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**Mizrahi Tefahot Bank Ltd
(the “Bank”)**

T 138

Re: **Approval and Issue of Option warrants to be granted to Employees for 2025, in Accordance with the Option Plans Included in the Outline Published by the Bank on May 29 2024, including a Private Offering to an Employee who is the Bank’s CEO**

1. Background

On May 29, 2024, the Bank approved plans to issue option warrants, to be granted to the CEO of the Bank, Mr. Moshe Lari (hereinafter: the “**CEO**”), to other officers at the Bank (except for the directors), as well as additional managers at the Bank and at the Bank’s subsidiaries (hereinafter: the “**Option Plans**”), in accordance with the outline of an offer to employees published by the Bank on May 29, 2024 (reference no. 2024-01-054370) (hereinafter: the “**Outline**”), according to Article 15b(1)(a) of the Securities Law 5728-1968 and the Securities Regulations (Private Offering of Securities in a Listed Company) 5760-2000 (hereinafter: “**Private Offering Regulations**”). Per the Outline, reserves of option warrants intended for the allotment of option warrants in accordance with each of the Option Plans were approved, for each of the years from 2024 to 2026 (inclusive), as detailed in Section 2.1.1 of the Outline (hereinafter: “**Reserves**”). The decision on May 29, 2024 established that only the option warrants that were to be granted for 2024, per the Option Plans, would be issued first, according to the Outline (hereinafter: the “**First Lot**”); and that in addition to the issue of the option warrants included in the First Lot, the Bank would be entitled to issue two additional option warrant lots, according to the Outline, for 2025 and 2026, per the Option Plans in the Outline.

Further to the above, on July 23, 2024, the Bank issued the First Lot of the option warrants (for the year 2024). Said option warrants were issued to the CEO of the Bank, Bank officers (except directors), principal Bank employees (who are not officers), and principal employees at the Bank’s subsidiaries, as well as additional managers at the Bank and the Bank’s subsidiaries, per the Option Plans included in the Outline.

2. **Approval of Offering and Issue of Option warrants to be granted to Employees For 2025, Offered Per the Outline, including a Private Offering to an Employee who is the Bank's CEO**

2.1 2.1.1 Further to the issue of the First Lot of option warrants under the Outline, as aforesaid, the Bank hereby announces that on March 23, 2025, having received the approval of the Remuneration Committee on March 17, 2025, the Bank's Board of Directors approved the offer and the issue of an additional lot for 2025, to be granted per the Outline (hereinafter: the "**Second Lot**"), to the Chief Executive Officer of the Bank and to other Bank officers (who are not directors), as well as additional managers at the Bank and the Bank's subsidiaries, as detailed below.

It is hereby clarified that the instructions, provisions, and details established in the Outline shall apply to the option warrants included in the Second Lot, including the provisions of the Option Plans specified in the Outline, and it is further clarified that this report mainly includes details regarding the amounts of the option warrants to be granted under the Second Lot (for 2025) as well as additional details according to the Private Offering Regulations.

It should be noted that the Bank has yet to decide to issue option warrants to be granted for 2026, and that such an issuance would depend on the approvals of the Bank's Remuneration Committee and Board of Directors, and it will be subject to the publication of reports, as required by the law.

2.1.2 It is hereby clarified that no option warrants included in the Second Lot will be granted to directors at the Bank or to a controlling shareholder or to an interested party (within the meaning of Article 270(5) of the Companies Law) or to an interested party at the Bank, or to whomsoever may become a controlling shareholder or an interested party at the Bank, after said option warrants have been granted to him, excluding the CEO of the Bank, who is an employee of the Bank and is not an interested party by virtue of holding shares, all as specified in the Outline.

2.1.3 It should be noted that the 1' option warrants included in the Second Lot are offered to the CEO in accordance with the remuneration policy, as part of his tenure and employment terms, and constitute an implementation of the aforementioned terms of tenure and employment (listed in Appendix D to the immediate report published by the Bank, on August 27, 2020, reference no. 2020-01-085165), which were approved by the Bank's general meeting on October 15, 2020 (in this regard, see also Sections 1.1.1a and 3.12 of the Outline).

2.1.4 The Remuneration Committee and the Board of Directors were presented, *inter alia*, with the documents and information regarding the Second Lot, as specified in Section 3.12.2 of the Outline, with the necessary changes.

2.1.5 The said resolution was made unanimously by all directors who had participated in the Remuneration Committee's meeting on March 17, 2025, and in the Board of Directors' meeting on March 23, 2025.

The Remuneration Committee's meeting on March 17, 2025 was participated by the following members of the Remuneration Committee: Ms. Hannah Feur (O.D.), Mr. Gilad Rabinovich (O.D.), Mr. Joseph Fellus (O.D.) and Ms. Estery Giloz-Ran (O.D.).

The Board of Directors' meeting on March 23, 2025 was participated by the following directors: Mr. Avraham Zeldman (Chairman), Mr. Gilad Rabinovich (O.D.), Ms. Hannah Feur (O.D.), Mr. Joseph Fellus (O.D.), Ms. Estery Giloz-Ran (O.D.), Mr. Moshe Vidman, Mr. Ron Gazit, Mr. Jonathan Kaplan, Mr. Ilan Kramer, and Mr. Eli Alroy.

2.1.6 The following was noted, *inter alia*, under the reasons of the Remuneration Committee and the Board of Directors for approving the offer and issuance of '1 option warrants, to be granted to the CEO for the year 2025:

a. As part of the remuneration policy for Bank officers for the years 2024 to 2026 (as well as the remuneration policy that preceded it), granting capital remuneration to the CEO of the Bank for any year was conditioned, *inter alia*, on the fact that capital remuneration would also be granted for that year to the other officers of the Bank (who are not directors). Accordingly, and since it was decided (as detailed below in this report) to grant option warrants to the said officers for the year 2025, it was also decided to grant option warrants to the CEO for the year 2025, as part of the remuneration package approved in the CEO's terms of tenure and employment.

In this regard, it was emphasized that according to the CEO's terms of tenure and employment, the amount of the cash benefit that may be granted to the CEO for any year (insofar as it may be granted), plus the value of the capital remuneration that will be granted to the CEO for that year, will not exceed, in the aggregate, the sum of three (3) monthly salaries, all subject to the remuneration cap permitted under the Senior Officers' Wage Law. It was further noted that the CEO's entitlement to the option warrants that are to be granted to him as part of the Second Lot, for the year 2025, is subject to meeting the threshold conditions set in this regard (as detailed in Section 1.1.1a. of the Outline), and will be determined at the end of the 2025 year, in accordance with the assessment of the CEO's performance,

by the Remuneration Committee and the Board of Directors, at their discretion.

- b. In light of the above, and taking into account the information, data, and considerations examined in this regard, the Remuneration Committee and the Board of Directors noted that the offer of option warrants to the Bank's CEO, for the year 2025, is in accordance with the remuneration policy for officers of the Bank and constitutes an appropriate implementation of the CEO's terms of tenure and employment, and is appropriate, reasonable, and in the best interests of the Bank.

This, among other things, considering the scope and complexity of the Bank's activities, the great responsibility imposed upon the CEO by virtue of his position, as well as the CEO's proven managerial capabilities, including in his previous positions at the Bank, which contributed to the favorable performance of the Bank and to its business results.

Furthermore, the implementation of the CEO's terms of tenure and employment, *inter alia*, by way of an offer of option warrants for the year 2025, is intended to promote the interests of the Bank, to create a unity of interests between the Bank's shareholders and the CEO, as well as the other offerees to whom warrants will be issued for the year 2025, and to provide the CEO with a proper and appropriate incentive to act to achieve the Bank's goals and increase its profits, while maintaining the Bank's risk profile within the risk appetite determined by the Board of Directors.

- 2.1.7 The terms specified in this report shall bear the meaning determined for them in Section 1.1.2 of the Outline, unless explicitly stated otherwise; the mention constitutes an inclusion by way of reference to the contents of Section 1.1.2 of the Outline.

2.2 **The Quantity of Option warrants that are Included in the Second Lot of the Option warrants**

- 2.2.1 Up to 47,105 1' Option warrants shall be granted under Options Plan 1' to the Bank's Chief Executive Officer;
- 2.2.2 Up to 397,344 A Option warrants shall be granted under Options Plan A to up to 8 officers at the Bank who are not gatekeepers;
- 2.2.3 Up to 167,540 B Option warrants shall be granted under Options Plan B to up to 5 officers at the Bank who are gatekeepers;
- 2.2.4 Up to 739,150 C Option warrants shall be granted under Options Plan C to up to 43 principal employees at the Bank and at the Bank's subsidiaries;
- 2.2.5 Up to 883,600 D Option warrants shall be granted under Options Plan D to up to 100 Bank managers who are employed under personal contracts, as well as

up to additional managers at the Bank and at the Bank's subsidiaries, who have been approved to be included in this group for the purposes of the Outline;

- 2.2.6 Up to 1,694,500 E Option warrants shall be granted under Options Plan E to up to 268 Bank managers who are employed under collective agreements.

2.3 **The Exercise Price**

- 2.3.1 The exercise price for each of the option warrants to be included in the Second Lot is ILS 171.5 (subject to adjustments, as detailed in Section 2.20 of the Outline), plus index linkage differences from the index known on the date on which the Board of Directors approved the issue of the Second Lot of option warrants (as aforesaid in Section 2.1.1), and up to the index known on the exercise date of an option warrant included in the Second Lot, according to each of the Option Plans.
- 2.3.2 The exercise price of an option warrant, as aforesaid in Section 2.3.1, was determined according to the average of the closing rate of an ordinary share of the Bank on the TASE, during the thirty (30) trading days prior to the date on which the Board of Directors approved the issue of the Second Lot of option warrants (as aforesaid in Section 2.1.1).

It is hereby clarified that on the exercise date, the offeree will not be required to pay the exercise price, and the exercise price will be used solely for the purpose of determining the amount of the cash benefit and the amount of exercise shares that will actually be issued to the offeree.

It is further clarified that the exercise price is subject to adjustments, as detailed in Section 2.20 of the Outline.

2.4 **The closing rate of the Bank's ordinary share on the TASE, on the trading day prior to the date on which the Board of Directors approved the issue of the Second Lot of option warrants**

The closing rate of the Bank's ordinary share on the TASE on March 20, 2025 was ILS 171.1

2.5 **The Closing Rate Cap**

- 2.5.1 As detailed in the Outline, the issue of the full quantity of exercise shares derived from the option warrants that the offerees are entitled to exercise is merely theoretical, since in practice, the full quantity of exercise shares, according to the provisions of any of the plans, shall not be issued to the offerees, but only shares at a quantity reflecting the financial benefit sum incorporated in said option warrants, considering the closing rate cap, as provided in Section 2.21 of the Outline.
- 2.5.2 In this regard, it was established in Section 2.21.2a(2) of the Outline that the "closing rate cap" with respect to the option warrants included in the Second Lot of option warrants shall be the rate of an ordinary share of the Bank on the

TASE (in ILS), as will be determined by the Remuneration Committee and the Board of Directors during the approval of the Second Lot's issuance for 2025, provided that it does not exceed a total of 200% of the exercise price of the option warrants to be included in the Second Lot, plus Consumer Price Index linkage differences, from the index known on the date of the Board of Directors' approval of the Second Lot's issue and until the index known on the exercise date.

Accordingly, the Remuneration Committee and the Board of Directors determined that the "closing rate cap" with respect to the option warrants included in the Second Lot of option warrants shall be at the sum of ILS 211.5, plus linkage differences, as aforesaid.

It is hereby clarified that in accordance with Section 2.21.2a (*finis*) of the Outline, the sum of the "closing rate cap" shall be adjusted per the adjustments to the exercise price, as stated in Section 2.20 of the Outline, with the required changes as applicable.

2.6 The proportion of exercise shares deriving from the option warrants included in the Second Lot out of the Bank's issued capital and the voting rights thereat (including by full dilution)

2.6.1 Assuming issue and full exercise of all option warrants included in the Second Lot, as aforesaid in Section 2.2, and assuming that the offerees shall not be issued the full quantity of the exercise shares deriving from the option warrants, but only shares at a quantity reflecting the financial benefit sum incorporated in the option warrants included in the Second Lot, which shall be calculated in accordance with the "closing rate cap" determined for the Second Lot, as aforesaid in Section 2.5.2, the exercisable shares shall constitute approx. 0.29% of the Bank's issued capital and of the voting rights therein (immediately after the issue); and assuming full dilution, approx. 0.28% of the Bank's issued capital and the voting rights therein. In this matter, "**full dilution**" – shall assume the exercise of all option warrants that are not listed for trade on the TASE, which were allotted for employees of the Bank (including officers) and its subsidiaries (which have not yet been exercised or have not yet expired), according to their terms, taking into account the financial benefit sum incorporated therein, which shall be calculated according to the closing rate cap determined for them (if and insofar as it was determined).

2.6.2 In the matter of the dilution rates specified in Section 2.6.1 above, it is hereby clarified that the quantity of option warrants which an offeree shall be entitled to exercise *de facto* according to the Outline's provisions shall be derived from the fulfilment of the prerequisites and the measures and provisions detailed in Chapter 2 of the Outline. Therefore, this quantity may be lower than the

maximum quantity of option warrants that will be issued under the Outline and included in the Second Lot.

- 2.6.3 The dilution rate, as aforesaid in Section 2.6.1, was calculated based on the “Status of Capital, Grant of Rights to Share Purchases and Registers of the Securities of the Corporation and Changes Therein” report published by the Bank on March 2, 2025 (reference no. 2025-01-013780)

2.7 **The Fair Value of the Option warrants**

- 2.7.1 The Bank is implementing ASC 718, “Share-Based Payment”. In accordance with the provisions of said standard, the Bank’s financial reports must state an expense by reason of issue of the option warrants pursuant to the Option Plans. The provisions of the standard cover, *inter alia*, the recording of expenses in respect of the grant of Option warrants in the Bank’s financial reports, in accordance with their fair value on the date of the Option warrants’ grant for accounting purposes pursuant to the provisions of the standard.

It is hereby clarified that the fair value data specified above in this Section 2.7 were calculated for the option warrants included in the Second Lot of option warrants, based on the data known on the date of the Board of Directors’ approval of the issuance of the Second Lot of option warrants.

- 2.7.2 The accounting standard distinguishes between option warrants subject to market conditions (for example, the return on the Bank's share relative to the benchmark index) and option warrants that are subject to performance conditions that are subject to performance conditions (for example, the operational efficiency ratio), which are reviewed in the period preceding the vesting date, as provided in Section 2.12.12 of the Outline, and option warrants that are subject to performance conditions that are not market conditions, which are reviewed in the period preceding the vesting date, as provided in Section 2.13.3 of the Outline.

In accordance therewith, the fair value of the option warrants that are included in the Second Lot, and which are subject to performance conditions that are not market conditions, was calculated on the basis of the binomial model, and the fair value of the Option warrants included in the Second Lot, which are subject to performance conditions that are market conditions, was calculated on the basis of the Monte Carlo model;

According to the accounting principles, the amount of Option warrants the Offerees will be entitled to exercise, as stated in the Outline, will be reexamined on each report date, over the Option warrants’ vesting period, based on the information that will exist at the time. The results of this review may lead to a change in the amount of expenditure which will be recorded in the Bank’s

financial statements due to the Options Warrants, but not to a change in the fair value of any single Option Warrant.

The calculation of the fair value, as of the date of the Board of Directors' approval of the issue of the Option warrants included in the Second Lot, is based on an economic opinion prepared in this regard.

2.7.3 For the purpose of calculating the fair value, as of the date of the Board of Directors' approval of the issue of the Option warrants included in the Second Lot, as aforesaid, the terms and conditions of the Option Plans were taken into account, as well as the following figures and assumptions:

- a. The Option warrants' exercise price, for the purpose of the calculation, is ILS 171.5; this price was determined on the basis of the average closing rates of an ordinary share of the Bank on the TASE in the thirty (30) trading days preceding March 23, 2025, on which the Board of Directors' approval of the issue of the Option warrants included in the Second Lot was received.
- b. The closing rate of an ordinary share of the Bank on the TASE on March 20, 2025 (i.e., on the trading day preceding March 23, 2025, on which the Board of Directors' approval of the issue of the Option warrants included in the Second Lot was received), was ILS 171.1.
- c. For 1' Option warrants, the contractual lifespan for exercising the Second Lot of option warrants is 3.64 years.
- d. For Option warrants A, B, and C, the contractual lifespan for exercising the Second Lot of option warrants is between 3.64 and 5.35 years (in this regard, the possibility of advancing the vesting dates of Options Warrants A, B and C, in accordance with Section 2.13.5 of the Outline, was not taken into account.)
- e. For Option warrants D and E, the contractual lifespan for exercising the Second Lot of option warrants is 4.13 years.
- f. The standard deviation for the Second Lot was calculated on the basis of the standard deviations of the historical daily yields of the adjusted share prices on the TASE, according to the Second Lot's conditions (as described in the Outline) including adjustments for extreme events; accordingly, for the purpose of the calculation, the annual standard deviation that was taken into account for the Second Lot of Option warrants 1', A, B, C, D, and E is approx. 21.85%.
- g. Risk-free interest rate: as a rule, according to ASC 718, the interest of a risk-free asset, the conditions of which are consistent with the exercise price (linked or unlinked) must be used for currency in which the exercise

price is denominated, and for a period identical to the contractual lifespan of the exercise.

Accordingly, and since the Option warrants' exercise price is linked to the Consumer Price Index, the interest rates taken into account for the purpose of calculating the Option warrants' value are in accordance with the nominal government bond yield to maturity, with the exercise price linked to the anticipated CPI.

The yield to maturity data that were taken into account for the purpose of the calculation were based on the data published by "Mirvach Hogen" on March 20, 2025, and are in accordance with the conditions of the Option warrants included in the Second Lot.

In light of the aforesaid, the interest rates taken into account for the purpose of the calculation are: between approx. 4.05% and approx. 4.10%.

- h. Dividends: the exercise price is adjusted to dividends and, accordingly, the dividend rate yield taken into account for the purpose of the calculation is 0%.
- i. Benefit restriction on the Option warrants' exercise date: as stated in Section 2.21 of the Outline, the Option warrants include a restriction on the sum of the cash benefit that shall derive on their exercise date. Accordingly, for the purpose of calculating the sum of the cash benefit for the offeree on the exercise date of the Second Lot of Option warrants, the closing rate of an ordinary Bank share on the TASE, on the trading day preceding the exercise date, or the closing rate cap (as specified in Section 2.21.2a.(2) of the Outline and above in Section 2.5.2), whichever is lower will be taken into account.
- j. For Option warrants A through E the fair value of which was determined using the Monte Carlo model (i.e., Option warrants subject to performance conditions that are market conditions), the following data and assumptions were used (in addition to the assumptions detailed above in SS (a) to (h)): In this SS j.: "**excess return measurement period**" – the measurement period of the annual return on the Bank's share (including a dividend) compared to the benchmark index return, in accordance with Section 2.12.6 of the Outline.
 - (1) The standard deviations of the other four major banks' shares: the standard deviations for the Second Lot were calculated on the basis of the standard deviations of the historical daily yields of the TASE closing rates for the shares of the other four major banks, over a period equal to the Bank share's standard deviation measurement

period; accordingly, for the purpose of the calculation, the annual standard deviation taken into account is approx. 18.75%.

- (2) The correlation coefficients between the yield on the Bank's share and the share yield of the other four major banks: the correlation coefficients were assessed on the basis of a calculation of the correlation coefficients between the historical yields on the Bank's share price and the historical yields of the other four major banks, over a period consistent with the excess yield measurement period; accordingly, a matrix of correlation coefficients assessed at approx. 83.3% was taken into account for the purpose of the calculation.

- k. Exercise multiplier: an exercise multiplier of 1.21 was taken into account under the options warrants' calculated worth.
- l. Skewness: Since on the measurement date, the Bank's share is trading at a PBR which is significantly higher than the PBRs at which it traded in the past (93rd percentile relative to the results of the past 10 years, or 93rd percentile relative to the results of the past 10 years excluding a two-year period that began with the outbreak of the Covid-19 pandemic), it was assumed that the Bank's share will behave in normal distribution with a left skew of 3.5%.

2.7.4 On the basis of the assumptions detailed above in Section 2.7.3, the fair value of each (single) 1' option warrant that will be granted to the Bank's CEO under the Second Lot of option warrants, as of the date of the Board of Directors' approval of the issue of the 1' option warrants included in the Second Lot, is approx. ILS 15.37.

2.7.5 On the basis of the assumptions detailed above in Section 2.7.3, the average, fair value of each (single) option warrant A through E included in the Second Lot of option warrants, as of the date of the Board of Directors' approval of the issue of the option warrants included in the Second Lot, is as follows:

- a. A option warrant– approx. ILS 15.10.
- b. B option warrant– approx. ILS 15.22.
- c. C option warrant– approx. ILS 14.74.
- d. D or E option warrant– approx. ILS 15.24.

It should be noted that in accordance with the terms of the 1' Option warrants, the rate of the CEO's entitlement to exercise said option warrants shall be determined at the discretion of the Remuneration Committee and the Board of Directors, according to their evaluation of his performance (as stated in Section 2.12.1 of the Outline); and likewise, that in accordance with the terms of Option warrants A through E, the rate of an offeree's entitlement to exercise said

option warrants shall be determined according to the various terms of entitlement and exercise established in their regard; accordingly, the quantity of option warrants which an offeree may be entitled to exercise under the terms established in the Outline may be lower than the total quantity of option warrants to be granted to him or her under the Outline.

3. **The Bank's issued and outstanding share capital and the holding rates thereof**

3.1 The Bank's registered capital is ILS 40,000,000, divided into 400,000,000 ordinary shares of ILS 0.1 N.V. each.

The Bank's issued and outstanding capital is approx. ILS 25,916,630.4, divided into 259,166,304 ordinary shares of ILS 0.1 N.V. each. (hereinafter: "shares").

There will be no change to the Bank's issued and outstanding share capital after the issuance of the Second Lot of Option warrants by the Bank, in accordance with the Option Plans.

After the exercise of all option warrants included in the Second Lot of Option warrants, to be issued as aforesaid, the Bank's issued and outstanding share capital will be approx. ILS 25,990,942.2, assuming full exercise of all option warrants included in the Second Lot, and assuming an issuance of exercise shares in a quantity reflecting the amount of cash benefit embodied in the said option warrants, taking into account the closing rate cap (as specified in Section 2.21.2a(2) of the Outline and above in Section 2.5.2)¹.

The Bank's issued and outstanding capital, as aforesaid, was calculated on the basis of the "Status of Capital and Registers of Securities of the Corporation and the Changes Therein" report, released by the Bank on March 2, 2025 (Reference no. 2025-01-013780)

3.2 Below are details on the amount and rate of the holdings of the Bank's Chief Executive Officer, of interested parties at the Bank and of the rest of the Bank's shareholders, in the Bank's issued and outstanding share capital and the voting rights thereat, assuming that all Option warrants included in the Second Lot of 1' Option warrants are issued under the Outline¹:

Shareholder Name	Amount of 1' Option warrants included in the Second Lot	Amount and rate of holdings in capital and voting rights, before the issuance of 1' Option warrants included in the Second Lot	Amount and rate of holdings in capital and voting rights, after the issuance, assuming all 1' Option warrants included in the Second Lot are exercised ²	Amount and rate of holdings in capital and voting rights, after the issuance, assuming all 1' Option warrants included in the Second Lot and all other option warrants (A through E) included in
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¹ The cash benefit embodied in the option warrants included in the Second Lot was calculated according to the closing rate cap determined for the Second Lot, as specified in Section 2.21.2a(2) of the Outline and above in Section 2.5.2.

						the Second Lot are exercised, and assuming also that all existing and convertible or exercisable securities are exercised and converted into company shares ³	
		# of ordinary shares	Rate in %	# of ordinary shares	Rate in %	# of ordinary shares	Rate in %
The CEO	47,105	---	---	8909	0.00%	30,593	0.01%
M.W.Z. (Holdings) Ltd ⁴	---	18,780,468	7.25%	18,780,468	7.25%	18,780,468	7.17%
F&W Registered Partnership ⁵	---	33,812,844	13.05%	33,812,844	13.05%	33,812,844	12.90%
L.Y.N. (Holdings) Ltd ⁶	---	54,486,207	21.02%	54,486,207	21.02%	54,486,207	20.79%
Harel Insurance Investments and Financial Services Ltd ⁷	---	13,245,317	5.11%	13,245,317	5.11%	13,245,317	5.05%
The rest of the shareholders ⁸	---	138,841,468	53.57%	138,841,468	53.57%	141,742,172	54.08%
Total		259,166,304	100%	259,175,213	100%	262,097,601	100%

Table notes:

- 1 The data were calculated based on the immediate report on the “Status of the Holdings of Interested Parties and Senior Officers” published by the Bank on January 7, 2025 (reference no. 2025-01-002641) and the immediate reports on “Changes in the Status of Holdings of Interested Parties and Senior Officers” published by the Bank after the said status report. In addition, the data were calculated based on the immediate report on the “Status of Capital, Grant of Rights to Share Purchases and Registers of the Securities of the Corporation and Changes Therein” published by the Bank on March 2, 2025 (reference no. 2025-01-013780).

For details regarding the CEO’s holdings of option warrants issued by the Bank, see the immediate report on the “Status of the Holdings of Interested Parties and Senior Officers” published by the Bank on January 7, 2025 (reference no. 2025-01-002641), as well as the immediate report on “Changes in the

Status of Holdings of Interested Parties and Senior Officers” published by the Bank on January 14, 2025 (reference no. 2025-01-004181).

- 2 Assuming a full exercise of the Second Lot of 1’ Option warrants to be issued and granted to the CEO, and assuming an issuance of exercise shares in an amount reflecting the cash benefit sum embodied in said option warrants considering the closing rate cap determined for the Second Lot, as provided above in Section 2.5.2.
- 3 In the matter of the calculation of the holdings at full dilution, see the “full dilution” definition above in Section 2.6.1.
- 4 For details regarding how the Bank’s shares are held by M.W.Z. (Holdings) Ltd., see the notes on holder no. 1 in the immediate report on the “Status of the Holdings of Interested Parties and Senior Officers” published by the Bank on January 7, 2025 (reference no. 2025-01-002641).
- 5 For details regarding how the Bank’s shares are held by F&W Registered Partnership, see the notes on holder no. 2 in the immediate report on the “Status of the Holdings of Interested Parties and Senior Officers” published by the Bank on January 7, 2025 (reference no. 2025-01-002641).
- 6 For details regarding how the Bank’s shares are held by L.Y.N. (Holdings) Ltd., see the notes on holder no. 3 in the immediate report on the “Status of the Holdings of Interested Parties and Senior Officers” published by the Bank on January 7, 2025 (reference no. 2025-01-002641).
- 7 For details regarding how the Bank’s shares are held by Harel Insurance Investments and Financial Services Ltd (which is a member of an institutional reporting group), see the notes on holders no. 7 through 9 in the immediate report on the “Status of the Holdings of Interested Parties and Senior Officers” published by the Bank on January 7, 2025 (reference no. 2025-01-002641).
- 8 Including Bank employees, insofar as they may hold the Bank’s ordinary shares.

4. **The Consideration**

- 4.1 The 1’ Option warrants included in the Second Lot are offered to the Bank’s CEO for the year 2025, without requital (subject to the entitlement terms specified in the Outline), as part of his terms of tenure and employment; this offer constitutes an implementation of the CEO’s aforesaid terms of tenure and employment, which were duly approved, as detailed above in Section 2.1.3.
- 4.2 The exercise price of the Option warrants included in the Second Lot of 1’ Option warrants that are offered to the CEO was determined as aforesaid in Section 2.3, and it is identical with respect to all offerees under the Outline, including the CEO of the Bank. In this regard, it is hereby clarified that on the exercise date, the offerees – including the CEO - will not be required to pay the exercise price, and that the exercise price will be used solely for the purpose of determining the amount of the cash benefit and the amount of exercise shares that will actually be issued to the offerees, as stated in Sections 2.9 and 2.21 of the Outline.

5. **Personal interest of a substantial shareholder or officer at the Bank**

- 5.1 To the best of the Bank’s knowledge, interested parties at the Bank (except for the CEO) have no personal interest in the offer of option warrants which are included in the Second Lot.

5.2 The Bank's CEO and the officers at the Bank have a personal interest in the offer of option warrants, by virtue of being its offerees within the Second Lot. Moreover, in the CEO's terms of tenure and employment, it was established that the decision of the Remuneration Committee and the Board of Directors to grant Option warrants to the CEO for any bonus year, including 2025, is contingent upon deciding to grant option warrants to the officers at the Bank (who are not the CEO or directors) for that same year.

6. **Approvals**

6.1 As detailed above, on March 23, 2025, having received the approval of the Remuneration Committee on March 17, 2025, the Bank's Board of Directors approved the offer and the issue of the option warrants included in the Second Lot, for the year 2025.

In this regard, it should be noted that the offer of 1' option warrants included in the Second Lot to the CEO constitutes an implementation of the CEO's terms of tenure and employment, which were approved, as detailed above in Section 2.1.3.

6.2 The issuance of the warrants included in the Second Lot is subject to receiving the approval of the Tel-Aviv Stock Exchange Ltd. (hereinafter: "TASE"), for the trading registration of the ordinary shares that will result from the exercise of the option warrants included in the Second Lot, according to each of the Option Plans.

Shortly after the publication of this report, the Bank will contact the TASE with a request to list for trading the ordinary shares that will result from the exercise of the option warrants included in the Second Lot of the option warrants, according to each of the plans.

6.3 The assumption is that the option warrants included in the Second Lot according to the Outline will be granted soon after the publication of this report, subject to that which is stated in Section 2.1.2b of the Outline.

7. **Details of agreements regarding the purchase or the sale of the Bank's securities or with regard to the voting rights at the Bank**

7.1 To the best of the Bank's knowledge, no agreements, written or oral, exist between the CEO and a shareholder of the Bank, or between the CEO and others, including between him and any other offeree under the Outline, regarding the purchase or the sale of the Bank's securities or with regard to the voting rights at the Bank.

7.2 The Bank has contacted the CEO and received his written confirmation of the aforesaid.

8. **Prevention or restriction that will apply to the CEO in performing actions with the 1' option warrants or the exercise shares**

It is hereby clarified that the provisions established in Section 2.23.1 and 2.23.2 of the Outline regarding a prevention or restriction that will apply to an offeree performing actions with the option warrants or the exercise shares shall also apply to the CEO.

9. After the issue of the option warrants included in the Second Lot, per the Outline, the Bank shall report it, as required by law.

March 23 2025

Date

Via:

Mizrahi Tefahot Bank Ltd

Racheli Friedman
Chief Legal Advisor

Hanan Kikozashvili
Secretary & Head of the
Bank's Headquarters