance issues. In addition, the Compliance Department operates according to a regular training program to strengthen employees' professional knowledge, to refresh and update work procedures and to learn lessons from events that have occurred. Accordingly, there are training days focused on compliance, training on compliance is integrated into the training center's professional courses, and brochures, work aids, case studies, and more are published from time to time, which include emphasis on compliance with the provisions of the law. The Compliance Department also initiates seminars on the subject.



In 2024, the Group's employees were given

**116,566** hours of training on regulatory compliance topics.

- **Handling of exceptions** – The Bank handles unusual activities identified within the control framework, both at headquarters and in branches. Handling includes implementing recommendations for improving processes and controls, ensuring that deficiencies have been corrected, lessons learned, and disciplinary action.
- **Reporting mechanism** – The Internal audit operates a mechanism for employee inquiries regarding irregularities, and protections have been established for whistleblowers as detailed above. In addition, a dedicated anonymous line is operated for employee inquiries to the Compliance Department. The Bank operates anonymous telephone and fax lines that are open for employee reporting, if necessary, on issues of fraud and manipulation of securities and other compliance issues.
- **Internal audit** – The Bank conducts an independent internal audit, within the framework of a multi-year risk-based work plan, in units and material processes at the Bank, among other things, regarding compliance with the provisions of the law, the guidelines of the Bank of Israel and other regulators, and the Bank's



policies and procedures, in both the business units and the control units. (For more information, see the financial statements on the subject of disclosure regarding the Internal Auditor).

- **Compliance Forum** – The bank operates a forum headed by the Chief Risks Officer and attended by the Corporate Division managers or their representatives, a representative of the Legal Division, the Chief Compliance Officer and a representative of the Internal Audit Division. The purpose of the Forum is to present and discuss events related to compliance, including aspects related to privacy protection, to discuss material compliance risks, and to describe important regulatory updates and preparations for their implementation.
- **Cross Border Forum** – The Forum deals with cross-border risk management at the Bank. It is headed by the Head of the Risk Management Division and is attended by the managers of the Business Banking Division and the managers of the Legal, Retail, Technology, Human Capital and Resources Divisions, as well as the Chief Compliance Officer and other representatives from these divisions. The Forum receives reports and updates regarding the Bank's compliance with its obligations, derived from directives related to cross-border risks. The Forum also outlines the Bank's activities on this subject.
- **Regulation in Process Forum** – The Forum, headed by the Head of Banking Operations, discusses and examines regulations on a quarterly basis, when they are in the draft stage and have not yet entered into effect, in order to verify the Bank's readiness to implement them from the moment they are approved or enter into effect.
- **Regulatory Forum** – The Forum, chaired by the Chief Risks Officer, discusses and examines new regulations on a quarterly basis, including consumer issues. The Forum is also updated on how they are implemented at the Bank by the units responsible for instruction.
- **Financial Information and Reporting Division Regulatory Forum** – The Forum, chaired by the Chief Accountant, meets on a quarterly basis. The Forum discusses new regulations from the last quarter that are relevant for the financial reporting, including reference to all circulars and updates from the Banking Supervision Department and their impact, if any, on financial reporting, as well as additional regulations that are relevant to reporting on salary, taxes, and more.

## Compliance management in subsidiaries

The Compliance Officer regularly supervises the implementation of the policy in the Bank's subsidiaries and foreign branches through regular meetings, receipt of quarterly reports from the subsidiaries, involvement in formulating policy documents and work plans in the subsidiaries, approval of training programs in foreign branches, and ongoing monitoring. In addition, he ensures that subsidiaries and foreign branches have been given the tools to implement the Group's compliance policy, and also ensures that the relevant employees have appropriate knowledge and experience in the jurisdictions in which the companies operate. If there are regulatory changes, the Compliance Officer monitors the subsidiaries' reporting of these changes and their preparedness status.

## Political contributions

As part of proper management, Mizrahi-Tefahot Group does not promote positions and issues of a public policy nature and does not engage in lobbying for this purpose. The Group does not contribute to political parties, politicians or official institutions. This type of activity is prohibited in the State of Israel, and the Group operates in accordance with the law. The Group operates in the public arena, where necessary, solely in the context of its business affairs.



# Commitment to the prevention of bribery and corruption



The Bank is committed to the international fight against bribery and corruption and works to prevent its exploitation for these purposes. The Bank will not allow transactions to be executed in cases where there is concern that the transaction is related to bribery and corruption, and it will work to ensure appropriate reporting of these transactions and the attempts to carry them out.

## Prevention of bribery and corruption at Mizrahi-Tefahot

The Bank pays great attention to preventing bribery and corruption, and therefore a regular policy on the subject is outlined. The risk assessment is carried out uniformly and without distinction, whether the transaction is carried out remotely or in a face-to-face meeting. As part of the bribery and corruption risk management policy, the Bank closely monitors and controls transactions in the accounts of customers exposed to bribery and corruption, including "red flags" and a procedure for reporting unusual activity. The Bank constantly monitors the activities of the branches to detect corruption risks, prevent cases such as bribery, embezzlement and fraud.

### Measures and controls to prevent bribery and corruption

- **First and second line of defense controls** – The business lines and the Compliance Department maintain control circles over the activity, in order to ensure full compliance with regulations. Compliance Department controls are carried out in accordance with annual risk-based work plans, in which elements such as the customer's area of activity, the country where the activity is carried out, and the parties involved in the transaction are examined. Various committees and forums have been established for this purpose.
  - Operational Risk Management Committee headed by the CEO.
  - Operational Risk Steering Committee headed by the Chief Risks Officer – meets regularly at least once each quarter. The committee receives a review of the events that have occurred and the actions taken. It also makes recommendations for implementing and updating operational processes, with an emphasis on processes to improve customer service, given adequate monitoring and risk minimization.

- Fraud Forum – Headed by the CRO and with the participation of the Internal Audit, Human Capital and Resources and Legal Divisions.
  - Internal Control Forum – A periodic forum responsible for the integration between the internal control areas at the Bank, which discusses, among other things, material cross-organizational events.
  - Risk surveys for operational processes – The Risk Management Division regularly conducts risk surveys for operational processes in all Bank units, coordinated with the unit managers. This is with the aim of identifying the inherent operational risks in their activities, assess their severity and define the strengthening processes required for their minimization.
- **Prevention of bribery and corruption among customers** – The activities of the Bank's customers suspected of being related to bribery and corruption are monitored and handled by the Compliance Department. If necessary, their activities are reported to the appropriate regulatory entities. When an account is opened, the Bank identifies customers who may be exposed to giving or receiving bribes, it increases its familiarity with their expected activities, and increases their monitoring. A corresponding risk level is defined for those customers, and accordingly, restrictions and blocks are imposed on the activity in their accounts. These customers include, among others, public figures or their relatives and those with whom they conduct business activity (PEPs), customers who operate with the accounts of foreign public figures, areas of activity at risk, and customers who operate with countries at risk of bribery and corruption. In addition, the Bank maintains a table of countries at risk for bribery and corruption and monitors activity with these countries, among other things by receiving declarations and documents from customers.
  - **Prevention of bribery and corruption among employees** – The Bank's procedures are designed to instill ethical conduct and prevent bribery and corruption, and are accessible to all Bank employees, including subsidiaries. Group employees are required to refrain from accepting any benefits in the context of working relationships with customers or suppliers. The Group has clear procedures on this subject. Granting of gifts, benefits or special conditions to customers will be done in accordance with the relevant procedure, according to a clear authority hierarchy and in accordance with the instructions of the Bank of Israel. In order to prevent a deviation from these procedures, the Bank presents the subject to employees and instructs them. The procedures and the Code of Ethics address the following issues: prohibition on accepting gifts from customers and suppliers, conditions for private engagement with customers and suppliers, receipt of a loan



from the GMAH Fund, donations, arranging flights and limiting per diem and hotel expenses. The Bank does not have sub-agents in its operations abroad, and it uses suppliers, consultants or business partners for its representation with customers and government authorities in commercial matters.

- **Incident investigation** – The Bank has a systematic methodology for carrying out learning processes and measure for preventing a recurrence of incidents in Israel and abroad. In addition, in necessary cases, a complaint is filed with the Israel Police and/or a report is forwarded to the relevant authorities.
- **Training** – In 2024, 19,589 hours of training on the subject of corruption prevention were provided to employees of the Bank Group.

## Preventing corruption in subsidiaries in Israel and in foreign branches

Bank Yahav and the other companies in the Bank Group are also obligated to strictly comply with all legal and regulatory requirements that apply to them in their business activities. The companies and foreign branches work hard to reduce exposure to embezzlement and fraud and consider this area very important, given their status as a financial institution. Their activities to comply with regulation and prevent bribery and corruption are carried out in accordance with the policy and the Mizrahi-Tefahot Bank Group conduct. The policy documents of the foreign branches are based on the Bank's policy documents, translated and adapted to local regulation.

## Prohibition on money laundering and terror financing

The Bank's policy on the prohibition on money laundering and terror financing is reviewed and approved by the Board of Directors at least once a year, and it includes the Bank's guiding principles in this area in accordance with the provisions of the law and is binding on the entire Mizrahi-Tefahot Group. The rules and principles set forth in the Bank's policy are fully embedded in the Bank's procedures. The Bank's Board of Directors discusses the prohibition of money laundering and terror financing in the discussions on the Compliance Officer's report. In addition, the Compliance Department conducts an annual risk assessment in the areas of money laundering, terror financing, and cross-border risks. As part of the assessment, a comprehensive work process is carried out with the involvement of the Bank's relevant business lines and units together with the Department employees. In cooperation with all these parties, a risk examination and assessment is carried out, which includes an analysis of quantitative data regarding the types of customers and the various activities, as well as an estimate of the risk to the Bank in its activities in these areas.

The Bank considers itself a partner in the international fight against money laundering and terror financing. It is committed to the international fight against bribery and corruption and works to identify, monitor and follow up on activities and customers that may be exposed to these risks. Moreover, the Bank refrains from carrying out activities that are contrary to the international sanctions programs of countries and international entities such as OFAC, the US Treasury Department and other countries and entities. The Bank adopts a risk-based approach, which contributes to the effectiveness of control lines and the adequate handling of money laundering and terror financing risks, and leads to their mitigation. The management of money laundering and terror financing risks is integrated in all levels of the Bank's activities with its customers. In addition, the Bank has established a systematic work process for approving the activities of a high-risk customer. Opening an account for a high-risk customer is conditional on the approval of a senior manager.

As described above, the Bank operates various systems to assist its employees in identifying unusual activity, reporting and acting in accordance with the relevant legal and procedural provisions. When necessary, the Bank also uses information from public databases to prevent money laundering and terror financing, and examines information to understand the customer's financial sources and the path of funds in a transaction. The Bank has processes for detecting irregularities, and there is a reporting obligation to the Internal Audit Department, which examines the case. Money laundering and terror financing risks are managed by the Risk Management Division.

The prohibition on money laundering and terror financing policy deals, among other things, with the following principles:



- The conditions for accepting customers, providing services and performing transactions.
- The required familiarity with the customer and his business and banking activities.
- Classification of the Bank's customers according to risk levels.
- Risks unique to customers who are publicly exposed.
- Bribery and corruption risks.
- Prevention of illegal gambling activities.
- Prevention of terror financing and trade with enemy entities.
- Compliance with international sanctions.
- Monitoring of unusual activities.

### Anti-Money Laundering System (AML System)

The AML System is an information and reporting system that monitors unusual events according to criteria examined by the branches (first line) and the Compliance Department (second line), which report, if necessary, to the Anti-Money Laundering Authority in accordance with the provisions of the law. The bank carefully documents and retains all documents related to the prohibition of money laundering and terror financing for a period of at least seven years.

### Training for all employees

The process of implementing the prohibition on money laundering and terror financing policy and the work procedures derived therefrom is a comprehensive and in-depth process, which includes training, courseware and knowledge tests at varying frequencies for employees and managers at various levels according to the types of positions. In addition, various brochures and training aids dealing with the subject have been published.



In 2024, **6,492** hours of training on the prohibition of money laundering and terror financing were held for Bank employees.

In 2024, there were no material violations (i.e. violations that required reporting to the regulator) regarding bribery and corruption, money laundering, and insider trading.

## Information security and privacy



The Bank places great importance on the issue of information security and is committed to maintaining the privacy and data protection of its customers. For this purpose, a strategy and policy on these issues have been defined, which have been approved by the Bank's management and the Board of Directors. The strategy is appropriate for the requirements of the Bank of Israel and the Privacy Protection Authority and enables the management of customers' personal information in a controlled and secure manner.

### Information security

The Bank complies with regulatory guidelines from the Bank of Israel on information security and cyber protection, including Cyber Protection Management – Proper Conduct of Banking Business Directive 361, Information Technology Risk Management – Proper Conduct of Banking Business Directive 357, Supply Chain Cyber Risk Management – Proper Conduct of Banking Business Directive 363, and Reporting a Technological Failure and Cyber Incident – Proper Conduct of Banking Business Directive 366. In addition, the Bank's direct banking services area has been certified for the ISO 27001 Information Security Management Standard. This certification is renewed annually in an audit by the Standards Institution of Israel. In addition, the Bank complies with SWIFT regulations in all matters related to the use of the SWIFT infrastructure for international money transfers.

The Bank's Board of Directors bears managerial responsibility for and approves the Cyber Protection Strategy, the Cyber Risk Management Framework and the Corporate Cyber Protection Policy. The Board of Directors receives updates several times a year from the Cyber Protection Manager. These include an up-to-date cyber risk assessment, trends in the development of the threat, a review of major events in the world and in Israel, as well as reviews of the activities of the Bank's cyber protection system. In addition, an Information Security and Cyber Risk Steering Committee, headed by the Chief Risks Officer, meets quarterly and discusses these issues, including a review of events and recommendations for implementation. The Chief Information Security and Cyber Protection Officer, who reports to the Head of the Risk Management Division, is responsible, within the scope of his role, for the following issues: determining policy, outlining activities concerning information security and monitoring their implementation, as well as examining the effectiveness of systems and security processes.



## Protection circles for protecting information

The Bank's customers entrust it with not only their money, but also financial and private information. In today's technological reality, which includes threats such as digital fraud and cybercrime, the Bank works extensively to protect information. For this purpose, the Bank operates in the following ways:

- **Risk assessment and management** – To carry out risk assessments, the Bank uses an independent external audit that includes risk surveys and periodic penetration tests. These surveys and tests were conducted in 2024 for systems and processes, at the frequency required by regulatory guidelines, including Directive 357 of the Bank of Israel. Additional steps are also taken, such as monitoring sensitive operations, monitoring information leaving the organization to prevent information leakage, managing access permissions to information and using encryption mechanisms, analyzing and processing information, identifying anomalies, responding and controlling. The Bank also insures itself with professional liability insurance and dedicated insurance to cover cyber risks.
- **Privacy law risk** – Privacy law risk management is carried out by the Compliance Department. As part of compliance risk management, a survey is conducted by the Compliance Department regarding compliance and regulatory compliance, in which the level of risk management of the directive is examined. When developing new products that may be related to privacy protection, the Compliance Department is involved in the product approval process. In addition, according to the bank's policies and procedures, in cases where there is a suspicion of a privacy protection violation, the matter is reported to the Compliance Department and handled accordingly. The Bank works to implement the provisions of the law, including Amendment 13 to the law. Within this framework, the Bank has established a work plan that includes a legal and operational survey, all with the aim of complying with the provisions of the law that will enter into effect in 2025.
- **Dealing with cyber threats** – The Bank is developing advanced technological capabilities to deal with cyber threats, including cybercrime, by implementing a multi-layered defense approach. Among other things, the Bank operates a monitoring, control and ongoing alert system for events and activities in the processes and in the information and technology systems. This includes monitoring sensitive activities, monitoring and blocking information leaving the organization in accordance with Bank policy, and identifying anomalies. In addition, customer activity is monitored through various channels in order to identify and prevent unauthorized use of customer accounts. If such use is detected, customers will be notified. The Bank uses external factors to locate information assets related to the Bank in cyberspace.

- **Cyber incident management and recovery plan** – The Bank has defined procedures and mechanisms for managing a cyber and information security crisis, including restoration or recovery in the event of a disaster. The path to business continuity in such a case was also defined, as were the roles of the Bank's business units and technological units and the cooperation between them. In addition, the decision-makers were defined, as well as the required reports to internal and external parties. The Bank has built a capacity to recover from various failure cases and it exercises this capacity frequently at various management levels (business and technical) and comprehensively within the Bank's management.
- **Awareness and information** – The Bank operates a program to increase employee awareness of cyber risks and privacy protection, while emphasizing the responsibility of employees and managers for maintaining the security of customers' information and the Bank's information assets. As part of the program, training activities are held to familiarize employees with the risks on the Internet and social networks, and ways of dealing with these risks. The program includes training for new employees and knowledge refresher courses for existing employees: completing an annual courseware program, information security and cyber protection briefings, and practicing "phishing" risks. This is in addition to training on the subject of privacy protection, including an annual courseware that all employees complete. In the event of a violation of procedures, the employee is subject to disciplinary review, up to and including termination of employment. In cases of violations of the law, the Bank reports to enforcement authorities as required.



In 2024, **5,705** hours of training on the subject of information security were held for all Group employees, including external employees.

In addition to employee training, in 2024, phishing awareness exercises were conducted, widely distributed to all employees, and communications including animated videos and tutorials were distributed to Bank employees on the subject of information security. A dedicated communication containing videos with special emphasis on working during war/emergency times was also distributed.

- **Securing operations through direct channels** – As described above, the Bank maintains a variety of communication channels with its customers, for example



through a mobile application, various websites, email and text messages (SMS). When joining one of these channels, customers are instructed on how they should operate to best preserve the privacy of their information. In addition, there are customer identification and verification processes when entering each of the channels. The Bank manages communications through these channels in accordance with Proper Conduct of Banking Business Directive 367, which regulates the activities of banking corporations when providing E-banking services to customers, and implements several measures to strengthen identification, detect anomalies and strengthen the level of protection for customer activity and the Bank's business. Customers who wish to open a bank account directly on the Internet can do so, in accordance with the approval granted by the Bank of Israel in 2015. In order to eliminate the need to come to the Bank for physical identification, the Bank of Israel approved the implementation of customer identification through a video call system with the banker. The Bank ensures that customers who open an account on the Internet will enjoy an optimal user experience, without compromising strict information security practices and while maintaining customer privacy.

- **Promoting safe browsing** – In order to promote awareness and expand customers' knowledge on the subject of secure internet browsing, an information page and tools on the subject are displayed on the Bank's website, including: rules for safe browsing and how to verify the identity of the Bank's website (preventing fraudulent websites), measures to protect the customer's personal computer, correct use of a password, internet fraud, information security implemented at the Bank, and how to report suspected fraud.
- **Checking suppliers** – The Bank's suppliers who may be exposed to private information, and in particular suppliers who are exposed to information regarding customers, are required to meet high information security requirements. In addition, the Bank requires that suppliers commit to compliance with privacy protection laws. As part of the control and risk management processes with suppliers, and in accordance with Proper Conduct of Banking Business Directive 363, the Bank conducts information security checks and meticulous surveys among material suppliers, in order to verify the required level of security.

1. The privacy policy is publicly posted on the Bank's website: <https://www.mizrahi-tefahot.co.il/en/about-mizrahi-tefahot/privacy-policy/>

## Customer privacy protection

The Bank operates in accordance with the rules of the Customer Privacy Policy<sup>1</sup> and carefully protects the privacy of customers' information, in accordance with the law. The Bank continues to strengthen and improve the protection mechanisms operated in the customer information protection systems. These measures are part of the investigation and lessons learned processes at the Bank in connection with the developing threat. The Bank's Board of Directors has the overall responsibility for compliance with the provisions of the Privacy Protection Law, and as part of the Compliance Officer's reports to the Board of Directors, reports on the subject of privacy protection are also submitted. In addition, the Internal Audit conducts an audit on the subject of privacy protection in accordance with the work plan. In 2024, a survey on the subject of privacy protection was completed, and the Bank is working to fully implement all of its conclusions.

The issue of privacy protection is managed by the Compliance Department in the Risk Management Division. Due to the importance of complying with the provisions of the law on privacy protection, and in accordance with the requirements of Amendment 13 to the Law, the Bank appointed the Compliance Officer as the Bank Group's Data Protection Officer (DPO) (excluding Bank Yahav). The Bank's privacy policy anchors the Bank's management's commitment to ensuring the availability, confidentiality, integrity and reliability of the information assets and information systems of the Bank and its customers, with an emphasis on maintaining the privacy of customer information through a broad and advanced technological information security system. The policy includes all of the Bank's activities, including customers, employees and suppliers. In cases where the Bank has chosen to carry out operations with its customers through a third party (outsourcing), the Bank's outsourcing policy ensures that conditions are met for maintaining the privacy of customer information with the supplier. In addition, the Bank's privacy policy and procedures define for Bank employees the permitted uses of private information stored in the Bank's systems. The Bank has a public and organized privacy protection policy applicable to the entire Mizrahi-Tefahot Group, which is brought to the attention of all Bank customers and receives their consent. This policy includes reference to respecting customer rights in all information privacy matters and also informs customers that there are cases in which the Bank is required to transfer information by law. The Bank exercises extreme caution in any request for information regarding customers from legal and governmental authorities. In each and every case of such a request, the authority of the applicants to receive the information is examined in accordance with the provisions of the law and/or judicial orders. The information provided by the Bank is provided solely by law. It should be noted that in many cases, orders to provide information include a prohibition on the Bank from disclosing compliance with the order to the relevant customers. As part of the Bank's privacy protection policy, Bank customers confirm that they are aware of the overall privacy policy and agree to it.



## Protection circles for maintaining customer privacy

The issue is managed at the Bank at the following levels:

- **Risk mapping** – The Bank periodically maps, analyzes, manages and evaluates the full range of risks it faces. In addition, when examining new processes and systems, privacy protection risk is part of the planning process.
- **Risk management and mitigation** – In accordance with the latest risk mapping, the Bank implements processes and technologies for hedging and mitigating risk.
- **Control** – The Bank maintains control processes to identify gaps in the implementation of the defined tools and processes.
- **Confidentiality and privacy** – Access to customer information is classified and provided in accordance with the policy established on the subject. In addition, there is strict adherence to procedures regarding the protection of customer information privacy and banking secrecy, along with ongoing control and enforcement.
- **Awareness and information** – The Bank operates an assimilation program on the subject of privacy protection. As part of the program, the Compliance Department maintains a system for implementing privacy protection issues among all Bank employees, training is held and leaflets are distributed to employees. Once a year, all Bank employees complete a courseware program on fairness, and the relevant Bank employees also complete a courseware program on privacy protection once a year. New employees undergo basic training on privacy protection.
- **Hotline to the Privacy Protection Officer** – The Bank's privacy policy is sent to all customers. As part of this, the contact details of the Bank's Privacy Protection Officer are published, for direct contact by customers if necessary, in order to provide an efficient and rapid response to issues raised by customers on these matters.
- **Reporting of incidents** – Bank employees who encounter cases of concern regarding a data leak may report the incident in the Operational Risk Portal system. The Compliance Department handles the incident, carries out lessons learned processes together with the branch/unit, and reports on these incidents in the Compliance Forum.

In 2024, seven complaints regarding customer privacy were received in the Group in Israel, which were handled as required and in accordance with the Group's procedures. In 2024, there were no information leak incidents involving the Bank's customers that required reporting to the regulator. In addition, no violations were recorded regarding information security in 2024.

## Information security and maintaining information privacy in subsidiaries in Israel

The subsidiaries have privacy protection policies and procedures for handling customer data breaches. The companies work to protect customer privacy in accordance with the Group policy on this matter in various ways, including:

- Publishing tools for safe browsing and the privacy protection policy on the Bank's website in order to raise customer awareness of the correct and safe use of the Internet.
- All employees have signed information security and banking confidentiality procedures and are committed to them.
- In order to raise awareness of information security and privacy protection among employees, they participate in training on this subject.
- All suppliers have signed an information security appendix in the engagement agreement that defines the Bank's procedures in this area. In addition, periodic information security surveys are conducted among the material suppliers to examine whether the subject is being properly maintained and managed.



# Risk management and control



Mizrahi-Tefahot Bank has risk management and control processes designed to identify, manage, monitor, quantify and mitigate all material risks inherent in its business activities. In addition, the purpose of these processes is to support the Bank's achievement of its business objectives. The management principles are anchored in a general framework policy document for risk management and control (the "Master Document") that defines the Bank's risk appetite, risk management principles and corporate governance. In addition, the Bank has individual policy documents for risk management and control in various areas, based on the principles detailed in the "Master Document".

## Risk management at Mizrahi-Tefahot

The Bank operates regarding risk management and control in accordance with the guidelines of the Banking Supervision Department and in accordance with the Proper Conduct of Banking Business Directives, and in particular in accordance with Directive 310 – "Risk Management", which is based on the principles of the Basel Committee and outlines the principles of risk management and control in the banking system in Israel. Directive 310 establishes the standards required of banks to create a framework for risk management and control that is consistent with the regulation, risk profile, risk strategy and business objectives of the Bank. The policy documents are approved annually (at least) by the Bank's management, the Board of Directors' Risk Management Committee (or the Board of Directors' Technology and Innovation Committee, depending on the subject) and the Board of Directors' plenary session. The documents regulate, among other things, the Bank's handling of risks identified as material risks to the Bank's operations, and the processes for managing, measuring and preventing/mitigating risks.

The Bank has a general framework document for risk management and control that defines its overall risk appetite and the principles of risk management and corporate governance (the "Master Document") and individual policy documents for managing and controlling risks in various risk areas. These risks include: strategic business risk, reputational risk, credit and concentration risks, financial risks (market, interest and liquidity), operational risks, model risks, business continuity risk, information security and cyber protection risks, supplier and outsourcing risks, information technology

risks, human capital risks, legal risk, compliance and regulatory risks, including money laundering, fairness and cross-border risk, ESG risks, and more.

The Bank has a policy for managing risks of foreign branches, which is a central document for determining the framework for managing and controlling risks in the Bank's foreign operations. The Bank Group has a low risk profile, among other things through a credit portfolio whose bulk is retail and diversified.

## Processes for controlling and strengthening the Bank's risk management culture

- Annual mapping of the units and employees at the Bank that are specifically engaged in risk management and control, in the three lines of defense against the various risks.
- An annual process for qualitative risk assessment (RAS), alongside in-depth processes to examine the effectiveness of control in risk areas, raise awareness and strengthen the management and reporting culture on operational risks, including challenging material projects at the Bank, with an emphasis on maintaining the Bank's risk appetite.
- A procedure for examining risks in a new product or activity at the Bank, with an emphasis on compliance and regulation, fairness, and more.
- Annual review and approval of all risk management policy documents in accordance with regulatory changes and global practice.
- Challenging of processes, material investments at the Bank and the Bank's annual work plans and their adaptation to the strategic plan. Challenging of the strategic plan (as part of the approval process by the Bank's management and Board of Directors), capital planning, remuneration policy and the actual remuneration.
- Investigation of internal and external events, including aspects of ethics, fairness, compliance and reputation.
- Development and implementation of stress scenarios of various intensities, including the Bank of Israel's unified systemic stress scenario and stress scenarios (security incident, pandemic, earthquake) and more.

## Risk management in foreign branches and subsidiaries

Risk management is carried out at the Bank level and at the Group level, including at foreign branches and subsidiaries. The Bank has group responsibility for the risk management framework, which includes:



- Subsidiaries wholly owned by the Bank – subject to the Bank’s policy regarding risk management and control.
- Bank Yahav – subject to the directives of the Bank of Israel, operates independently within the framework of risk management through four different lines of defense. Its risks are also monitored and managed from a Group perspective.
- Foreign branches – The Bank’s foreign branches are directly subject to the instructions of the risk managers from the head office and in accordance with local regulations and their activities. Effective risk management and control of foreign branches is carried out by the entity that coordinates the control of risks of foreign activities in the Compliance Department.

## Management and Board of Directors Involvement in risk management at Mizrahi-Tefahot

**Risk Management Committee** – This is an advisory committee to the Board of Directors, which discusses issues related to the management and control of risks at the Bank and the risk strategy, including the current and future risk appetites, capital planning and management. The Committee also oversees the senior management’s implementation of the risk strategy. The Committee is responsible for approving the Bank’s risk mapping and the dedicated policy documents for each of the Bank’s material risks. These documents define corporate governance, the nature of the risk and the risk appetite adapted to the strategic activity, as well as the risk management and measurement processes and the methods used at the Bank for its mitigation, including effective monitoring and control processes. The Committee discusses the Bank’s risk document on a quarterly basis, which presents a comprehensive view of the current and future risk profile and a concise and clear report on all material and emerging risks and their development over time, with an emphasis on the events of the reporting quarter, the quarterly and annual risk report, the annual ICAAP document (Internal Capital Adequacy Assessment Process), as well as the results of the Bank of Israel’s uniform stress scenario and its effects on the Bank’s data, its profitability and the stability of its capital. The Committee is presented with extended reviews of a variety of topics on a regular basis, as well as specific topics according to the development of existing risks at the Bank. The Committee also discusses new products required for approval by the Board of Directors, new and updated regulatory directives and guidelines regarding risk management at the Bank, material investigations carried out in connection with risk management, and any other topic relevant to risk management at the Bank.

**Chief Risks Officer and Risk Management Division** – The Chief Risks Officer, the CRO, is responsible for the risk management function and the Bank’s risk management framework, reporting directly to the Bank’s CEO. The Risk Management Division is a central layer in

the Bank’s second line of defense and operates independently of the activities of the business units that take risk. The division is involved in real time, in all processes and all lines of activity at the Bank, with the aim of delivering business value to the Bank, while maintaining meticulous and high-quality risk management. The CRO is responsible for ensuring that the Bank has effective processes in place to identify, manage, measure, monitor and control, mitigate and report, on an ongoing basis, all risks inherent in the Bank’s business activities, and that the Bank’s risk profile is appropriate for the risk appetite.

**Risk management forums** – The Bank holds forums for risk and capital management and risk monitoring. The Chief Risks Officer is responsible for several forums designed to ensure the existence of an appropriate internal control framework at the Bank. These forums include, among other things, dedicated compliance forums, operational risk steering committees, a steering committee for information security and cyber risks, an internal control forum that includes all gatekeepers, a forum for managing risks for foreign branches, forums on embezzlement and fraud, a model forum, compliance forums, and ongoing forums with the business units in the first line of defense.

Once a year, the Bank’s management presents the Bank’s annual ICAAP (Internal Capital Adequacy Assessment Process) document to the Board of Directors’ Risk Management Committee, the Board of Directors’ Audit Committee and the Board of Directors’ plenary session. The ICAAP is an internal assessment process of the capital needs (the second layer in the capital assessment framework in accordance with Basel standards), which is designed to ensure that the Bank’s overall capital level is consistent with its risk profile, the capital targets it has set and its business objectives in accordance with the work plan and current capital planning. This is done both in the normal course of business and in extreme scenarios. In addition, within the framework of this layer, qualitative assessment processes are carried out for the level of risks and the quality of their management, as well as the identification of the material risk centers for the Bank. In addition, the document presents the independent review assessing the effectiveness of the risk management carried out by the Internal Audit.

The members of the Board of Directors regularly participate in training and education on risk management issues, such as the prohibition on money laundering and terror financing, Basel IV, capital management and market risks. Each quarter, the members of the Board of Directors receive a review of the risks within the framework of the risk document and the risk report, as well as the annual ICAAP document.<sup>1</sup> Most of the current reports that are discussed in the Risk Management Committee are subsequently discussed in the Board of Directors’ plenary session.

1. Internal Capital Adequacy Assessment Process



The Bank's work plans that are submitted for approval by the management and the Board of Directors are accompanied by a challenge document from the Risk Management Division. This document examines, among other things, the consistency between the business work plans and the Bank's overall risk appetite.

**Information Technology and Technological Innovation Committee** – The Committee discusses and advises the Board of Directors on the subject of technological risk strategy, risk appetite, the technological risk map, information technology policy and management, and on technological innovation issues, including information security and cyber protection policy and strategy, the Bank Group's technological infrastructure, management and use of databases, technological innovation in support of business innovation and their alignment with the Bank Group's overall strategy and policy. The Committee also discusses and advises regarding objectives, annual work plans and resources, information technology and technological innovation. The summary of the review of these risks, which were discussed by the Committee, is reported semi-annually to the Board of Directors' Risk Management Committee.

The Risk Management Division conducts an annual mapping process of the lines of defense. The mapping is carried out according to the units and material risks managed at the Bank. In the process, special emphasis is given to the protection functions for risk management and control, functions that have been expanded in recent years. The results of the mapping are presented to the Bank's management as well as to the Board of Directors' Risk Management Committee and to the Board of Directors' plenary session. The mapping results revealed that the Bank has a logical risk management structure, including the existence and separation of the various lines of defense.

Starting from the end of 2015, the Bank has published a quarterly risk report in accordance with the Bank of Israel's guidelines. The report provides a review of the development of the Bank's risk management and control, corporate governance activities concerning risk management, and more. This report is the responsibility of the Bank's Chief Risks Officer (CRO).

### **Corporate governance of risk management at the Bank**

The corporate governance at the Bank supports a risk management culture and is based on three lines of defense. The first line of defense – the Business Lines, the second line of defense – the Risk Management Division headed by the Chief Risks Officer, the Bank's CRO, which is the main control function together with control functions from other divisions, and the third line of defense – the Internal Audit Division. The Board of Directors and management are additional lines of defense that operate to oversee the activities of the three lines of defense. The lines of defense are designed to ensure that an appropriate framework for risk management and control has been implemented at the Bank.

Each of the material risks to the Bank is managed with appropriate corporate governance that includes the required control lines, including designated control lines in the first line, in accordance with the nature and character of the risk. The Internal Audit Division, which is the third line of defense, conducts audits of the Bank's risk management processes. Its activities include a multi-year work plan adapted for risks. Once a year, the Audit Division conducts an independent review of the ICAAP document published by the Risk Management Division. In this document, the Audit Division expresses its opinion regarding the adequacy of the ICAAP process and document and regarding the degree of effectiveness it attributes to the control environment for each of the risks.

Every six months, the Audit Division presents a summary to the Board of Directors' Audit Committee, which includes its approach to the manner of risk management, as indicated by the audit reports performed during the review period. Each quarter, the Division presents to the Audit Committee the list of audit reports and material findings distributed in the previous quarter and a summary of the reports. This list and the summary of the reports are presented to the Board of Directors every six months.

### **Examining the effectiveness of risk management processes**

#### **Self-assessment process**

As stated, the Bank conducts a self-assessment process once a year, the RAS (Risk Assessment System) process, for a qualitative assessment of the level of all risks to which the Bank is exposed and the quality of their management. The process is carried out within the ICAAP framework. The purpose of the process is a self-examination of the factors, the level of risk and the quality of its management, focusing on the risk factors and identifying weaknesses in the risk management processes that need strengthening. The process is designed to assess the position of the risk managers at the Bank, in the first line of defense and the second line of defense, regarding the level of risk inherent in the activities they manage or audit, as well as their assessment regarding the quality of risk management and control. The risk assessments also include an assessment of ESG risks. The results of the annual assessment are also examined in comparison with assessments in previous years, in order to identify gaps (if any) in the way risks are managed and controlled, and in order to identify developments in the managers' view regarding the level of specific risk and the quality of its management and control.

#### **Risk map**

As part of the self-assessment process, there is a dialogue between the risk managers and risk controllers. The purpose of the dialogue is to clarify the results, identify the challenges and risks facing the Bank, and update a comprehensive risk map ("heat map") of the material risks to which the Bank is exposed. The heat map reflects the main



identified risk centers and their impact on the risks, and aims to present a comprehensive and focused view of the significant risks relevant to the Bank's activities and to ensure that these risks are adequately addressed.

The ICAAP document, which includes the results of the RAS process, is discussed in detail and approved by the Bank's management, the Board of Directors' committees (Risk Management Committee and Audit Committee) and the Board of Directors' plenary session.

Once a year, the Internal Audit Division independently reviews the results of the RAS process and conveys its assessment to the Risk Management Division, the Bank's management, and the Board of Directors' committees. In 2024, the results of this process did not reveal any material gaps between the way in which the Internal Audit assessed the effectiveness of the control environment and the way in which the Risk Management Division assessed the risk management quality.



In 2024, **71,271** hours of risk management training were provided to Group employees.

## Business continuity

The Bank is working to prepare appropriately for future challenges and business continuity for the critical services in various scenarios. It is also working to provide a response to its customers even in times of emergency, to the extent possible. The Bank's activity in all aspects related to business continuity is anchored in a dedicated policy that also includes a specific reference to the issue of climate risks and the resulting impacts on the Bank.

The Bank has a systematic plan for business continuity (Continuity Management Plan), which includes a policy document for disaster recovery and business continuity that was approved by the Bank's management and the Board of Directors. The Bank operates on the issue of business continuity in accordance with the Bank of Israel's Proper Conduct of Banking Business Directive 355 (Business Continuity Management) and Proper Conduct of Banking Business Directive 357 (Information Technology Management). As derived from the policy document, the Bank maintains detailed plans for managing the business continuity of critical services in all kinds of scenarios and providing a response to its customers even in times of emergency. The Bank has a recovery plan that regulates the essential services (BIA – Business Impact Analysis) defined by the Bank, and accordingly,

the order in which the systems are brought back up and their recovery times in extreme events. The Bank has detailed work plans and work procedures for times of emergency. The business continuity plan is implemented in the systems of all the Bank's divisions and is led by the Business Continuity Unit. The Risk Management Division serves as a second control circle regarding business continuity risks and emergency preparedness. The business continuity policy was also adopted in the Bank's subsidiaries in Israel and in its foreign branches, in accordance with the corporate governance policy and Bank of Israel guidelines.

## Tools for maintaining business continuity

**Exercise plan** – A central layer of the business continuity plan is the exercise plan. The Bank has an annual and multi-year exercise plan approved by the Bank's management and the Board of Directors. The Bank conducts exercises both at the backup site and in the Bank's units, and is prepared to back up the critical processes in the Bank's systems and in work processes. The exercise plan includes operational exercises and complex business exercises, according to national scenarios (war, earthquake, pandemic and cyber) and according to the Bank's internal scenarios. The exercises involve the units' participation, from the branch, department, unit and division levels to the Bank's management level.

**The Technology Division's business continuity plan (DRP File)** – Its purpose is to restore the Bank's information systems. The plan is integrated into the Bank's business continuity plan and details the processes and actions required to restore critical information systems, including the desired recovery time and the method of returning to normal. The Bank operates a remote central computing site to ensure availability and protection of the information systems and the information itself.

**Climate risks** – As part of the business continuity plan, the Bank defined emergency work processes derived from weather events, including work procedures for a snow event in the Jerusalem and northern areas. The Bank has expanded the issue of climate risks in the business continuity plan in accordance with Proper Conduct of Banking Business Directive 345, in addition to work processes and emergency response to flooding events and damage to facilities and branches located in sensitive areas. In addition, the Bank has remote work capabilities that enable it to provide a response to customers and maintain functional continuity, even in the event of difficulties reaching the Bank's offices and facilities. As stated above, the Bank has a generation solution and fuel stocks for all of its central facilities, which enables functional continuity in the event of power outages due to a weather event or in any other scenario.

For information regarding the management of environmental and climate risks, see the Environmental chapter in this report.



# Commitment to human rights



The Bank is committed to protect human rights in all areas of its operations. This issue is a cornerstone at the Bank's and one of the central values in its activities. This statement is consistent with the Bank's joining the UN Global Compact initiative.<sup>1</sup> This initiative describes the measures taken by the Bank to protect human rights, as well as the actions the Bank refrains from in order to ensure respect for human rights.

The Bank proactively protects human rights with all of the Bank's stakeholders – the Bank's employees, its customers and its suppliers. The Bank has a systematic policy on protecting human rights and preventing discrimination, which applies to all Bank employees. In order to implement this policy, ongoing training is provided to employees, aimed at dealing with human rights issues in all aspects of their work.

In 2024, 22,207 hours of training were conducted in the Mizrahi-Tefahot Group on human rights aspects of the Bank's activities.

Human rights training for Bank employees includes, among other things: ethics and the Code of Ethics, prevention of discrimination, accessibility and accessible service, prevention of harassment and abuse, equal opportunities, consumer directives, public inquiries, fairness and protection of privacy. These topics are relevant to all stakeholders, including customers, suppliers and, of course, the Bank's employees themselves.

## Protecting human rights among the Bank's employees<sup>2</sup>

The Bank protects the human rights of its employees through a human resource policy that deals with the treatment of human capital. The policy includes the Bank's commitment to ensuring a diverse workplace, equal opportunities for all employees, including ensuring an equal work environment in terms of recruitment and remuneration, equal opportunities in employee promotion, etc., with no discrimination based on religion, nationality, race, origin, sex, age, gender identity, and place of residence.

The Bank also protects the dignity and privacy of employees and the rights of its employees to organize in a workers' committee and a collective labor agreement. All employees have signed the Bank's Code of Ethics, whose values indicate the protection of human rights,

1. United Nations Global Compact.

2. For more information, see the "Investing in Employees" section of this report.

fairness, and transparency within and outside the organization. The Bank provides training for employees on human rights issues, including the prevention of sexual harassment and abuse and equal opportunities at work. The Bank provides an anonymous line for Bank employees, where they can make contact regarding any issue that requires clarification, including employee rights, sexual harassment, discrimination or issues related to legal compliance, corruption, etc.

## Protecting human rights among the Bank's customers<sup>1</sup>

The bank is committed to protecting the human rights of its customers and fairness in its customer service, including maintaining equal opportunities for customers and ensuring the prevention of discrimination in services. This is in addition to creating value for them in each of their areas of activity, including creating a variety of channels for receiving services and products that suit the needs of each customer. The Bank works actively to enable equal accessibility to the Bank's products and services and to provide services tailored to a wide range of populations, including disadvantaged populations, across a wide geographical distribution. The Bank's branches and self-service stations are accessible and secure, and every customer can receive the services. Accessibility is meticulously ensured in digital products and services. The Bank manages extensive information security layers in order to protect the privacy of all customers' information and conducts annual training for Bank employees regarding the protection of customer privacy.

When developing a new product or activity, as part of the new product approval process, the Bank examines various ESG aspects, including checking that these products and services do not violate human rights and that they meet the standards to which the Bank is committed, such as non-discrimination. Also, in terms of human rights in financing, the Bank does not finance businesses or manage accounts of illegal gambling, binary options and pornography in Israel or abroad. In addition, the Bank refrains from granting credit to parties involved in fraudulent activity or other offenses, subject to the provisions of any law.

In 2024, the Group received 15 complaints regarding discrimination (ten at Mizrahi-Tefahot Bank and five at Bank Yahav), of which only one complaint was found to be justified. It is important to note that most complaints regarding discrimination at Mizrahi-Tefahot include reference to the issue of discrimination on a sectoral basis, but in practice they deal with business processes and the customer's origin is not a parameter taken into account in the business consideration.


1. For more information, see the "Investing in Customers" section of this report.




### Protecting human rights among the Bank’s suppliers<sup>1</sup>

The Bank promotes a responsible supply chain while addressing diversity among its suppliers and engaging with responsible suppliers. The Bank strives to consume, to the extent possible, services and products from suppliers that respect and uphold human rights and ethical principles. The promotion of the human rights issue among suppliers is reflected in the fact that most of the Bank’s engagement agreements with suppliers include the requirement to act in accordance with the values of the Bank’s Code of Ethics: reliability, professionalism and service, excellence, transparency, fairness and respect for human dignity. In addition, the Bank initiates periodic visits to key suppliers. The visit is accompanied by a questionnaire designed to examine whether the suppliers are acting in accordance with the specified criteria and in accordance with the Code of Ethics.

1. For more information, see the “Responsible Supply Chain” chapter in this report.

Defined goal	Response to SDGs	Status
Fairness: Focus on placing the customer at the center as part of the implementation of the work plan and preparation for the entry into effect of the Bank of Israel’s Proper Conduct of Banking Business Directive 501 regarding the management of a customer service and support system.	<div> 16 PEACE, JUSTICE AND STRONG INSTITUTIONS  </div>	Done.
Conducting a survey of managers on the subject of fairness towards the Bank’s customers.		Done.
Privacy protection: Examining and implementing the evolving regulation on this issue, expanding development and automation operations.		Done.

Defined goal	Response to SDGs
A survey conducted on the protection of privacy as part of the process of implementing Amendment 13 to the Privacy Protection Law.	<div> 16 PEACE, JUSTICE AND STRONG INSTITUTIONS  </div>
Preparations for the implementation of a new draft directive of the Bank of Israel – Directive 364 on the subject of information technology risk management, information security and cyber protection.	





**External control and  
index of indicators**



# Assurance Statement 2024

## Background

Good Vision – Corporate Responsibility Consultants Ltd., of the Fahn Kanne Grant Thornton Group, was asked by Mizrahi-Tefahot Bank to conduct a procedure to examine the adequacy of the reporting of the 2024 Sustainability Report. The company was established in 2002 and has performed over 200 consulting jobs in all areas of corporate responsibility, and is certified by the British Accountability organization to perform due diligence on corporate responsibility reports.

This due diligence was conducted in February–March 2025 for a fee, and in as objective and professional a manner as possible, based on the information provided by Mizrahi-Tefahot Bank. The company's ESG consultants participated in the process. The company is not affiliated with or dependent on Mizrahi-Tefahot Bank in its business.

For the sake of full disclosure, it should be noted that the company has previously advised Mizrahi-Tefahot Bank regarding corporate responsibility and, among other things, it has assisted the Bank in writing a corporate responsibility report, building a community strategy, providing training on ethics, and more.

## Methodology

This due diligence is based on the Accountability AA1000AS V3 standard, at a limited Type 1 – Moderate level, for the purpose of qualitatively examining the Report's compliance with the principles of the standard as detailed below.

## Work process

The adequacy of the reporting of the Mizrahi-Tefahot Bank Sustainability Report for 2024 was carried out through conversations with company officials regarding the information available to the Bank and the manner in which it is presented in the report in accordance with accepted principles. In this context, it is important to note that the work was carried out with cooperation and transparency on the part of the Mizrahi-Tefahot Bank staff. In addition, some of the findings of the due diligence examination, which were submitted to Mizrahi-Tefahot Bank, were already corrected during the writing process and appear in the Report.

The examination included the following principles:

1. Inclusivity
2. Materiality
3. Responsiveness
4. Impact

At the conclusion of the process, a detailed report was submitted to the company presenting a summary of the due diligence comments, and including an expansion of findings and recommendations for use in subsequent reports.

## Summary:

As part of the due diligence, we found that the Report addresses material issues as required by the GRI-Universal Standards. We are of the opinion that the Report presents data in a comprehensive and clear manner and broadly describes the company's sustainability and corporate responsibility activities. In our opinion, the Report was written reliably, relying on relevant data and documents. According to our professional judgment and experience, we can determine that Mizrahi-Tefahot Bank's Sustainability Report for 2024 complies with the principles of corporate responsibility reporting.



Sincerely  
Ivri Verbin, CEO  
Good Vision – Corporate Responsibility Consultants  
Of the Fahn Kanne Grant Thornton Group  
March 25





# Support for ESG reporting and promotion processes

BDO Consulting supports the Mizrahi-Tefahot Group in promoting ESG within the Group and in supporting<sup>1</sup> ESG reporting processes.

The support framework includes, among other things, the following aspects:

## Promotion of ESG

- **Development of policy and targets** – BDO assists in analyzing gaps and focusing on aspects required for development at the Bank, such as supporting the development of a responsible supply chain policy and setting a target for an operational carbon footprint. BDO also assisted the bank in identifying and developing an ESG risk policy.
- **Regulatory trends** – Analysis of emerging regulations that affect the Bank in ESG aspects, such as analyzing the draft of the Banking Supervision Department (Audit Division) on internal control over financial reporting and disclosure of key ESG indicators (January 2025).
- **Decarbonization plan** – Assistance in determining a plan to reduce the operational carbon footprint, including analyzing alternatives for electricity generation at headquarters and providing tailored proposals to meet the operational carbon footprint target.
- **Review of trends in the banking sector in Israel and around the world** – Trend analysis is performed regarding leading practices among banks in Israel and around the world.
- **Support regarding ESG ratings** – International ESG rating agencies perform analyses of the Mizrahi-Tefahot Group and rate it for various stakeholders, including investors. In this context, BDO consultants support the Bank in order to reflect its current activity, both in a dialogue with the rating agencies and by reflecting the relevant activity within the framework of the report. In 2024, the Bank first joined the CDP (a reporting framework on environmental and climate issues created by an international association)

1. In the report preparations, aspects relating to climate and environmental opportunities and risks are not calculated or controlled by BDO.

## ESG reporting

- **Materiality analysis** – Examination of the reporting topics that reflect the Bank's ESG risks and their impacts on various stakeholders.
- **Preparation of the annual ESG Report in accordance with international reporting standards** – Within this framework, BDO consultants receive the raw data from all entities in the Group, and assist with the relevant calculations in accordance with the requirements of the reporting standards (GRI, SASB), based on accepted methodologies. This framework includes the processes of analyzing and processing information for indicators, as well as examining the Bank's performance against goals and targets that have been determined and are reflected in the report. In addition, as part of examining the raw data and processing it into indicators, BDO consultants identify unusual changes in the raw data, indicators or trends for the purpose of re-examining them or explaining the change in the report, which is significant in increasing transparency.
- **UNGC reporting** – As part of the Bank's participation in the UN Global Compact, BDO consultants help the Bank report annually on COP (Communication on Progress) – the progress with respect to the commitment to comply with the ten principles required by the UNGC Convention, relating to human rights, employment, environment and prevention of corruption.



- **ESG report indicators – Main examples:**

- **Calculation of the operational carbon footprint** – In this framework, a calculation is made regarding Scope 1, 2 and 3 (excluding Category 15), with a breakdown according to Location based / Market based.
- **Social credit methodology** – In this framework, BDO consultants have developed a methodology for calculating social credit at the Bank, which includes the classification of the economic sectors associated with social credit, based on the principles existing in the SASB standard with respect to financial inclusion, while adapting it to the State of Israel.
- **Calculation of supplier data** – A variety of indicators derived from the Bank's responsible purchasing policy. It should be noted that due to a lack of raw data for creating these indicators, the Bank was aided by an external research company, and the data is based on an assessment, as detailed in the report.

### Summary

In 2024, the Mizrahi-Tefahot Group showed progress in ESG reporting, which was reflected, among other things, in ESG ratings and the expansion of the Bank's activity to the launching of various green credit products.

### The following are topics on which significant activity was carried out during 2024:

- Significant benefits and relief for the Bank's customers due to the War, beyond the Bank of Israel's outline.
- Submission of a report for the first time to the international rating agency – CDP and receipt of a C score.
- Improvement in the Bank's ESG rating in the international rating agency S&P.
- Expanded reporting to UNGC in accordance with the new annual reporting questionnaire required of participating companies.
- Appointment of a person responsible for climate and environmental risks in the provision of credit, with a designated role in the Bank.
- Expansion of the supply of green credit products through the development and launching of designated products for various target customers, alongside the Bank's efforts to invest in products that promote a green environment and renewable energy.

Chen Herzog

Partner, Chief Economist of Bdo Consulting Israel





# Measuring the Carbon Footprint of the Bank's Operational Activities

The Mizrahi-Tefahot Group's carbon footprint was monitored in accordance with the accepted international principles according to the GHG Protocol. The data was adapted for Israel within the framework of the Greenhouse Gas Emissions Registration System in Israel, Operating Regulations and Reporting Guidelines, Samuel Neaman Institute and the Ministry of Environmental Protection, August 2024.

The emission coefficients used for the calculation are emission coefficients published by professional entities including the Electricity Authority, the Central Bureau of Statistics, the Samuel Neaman Institute, the Israel Electric Corporation, the BDO model for private electricity producers and the DEFRA (the UK Department for Environment, Food and Rural Affairs for Scope 3 emissions. Consumption data was provided by the Bank and under its responsibility. As of the date of preparation of the report, the Ministry of Environmental Protection and the Israel Electric Company had not published the emission factors for 2024, and therefore the method of measuring the Bank's carbon footprint in Scopes 1 and 2 was based on the emission factors for 2023. In addition, the emission coefficients in Scope 2 were updated retroactively for the years 2020–2023.

## Components for estimating the Group's carbon footprint

The Bank monitors and calculates greenhouse gas emissions in the three Scopes as follows:

- Direct emissions in Scope 1 – Consumption of gasoline and diesel for travel and generators
- Indirect emissions in Scope 2 – Electricity consumption
- Indirect emissions in Scope 3 – Consumption and recycling of paper, electronic waste, toners and ink cartridges, water consumption and business flights<sup>1</sup>

## Mizrahi-Tefahot Group's carbon footprint

In 2024, the Group continued its downward trend in the total carbon footprint. The Bank's total carbon footprint in 2024 is 17,697 tons of CO<sub>2</sub>eq, which is a 5.8% reduction compared to 2023, and the carbon footprint intensity is 0.118 CO<sub>2</sub>eq per sq.m., which is a 5.8% reduction compared to 2023.

1. It should be noted that the Group does not currently report greenhouse gas emissions from air conditioners due to a lack of data.

Regarding the strategic goal for 2030, compared to the base year 2020, there is a 14.2% reduction in the total carbon footprint (CO<sub>2</sub>eq), and 13.3% in the carbon footprint intensity per sq.m. (CO<sub>2</sub>eq), which is progress towards the 40% reduction target by 2030.

\*The above data refers to the calculation of Scope 2 in accordance with the Location-based measurement.

## Main changes in 2024:

**Electricity consumption:** There was a slight decrease in electricity consumption (kWh) of 2.8%. As a result, there was a 2.8% decrease in electricity consumption per sq.m.

**Fuel consumption:** An increase in diesel consumption of 8% was measured as a result of the expansion of the courier activity by two vehicles each year, as well as an increase in gasoline consumption of 4%, among other things due to a slight increase in the leasing balance at Bank Yahav.

**Scope 3:** There was an increase of approx. 34%, mainly due to an update in the emission coefficient for paper consumption.

Corporate Responsibility and Sustainability Group  
BDO Consulting





## GRI Content Index<sup>1</sup>

Mizrahi Tefahot Bank has reported in accordance with the GRI Standards for the period of 1/1/2024–31/12/2024

GRI 1: Foundation 2021			
	Index	Index description	Page
GRI 2: General Disclosures 2021	2-1	Details regarding the organization	12, 13, 14
	2-2	Entities included in the sustainability report and the financial statement	14, 15
	2-3	Reporting period, frequency and contact person	6-7
	2-4	Restatement of information	53, 76, 77, 80, 103, 104, 111, 162
	2-5	External control	250, 251
	2-6	Nature of activity, description of the value chain and business relationships	151-157
	2-7	Description of the employee status	160-171
	2-8	Information regarding employees not directly employed by the organization	162
	2-9	Composition and structure of the Board of Directors	198-199
	2-10	Appointment and election of Board members	199-200
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1. For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. The service was performed on the Hebrew version of the report.

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GRI 2: General Disclosures 2021	2-20	Remuneration determining process and involvement of stakeholders in determining remuneration	207-211
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GRI 3: Material Topics 2021	3-3	Management of the material topic	8-9, 198, 213, 215, 220, 224
GRI 201: Economic Performance 2016	201-1	Direct economic value created and distributed	8-9
	201-2	Financial implications, opportunities, and risks of climate change	69-73
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GRI 205: Anti-corruption 2016	205-1	Measures taken to identify various corruption activities	155-156, 215-217
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<b>Financial inclusion and accessibility to the Bank's services</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of the material topic	122-131
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	FS13	Service points for underprivileged populations by region and type	
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<b>Involvement in the local community</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of the material topic	129, 133, 151-152
<b>GRI 204: Procurement Practices 2016</b>	204-1	Percentage of expenses on local suppliers	151-152
<b>GRI 413: Local communities 2016</b>	413-1	Activities involving the local community	151-157
	413-2	Operations with significant potential for an adverse impact on the local community	38-48, 63-80, 102-105, 108-109
<b>Reduction of environmental impact</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of the material topic	38, 75, 77, 79
<b>GRI 301: Materials 2016</b>	301-1	Materials used by the Company, measured by weight or volume	74-85
	301-2	Percentage of materials used by the Company that are recycled	87
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organization	80-91
	302-2	Energy consumption outside the organization	Not applicable The topic is not relevant due to the nature of the Bank's operations
	302-3	Energy intensity of the organization	80

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<b>GRI 305: Emissions 2016</b>	302-4	Reduction of energy consumption in the organization	80-91
	302-5	Reduction of energy consumption through the organization's products or services	47-53
	305-1	Direct greenhouse gas emissions – Scope 1	75-76
	305-2	Indirect greenhouse gas emissions – Scope 2	75-79
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	305-4	Organization's greenhouse gas emission intensity	75-76
	305-5	Reduction of greenhouse gas emissions	78-81
	305-6	Emissions of ozone-depleting substances – ODS	Not applicable The topic is not relevant due to the nature of the Bank's operations
	305-7	NOx SOx and other significant emissions to the air (by weight and type) by site	The topic is not relevant due to the nature of the Bank's operations
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