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MIZRAHI TEFAHOT BANK LTD
No. with the Registrar of Companies: 520000522

To	<u>Israel Securities Authority</u>	To	<u>Tel Aviv Stock Exchange Ltd</u>	T136 (Public)	Date of transmission: March 13 2023
	www.isa.gov.il		www.tase.co.il		Ref: 2023-01-026691

Immediate Report of a Transaction with a Controlling Shareholder or a Director which does not require the Approval of a General Meeting

Regulation 37a(5) of the Securities Regulations (Periodic and Immediate Reports), 5766-2006

Reference numbers of previous reports on the subject: __

1. A report is hereby filed on the approval of a transaction in accordance with Regulation *IB1* of the Companies Regulations (Relief for Transactions with Interested Parties), 5760-2000.
2. Date of the transaction's approval by the Board of Directors: *March 13 2023*
3. The essence of the main points of the transaction and the main points of the Board of Directors' and Audit Committee's reasoning for the approval of the transaction:

See attached file

Insurance_policyengagement isa.pdf

4. The main points of the opinion of the Companies Authority and the main points of the decision of the Ministerial Committee on Privatization or details regarding the alternative whereby the exemption is given

Explanation: To be filled out in case of an extraordinary transaction by a government-controlled public company.

- _____
5. Attached file _____

Details of the signatories authorized to sign on behalf of the corporation

	Signatory's Name	Position
1	<i>Racheli Friedman</i>	<i>Other</i> <i>Chief Legal Advisor</i>
2	<i>Ofer Horwitz</i>	<i>Other</i>

Mizrahi Tefahot Bank Ltd
(the “Bank”)

Re: Engagement in a Policy to Insure the Liability of Directors and Other Officers

On March 13, 2023, having received the approval of the Remuneration Committee, the Board of Directors approved the Bank’s engagement in a policy to insure the liability of directors and other officers, for a period of 18 months which will commence on April 1, 2023, as detailed below in this report; *inter alia*, the Bank’s Chief Executive Officer, as well as the Bank’s controlling shareholders and their relatives, shall be insured under said insurance policy, all as detailed below.

1. The background of the engagement

- 1.1 The updated remuneration policy for Bank officers, as approved by the general meeting on July 6, 2021 (hereinafter: the “**Remuneration Policy**”) established instructions in the matter of the Bank’s engagement in a policy to insure the liability of directors and other officers, as detailed in section 5.5 of the Remuneration Policy, which was attached as Appendix A to the immediate report published by the Bank on May 31, 2021 (reference no. 2021-01-093369); this mention constitutes inclusion by way of reference to the information included in this regard in section 5.5 of the Remuneration Policy.
- 1.2 On March 31, 2023, the insurance period of the current policy to insure the liability of directors and other officers, which commenced on April 1, 2022 (hereinafter: the “**Current Insurance Policy**”), shall end. For details regarding the Current Insurance Policy, see the immediate report published by the Bank on March 7, 2022 (reference no. 2022-01-026989).
- 1.3 In accordance with Regulation 1B1 of the Companies Regulations (Relief for Transactions with Interested Parties), 5760-2000 (hereinafter: the “**Relief Regulations**”), and also in accordance with Regulations 1A1 and 1B(A)(5) of the Relief Regulations, on March 13, 2023, after receiving the approval of the Remuneration Committee, the Board of Directors approved the Bank’s engagement in a policy to insure the liability of directors and other officers, as detailed below in this report.

2. The essence of the main points of the transaction

- 2.1 a. Engagement in a policy (hereinafter: the “**Insurance Policy**”) to insure the liability of officers, including the Chief Internal Auditor (hereinafter, jointly: the “**Officers**”), that serve periodically (including those that will be appointed in the future), or have served, at the Bank and/or at companies in the Bank’s group, which includes the Bank’s subsidiaries, among which are Bank Yahav for Government Employees Ltd; the Bank’s Chief Executive Officer, who serves periodically (including whomsoever may be appointed in the future) or has served as the Bank’s Chief Executive Officer, as well as the Bank’s controlling shareholders and their relatives and Officers in whose liability insurance the Bank’s controlling shareholders hold personal interest, who

serve periodically (including those that will be appointed in the future) or have served as Officers shall also be insured under the Insurance Policy, all as detailed below:

- (1) The insurer according to the Insurance Policy is Clal Insurance Company Ltd. (hereinafter: the “**Insurer**”).
- (2) The insurance period will be 18 months, commencing on April 1, 2023 and ending on September 30, 2024 (hereinafter: the “**Insurance Period**”).
- (3) The premium which will be paid for the Insurance Policy for the Insurance Period shall not exceed a sum of 3.3 million American Dollars (hereinafter: “**USD**”).
- (4) The limits of the Insurer’s liability according to the Insurance Policy are USD 160 million per single event and USD 320 million, in the aggregate, for the entire Insurance Period. In addition, the policy includes insurance coverage for reasonable legal expenses at up to 20% of the insurance amount.
- (5) In the event of a lawsuit against any of the Officers, no personal participation at any sum will apply to the officer, under the policy. In such a case, the Bank will bear the personal participation sum, at a sum of up to USD 500,000 per event. (Hereinafter: the “**Insurance Resolution**”; the engagement with Clal Insurance Company Ltd., as aforesaid, will be referred to hereinafter as: the “**Engagement**”).

- b. It should be noted that Ms. Liora Ofer, who was among the controlling shareholders at the Bank, had served as a director at the Bank until February 7, 2019. In addition, Mr. Yuli Ofer, OBM, Ms. Liora Ofer’s father, had served as a director at the Bank until December 24, 2008; and Mr. Idan Ofer, who is the brother of Mr. Eyal Ofer, one of the Bank’s controlling shareholders, has also served in the past as a director at the Bank. In addition, Mr. Moshe Wertheim, OBM, the father of David Wertheim and Drorit Wertheim, who are among the Bank’s controlling shareholders, and who was himself among the controlling shareholders at the Bank, had served as a director at the Bank until September 15, 2014.

Therefore, the Insurance Policy, which applies to the Officers who are periodically serving (or will be appointed in the future), or who have served as Officers, shall also apply to Messrs. Idan Ofer, Yuli Ofer OBM, Moshe Wertheim OBM, as well as Mme. Liora Ofer, due to their service as directors, as aforesaid. It is hereby clarified that the Insurance Policy shall also apply to controlling shareholders at the Bank or their relatives who will be appointed as Officers in the future (insofar as they may be appointed), even if their names are not specified above.

In addition, the Insurance Policy shall also apply to the Bank’s Chief Executive Officer.

- 2.2 The Bank will approach the Bank’s subsidiaries and propose that they participate in the Insurance Policy and bear their share of the premium, as determined in this regard by the Bank’s Remuneration Committee and Board of Directors. If any of the subsidiaries does not

engage in the Insurance Policy, the Bank's share in the premium amount will increase, up to the full sum of the premium.

3. The reasoning of the Remuneration Committee and the Board of Directors

The following was noted, *inter alia*, in the reasoning of the Remuneration Committee and the Board of Directors' approval of the Engagement:

- 3.1 The Bank's Engagement in the policy to insure Officers' liability, as aforesaid, is in line with the Remuneration Policy, and may contribute to the Officers fulfilling their roles appropriately, to the Bank's benefit, and the advancement of its goals in the long term view while taking into account the risks involved therein.
- 3.2 The Insurance Policy shall apply with identical conditions to all directors and other officers at the Bank, without prioritizing the Bank's Chief Executive Officer, the Bank's controlling shareholders or their relatives or whomsoever that a controlling shareholder at the Bank holds personal interest in the insurance of his liability.
- 3.3 Engagement in a policy to insure Officers' liability is common at public companies, including Israeli banks.
- 3.4 The insurance sums of USD 160 million per single event and USD 320 million, in the aggregate, for the entire Insurance Period, were determined in view of the Bank's needs and the risk involved in the activity of the Officers, while taking into consideration the Bank's size and areas of operation and those of its subsidiaries and their scope, as well as the Bank's status as a banking corporation and a public company.
- 3.5 It should be noted that the premium sum to be paid for the Insurance Policy for the Insurance Period, which shall not exceed USD 3.3 million for a period of one-and-a-half year (approx. USD 2.2 million for a period of one year) is lower than the premium sum of approx. USD 3 million, which was paid for the Current Insurance Policy that ends on March 31, 2023. The said premium sum is reasonable and at the market price, as also arises from the opinion of the Bank's professional insurance advisor, as submitted to the Remuneration Committee and the Board of Directors.
- 3.6 With regard to the Bank's Chief Internal Auditor, it was established, *inter alia*, that applying the Insurance Policy to him is not to affect his professional discretion.
- 3.7 The following conditions were fulfilled with respect to the Engagement in the policy to insure the liability of Officers, as detailed above:
 - a. The Engagement is in accordance with the remuneration policy and per market conditions;
 - b. The Engagement is not to materially affect the Bank's profitability, its property or its undertakings;
 - c. The Engagement does not include "distribution" by its standard, nature and conditions;
 - d. There is no reasonable concern that said Engagement could prevent the Bank from fulfilling its current and anticipated obligations, when the time comes to fulfill these;

