

**Mizrahi Tefahot Bank Ltd.'s Immediate Reports are published in Hebrew on the Israel Securities Authority and the Tel Aviv Stock Exchange websites.**

**The English version is prepared for convenience purposes only. The only binding version of the Immediate Reports is the Hebrew version.**

**In the event of any discrepancy or inconsistency between the Hebrew version and the translation to English, the Hebrew version shall prevail and supersede, for all purposes and in all respects.**

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**MIZRAHI TEFAHOT BANK LTD**

Registrar Number: 520000522

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To: Israel Securities Authority www.isa.gov.il	To: Tel-Aviv Stock Exchange Ltd www.tase.co.il	T460 (public)	Transmitted via Magna: November 9 2023 Reference: 2023-01-123183
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**Immediate Report of a Meeting**

**Regulation 36B (a) and (d) and Regulation 36C of the Securities Regulations (Periodic and Immediate Reports) 5730-1970**

Explanation: Insofar as any of the matters on the meeting's agenda is the approval of a transaction with a controlling shareholder or the approval of an extraordinary proposal, Form T133 or T138 must be filled first, respectively, and thereafter a report should be filed on this form as well.

Is there a possibility to vote through the electronic voting system: *Yes*

Note: The possibility of selecting this field is only available to foreign corporations (that are not registered in Israel) and corporations whose securities are not listed for trade. Usage of the voting system will require the corporation to process all votes received through this system.

Link to the voting system website where a vote may be cast: [Voting system](#)

Explanation: Those who are entitled to vote through the system will receive access information from stock exchange members.

The corporation announces: *The convening of a meeting*

Note: In the event of a change to the meeting's date (postponement or a move forward), select "meeting postponement" or "court-ordered postponement" or "postponement to an unknown date".

The reference number of the last meeting notice is \_\_\_\_\_. It was called for \_\_\_\_\_.

Reason of postponement or cancellation: \_\_\_\_\_

Explanation: The reference number of the previous meeting's convening or postponement should be referenced.

1. Type of security: *Share*

Name of the entitling security: *Mizrahi Tefahot (MZTF)*

Number of the stock exchange security entitling the holder thereof to participate in the meeting: *695437*

The record date for entitlement to attend the meeting and vote thereat: *November 21 2023*

Explanation: If a meeting is required for more than one security number, a T460 must be reported separately for each additional security. Reports listing additional security numbers will require the filing of an amending form

2. On *November 9, 2023*

it was resolved to *convene a meeting annual meeting* \_\_\_\_\_

to be held on *Wednesday, December 20, 2023 at 14:00*

at the following address *7 Jabotinsky Street (13<sup>th</sup> floor), Ramat Gam*

3. On the agenda:

Explanation: The numbering of the agenda topics shall be according to the order of their appearance in the meeting's convening report, if attached as a file

Issues/resolution which will be raised at the meeting:

**1**

The issue/resolution and its details:

*A discussion of the Bank's financial reports for December 31, 2022 and the Board of Directors' report on the state of the Bank's affairs for 2022.*

*Declaration: No appropriate classification field exists*

**Notice: A value in this table sets the text of the shareholder's statement in the online voting system. For the conversion table, [click here](#)**

Gender:

**Notice: The filling out of this field is only possible when the resolution is on the appointment of an outside director.**

**It is not compulsory to specify gender.**

Reference to the last report on the subject of approving a private proposal (T138):

*Not a transaction between the company and a controlling shareholder therein as stated in Articles 275 and 320(f) of the Companies Law*

Reference to the last report on the subject (T133):

Explanation of the article in the Companies Law or the Securities Law or in another law for the approval of the resolution:

*Article 60(b) of the Companies Law 5759-1999*

**Explanation: In a transaction with a controlling shareholder that does not match any field in the law articles table, select the fields "Declaration: No appropriate classification field exists" and "Yes" transaction with controlling shareholder.**

**Only in the event of a bonds meeting or that this is not a transaction with a controlling shareholder and no appropriate field can be found in the table, should the relevant articles of the law by power of which the resolution is required be detailed and explained.**

Does the issue require the disclosure of a connection or another characteristic of the voting shareholder: *No*

Notice: These values can only be selected if the field "Declaration: No appropriate classification field exists" was marked in the previous table and the transaction at hand is not between the company and its controlling shareholder

### **In the event of a bonds meeting**

The existence of another issue has been decided:

Details of the other issue:

Notice: The details of the other issue establish the text of the declaration which will be included in the online voting system. The question must be worded so as to have a "Yes"/"No" answer. The question will appear in the voting system next to the resolution on the agenda and the voter will be able to choose between "Yes"/"No" and be able to add details if the answer is "Yes".

### **Request for additional information from the holders:**

It was decided to require additional information from the holders: *No*

Details of the additional information required from the holders or manner of meeting convention (in the event of a meeting according to 350):

Notice: This field establishes the text of the requirement for additional information which will be included in the online voting system. The voter will have the possibility to add the information in a text field.

- Amendment of a disclosure
- Negligible change or one that only benefits the company compared with the text of a resolution detailed in a last report.
- Removed from the agenda
- The subject was discussed in a previous meeting
- The subject was added to the agenda by court order
- The subject was added to the agenda according to Regulation 5b of the Companies Regulations (Notice of General Meetings and of Category Meetings in a Public Company, and Addition of an Issue to the Agenda) 5760-2000
- The subject was added to the agenda after the record date due to a technical error, as specified:

Explanation: After the record date, a resolution cannot be amended except for an amendment of the transaction conditions that benefits the company or a negligible change. Likewise, new issues cannot be added to the agenda after the record date, except by court order or in accordance with Regulation 5B of the Notice of General Meetings Regulations

The resolution on the agenda is brought to *report only*

Type of majority required for approval \_\_\_

Does the rate of the controlling shareholder's holdings of the corporation's shares bestow the controlling shareholder with the required majority for the adoption of the proposed resolution in this matter

**2**

The issue/resolution and its details:

*The proposed resolution:*

*To reappoint Brightman Almagor Zohar and Co. as the Bank's auditors, to serve in this position until the end of the Bank's next annual general meeting.*

*Description of the nature of the issue:*

*The reappointment of Brightman Almagor Zohar and Co. as the Bank's auditors and a report on the auditors' wages for 2022. For additional details, see Section 2 of the immediate report on the convening of the general meeting, attached herein.*

*Declaration: No appropriate classification field exists*

**Notice: A value in this table sets the text of the shareholder's statement in the online voting system. For the conversion table, click [here](#)**

Gender:

**Notice: The filling out of this field is only possible when the resolution is on the appointment of an outside director.**

**It is not compulsory to specify gender.**

Reference to the last report on the subject of approving a private proposal (T138):

*Not a transaction between the company and a controlling shareholder therein as stated in Articles 275 and 320(f) of the Companies Law*

Reference to the last report on the subject (T133):

Explanation of the article in the Companies Law or the Securities Law or in another law for the approval of the resolution:

*Articles 154(b) and 165(b) of the Companies Law*

Explanation: In a transaction with a controlling shareholder that does not match any field in the law articles table, select the fields “Declaration: No appropriate classification field exists” and “Yes” transaction with controlling shareholder.

Only in the event of a bonds meeting or that this is not a transaction with a controlling shareholder and no appropriate field can be found in the table, should the relevant articles of the law by power of which the resolution is required be detailed and explained.

Does the issue require the disclosure of a connection or another characteristic of the voting shareholder: *No*

Notice: These values can only be selected if the field "Declaration: No appropriate classification field exists" was marked in the previous table and the transaction at hand is not between the company and its controlling shareholder

**In the event of a bonds meeting**

The existence of another issue has been decided:

Details of the other issue:

Notice: The details of the other issue establish the text of the declaration which will be included in the online voting system. The question must be worded so as to have a “Yes”/”No” answer. The question will appear in the voting system next to the resolution on the agenda and the voter will be able to choose between “Yes”/”No” and be able to add details if the answer is “Yes”.

**Request for additional information from the holders:**

It was decided to require additional information from the holders: *No*

Details of the additional information required from the holders or manner of meeting convention (in the event of a meeting according to 350):

Notice: This field establishes the text of the requirement for additional information which will be included in the online voting system. The voter will have the possibility to add the information in a text field.

- Amendment of a disclosure
- Negligible change or one that only benefits the company compared with the text of a resolution detailed in a last report.
- Removed from the agenda
- The subject was discussed in a previous meeting

- The subject was added to the agenda by court order
- The subject was added to the agenda according to Regulation 5b of the Companies Regulations (Notice of General Meetings and of Category Meetings in a Public Company, and Addition of an Issue to the Agenda) 5760-2000
- The subject was added to the agenda after the record date due to a technical error, as specified:

**Explanation:** After the record date, a resolution cannot be amended except for an amendment of the transaction conditions that benefits the company or a negligible change. Likewise, new issues cannot be added to the agenda after the record date, except by court order or in accordance with Regulation 5B of the Notice of General Meetings Regulations

The resolution on the agenda is brought to *a vote*

Type of majority required for approval *is an ordinary majority*

Does the rate of the controlling shareholder's holdings of the corporation's shares bestow the controlling shareholder with the required majority for the adoption of the proposed resolution in this matter *No*

**3**

The issue/resolution and its details:

*The proposed resolution:*

*To reappoint Mr. Moshe Vidman as a director at the Bank until June 15, 2024, subject to the Supervisor of Banks not announcing his objection to the aforesaid appointment or announce his consent thereto.*

*Description of the nature of the issue:*

*Reappointment of Mr. Moshe Vidman as a director at the Bank.*

*Additional information:*

*For additional information, see Section 3 of the immediate report regarding the convening of the annual meeting, attached herein, as well as Mr. Moshe Vidman's statement, which is appended to the aforesaid immediate report.*

*Appointment or dismissal of a director under Articles 59 and 230 of the Companies Law*

**Notice:** A value in this table sets the text of the shareholder's statement in the online voting system. For the conversion table, click [here](#)

Gender:

Notice: The filling out of this field is only possible when the resolution is on the appointment of an outside director.

It is not compulsory to specify gender.

Reference to the last report on the subject of approving a private proposal (T138):

*Not a transaction between the company and a controlling shareholder therein as stated in Articles 275 and 320(f) of the Companies Law*

Reference to the last report on the subject (T133):

Explanation of the article in the Companies Law or the Securities Law or in another law for the approval of the resolution:

Explanation: In a transaction with a controlling shareholder that does not match any field in the law articles table, select the fields "Declaration: No appropriate classification field exists" and "Yes" transaction with controlling shareholder.

Only in the event of a bonds meeting or that this is not a transaction with a controlling shareholder and no appropriate field can be found in the table, should the relevant articles of the law by power of which the resolution is required be detailed and explained.

Does the issue require the disclosure of a connection or another characteristic of the voting shareholder:

Notice: These values can only be selected if the field "Declaration: No appropriate classification field exists" was marked in the previous table and the transaction at hand is not between the company and its controlling shareholder

**In the event of a bonds meeting**

The existence of another issue has been decided:

Details of the other issue:

Notice: The details of the other issue establish the text of the declaration which will be included in the online voting system. The question must be worded so as to have a "Yes"/"No" answer. The question will appear in the voting system next to the resolution on the agenda and the voter will be able to choose between "Yes"/"No" and be able to add details if the answer is "Yes".

**Request for additional information from the holders:**

It was decided to require additional information from the holders: *No*

Details of the additional information required from the holders or manner of meeting convention (in the event of a meeting according to 350):

**Notice: This field establishes the text of the requirement for additional information which will be included in the online voting system. The voter will have the possibility to add the information in a text field.**

- Amendment of a disclosure
- Negligible change or one that only benefits the company compared with the text of a resolution detailed in a last report.
- Removed from the agenda
- The subject was discussed in a previous meeting
- The subject was added to the agenda by court order
- The subject was added to the agenda according to Regulation 5b of the Companies Regulations (Notice of General Meetings and of Category Meetings in a Public Company, and Addition of an Issue to the Agenda) 5760-2000
- The subject was added to the agenda after the record date due to a technical error, as specified:

**Explanation: After the record date, a resolution cannot be amended except for an amendment of the transaction conditions that benefits the company or a negligible change. Likewise, new issues cannot be added to the agenda after the record date, except by court order or in accordance with Regulation 5B of the Notice of General Meetings Regulations**

The resolution on the agenda is brought to *a vote*

Type of majority required for approval *is an ordinary majority*

Does the rate of the controlling shareholder's holdings of the corporation's shares bestow the controlling shareholder with the required majority for the adoption of the proposed resolution in this matter *No*

**4**

The issue/resolution and its details:

*The proposed resolution:*

*To approve the updated remuneration policy for officers at the Bank, in the wording attached as Appendix B to the immediate report regarding the convening of the annual*

*meeting, attached herein, which shall be in effect for a period of three (3) years beginning on January 1, 2024 (hereinafter: the “updated remuneration policy” or the “remuneration policy”); and furthermore, to approve under Article 2(a) of the Remuneration for Officers in Financial Corporations (Special Approval and Non-Deductibility of Expense for Tax Purposes Due to Special Remuneration) Law 5776-2016 (hereinafter: “Senior Officers’ Wage Law”) that in accordance with the provisions of the remuneration policy, according to its conditions and the caps established therein, remuneration for Bank officers who are not the CEO or directors may – given the confirmation of the Remuneration Committee and the Board of Directors – exceed that which is established in Article 2(a) of the Senior Officers’ Wage Law, without requiring any further approval of the general meeting (hereinafter, jointly: “approval of the updated remuneration policy”).*

*The wording of the updated remuneration policy is demarcated from the current remuneration policy for Bank officers (which is in effect until December 31, 2023), as approved by the Bank’s general meeting on December 18, 2019 and as updated on December 24, 2020 and on July 6, 2021.*

*Additional information:*

*For additional information, see Section 4 of the immediate report regarding the convening of the annual meeting, attached herein.*

*Approval of a remuneration policy under Article 267a(a) of the Companies Law*

**Notice: A value in this table sets the text of the shareholder’s statement in the online voting system. For the conversion table, click [here](#)**

Gender:

**Notice: The filling out of this field is only possible when the resolution is on the appointment of an outside director.**

**It is not compulsory to specify gender.**

Reference to the last report on the subject of approving a private proposal (T138):

*Not a transaction between the company and a controlling shareholder therein as stated in Articles 275 and 320(f) of the Companies Law*

Reference to the last report on the subject (T133):

Explanation of the article in the Companies Law or the Securities Law or in another law for the approval of the resolution:

Explanation: In a transaction with a controlling shareholder that does not match any field in the law articles table, select the fields “Declaration: No appropriate classification field exists” and “Yes” transaction with controlling shareholder.

Only in the event of a bonds meeting or that this is not a transaction with a controlling shareholder and no appropriate field can be found in the table, should the relevant articles of the law by power of which the resolution is required be detailed and explained.

Does the issue require the disclosure of a connection or another characteristic of the voting shareholder:

Notice: These values can only be selected if the field "Declaration: No appropriate classification field exists" was marked in the previous table and the transaction at hand is not between the company and its controlling shareholder

**In the event of a bonds meeting**

The existence of another issue has been decided:

Details of the other issue:

Notice: The details of the other issue establish the text of the declaration which will be included in the online voting system. The question must be worded so as to have a “Yes”/”No” answer. The question will appear in the voting system next to the resolution on the agenda and the voter will be able to choose between “Yes”/”No” and be able to add details if the answer is “Yes”.

**Request for additional information from the holders:**

It was decided to require additional information from the holders: *No*

Details of the additional information required from the holders or manner of meeting convention (in the event of a meeting according to 350):

Notice: This field establishes the text of the requirement for additional information which will be included in the online voting system. The voter will have the possibility to add the information in a text field.

- Amendment of a disclosure
- Negligible change or one that only benefits the company compared with the text of a resolution detailed in a last report.
- Removed from the agenda

- The subject was discussed in a previous meeting
- The subject was added to the agenda by court order
- The subject was added to the agenda according to Regulation 5b of the Companies Regulations (Notice of General Meetings and of Category Meetings in a Public Company, and Addition of an Issue to the Agenda) 5760-2000
- The subject was added to the agenda after the record date due to a technical error, as specified:

**Explanation:** After the record date, a resolution cannot be amended except for an amendment of the transaction conditions that benefits the company or a negligible change. Likewise, new issues cannot be added to the agenda after the record date, except by court order or in accordance with Regulation 5B of the Notice of General Meetings Regulations

The resolution on the agenda is brought to *a vote*

Type of majority required for approval *is not an ordinary majority*

*The majority required at the general meeting and at the deferred general meeting is an ordinary majority of the shareholders present at the general meeting, who are entitled to vote and voting thereat, provided that one of the following is fulfilled:*

- (1) *The counting of the majority votes at the general meeting will include a majority of the votes of shareholders who are not the bank's controlling shareholders, nor have a personal interest in the approval of the updated remuneration policy, who are participating in the vote; abstaining votes will not be taken into account in the counting of the total votes of said shareholders;*
- (2) *The total opposing votes among the shareholders referred to above in SS (1) does not exceed two percent (2%) of the total voting rights at the bank.*

Does the rate of the controlling shareholder's holdings of the corporation's shares bestow the controlling shareholder with the required majority for the adoption of the proposed resolution in this matter *No*

Attachment of the report on the convening of the meeting: [Convening report and policy isa.pdf](#)

#### 4. Attachments

4.1 Attachment of a file which includes a voting paper/position papers: [Voting paper isa.pdf](#)

*Yes* a voting paper

*No* position paper

**Explanation:** If a voting paper and/or a position paper has been attached, it must be verified that they are drafted in accordance with the Companies Regulations (Written Votes and

Position Papers), 5766-2005. The company must assemble all position papers (per the meaning in Article 88 of the Companies Law) in a single file, in which it will be specified when the notice was published, from whom it was received, and a reference will be made to the relevant page in the consolidated file.

4.2 Attachment of a file which includes candidate statements/other related documents:  
statement isa.pdf

Yes declaration of the candidate to serve as corporate director

No declaration of an independent director

No declaration of an outside director

\_\_\_\_\_ declaration of a representative's appointment to representation

\_\_\_\_\_ amended deed of trust

\_\_\_\_\_ an application to approve a creditors' arrangement under Article 350

\_\_\_\_\_ other \_\_\_\_\_

5. The legal counting for holding the meeting:

*The legal counting for holding the annual meeting will be constituted upon the presence, in person or by proxy, of two shareholders holding at least twenty-five percent (25%) of the voting rights, within half an hour from the time set for the beginning of the meeting.*

6.  In the absence of a legal counting, the deferred meeting will be held on *December 25, 2023 at 14:00*, at the following address: *7 Jabotinsky Street, Ramat Gan, 13<sup>th</sup> floor*

No meeting shall be held in the absence of a legal counting

7. The times and place where any proposed resolution which was not described in full in the above description of the agenda may be perused:

*At the bank's offices (tel: 03-7559720), 7 Jabotinsky Street, Ramat Gan, 13<sup>th</sup> floor, during standard business hours, until the time set for the annual meeting, by appointment.*

Meeting identifier:

**Note: The meeting identifier is the reference of the initial report. The field will remain empty in the initial report on the meeting.**

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

	<b>Signatory's Name</b>	<b>Position</b>
<b>1</b>	<i>Racheli Friedman</i>	<i>Other</i> <i>Chief Legal Advisor</i>
<b>2</b>	<i>Hanan Kikozashvili</i>	<i>Other</i> <i>Bank Secretary &amp; Head of the Bank's Headquarters</i>

Explanation: According to Regulation 5 of the Securities (Periodic and Immediate Reports) Regulations, 5730-1970, a report filed under these regulations shall be signed by those authorized to sign on behalf of the corporation. The position of the senior staff on the matter (in Hebrew) can be found on the ISA's website: [Click here](#)

*Note regarding sections 5 and 6 in this form above: on the subject of the legal counting at deferred meetings (insofar as they may be held) and on the subject of a second deferred meeting (insofar as it may be held), see Section 5.2 of the attached immediate report regarding the convening of the annual meeting.*

Reference numbers of previous documents concerning the issue reported herein (the mention does not constitute inclusion by way of reference):

**[2023-01-093043](#)**

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Securities of a Corporation Listed for Trading on the Tel Aviv Stock Exchange  
Form structure revision date: October 10 2023

Abbreviated Name: Mizrahi Tefahot

Address: 7 Jabotinsky Street, Ramat Gan, 52520 Tel: 03-7559720 Fax: 03-7559923

E-mail: [mangment@umtb.co.il](mailto:mangment@umtb.co.il)

Company website:

<https://www.mizrahi-tefahot.co.il>

Previous name of the reporting entity: United Mizrahi Bank Ltd

Name of the person reporting electronically:	Position:	Name of Employing Company:
Kikozashvili Hanan	Bank Secretary	Mizrahi Tefahot Bank Ltd
Address: 7 Jabotinsky Street, Ramat Gan, 52520	Tel: 03-7559219	Fax: 03-7559923
		E-mail: <a href="mailto:management@umtb.co.il">management@umtb.co.il</a>

**Mizrahi Tefahot Bank Ltd**

To	To
Israel Securities Authority	Tel Aviv Stock Exchange Ltd
<a href="http://www.isa.gov.il">www.isa.gov.il</a>	<a href="http://www.tase.co.il">www.tase.co.il</a>

**Re: Immediate report on the convening of an annual general meeting of Mizrahi Tefahot Bank Ltd's shareholders**

In accordance with the Companies Law, 5759-1999 (hereinafter: “**Companies Law**”); the Securities Regulations (Periodic and Immediate Reports) 5730-1970 (hereinafter: “**Periodic and Immediate Report Regulations**”); the Companies Regulations (Notice and Announcement of General Meeting and Class Meeting in Public Company and Addition of an Issue to the Agenda) 5760-2000; the Companies Regulations (Written Votes and Position Papers) 5766-2005 (hereinafter: “**Written Vote Regulations**”), and the Remuneration for Officers in Financial Corporations (Special Approval and Non-Deductibility of Expense for Tax Purposes Due to Special Remuneration) Law 5776-2016 (hereinafter: “**Senior Officers' Wage Law**”), Mizrahi Tefahot Bank Ltd (hereinafter: the “**Bank**” or the “**Company**”) hereby announces the convening of an annual general meeting (hereinafter: “**general meeting**” or “**annual meeting**”) on Wednesday, December 20, 2023, at 14:00, at the Bank's offices, 7 Jabotinsky Street, Ramat Gan, 13<sup>th</sup> floor.

**The issues on the agenda and a summary of the proposed resolutions**

1. **Issue no. 1 on the agenda: Financial reports**

1.1 **Text of the proposed resolution**

No resolution will be made on this issue.

1.2 **Description of the nature of the issue and the principal facts required to understand the matter**

A discussion of the Bank's audited annual financial reports for December 31, 2022 and the Board of Directors' report on the state of the Bank's affairs for 2022.

The periodic report for 2022, which was published by the Bank on March 14, 2023 (reference no. 2023-01-026748) (hereinafter: “**2022 Periodic Report**”) may be perused at the Securities Authority distribution website, at <http://www.magna.isa.gov.il>, as well as on the website of the Tel Aviv Stock Exchange Ltd, at <http://maya.tase.co.il>

2. **Issue no. 2 on the agenda: Reappointment of the Bank's auditor and a report on its wages**

2.1 **Text of the proposed resolution:**

To reappoint Brightman Almagor Zohar and Co. as the Bank's auditor, to serve in this position until the end of the Bank's next annual general meeting.

2.2 **Description of the nature of the issue and the principal facts required to understand the matter**

The reappointment of Brightman Almagor Zohar and Co. as the Bank's auditor and a report on the auditor's wages in 2022.

2.1.1 On October 23, 2023, the Bank's Audit Committee held a discussion on the formulation of a recommendation with regard to the appointment of the Bank's auditing accountant. During said discussion, the Audit Committee heard explanations and received details, *inter alia*, about the commitment of Brightman Almagor Zohar and Co. (hereinafter: "**Auditing Accountant**") to the quality of the audit at the Bank, as well as inputs dedicated to the audit and the expertise of the Auditing Accountant's auditing team, during its tenure as the Bank's Auditing Accountant; and the Auditing Accountant's compliance with the independence rules.

2.1.2 After said discussion and having received the Bank management's recommendation in this matter, the Audit Committee recommended the reappointment of Brightman Almagor Zohar and Co. as the Bank's Auditing Accountant. This recommendation was adopted by the Bank's Board of Directors at its meeting on November 9, 2023.

2.3 Details regarding the wages of the Bank's Auditing Accountant for auditing and additional services due for the year 2022, as set by the Bank's Board of Directors, are included on page 291 of the 2022 Periodic Report (in Hebrew).

2.4 **The required majority**

The majority required at the annual meeting and at a deferred annual meeting to approve the appointment of the Bank's auditor (as aforesaid in Section 2.1) is an ordinary majority of all shareholders present at the annual meeting, who are entitled to vote and voting thereat, without taking into account the abstaining votes.

3. **Issue no. 3 on the agenda: The reappointment of Mr. Moshe Vidman as a Director at the Bank**

3.1 **Text of the proposed resolution**

To reappoint Mr. Moshe Vidman as a director at the Bank until June 15, 2024, subject to the Supervisor of Banks not announcing his objection to the aforesaid appointment or announce his consent thereto.

3.2 **Description of the nature of the issue and the main facts required to understand the matter**

The reappointment of Mr. Moshe Vidman as a director at the Bank.

3.2.1 It was established in the Bank's Articles of Association, *inter alia*, that the directors will be appointed at the annual meeting; and that their tenure, except for the outside directors, shall last until the end of the third annual meeting to be held after the meeting at which their appointment was confirmed, or until an earlier date that will be approved in this regard by the Supervisor of Banks.

3.2.2 Mr. Vidman has served as a director at the Bank since August 2010, and as Chairman of the Bank's Board of Directors since December 2012.

On January 18, 2016, the Board of Directors decided that Mr. Vidman's tenure as Chairman of the Board of Directors will be automatically renewed annually for an additional year, all subject to the Supervisor of Banks' confirmation.

Mr. Vidman was evaluated by the Board of Directors as having accounting and financial expertise as well as professional qualifications, both under the Companies Law and under Proper Conduct of Banking Directive no. 301 (hereinafter: "**Directive 301**"), as well as having banking expertise, per its meaning in Directive 301. According to the policy established by the Bank's Board of Directors, the total (maximum) tenure length of the Chairman of the Board of Directors shall not exceed ten (10) years, unless the Board of Directors has determined otherwise, considering the matter's special circumstances.

Ahead of the annual general meeting that was held in December 2022, the Board of Directors assessed that Mr. Vidman had fulfilled his position as the Chairman of the Bank's Board of Directors in a proper manner and contributed significantly to the work of the Board and its committees. Accordingly, it was the opinion of the Board of Directors that there existed special circumstances, due to which it would be appropriate for Mr. Vidman to continue his tenure as the Chairman of

the Bank's Board of Directors, for an additional tenure period (in such manner that his total tenure period as the Chairman of the Board of Directors would exceed ten (10) years), in order for him to continue the contribution of his knowledge and experience and assist the Bank in dealing with the challenges it faces.

Accordingly, the Board of Directors had recommended (ahead of the annual meeting held in 2022) that Mr. Vidman be reappointed as a director at the Bank, to serve as the Chairman of the Board of Directors at the Bank, for an additional tenure of one (1) year or for a longer period, as the Supervisor of Banks may confirm in this regard. On November 8, 2022, the Bank received the Supervisor of Banks' confirmation, according to which he had no objection to the reappointment of Mr. Vidman as a director at the Bank and as Chairman of the Board of Directors at the Bank, and that the effect of the confirmation shall be until the annual general meeting that will be held in 2023.

At the annual meeting held in 2022, Mr. Vidman was reappointed as a director at the Bank, and continued to serve as Chairman of the Board of Directors at the Bank. Mr. Vidman's tenure as director and Chairman of the Board of Directors shall terminate at the annual meeting to be held in 2023.

Ahead of the annual general meeting to be held in December 2023, the Supervisor of Banks notified the Bank that he will allow the continuation of Mr. Vidman's tenure at the Bank's Board of Directors, so that it will end, at the latest, on June 15, 2024, and that the Bank will act to find and appoint another Chairperson for the Bank's Board of Directors until this date.

On October 9, 2023, the Bank published a preliminary announcement (on the MAGNA distribution website and on the TASE website) regarding its intention to convene a general meeting, on the agenda of which, *inter alia*, would be the reappointment of Mr. Vidman as a director at the Bank, subject to the Supervisor of Banks not announcing his objection to the aforesaid appointment or announce his consent thereto.

Further to the Board of Directors' decision from 2022 (as aforesaid), the Board of Directors has reiterated its position, according to which

Mr. Vidman has fulfilled his position as the Chairman of the Bank's Board of Directors in a proper manner and contributed significantly to the work of the Board and its committees, and it was thus the opinion of the Board of Directors that there exist special circumstances, due to which it would be appropriate for Mr. Vidman to continue his tenure as the Chairman of the Bank's Board of Directors until June 15, 2024, with attention to the Supervisor of Banks' notice, as aforesaid.

The Bank hereby refers to the details required by Regulation 26 of the Periodic and Immediate Reports Regulations, with regard to Mr.

Vidman's tenure as a director at the Bank, as aforesaid, as included on page 347 of the Periodic Report for 2022 (Hebrew version) published by the Bank on March 14, 2023 (reference no. 2023-01-026748); this is subject to the change under which Mr. Vidman is no longer a member of the Ad Hoc Committee concerned with the absorption of Union Bank, since the committee had finished its work after the merger of Union Bank of Israel Ltd with and into the Bank.

The mention of the periodic report for 2022, as aforesaid, constitutes inclusion by way of reference to the information included on page 347 of the aforesaid periodic report.

- 3.2.3 Mr. Vidman has delivered a statement to the Bank pursuant to Article 224B(a) of the Companies Law, which is attached to this immediate report as **Appendix A**.
- 3.2.4 With regard to the tenure and employment terms of Mr. Vidman as Chairman of the Bank's Board of Directors, see Section 2 and Appendix B to the immediate report published by the Bank on January 9, 2017 (reference no.: 2017-01-003454).
- 3.2.5 It is hereby clarified that Mr. Vidman shall be entitled to officers' exemption, indemnification and insurance, as is customary at the Bank, from time to time.

On the subject of the confirmation of the engagement in the policy to insure the liability of directors and other officers at the Bank and at companies in the Bank's cluster, including the Chief Executive Officer of the Bank and directors who are among the Bank's controlling shareholders, see the immediate report published by the Bank on March 13, 2023 (reference no. 2023-01-026691).

On the subject of the confirmation of the Bank's letter of exemption and indemnity undertaking, to directors and other officers, including the Chief Executive Officer of the Bank and the Bank's controlling shareholders, as well as employees, as passed by the Bank's general meeting on September 5, 2023, see Section 1.2 of the amending immediate report published by the Bank on July 27, 2023 (reference no. 2023-01-086163).

3.3 **The majority required to pass the resolution**

The majority required at the annual meeting and at a deferred annual meeting to approve the reappointment of Mr. Moshe Vidman as a director at the Bank (as aforesaid in Section 3.1) is an ordinary majority of all shareholders present at the annual meeting, who are entitled to vote and voting thereat, without taking into account the abstaining votes.

4. **Issue no. 4 on the agenda: Approval of an updated remuneration policy for officers at the Bank and approval under Article 2(a) of the Senior Officers' Wage Law**

- 4.1 **The proposed resolution:** To approve the updated remuneration policy for officers at the Bank, in the wording attached as **Appendix B** to this report, which shall be in effect for a period of three (3) years beginning on January 1, 2024 (hereinafter: the “**updated remuneration policy**” or the “**remuneration policy**”); and furthermore, to approve under Article 2(a) of the Senior Officers' Wage Law that in accordance with the provisions of the remuneration policy, according to its conditions and the caps established therein, remuneration for Bank officers who are not the CEO or directors may – given the confirmation of the Remuneration Committee and the Board of Directors – exceed that which is established in Article 2(a) of the Senior Officers' Wage Law, without requiring any further approval of the general meeting (hereinafter, jointly: “**approval of the updated remuneration policy**”).

The wording of the updated remuneration policy is demarcated from the current remuneration policy for Bank officers (which is in effect until December 31, 2023), as approved by the Bank's general meeting on December 18, 2019 and as updated on December 24, 2020 and on July 6, 2021 (hereinafter: the “**current remuneration policy**”).

4.2 **Description of the nature of the issue and the principal facts required to understand the matter**

4.2.1 **Background**

On November 9, 2023, having received the recommendation of the Remuneration Committee, the Bank's Board of Directors approved an updated remuneration policy for Bank officers for the years 2024-2026, in the wording attached as Appendix B to this report. In this regard, having received the approval of the Remuneration Committee, the Bank's Board of Directors approved, in accordance with Article 2(a) of the Senior Officers' Wage Law, that remuneration for Bank officers who are not the CEO or directors may – given the confirmation of the Remuneration Committee and the Board of Directors – exceed that which is established in Article 2(a) of the Senior Officers' Wage Law, without requiring any further approval of the general meeting.

4.2.2 **The determination manner of the updated remuneration policy, its approval date and the information brought in this regard before the Remuneration Committee and the Board of Directors**

The decisions of the Remuneration Committee and the Board of Directors in the matter of approving the updated remuneration policy, as aforesaid, were received unanimously by all members of the Remuneration Committee and all members of the Board of Directors who had attended the Board of Directors meeting.

- a. The following data, *inter alia*, were reviewed and examined by the Remuneration Committee and the Board of Directors at their meetings:
  - (1) The conditions of the updated remuneration policy compared to those of the current remuneration policy, with attention, *inter alia*, to the Bank's strategic plan;
  - (2) The expense for the lowest remuneration paid by the Bank to an employee of the Bank (including contract workers employed at the Bank) in the year prior to the date on which the Board of Directors approved the updated remuneration policy;
  - (3) A comparison between the updated remuneration policy and the remuneration policies at the other major banks in Israel;
  - (4) The position of the Bank's management, as presented by the Bank's CEO.

- b. The following documents and information, *inter alia*, were presented to the Remuneration Committee and the Board of Directors:
- (1) The current remuneration policy for officers at the Bank;
  - (2) Data in regard to the comparison between the updated remuneration policy and the current remuneration policy;
  - (3) Data in regard to the comparison between the updated remuneration policy and the Remuneration Policy at the other major banks in Israel;
  - (4) The wage cost figures of employees of the Bank and subsidiaries fully controlled by the Bank, including the contract workers employed by them, as well as figures regarding the cost of the average and median wage of these employees;
  - (5) Figures regarding the ratio between the total cost of officers' remuneration, according to the updated remuneration policy, and the total cost of the remuneration of the rest of the employees of the Bank and subsidiaries fully controlled by the Bank (including the contract workers employed by them); as well as figures on the ratio between the cost of the total, maximal remuneration of the Board of Directors' chairman, the CEO and the rest of the officers (who are not directors) under the updated remuneration policy; and the cost of the average and median wage of the rest of the employees of the Bank and subsidiaries fully controlled by the Bank (including the contract workers employed by them);
  - (6) The Remuneration for Officers in Financial Corporations (Special Approval and Non-Deductibility of Expense for Tax Purposes Due to Special Remuneration) Law 5776-2016;
  - (7) Proper Conduct of Banking Business Directive No. 301A in the matter of remuneration policies at banking corporations, released by the Supervisor of Banks (hereinafter: "**Directive 301A**"), as well as relevant articles from the Companies Law.

- c. The updated remuneration policy was determined, *inter alia*, considering the following objectives:
- (1) The creation of an incentives structure for officers at the Bank, which maintains an appropriate balance between the fixed remuneration component and the variable remuneration component, and which promotes well-founded, effective risk management that does not encourage risk-taking beyond the Bank's risk appetite, and allows for maintaining a strong capital core, all adjusted to the Bank's strategic plan;
  - (2) The adjustment of the remuneration incentives granted to officers at the Bank to the Bank's strategic plan, the Bank's long-term goals, the Bank's results over time and the *de facto* contribution of the officers to the achievement of the Bank's goals, as aforesaid;
  - (3) The preservation of the Bank's senior echelon and securement, insofar as possible, of the Bank's ability to recruit quality managers in the future, taking into account company-wide considerations, such as remuneration costs and the preferred remuneration differences between the Bank's different echelons, the competitiveness of the banking sector, the size of the Bank, the scope of its operations and the character of its business.

All with attention, *inter alia*, to the instructions and limitations set forth in Directive 301A and in the Senior Officers' Wage Law.

4.2.3 It is hereby clarified that the Bank is not a public second-tier subsidiary, per its definition in Article 267A of the Companies Law.

4.3 **The identity of the members of the Remuneration Committee and the members of the Board of Directors who participated in the meetings**

4.3.1 The following members of the Remuneration Committee participated in the Remuneration Committee meetings on September 14, 2023 and October 23, 2023, during the discussion concerning the approval of the updated remuneration policy: Ms. Hanna Feuer (outside director); Mr. Gilad Rabinovich (outside director); Mr. Joseph Fellus (outside director); and Ms. Estery Giloz-Ran (outside director).

4.3.2 The following directors participated in the Board of Directors meeting on November 9, 2023, during the discussion concerning the approval of the updated remuneration policy: Mr. Moshe Vidman, chairman; Mr. Gilad Rabinovich (outside director); Ms. Hanna Feuer (outside director); Mr. Joseph Fellus (outside director); Ms. Estery Giloz-Ran (outside director); Mr. Ron Gazit; Mr. Avraham Zeldman; Mr. Jonathan Kaplan; Mr. Ilan Kremer; and Mr. Eli Alroy.

4.4 **Directors who may have a personal interest in the resolution**

The directors at the Bank may have a personal interest in the approval of the updated remuneration policy, since the remuneration policy also addresses, *inter alia*, to the service and employment terms of the directors at the Bank.

4.5 **The considerations made by the Remuneration Committee and the Board of Directors**

For the purpose of approving the updated remuneration policy, the Remuneration Committee and the Board of Directors took into account the considerations listed in Article 267b(a) of the Companies Law and other considerations, as detailed in the updated remuneration policy and including as detailed below:

4.5.1 The advancement of the Bank's objectives, the strategic plan, the Bank's work plans and its policy from a long-term view;

4.5.2 The creation of proper incentives for the officers, considering, *inter alia*, the Bank's risk management policy, and with attention to the strategic plan;

4.5.3 The preservation and advancement of the Bank's ability to recruit and preserve quality, outstanding managers, who form the strong basis of the Bank's management, its ongoing development and success over time;

4.5.4 The size of the Bank and the character of its operations;

4.5.5 Officers' contribution to the achievement of the Bank's goals and the maximization of its profits, from a long-term view and in accordance with the position of the officer (in the matter of variable remuneration components).

4.6 **The main changes between the updated remuneration policy and the current remuneration policy**

4.6.1 The array managers appointed as officers at the Bank in 2023 were added to the list of office holders (officers) to whom the updated

remuneration policy applies (as specified in Section 1.4 of the updated remuneration policy).

4.6.2 In Section 5.1.1 of the updated remuneration policy, the cap sum of the monthly salary of the CEO, the chairman of the Board of Directors and other officers (who are not directors) was updated, and was set at a total of ILS 265,000, ILS 216,000 and ILS 107,000, respectively, linked to the Consumer Price Index for September 2023 (published in October 2023); as part of the aforementioned update, only the linkage differences accumulated in accordance with the current remuneration policy were added to the caps of the monthly salaries, up to (and including) the Consumer Price Index for the month of September 2023, which was published in October 2023, with the said amounts rounded to the nearest thousand.

It is hereby clarified that there has been no change made regarding the addition of the amounts to the monthly salary cap for changes that are immaterial, as stated in Section 5.1.1 of the updated remuneration policy.

4.6.3 With regard to the Bank's engagement in policies to insure the liability of directors and other officers, the insurer's maximum liability limit according to the insurance policy was updated, and was set at USD 220 million (in lieu of a total of USD 200 million) for a single event, and at a total of USD 440 million (in lieu of a total of USD 400 million), in the aggregate, for the insurance period; as detailed in Section 5.5.2.b. for the updated remuneration policy.

4.6.4 a. It was determined that the maximum variable remuneration of officers who are not gatekeepers, shall not exceed 100% of the fixed remuneration (compared to 85% according to the current remuneration policy); and for gatekeepers, it shall not exceed 80% of the fixed remuneration (compared to 55% according to the current remuneration policy). It was further determined that under exceptional conditions, the Bank may determine that the maximum variable remuneration will reach up to 200% of the fixed remuneration (instead of 170% according to the current remuneration policy), all as specified in Section 4.3 of the remuneration policy.

- b. The maximum rates of the performance-based remuneration were increased from the fixed remuneration of officers (who are not the CEO or directors); in addition, the cap sums of the performance-based remuneration of officers (who are not the CEO or directors) were updated in achieving the maximum goals, and were set at a total of ILS 1,300 thousand for gatekeepers, and at a total of ILS 1,680 thousand for other officers, linked to the Consumer Price Index for September 2023, as published in October 2023 (in lieu of approx. ILS 968 thousand for gatekeepers and approx. ILS 1,350 thousand for other officers, with these amounts including the accumulated linkage differences In accordance with the current remuneration policy, up to (and including) the index for September 2023); All as specified in Section 6.1.1 of the updated remuneration policy.
- c. In section 6.1.2 of the updated remuneration policy, the restriction that the value of the capital remuneration shall not exceed 50% of the performance-based remuneration has been removed.
- d. Changes were made regarding the weight of the components that form the basis for calculating the performance-based remuneration for officers (who are not the CEO or directors), as specified in Section 6.5.1 of the updated remuneration policy; in this framework:
- (1) Regarding the cash bonus: the weight of the “supervisor’s discretion” component was reduced (and set at an amount not to exceed one monthly salary *per annum*, in lieu of three monthly salaries) and the weight of the “personal goals” component was increased. Gatekeepers’ “company-wide goals” component was likewise increased.
  - (2) Regarding the capital remuneration: the weight of the “company-wide” goals was reduced for gatekeepers, while the weight of the “personal goals” was increased.
- In addition, alongside the reduction of the “supervisor’s discretion” component’s weight, as stated above in SS (1), it was

stipulated in Section 8.1 of the updated remuneration policy that, in addition to what is stated in the updated remuneration policy and the restrictions established therein notwithstanding, the Remuneration Committee and the Board of Directors will be entitled, from time to time, to grant a personal quality cash bonus to a Bank officer who is neither the CEO nor a director, for any year, not to exceed two (2) monthly salaries, subject to the provisions of the law, and including the remuneration cap established in Article 2(b) of the Senior Officers' Wage Law. It was further determined that said bonus will be awarded at the recommendation of the Chief Executive Officer, according to his discretion; and at the recommendation and discretion of the Chairman of the Board of Directors and the Audit Committee, with regard to the internal auditor, pending the approval of the Remuneration Committee and the Board of Directors; this, in relation to the performance of the officer in the relevant year or for other reasons to be detailed by them.

- 4.6.5 a. In consequence of the aforesaid, it was established in the updated remuneration policy that the Remuneration Committee and the Board of Directors may also grant Bank officers who are neither the CEO nor directors<sup>1</sup> an annual remuneration that exceeds that which is determined by Article 2(a) of the Senior Officers' Wage Law<sup>2</sup> (hereinafter: the “**remuneration level**”), according to the provisions established in the updated remuneration policy, under its conditions and the caps established therein, provided that it does not exceed the remuneration cap allowed under Article 2(b) of the Senior Officers' Wage Law (excluding provision for compensation and provision for remunerations by law); this, compared to the current remuneration policy, in which the annual remuneration of officers (who are neither the CEO nor directors)

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<sup>1</sup> This, in addition to the Chairman of the Board of Directors and the CEO, to whom the Bank may grant a cash bonus in a sum exceeding that which is established in Article 2(a) of the Senior Officers' Wage Law under the current remuneration policy as well.

<sup>2</sup> I.e., remuneration for which the projected expense is expected to exceed ILS 2.5 million per annum, linked to the Consumer Price Index, from the publication date of the Senior Officers' Wage Law (April 12, 2016) and onwards (excluding provision for compensation and provision for remunerations by law); all as established in this regard in the Senior Officers' Wage Law.

was restricted to the remuneration level established in Article 2(a) of the Senior Officers' Wage Law;

- b. Further to this, the Remuneration Committee and the Board of Directors have authorized that the approval of the updated remuneration policy would also include a confirmation to engage with Bank officers, who are neither the CEO nor directors (including with regard to updating the conditions of such an engagement, as aforesaid), in sums exceeding the remuneration level established in Article 2(a) of the Senior Officers' Wage Law, as aforesaid, without an additional approval from the general meeting (except for the approval according to this report);

All as detailed in Section 7.4 of the updated remuneration policy.

4.6.6 With regard to the capital remuneration:

- a. The vesting dates of the deferred parts of the annual lots of option warrants that will be allotted for officers (who are not directors) were updated, all as detailed in Section 6.7.4 of the updated remuneration policy.
- b. It was established that the Remuneration Committee and the Board of Directors will determine the TASE rate on which the calculation of the cash bonus sum will be based, all as detailed in Section 6.7.8 of the updated remuneration policy.
- c. The definition of the “closing rate cap” was updated, so that its sum will be determined by the Remuneration Committee and the Board of Directors, and shall not exceed 200% of the realization price that shall be determined for the relevant allotment, plus linkage differences to the Consumer Price Index (subject to adjustments), all as detailed in Section 6.7.8 of the updated remuneration policy.

4.6.7 With regard to the criterion established in as detailed in Section 6.10.1a. of the updated remuneration policy (which serves as a basis with regard to the duty to remiss variable remuneration granted to an officer), the remission duty of an officer who took part in behavior that caused extraordinary damage to the Bank was updated, establishing, *inter alia*, that damage will be deemed extraordinary if the sum of the expense incurred thereby will exceed 3% (instead of 10%) of the Bank's equity

at the time of the extraordinary damage's occurrence, all as specified in the aforesaid section.

4.6.8 It was determined that the “cash bonus under special circumstances” would be granted subject to the remuneration cap established in Article 2(b) of the Senior Officers' Wage Law (instead of being subject to the remuneration level established in Article 2(a) of the Senior Officers' Wage Law); likewise, it was explicitly clarified that the “cash bonus under special circumstances” may also be granted in accordance with the officer's fulfillment of the personal goals established for him (all as detailed in Section 8.3 of the updated remuneration policy).

4.6.9 It was determined that the signing bonus (as detailed in Section 8.4 of the updated remuneration policy) would be granted subject to the remuneration cap established in Article 2(b) of the Senior Officers' Wage Law (instead of being subject to the remuneration level established in Article 2(a) of the Senior Officers' Wage Law).

4.7 **The reasoning of the Remuneration Committee and the Board of Directors for the approval of the updated remuneration policy**

Below are the reasons of the Remuneration Committee, as adopted by the Board of Directors, for the approval of the updated remuneration policy:

4.7.1 The updated remuneration policy was formulated in line with the instructions established by the Senior Officers' Wage Law and Directive no. 301A; it is aimed at preserving officers at the Bank, on the one hand, and allowing the recruitment of new officers with the appropriate experience and capabilities, on the other hand, despite the limitations imposed by the aforesaid law;

4.7.2 During the discussion on the updated remuneration policy, the Remuneration Committee and Board of Directors examined the existing situation at the Bank and the remuneration policies at other major banks in Israel;

4.7.3 The composition of the remuneration was determined according to the position of the officers, distinguishing between officers who are gatekeepers and other officers;

4.7.4 a. The variable components of the updated remuneration policy – including how they are determined and their scope relative to the fixed component – were examined with attention to the Bank's strategic plan, in order to remunerate officers in accordance with

their contribution to the achievement of the Bank's goals and the maximization of its profits, from a long-term view and in accordance with the position of the officer, while maintaining the balance between goal achievement and risk management.

- b. (1) Under this framework, the maximum sums (caps) that the Bank may grant to officers (who are neither the CEO nor directors) as variable remuneration were raised, and the maximum (possible) rate of said officers' variable remuneration (including performance-based remuneration) from the fixed remuneration was also raised, all as detailed in the updated remuneration policy.
- (2) Alongside the increase of the cap sums, as aforesaid, changes were made with regard to the weight of the components that constitute the basis for the calculation of the performance-based remuneration of officers (who are neither the CEO nor directors). In this framework, *inter alia*, the weight of the "supervisor's discretion" component was reduced and the weight of the "personal goals" determined for each of the aforesaid officers was increased, including, *inter alia*, goals pertaining to the officer's personal contribution to the achievement of the Bank's various goals.

Likewise, and with attention to the aforesaid, it was further determined that, in addition to what is stated in the updated remuneration policy and the restrictions established therein notwithstanding, the Remuneration Committee and the Board of Directors will be entitled to grant a personal quality cash bonus to a Bank officer who is neither the CEO nor a director, for any year, not to exceed two (2) monthly salaries; said bonus will be awarded at the recommendation of the Chief Executive Officer, according to his discretion; and at the recommendation and discretion of the Chairman of the Board of Directors and the Audit Committee, with regard to the internal auditor, pending the approval of the Remuneration Committee and the Board of Directors; this, in consideration of the officer's actions or

due to other reasons that will be determined by them, and subject to the remuneration cap established in Article 2(b) of the Senior Officers' Wage Law

- c. In consequence of the aforesaid, it was established in the updated remuneration policy that the Remuneration Committee and the Board of Directors may also grant Bank officers who are neither the CEO nor directors an annual remuneration that exceeds that which is determined by Article 2(a) of the Senior Officers' Wage Law; this, according to the provisions established in the updated remuneration policy, under its conditions and the caps established therein, provided that it does not exceed the remuneration cap allowed under Article 2(b) of the Senior Officers' Wage Law (excluding provision for compensation and provision for remunerations by law).
- d. Said changes are meant to give the Remuneration Committee and the Board of Directors the appropriate flexibility, insofar as it may be needed (and with regard to officers who are not the CEO or a director, according to the recommendation of the Chief Executive Officer; and with regard to the internal auditor, according to the recommendation of the Chairman of the Board of Directors and the Audit Committee), in order to remunerate officers in a proper and appropriate manner; this, in accordance with the changes in the circumstances and in the market, in order to allow the Bank, *inter alia*, to recruit and retain quality managers in the future, who constitute the foundation for the Bank's management and development; all from all a long-term view and considering, *inter alia*, officers' contribution to the achievement of the Bank's goals and the maximization of its profits, the competition in the financial sector, the size of the Bank, the scope of its activities and their complexity.

4.7.5 The updated remuneration policy grants the Remuneration Committee and the Board of Directors reasonable room for discretion (and with regard to officers who are not the CEO or a director, according to the recommendation of the Chief Executive Officer; and with regard to the internal auditor, according to the recommendation of the Chairman of the Board of Directors and the Audit Committee) in determining

officers' remuneration terms. The ratio between the remuneration terms of the officers and the rest of the Bank's employees is reasonable and does not negatively affect work relations at the Bank, *inter alia* due to the Bank's structure – in which officers constitute, in terms of quantity, a minimal part among all Bank employees; and in view of the difference between the positions and responsibilities of the officers and the rest of the Bank's employees.

- 4.7.6 The remuneration policy is appropriate for the Bank's results in recent years.
- 4.7.7 With regard to a possible remuneration according to the remuneration policy, for which the projected expense (according to standard accounting rules) is expected to exceed the remuneration level in Article 2(a) of the Senior Officers' Wage Law (and which may be granted to other officers who are not directors, in addition to the Chairman of the Board of Directors and the CEO), the Remuneration Committee and the Board of Directors took into account that some of the aforesaid remuneration may not be recognized as an expense for the Bank's tax purposes. The Remuneration Committee and the Board of Directors are of the opinion that the sum which will not be recognized for the Bank's tax purposes, as aforesaid, is immaterial in the Bank's view, and it was determined that this remuneration is in the Bank's interest.
- 4.7.8 With regard to the remission duty of variable remuneration from an officer who took part in behavior that caused an extraordinary damage to the Bank, and with attention to the growth of the Bank's equity, it was determined that damage will be deemed extraordinary (*inter alia*) if the sum of the expense incurred thereby will exceed 3% of the Bank's equity, instead of 10%, as specified in the current remuneration policy.
- 4.7.9 The Remuneration Committee and the Board of Directors are of the opinion that the updated remuneration policy is appropriate, reasonable and fair, given the circumstances of the matter, and serves the Bank's interest from a long-term view.

4.8 **The implementation manner of the current remuneration policy**

- 4.8.1 Below are data on the main remuneration components that were paid to the chairman of the Board of Directors, in effect, for the year 2022, compared to the caps determined in the current remuneration policy:

**Chairman of the Board of Directors (Mr. Moshe Vidman)**

	<b>Cap determined in the current remuneration policy</b>	<b>The maximal remuneration given, in effect, according to the employment terms, as well as the remuneration paid in effect</b>
Fixed component (monthly salary)	ILS 189,660, linked to the Consumer Price Index (as specified in Section 5.1.1 of the current remuneration policy).	Under the terms of his employment, the chairman of the Board of Directors was given the full sum of the monthly salary; this sum was paid, in effect, for the year 2022.
An additional fixed remuneration component	A sum which will not exceed two (2) monthly salaries, <i>per annum</i> , to be paid insofar as the permitted remuneration cap (under the Senior Officers' Wage Law) will allow it.	Under the terms of his employment, the chairman of the Board of Directors was given the additional fixed remuneration component, in full, and it was determined that this component will be paid insofar as the permitted remuneration cap (under the Senior Officers' Wage Law) will allow it.  The additional fixed remuneration component for the year 2022 was paid, <i>de facto</i> , in full.

According to the current remuneration policy, the chairman of the Board of Directors is not entitled to a performance-based remuneration, and such remuneration was not, in effect, given to him.

4.8.2 Below are data on the main remuneration components that were paid to the incumbent CEO of the Bank, for his tenure as CEO of the Bank in 2022, compared to the caps determined in the current remuneration policy:

<b>Incumbent CEO of the Bank (Mr. Moshe Lari)</b>		
	<b>Cap determined in the current remuneration policy</b>	<b>The maximal remuneration given, in effect, according to the employment terms, as well as the remuneration paid in effect</b>
Fixed component (monthly salary)	ILS 238,000, linked to the Consumer Price Index (as specified in Section 5.1.1 of the current remuneration policy).	Under the terms of his employment, the CEO was given a monthly salary in the total of ILS 230,000, linked to the Consumer Price Index (based on the index for August 2020); this sum was paid, in effect, for his tenure period as the CEO of the Bank in 2022.
Performance-based remuneration (cash bonus and capital remuneration) – annual	The performance-based remuneration cap, <i>per annum</i> , is three (3) monthly salaries, subject to the remuneration cap permitted under the Senior Officers' Wage Law.	Under the CEO's terms of employment, it was determined that the Remuneration Committee and the Board of Directors may grant him a performance-based remuneration, in a sum not to exceed three (3) monthly salaries <i>per annum</i> , subject to the remuneration cap permitted under the Senior Officers' Wage Law.

		In effect, the CEO was given option warrants in the fair value of ILS 512,000.
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4.9 **Agreements which are not in accordance with the Remuneration Policy**

4.9.1 The service and employment terms of the incumbent chairman of the Board of Directors, Mr. Moshe Vidman, as of January 1, 2017 and onwards, were determined according to a previously-approved remuneration policy , and are also in accordance with the current remuneration policy and the updated remuneration policy, subject to that which is detailed below:

- a. (1) Under the chairman of the Board of Directors' 2012-2015 employment agreement, it was agreed that the Bank would acquire a loss of work capacity insurance for the chairman, and that the Bank's severance payments would come in lieu of the severance pay under Article 14 of the Severance Pay Law, 5723-1963 (the "**Severance Pay Law**"). However, as it became clear that a loss of work capacity insurance could not be purchased for the chairman because of his age, it was agreed under the former employment agreement (approved by the general meeting of the Bank's shareholders on March 8, 2016 and which preceded the chairman of the Board of Directors' current employment agreement) (hereinafter, in this section 4.9.1, the "**Former Employment Agreement**"), as well as under the chairman of the Board of Directors' current employment agreement (approved by the general meeting of the Bank's shareholders on February 14, 2017), that all of the Bank's severance payments, including their revenues, will come in lieu of severance pay, if such are due by the Severance Pay Law; and if these are not enough to cover severance pay under the Severance Pay Law, the retirement bonus which is to be paid to the chairman under the 2012-2015 employment agreement shall come in lieu of the severance pay; and if

this too is insufficient, the bank shall pay the missing balance to the chairman (up to severance pay by law).

- (2) In this matter, it should be noted that section 9.2 of the Bank's updated remuneration policy (as well as the current remuneration policy and the one which preceded it) states, *inter alia*, that upon retirement, the Bank may release the severance pay monies accumulated for the officer in the provident/severance fund, and that Article 14 of the Severance Pay Law shall apply in this matter (i.e. the Bank's payments to provident/severance fund shall come in lieu of the full liability to severance pay, and the bank shall be exempt from Severance Pay in accordance with the instructions of the aforesaid Article 14).

However, as no loss of work capacity insurance can be purchased for the Chairman, as stated above, the arrangement specified in paragraph (1) above was established under the Former Employment Agreement and the current employment agreement, in the matter of Severance Pay under the Severance Pay Law.

- b. For the sake of good order, it should be noted that in section 9.2 of the updated remuneration policy (as well as the current remuneration policy), it was determined that the entitlement to the adjustment bonus will be accrued over the Chairman's first two (2) tenure years, as detailed in the aforesaid section; according to the 2012-2015 employment agreement, as well as the Former Employment Agreement and the current employment agreement, the chairman is entitled to an adjustment bonus regardless of his tenure. However, in effect, the adjustment bonus entitlement terms determined for the chairman (as detailed in section 9.2 of the updated remuneration policy) are fulfilled regarding the Chairman of the Board of Directors.
- c. In the matter of the retirement bonus accrued in the past to the chairman of the Board of Directors, see footnote no. 25 to the updated remuneration policy (attached as Appendix B to this report).

4.9.2 The CEO's terms of service and employment, beginning on September 16, 2020, were determined in accordance with the remuneration policy that was in effect at the aforesaid date and are also in line with the updated remuneration policy, subject to that which is said below:

a. **Anti-competition adjustment bonus** (hereinafter: the "**adjustment bonus**")

- (1) In accordance with Section 9.2 of the updated remuneration policy, the entitlement to the adjustment bonus shall be accrued during the first two (2) years of the CEO's tenure; half of the adjustment bonus, in the sum of three (3) salaries plus the provisions in respect thereof, shall be considered part of the CEO's fixed remuneration and paid shortly after the time at which the employer-employee relations are terminated; whereas the other half of the adjustment bonus (in the sum of three (3) salaries plus the provisions in respect thereof) shall be considered part of the CEO's variable remuneration, and averaged as detailed in Section 9.4 of the updated remuneration policy.

In the matter at hand (and as detailed in Section 4.9.3a. of Appendix D to the immediate report published by the Bank on August 27, 2020, reference no. 2020-01-085165 (hereinafter: "**CEO's employment terms appendix**")), the CEO is entitled to an adjustment bonus in the sum of 6 monthly salaries (without social provision) per the terms of his employment prior to his appointment as the CEO of the Bank, regardless of his tenure as the CEO of the Bank; likewise, the full sum of the adjustment bonus according to his previous employment terms, shall be paid shortly after the time at which the employer-employee relations are terminated (and shall not be averaged); this, in accordance with the "transitory instructions" established in this matter by the Supervisor of Banks (in the Proper Conducts of Banking Business directives) regarding the lack of prejudice to rights accrued in the past.

(2) It is hereby clarified that the adjustment bonus differences to which the CEO is entitled due to his tenure as the CEO of the Bank (as detailed in Section 4.9.3b. of the CEO's employment terms appendix), as well as the additional adjustment bonus sum (as detailed in Section 4.9.3e. of the CEO's employment terms appendix), insofar as the Remuneration Committee and the Board of Directors may approve it, shall fall under the instructions established in this regard in the updated remuneration policy (in regard to both the accrual of entitlement to the adjustment bonus differences and the payment dates), as detailed in Section 4.9.3 of the CEO's employment terms appendix

b. **Retirement bonus accrued for Mr. Moshe Lari until the end of 2016 (according to his employment terms prior to his appointment as the CEO of the Bank)**

In accordance with the updated remuneration policy, an officer who is neither the CEO nor a director, is entitled to a retirement sum accrued for the period until December 31, 2016, in an amount equal to 150% of the last monthly salary for December 2016, multiplied by the number of his years of employment at the Bank until the end of 2016.

It was further established in the updated remuneration policy that said retirement bonuses would be considered a variable remuneration, to which said officers will be entitled according to their terms, at the time at which the employer-employee relations are terminated between them and the Bank; and the instructions regarding the averaging of the retirement bonus and the rest of the conditions established in Section 9.4 of the updated remuneration policy shall apply in this regard.

In the matter at hand, the CEO is entitled to a retirement bonus under his previous employment terms as an officer at the Bank (who is neither the CEO nor a director), in an amount equal to 150% of the last monthly salary for December 2016, multiplied by the number of his years of employment at the Bank until the end of 2016 (hereinafter: "**Retirement Bonus**"), as specified in Section 4.9.4 of the CEO's employment terms appendix;

according to the personal employment agreement signed between the Bank and the CEO, regarding his employment period at the Bank prior to his appointment as CEO, the Retirement Bonus accrued for the Mr. Lari until the end of 2016, as aforesaid, shall be paid in full near the termination date of the employer-employee relations<sup>3</sup>; i.e. the averaging instructions shall not apply to it, nor shall the rest of the conditions established in Section 9.4 of the updated remuneration policy. It is noted that the cost of the Retirement Bonus accrued for the CEO (according to his employment terms prior to his appointment as the CEO of the Bank) until the end of 2016 was fully provided in the Bank's financial reports prior to the End of the Transitory Period<sup>4</sup>.

4.9.3 In the matter of the retirement bonus and the averaging of retirement payments, as provided in sections 9.3 and 9.4 of the updated remuneration policy, it should be noted that with respect to rights for retirement bonuses of the officers who are not directors, who served at the Bank prior to June 3, 2013, the Bank will act in accordance with the transitory instructions established in this matter either in the Supervisor of Banks' directives or according to the Supervisor of Banks' authorization; in this matter, see also section 1.7 of the updated remuneration policy. It should be further noted that in the matter of the remission instructions established in section 6.10 of the updated remuneration policy, the transitory instructions established by the Supervisor of Banks shall apply.

4.10 **The identity of the Bank's controlling shareholders and the rights which grant them control**

For details regarding the identity of the Bank's controlling shareholders and the rights which grant them control of the Bank, including their holdings of voting rights and the Bank's issued and outstanding capital, as well as the voting agreements to which they are party, regarding the voting rights at the Bank, see

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<sup>3</sup> Per the rights for retirement bonuses of officers who are not directors, who had served at the Bank prior to June 3, 2013, in accordance with the "transitory instructions" established in this matter by the Supervisor of Banks (in the Proper Conducts of Banking Business directives or per the Supervisor of Banks' approval) regarding the lack of prejudice to rights accrued in the past (in this regard, see Footnote 28 in the updated remuneration policy).

<sup>4</sup> It is hereby clarified that this sum shall not be taken into account for the purpose of calculating the total remuneration which the Bank may pay to the CEO under the Senior Officers' Wage Law, including according to Article 2(b) of the aforesaid law.

the notes regarding holders 1 through 3 in the immediate report on “The Holdings Status of Interested Parties and Senior Officers”, published by the Bank on October 5, 2023 (reference no. 2023-01-092254) (hereinafter: “**Status Report**”). This mention constitutes inclusion via reference to all information specified in said notes of the Status Report.

4.11 **The majority required to pass the resolution**

The majority required at the general meeting and at the deferred general meeting to approve the resolution laid out above in Section 4.1 is an ordinary majority of the shareholders present at the general meeting, who are entitled to vote and voting thereat, provided that one of the following is fulfilled:

4.11.1 The counting of the majority votes at the general meeting will include a majority of the votes of shareholders who are not controlling shareholders at the Bank, nor have any personal interest in the approval of the updated remuneration policy, who are participating in the vote; abstaining votes will not be taken into account in the counting of the total votes of said shareholders;

4.11.2 The total opposing votes among the shareholders referred to above in Paragraph 4.11.1 does not exceed two percent (2%) of the total voting rights at the Bank.

Despite the aforesaid, the Bank’s Board of Directors shall be entitled to approve the remuneration policy, even if the general meeting opposed the approval thereof, provided that the Remuneration Committee - and thereafter, the Bank’s Board of Directors – have decided, based on detailed arguments and having re-discussed the Remuneration Policy, that the approval of the remuneration policy, despite the opposition of the general meeting, is in the Bank’s favor.

A shareholder participating in the voting with regard to the resolution to approve the updated remuneration policy shall notify the Bank prior to his voting; and if the vote is through a voting paper, shall mark in the designated place in Part B of the voting paper, which is attached as **Appendix C**, whether he is considered to be a controlling shareholder at the Bank or anyone on his behalf, or whether he has a personal interest in the approval of the updated remuneration policy or not, as the matter may be, and also describe the relevant connection, if any. Should a shareholder fail to notify or mark as aforesaid, or if he has marked and not provided a description as aforesaid, his vote shall not be counted.

In this report, “**personal interest**”: an individual’s personal interest in any activity or transaction of a company, including the personal interest of his relative and another corporation wherein he or his relative are interested parties, and excluding personal interest arising from the very fact of holding shares at the company, including the personal interest of an individual voting by power of attorney granted to him by another individual, even if the other person has no personal interest; likewise, the vote of an individual who has been granted power of attorney to vote on behalf of an individual who has personal interest shall be considered a vote by the holder of the personal interest, whether the discretion of the vote is that of the voter or not.

5. **Location of the meeting’s convening, its time and additional details regarding the annual meeting**

5.1 The general meeting will convene on Wednesday, December 20, 2023, at 14:00, at the Bank’s offices, 7 Jabotinsky St., Ramat-Gan, 13th floor (hereinafter: “**Bank’s Offices**”).

The date for determining the entitlement of shareholders to vote at the general meeting, as stated in Article 182 of the Companies Law, shall be Monday, November 21, 2023 (hereinafter: “**Effective Date**”).

5.2 The legal counting for holding the annual meeting will be constituted upon the presence, in person or by proxy, of two shareholders with at least twenty-five percent (25%) of the voting rights, within half an hour from the time scheduled for the beginning of the meeting. Should a legal counting not be present for the annual meeting at the end of half an hour from the time scheduled for the beginning of the meeting, the meeting shall be postponed to December 25, 2023 at 14:00 at the same location (hereinafter: “**First Deferred Meeting**”). At the First Deferred Meeting, the legal counting will be constituted upon the presence, in person or by proxy, of two shareholders with at least fifteen percent (15%) of the voting rights, within half an hour from the time scheduled for the beginning of the First Deferred Meeting. Should a legal counting not be present for the First Deferred Meeting at the end of half an hour from the time scheduled for the beginning of the meeting, the meeting shall be postponed to December 27, 2023 at 14:00 at the same location (hereinafter: “**Second Deferred Meeting**”). At the Second Deferred Meeting, the legal counting will be constituted upon the presence, in person or by proxy, of two shareholders with whichever percent of voting rights they may have.

5.3 The Bank's controlling shareholders' holdings of the Bank's issued and outstanding capital shall not grant the Bank's controlling shareholders the majority required to approve any of the resolutions on the agenda of the general meeting.

5.4 A shareholder is entitled to vote at the general meeting, in person or through an agent granted power of attorney to vote. A shareholder or empowered agent seeking to vote at the general meeting will be required to present a form of identification upon arriving at the general meeting (an identity card or a passport).

In addition, a shareholder is entitled to vote at the general meeting at the vote to approve the resolutions on the agenda specified above in Sections 3.1 and 4.1 via voting paper, as detailed below (hereinafter: "**Written Vote**" or "**Voting Paper**").

5.5 5.5.1 In addition, an unregistered shareholder (i.e. a person to whom shares are registered with a TASE member, and those shares are also included in the Shareholder Registry under a registration company's name) (hereinafter: "**Unregistered Shareholder**") is also entitled to vote through an electronic Voting Paper, which shall be delivered to the Bank through the electronic voting system (hereinafter: "**Electronic Voting System**") up to 6 hours prior to the meeting.

5.5.2 An Unregistered Shareholder may, at any time, announce by writing to the TASE member through which he holds shares that he is not interested in being included on the list of those entitled to vote through the Electronic Voting System (as it was set at the Effective Date). If he has done so, then the TASE member shall not deliver information about him according to the Companies Regulations (Written Votes and Position Papers) 5766-2005, as long as no other instruction has arrived from the Unregistered Shareholder. Such instructions from shareholders, as stated above, shall be delivered to the TASE member no later than 12:00 noon on the Effective Date, with regard to the securities account and not particular securities held in the account.

In this regard, it should be noted that in accordance with the Securities Authority's announcement from October 29, 2023, entitled "Access to the Reporting and E-voting System Site from Abroad", temporary difficulties may arise for security shareholders accessing the electronic voting system from abroad, for the purpose of voting at the meetings of regulated entities.

Therefore, and in accordance with the announcement, we refer any shareholder of the Bank who may encounter such access issues to make use of the alternative methods of voting – through the submission of a written ballot (with regard to the resolutions mentioned above in Sections 3.1 and 4.1) or through power of attorney (proxy) with regard to all resolutions on the general meeting's agenda. Additionally, the electronic voting system support center can be contacted at the following number: +972-77-2238333.

- 5.6 A Written Vote will be made through the second part of the Voting Paper, attached as Appendix C. The Voting Paper and the documents which must be attached thereto (hereinafter: “**Attached Documents**”), as provided in the Voting Paper, should be delivered to the Bank's Offices up to 4 hours prior to the convening of the meeting (with respect to an Unregistered Shareholder) and up to 6 hours prior to the convening of the meeting (with respect to those registered as shareholders in the shareholder registry). In this regard, the “time of delivery” shall be the time at which the Voting Paper and the Attached Documents arrive at the Bank's Offices.
- 5.7 The document appointing an agent to vote (hereinafter: “**Letter of Appointment**”) and the power of attorney under which the Letter of Appointment was signed (if any) or a copy thereof, certified to the Bank's satisfaction, is to be prepared and signed by the appointer or by an agent authorized therefor in writing; and if the appointer is a corporation, will be signed in a manner such that binds the corporation. The Letter of Appointment, as well as the power of attorney letter (if such exists) will be deposited at the Bank's Offices no later than 48 hours prior to the time scheduled for the beginning of the meeting.
- 5.8 The distribution address of the Israel Securities Authority's site and the website of the Tel-Aviv Stock Exchange Ltd, on which the voting papers and position papers are located:
  - 5.8.1 The distribution site of the Israel Securities Authority:  
<http://www.magna.isa.gov.il/>
  - 5.8.2 The website of the Tel-Aviv Stock Exchange Ltd:  
<http://maya.tase.co.il/>
- 5.9 A shareholder is entitled to approach the Bank directly to receive from it, via registered mail, a copy of this immediate report. In addition, a shareholder is entitled to approach the Bank directly to receive from it the text of the voting paper and the position papers.

5.10 An Unregistered Shareholder is entitled to receive a link to the text of the Voting Paper and position papers on the distribution site via e-mail from the TASE member through which he holds his shares, free of charge, unless he has notified the TASE member that he does not wish to receive such a link, or that he wishes to receive voting papers by regular mail in return for payment; a notice regarding voting papers shall also apply to receiving position papers.

5.11 A shareholder whose shares are registered with a TASE member may receive the ownership confirmation at a branch of the TASE member or by mail, if he has requested it. A request in this matter shall be given in advance regarding a particular securities account.

An Unregistered Shareholder may instruct that his ownership confirmation be transferred to the Bank through the Electronic Voting System.

5.12 5.12.1 The voting paper shall be valid for an Unregistered Shareholder only if an ownership confirmation is attached thereto, or if such a confirmation has been transferred to the Bank through the electronic voting system.

5.12.2 The voting paper shall be valid with respect to a shareholder according to Article 177(2) of the Companies Law (i.e. those registered as a shareholder in the Shareholder Registry) only if a photocopy of one's identity card, passport or incorporation certificate is attached thereto.

5.13 The Bank's address for the delivery of voting papers and position papers: The Bank's Offices at 7 Jabotinsky Street, Ramat-Gan.

5.13.1 The deadline for the delivery of position papers to the Bank: Up to 10 days prior to the date of the meeting.

5.13.2 The deadline for the delivery of the Board of Directors' response to the position papers: Up to 5 days prior to the date of the meeting.

5.14 5.14.1 Attention is hereby directed to the instructions of Article 34(a1) of the of the Banking (Licensing) Law 5741-1981, whereby:

***“A person shall not make an agreement with another with respect to their vote for the appointment of a director in a banking corporation or in a Bank holding corporation, including with respect to their vote for his termination of office, other than under a permit issued by the Governor, after consulting with the Licensing Committee; this provision shall not apply [...] or to a holder of means of control who agrees with another that the other will vote in his name and on his behalf without any discretion, as the said holder of means of control***

*instructs him, provided that if the other holds himself means of control in the banking corporation or in the Bank holding corporation, as the case may be, he shall not vote in the name and on behalf of more than one other holder”.*

5.14.2 It arises, *inter alia*, from said instructions, that with respect to the reappointment of Mr. Moshe Vidman as a director at the Bank, as specified above in Section 3.1, a voting proxy who is also a shareholder at the Bank may vote in the name and on behalf of only one other shareholder, as specified in the aforesaid instructions. With regard to issue no. 2 on the meeting’s agenda (Section 2.1 above) and with regard to issue no. 4 on the meeting’s agenda (Section 4.1 above), there is nothing to impede a single voting proxy from representing more than one shareholder.

5.15 Any shareholder at the Bank voting on the resolution to approve the updated remuneration policy, who is an interested party at the Bank (as defined in Article 1 of the Securities Law), a senior officer at the Bank (as defined in Article 37(d) of the Securities Law 5728-1968), an institutional body (as defined in the Control of Financial Services (Insurance) Law, 5741-1981), or a fund manager (within the meaning thereof in the Joint Investment Trust Law, 5721-1961) is required to notify the Bank, prior to voting at the meeting (and if voting via voting paper – mark in the second part of the voting paper) of the details below regarding his or its voting manner at the meeting:

- 5.15.1 The voter’s identity: last name and first name for an individual, corporation name and number for a corporation;
- 5.15.2 The amount of securities by power of which the vote was made;
- 5.15.3 Voting manner;
- 5.15.4 Whether the voter has a personal interest or some other characteristic, as determined in the table in the addendum to the Companies Regulations (Written Votes and Position Papers) 5766-2005;
- 5.15.5 Additional relations between the voter and the company, the controlling shareholder or a senior officer therein, and details of the nature of the relationship;
- 5.15.6 If the vote is by proxy, the above details shall also be made with regard to both the power of attorney grantor and agent.

6. **Adding an issue to the agenda and position papers**

- 6.1 After the publication of this report, there may be changes to the agenda, including the addition of an issue thereto, and position papers may be published; it will be possible to review the current agenda and published position papers in the Bank's reports on the MAGNA distribution site.
- 6.2 One or more shareholder(s) who hold(s) shares constituting at least 1% of the voting rights at the general meeting of the Bank may request the Board of Directors to include an issue on the agenda of the meeting up to 7 days after the meeting's summoning, provided that the issue is appropriate for a discussion at the general meeting.
- 6.3 Should the Board of Directors find that the issue requested to be included on the agenda is appropriate for a discussion at the general meeting, the Bank shall prepare an updated agenda and an amended voting paper, insofar as this may be required, which will be published no later than 7 days after the final date to produce a request to include another issue on the agenda, as stated above. It is clarified that the publication of an updated agenda, as stated above, shall not change the Effective Date as set forth in this immediate report.
7. **Details regarding the Bank's representative in respect of the handling of this report**  
Racheli Friedman, Adv., Chief Legal Advisor, Mizrahi Tefahot Bank Ltd, 7 Jabotinsky St., Ramat-Gan, Tel: 03-7559500, Fax: 03-7559655.
8. **Perusal of documents**  
This report and the full text of the proposed resolutions may be perused at the Bank's offices, Tel: 03-7559720, during standard business hours, until the time scheduled for the annual meeting, by appointment.

**Mizrahi Tefahot Bank Ltd**

November 9 2023

Date

**Via:**

Racheli Friedman

**Chief Legal  
Advisor**

Hanan  
Kikozashvili  
**Bank  
Secretary &  
Head of the  
Bank's  
Headquarters**

**Appendix A**

To

Mizrahi Tefahot Bank Ltd (hereinafter: the "**Bank**" or the "**Company**")

**Statement**

Pursuant to Article 224B of the Companies Law, 5759-1999 (the "**Companies Law**")

I, the undersigned, **Moshe Vidman**, bearer of ID No. **000690875**, hereby state in writing as follows:

1. I have the required qualifications and the ability to dedicate the appropriate amount of time to performing my duties as a director at the Bank, considering, *inter alia*, the Bank's special needs and size.

Noting the above, below are details regarding my qualifications, including my education, experience and knowledge:

Bachelor's degree in Economics from the Hebrew University in Jerusalem.

Master's degree in Business Administration, specializing in financing, from the Hebrew University in Jerusalem.

**Professional Experience and Board of Directors Membership:**

I have 40 years' worth of experience in managing companies. I have served as a director at market-leading business companies for over 30 years. I have served as a director at banks for over 10 years.

2010 and onwards: Director at Mizrahi Tefahot Bank Ltd.

As of December 1, 2012: Serving as the Chairman of the Board of Directors at Mizrahi Tefahot Bank Ltd.

2. I have read Articles 226 and 227 of the Companies Law, and I hereby declare that the limitations provided in these articles do not apply to me.
3. I am aware that this statement of mine will be attached to the immediate report released by the Company regarding the convening of a general meeting, the agenda of which shall include, *inter alia*, my appointment as a director at the Bank.

In witness whereof, I have hereunto set my  
hand:

Date: October 11, 2023

Signature: [Moshe Vidman]

**Mizrahi Tefahot Bank Ltd (hereinafter: “Bank”) – Remuneration Policy for Officers<sup>(\*)</sup>**

1. **Background: Goals, application and update**

- 1.1 On November 12, 2012, Amendment no. 20 to the Companies Law, 5759-1999 (hereinafter: “**Companies Law**” or “**Law**” and “**Amendment 20**”, as the matter may be) which first establishes the statutory principles of an officers’ Remuneration Policy that each public company must adopt, was published. On November 19, 2013, the Bank of Israel published Proper Conduct of Banking Business Directive No. 301A in the matter of remuneration policies at banking corporations, as well as a modification to Proper Conduct of Banking Business Directive No. 301 in the matter of the Board of Directors, as updated from time to time (hereinafter: “**Remuneration Directives**”). On April 12, 2016, the Remuneration for Officers in Financial Corporations (Special Approval and Non-Deductibility of Expense for Tax Purposes Due to Special Remuneration) Law 5776-2016 was published (hereinafter: “**Senior Officers’ Wage Law**”). Per the transitory provision established in the Senior Officers’ Wage Law regarding the Bank’s engagement with a senior officer or employee, approved prior to the publication of this law, the instructions of the law shall apply as of six (6) months after the publication date – i.e., as of October 12, 2016 (hereinafter in this section: “**End of the Transitory Period**”). Further to the previous resolutions of the general meeting of the Bank’s shareholders, to approve the Remuneration Policy for officers at the Bank ~~on December 18, 2019, the general meeting of the Bank’s shareholders approved a Remuneration Policy for officers for the years 2020-2022, which was updated on December 24, 2020 (hereinafter: “Current Remuneration Policy”). Further to this, on On July 6, 2021 <sup>(\*\*)</sup>, the general meeting of the Bank’s shareholders approved an Updated Remuneration Policy, ~~which will be in effect~~~~

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<sup>(\*)</sup> Approved at the Board of Directors meeting on November 9, 2023 and at the Bank’s general meeting on \_\_\_\_\_.

<sup>(\*\*)</sup> Date to be completed after the approval of the general meeting of the Bank’s shareholders Approved at the Board of Directors’ meeting (no. 21/2019) on November 11, 2019 and at the Bank’s general meeting on December 18, 2019, and updated at the Board of Directors meeting (no. 28 (2020) on November 16, 2020 and at the Bank’s general meeting on December 24, 2020; and at the Board of Directors meeting (no. 11/2021), on May 31, 2021 and at the general meeting of the Bank on July 6, 2021.

~~until December 31, 2023 for the years 2024-2026~~ (hereinafter: “**Updated Remuneration Policy**” or “**Remuneration Policy**”).

- 1.2 The Updated Remuneration Policy detailed in this document, to begin on January 1, 2024, is a product which combines the provisions of the law, the Senior Officers’ Wage Law and the Remuneration Directives, with the broad principles that the Bank’s Board of Directors, having adopted the recommendation of the Remuneration Committee; and in consideration of the Bank’s strategic plan for the years 2021-2025 and the employment terms which are currently customary for officers at the Bank, saw fit to adopt in all that regards the remuneration of officers at the Bank.

This policy is of practical importance with respect to the manner of approval of concrete remuneration terms for any of the Bank’s officers in the future. The Remuneration Policy is also of principle importance, as it methodically and publicly puts in writing the central considerations which appear relevant to the Bank’s Board of Directors in the issue of officer remuneration and the manner in which they should be implemented in practice. The various remuneration components are intended to encourage the continuation of officers’ employment at the Bank, as well as allowing for the employment of new, quality officers, who together can contribute to the Bank, promote its goals and its strategic plan and improve its performance; and also, insofar as possible, to define and make official the adequate relationship between the Bank’s performance and the performance of the officers and the salary and remuneration granted to them. The inclusion of these under a wide, uniform policy could also assist in terms of the transparency of the Bank’s remuneration rules (inside the Bank and outside of it), as well as the matching expectations between the Bank and the officers employed thereat.

- 1.3 The Bank’s Board of Directors considers the establishment of an appropriate Remuneration Policy highly important, with respect to ensuring that the remuneration arrangements for officers at the Bank will be consistent with the Bank’s risk management, the Bank’s long-terms goals, the Bank’s strategic plan and the officers’ actual performance in the short, medium and long term, subject to the instructions and limitations of the Senior Officers’ Wage Law. According to the aforesaid, the goals which the Bank’s Board of Directors considered while formulating this policy document were as follows:

- 1.3.1 The creation of an incentives structure for officers at the Bank, which maintains an appropriate balance between the fixed remuneration

component and the variable remuneration component, and which promotes a well-founded, effective risk management that does not encourage risk-taking beyond the Bank's risk appetite, and allows for maintaining a strong capital basis;

1.3.2 The adjustment of the remuneration incentives granted to officers at the Bank to the Bank's strategic plan, the Bank's long-term goals, the Bank's results over time and the de facto contribution of the officers to the achievement of the Bank's goals, as aforesaid;

1.3.3 The preservation of the Bank's senior echelon and securement, insofar as possible, of the Bank's ability to recruit quality managers in the future, taking into account company-wide considerations, such as remuneration costs and the preferable remuneration gaps between the Bank's different echelons, the competitiveness of the banking sector, the size of the bank, the scope of its operations and the character of its business.

1.4 The Remuneration Policy applies to the remuneration terms of all officers at the Bank, which at the time of this policy's adoption include:

1.4.1 The Chairman of the Board of Directors.

1.4.2 The Chief Executive Officer (hereinafter: "CEO").

1.4.3 Deputy CEOs and array managers.

1.4.4 The Chief Internal Auditor.

1.4.5 The Bank's Secretary.

1.4.6 The Information Technology Manager.

1.4.7 The members of the Board of Directors.

1.4.8 The Board of Directors may determine, occasionally, that the Remuneration Policy shall also apply to senior employees at the Bank who are not officers under the Companies Law.

1.5 The officers' service or employment terms are either via fixed or variable remuneration, including exemption, insurance, undertaking of indemnification or indemnification under an indemnification permit, a retirement bonus (a bonus, a payment, a remuneration, a compensation or any other benefit granted to an officer in connection with the end of his employment at the Bank), and any benefit, other payment or undertaking to pay as aforesaid, granted due to tenure or employment as aforesaid.

1.6 Naturally, the Remuneration Policy must be reviewed occasionally, whether due to significant changes at the Bank, including an update of the Bank's strategic

plan; or due to significant changes in the macro-economic environment and what is customary in Israel with respect to the remuneration of officers in general, and in the banking system in particular; or whether because of a change in the Supervisor of Bank's directives. The Remuneration Committee will examine at least once a year whether there have been any significant changes as aforesaid, and in any case the committee and the Board of Directors will review the Remuneration Policy on its merits once every three (3) years, and the Remuneration Policy will be approved as required by Law.

1.7 To remove any doubt, it is clarified that this Remuneration Policy shall apply to the service and employment terms of officers at the Bank which will be approved as of the approval commencement date of this policy, as detailed in section 1.2 above and in section 11 below and subject to that which is stated therein; and that this Remuneration Policy shall not harm the Bank's engagements and undertakings towards officers, in connection with their service and employment terms at the Bank, which exist at the time of the Remuneration Policy's approval date. Such engagements which were approved when ~~the any~~ Previous Remuneration Policy previously approved by the Bank, or any Remuneration Policy preceding it, was in effect, were approved according to the provisions of the relevant policy. Furthermore, this Remuneration Policy shall not harm the rights that have been accrued and/or shall be accrued for the officers due to periods prior to the approval date of this Remuneration Policy or due to periods after this date, regarding which agreements which preceded the Remuneration Policy apply.

This policy document does not create for any officer, current or future, any legal rights towards the Bank; the rights and undertakings of an officer were established or will be established, as the case may be, according to the Bank decisions in this matter and the concrete engagement terms between him and the Bank, and according cognate law, insofar as it applies to them.

## 2. Definitions

In this Remuneration Policy, the terms specified below shall have the meaning next to them:

<b>Variable remuneration</b>	Performance-based remuneration, as detailed in section 6 below (hereinafter: " <b>Performance-Based Remuneration</b> "); a <u>personal quality monetary bonus, as detailed in Section 8.1 below, as well as a</u>
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	<p>monetary bonus under special circumstances, as detailed in section <a href="#">8.28.3</a> below; a signing bonus, as detailed in Section <a href="#">8.38.4</a> below; part of a non-competition adjustment bonus (hereinafter: “<b>Adjustment Bonus</b>”) which is higher than the sum of three (3) monthly salaries, and with respect to the CEO, part of an Adjustment Bonus which is higher than the sum of three (3) salaries, including social provisions, as detailed in section 9.2.3 below, as the case may be; and retirement payments, as detailed in section 9.3 below.</p>
<b>Fixed remuneration</b>	<p>A monthly salary, social provisions and additional related benefits, as detailed in section 5 below, an additional fixed remuneration component, as detailed in section 7.2 below (with respect to the Chairman of the Board), an adjustment bonus at a sum of up to three (3) salaries and with respect to the CEO, an adjustment bonus at a sum of up to three (3) salaries plus social provisions as detailed in section 9 below, as the case may be, as well as other retirement payments as customary for the Bank’s employees, as detailed in section 9 below. With respect to gatekeepers, the fixed remuneration shall also include an additional fixed component for gatekeepers, as detailed in section <a href="#">8.18.2</a> below.</p>
<b>Service and employment terms</b>	<p>The fixed remuneration and the variable remuneration of an officer (hereinafter: “<b>Total Remuneration</b>”), including exemption, insurance, undertaking of indemnification or indemnification under an indemnification permit.</p>
<b>Gatekeepers</b>	<p>Anyone of these: Chief Legal Advisor, Chief Internal Auditor, Chief Accountant, Chief Risk Manager and the Secretary of the Bank.</p>
<b>Other officers</b>	<p>Non-gatekeeper officers (excluding the CEO and members of the Board of Directors).</p>

<b>Return on equity</b>	The net profit yield attributed to the shareholders for equity, as published in the (consolidated) annual financial reports of the Bank for the relevant year, excluding extraordinary profits or losses.
<b>Extraordinary profits or losses</b>	Profits or losses derived from non-recurring or extraordinary events, adjusted for their tax effect in the (consolidated) annual financial reports of the Bank for the relevant year. For the purpose of the remuneration plan, extraordinary profits or losses shall be defined as such by the Remuneration Committee and the Board of Directors, when approving the financial reports for the relevant year.
<b>Return on the Bank's Share Relative to the Benchmark Index</b>	<p>The return on the Bank's share (including dividend) after deduction of the return on benchmark index, as will be decided in this respect by the Remuneration Committee and the Board of Directors, at their discretion and under the conditions that they will determine.</p> <p>In this regard:</p> <p>“Benchmark index”: The TA Bank-5 Index, or an other index as will be decided in this respect by the Remuneration Committee and the Board of Directors, at their discretion and under the conditions that they will determine.</p> <p>“The TA Banks-5 Index”: As it is defined in the directives of the Tel Aviv Stock Exchange Ltd., including in its regulations or in any provisions arising therefrom, for the measured period (including dividend) as it shall be provided from time to time.</p> <p>“Other index”: An index that will be determined by the Bank's Remuneration Committee and Board of Directors (including in regard to the index's design and it calculation), or an index that may be published by some other body, with respect to the shares of banks in Israel; and said index may also</p>

	include the shares of other bodies, all as may be decided in this respect by the Remuneration Committee and the Board of Directors, at their discretion and under the conditions that they will determine.
<b>Operational efficiency ratio</b>	The total operating and other expenses in relation to the total amount of operating and financial income (net interest income and income which is not from interest), before provisions for credit losses, as published in the (consolidated) annual financial reports of the Bank for the relevant year.
<b>Core Deposits Ratio</b>	The ratio of the total core deposits to the total deposits from the public. In this regard, “core deposits”: Deposits from households and private banking, small and micro businesses and medium businesses, according to supervisory operating segments.
<b>Average Core Deposits Ratio</b>	An average of the core deposits ratio as of March 31, June 30, September 30, and December 31, as published in the Bank’s quarterly or annual (consolidated) financial statements, as the case may be, for each calendar year.

3. **Fundamental considerations**

3.1 The Remuneration Policy was established by the Board of Directors, and a concrete remuneration of an officer which will be considered by the Bank will be determined in accordance with the purposes defined above and based on the fundamental considerations specified below:

- 3.1.1 Promotion of the Bank’s purposes, its strategic plan, its work plans and its policy, in long-term view;
- 3.1.2 The creation of appropriate incentives for the officers, considering, *inter alia*, the Bank’s risk management policy;
- 3.1.3 Maintenance and promotion of the Bank’s ability to recruit and retain outstanding quality managers, who constitute the strong basis for the Bank’s management, its further development and its success over time;
- 3.1.4 The Bank’s size and the nature of its activity;

- 3.1.5 The officer's contribution to achieving the Bank's goals and to maximizing its profits, all in long-term view and in accordance with the officer's position (in respect of variable remuneration components);
- 3.2 Additional relevant data which will be considered when determining specific remuneration for an officer:
  - 3.2.1 The education, qualifications, expertise, professional experience and achievements of the position candidate or serving officer will be taken into account;
  - 3.2.2 The officer's role, areas of responsibility and prior agreements will be taken into account (insofar as it is not a new officer);
  - 3.2.3 Relation to other officers at the Bank – when approving remuneration for an officer, the following data will be presented: (1) Remuneration for officers at a similar level at the Bank; (2) the salary of the previous officer at the same position (insofar as relevant); (3) the average and median salary of the Bank's employees and the contractor employees who are employed by the Bank (including, as aforesaid, employees in fully-owned subsidiaries), and the relation between each one of these and the remuneration offered to the officer. In this regard, the effect of the gap between the officer's terms of service and the salary terms of the other employees in the Bank on the working relations in the Bank will be examined;
  - 3.2.4 Comparison of the officer's remuneration to the remuneration of an officer in a similar position in the reference group, which is composed of the other four large banks in Israel, according to public figures, insofar as published by the said banks;
  - 3.2.5 The amount of the Chairman of the Board of Directors' fixed remuneration shall be determined relative to the remuneration manner of the rest of the Board of Directors' members, and considering, *inter alia*, the size of the Bank and the complexity of its activities, as well as the position scope of the Chairman of the Board of Directors.

#### 4. **Comprehensive remuneration package**

- 4.1 Subject to the limitations of the Senior Officers' Wage Law ([as detailed below in section 7](#)), the remuneration package for officers who are not directors may include two main components: a monthly salary (and its related components), and a variable Performance-Based Remuneration which will include a monetary

bonus and an equity-based remuneration, if and insofar as it is decided to grant it, as provided in section 6.1 below. The remuneration package may also include remuneration in connection with retirement, as detailed in section 9 below. The variable remuneration is intended to promote the identity of interests between the officer and the Bank, and to strengthen the connection between the Bank's performance in general and the officer's contribution to achieving said results and the officer's remuneration, while maintaining the Bank's risk profile.

4.2 When discussing each remuneration component (even when it is discussed in a separate discussion), the remuneration package will be taken into account in its entirety, its total cost, as well as the relevant implications of each separate remuneration component (financial, accounting, tax, etc.);

4.3 The ratio between the fixed and variable remunerations:

The Remuneration Committee and the Board of Directors discussed the ratio between the fixed and variable remunerations, taking into account the maximum variable remuneration<sup>1</sup> according to this Remuneration Policy and the purposes thereof. In this respect, the Remuneration Committee and the Board of Directors have resolved that the maximum variable remuneration shall not exceed ~~85%~~100% of the fixed remuneration, and, with regard to the gatekeepers, ~~55%~~80% of the fixed remuneration.

Despite the aforesaid, under extraordinary circumstances, the Bank may determine that the variable remuneration reach ~~170%~~200% of the fixed remuneration. Such determination shall be accompanied by a detailed and reasoned resolution of the Board of Directors, and shall include, *inter alia*, the detailed reasons, the number of affected employees, their positions, and the effect on the Bank.

4.4 The ratio between the officers' remuneration and the average and median salary of all Bank employees:

The Remuneration Committee and the Board of Directors examined the ratio between the cost of the total remuneration of officers and the cost of the total remuneration of the other Bank employees, as well as the ratio between the cost of the maximum total remuneration pursuant to the Remuneration Policy of the Chairman of the Board of Directors, the CEO, and the rest of the officers, and the average and median salaries of the other Bank employees. The

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<sup>1</sup> Maximum variable remuneration is the variable remuneration which the officer will receive upon meeting the top levels of the quantitative and qualitative goals which constitute the basis for determining the officer's variable remuneration, and assuming that the full variable component, which is in his supervisor's discretion, has been granted. The ratios provided above are considering an economic – rather than accounting – calculation of the remuneration

Remuneration Committee and the Board of Directors are of the opinion that the ratios presented to them were reasonable and do not harm the working relations at the Bank, *inter alia*, due to the structure of the Bank, in which the officers constitute, quantity-wise, a minimal part of all of the Bank's employees, and due to the differences between the roles and responsibility areas of the officers and the other Bank employees. The Remuneration Committee and the Board of Directors also stated that such ratios reflect the customary remuneration gaps in the Israeli banking system. The ratios between the total maximum remuneration cost of the officers under this Remuneration Policy and the total average/median remuneration of the rest of the Bank's employees and the contractor employees employed by the Bank (including, as aforesaid, employees of wholly-owned subsidiaries<sup>2</sup>), in ~~2020~~2022, (hereinafter, in this Section 4.4: "**Bank's Employees**") are as follows:

<b>Officer</b>	<b>Ratio between the cost of the officer's maximum monthly remuneration and the cost of the average monthly remuneration of the Bank's employees</b>	<b>Ratio between the cost of the officer's maximum monthly remuneration and the cost of the median monthly remuneration of the Bank's employees</b>
CEO	<del>13.7</del> <u>11.1</u>	<del>17.7</del> <u>13.5</u>
Chairman of the Board	<del>10.99</del> <u>5</u>	<del>14.1</del> <u>11.5</u>
<del>Deputy CEO</del> Other officers ( <del>other than</del> who are not a gatekeepers)	<del>8.79</del> <u>0</u>	<del>11.2</del> <u>10.9</u>
Gatekeepers	<del>8.28</del> <u>7</u>	<del>10.6</del> <u>10.5</u>

Notes to the table:

- (1) CEO – the sums were calculated according to the monthly average of the annual CEO remuneration figures, according to the cost of the maximum overall remuneration under this Remuneration Policy, including the performance-based remuneration in the amount of up to three (3) salaries (as stated in Section 6.1 below).
- (2) Chairman of the Board of Directors – the sums were calculated according to the monthly average of the annual remuneration figures of the Chairman of the Board of Directors, according to the cost of the maximum overall remuneration under this Remuneration

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<sup>2</sup> Except for employees of Union Bank of Israel Ltd and its subsidiaries (hereinafter: "**Union Bank**"); the (consolidated) financial reports of which were only included in the Bank's (consolidated) financial reports from the fourth quarter of 2020 (following the finalization of the tender offer to buy Union Bank's full share capital on September 30, 2020).

Policy, including the Additional Fixed Remuneration in the amount of up to two (2) salaries (as stated in Section 7.2 below).

- (3) ~~Deputy CEO-Other officers and Gatekeepers~~ – the sums were calculated according to the monthly average of the annual figures regarding the remuneration of ~~Deputy CEOs or gatekeepers~~~~said officers~~, as the case may be, according to the cost of the maximum overall remuneration under this Remuneration Policy, including the performance-based remuneration and personal quality bonus.

It is hereby clarified that the above calculations do not include an adjustment bonus (as detailed below in section 5.3) and a monetary bonus under special circumstances (as detailed below in section 8.3), as the case may be.

~~noted in this respect that in 2020 the ratio between the actual cost of the average monthly remuneration of Deputy CEOs or gatekeepers (excluding the Bank's secretary, whose remuneration cost is lower than that of the other gatekeepers) and the cost of the average monthly remuneration of the Bank's Employees is 7.6 and 7.4, respectively; and the ratio to the median monthly salary of the Bank's Employees is 9.8 and 9.6, respectively.~~

- (4) The average or median overall remuneration for the rest of the Bank Employees was calculated according to the monthly average of the annual figures of the overall remuneration of the Bank's Employees for ~~2020~~2022, including monetary bonuses and option warrants granted for ~~2020~~2022.
- (5) The remuneration of employees who were employed part-time, or during a part of the year~~2020~~ only, was calculated as to reflect the remuneration for a full-time annual position.

4.5 All remunerations of the Bank's officers (with the exception of directors) shall be paid directly to the officers, and not via any corporation or other institution.

## 5. **Fixed remuneration**

### 5.1 5.1.1 Salary

The salary of the Bank's officers shall not be higher than the caps below<sup>3</sup>, plus sums in respect of immaterial changes, as provided in section 5.8 below:

a. The CEO and the Chairman of the Board of Directors

The CEO's monthly salary shall not exceed a total of ILS ~~238,000~~265,000.

The Chairman of the Board of Directors' monthly salary shall not exceed a total of ILS ~~189,660~~216,000.

b. An officer who is not a CEO or a director

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<sup>3</sup> Subject to that which is stated in section 5.1.3 below.

The monthly salary of an officer who is not a CEO or a director shall not exceed a total of ILS ~~95,000~~107,000.

The above sums are linked to the Consumer Price Index (hereinafter: "CPI") for ~~October 2019~~September 2023, as published on ~~November 15, 2019~~October 15, 2023, in respect of the CEO,; and for ~~November 2016~~, as published on ~~December 15, 2016~~ in respect of the Chairman of the Board; and for ~~April 2021~~, as published on ~~May 14, 2021~~, in respect of officers who are neither the CEO nor directors<sup>4</sup>.

5.1.2 Linkage to the CPI

The Bank may determine that the officers' monthly salary be linked to the CPI.

5.1.3 Update of the monthly salary, without increasing the cost of employment

An officer who is an employee of the Bank will be entitled to request that his monthly salary be updated, subject to the changes and adjustments required in the related terms, specified in section 5.2 below, all or some, in such a manner that an increase or a reduction, as the case may be, of the monthly salary, shall come in lieu of a corresponding increase or a reduction (as the case may be) in the related benefits, and vice versa (provided that the cost of employment does not grow, including the cost of the tax which applies to the Bank), subject to any law and also subject to the remuneration cap allowed under the Senior Officers' Wage Law, as the case may be, and rate of deposits for severance pay and remunerations, according to the law.

The Remuneration Committee shall be notified of any such changes.

5.2 **Additional terms for officers who are employees of the Bank**

5.2.1 Car

The Bank may provide the officers with a company car, which will be accessorized in accordance with the Bank's procedures, for the purpose of fulfilling their duties, and may bear all expenses in connection with the use and maintenance thereof, and will gross up any tax which will be imposed on the officer in respect of the provision of the car.

5.2.2 Telephone

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<sup>4</sup> In the event of a CPI decline, the wage cap will not be reduced accordingly.

The Bank may provide the officers, for their use, a cellular phone, and bear its maintenance expenses as well as the expenses of home communication and the taxes in respect thereof.

5.2.3 Annual leave

Officers are entitled to an annual leave of up to 22 work days (according to a 5-day working week).

Each year, the officer will be able to redeem an accrued leave balance which exceeds the annual leave quota he is owed for that year, according to the law (after the number of leave days he had used, *de facto*, during that year are deducted therefrom); such a redemption by an officer who is not the CEO or the Chairman of the Board of Directors is subject to the approval of the CEO.

5.2.4 Convalescence pay

Officers are entitled to a convalescence pay, per the tariff customary for managers at the Bank.

5.2.5 Sick leave

Officers are entitled to up to thirty (30) calendar days of sick leave per annum, after a deduction of the days which were used *de facto* during that year. The accrued sick days are not redeemable upon the termination of employment or at any other date.

5.2.6 Social benefits

Officers are entitled to social benefits, such as provisions to provident funds, pension, loss of working capacity and compensation pay, as well as to advanced study funds, as customary in respect of the senior echelon at the Bank (hereinafter: “**Social Provisions**”).

5.3 Adjustment bonus

Officers who are the Bank’s employees are entitled, upon retirement, to an adjustment bonus, as determined in section 9.2.3 below.

5.4 Severance pay

Officers who are the Bank’s employees are entitled, upon retirement, to the release of all accrued severance pay/provident fund monies, as determined in section 9.2.2 below. Such monies shall be considered a portion of the fixed remuneration.

5.5 Insurance

5.5.1 The Bank may become engaged in policies to insure the liability of the directors and the other officers who serve from time to time (including

those that will be appointed in the future) or who have served at the Bank and/or companies in the Bank's cluster, which includes subsidiaries of the Bank (hereinafter: "**Bank Cluster**"). Controlling shareholders at the Bank and their relatives, who serve from time to time (including those that will be appointed in the future) or who have served as directors at the Bank shall also be insured under the aforesaid insurance policies, including officers that a controlling shareholder at the Bank has a personal interest in the insurance of their liability, and anyone who serves from time to time (including anyone who will be appointed in the future) or who have served as the Bank's Chief Executive Officer. Under this framework, the Bank shall be entitled, *inter alia*, to become engaged in a run-off insurance policy or in an insurance policy in connection with a relevant event or activity. The scope of the insurance coverage will be determined from time to time, in view of the risk involved in the activities of officers at the Bank, taking into consideration the Bank's activity areas, those of its subsidiaries and their scope, as well as the Bank's status as a banking corporation and a public company.

- 5.5.2 Without derogating from the aforesaid in section 5.5.1 above, in accordance with Regulation 1B1 of the Companies Regulations (Relief in Transactions with Interested Parties) 5766-2006 (hereinafter: "**Relief Regulations**"), the Bank shall be entitled to become engaged in a policy to insure the liability of directors and other officers, as stated above (hereinafter: "**Insurance Policies**") during the period of the Remuneration Policy<sup>5</sup>, under the conditions detailed below:
- a. An engagement in an insurance policy, as stated above, may be made via extending the policy or its renewal or the purchase of a different policy.
  - b. The insurer's liability limit according to the insurance policy shall be no less than 120 Million US dollars (hereinafter: "**Dollars**") and shall not exceed a total of ~~200~~220 Million Dollars for one event and ~~400~~440 Million Dollars, in total, for the insurance period.

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<sup>5</sup> Including an engagement during the Remuneration Policy's period in a policy which terminates after the end of the Remuneration Policy's period.

Further to the aforesaid, it is possible to include in the insurance policy an insurance coverage for legal expenses, at up to 20% of the insurer's liability sum, as may occasionally be.

- c. The Bank may contact the Bank's subsidiaries and propose that they participate in the insurance policy and bear their share of the premium, as it will be determined in this matter by the Remuneration Committee and the Bank's Board of Directors. If any of the subsidiaries does not become engaged in the insurance policy, then the Bank's share of the premium sum shall increase up to the premium's full sum.
- d. The Bank's engagement in an insurance policy, as aforesaid, will be subject to the approval of the Remuneration Committee and the Bank's Board of Directors, and shall not require the approval of the general meeting. During the engagement's approval, as aforesaid, the Remuneration Committee and the Board of Directors shall confirm that the engagement is under market conditions and that it will not materially affect the Bank's profitability, its property or undertakings materially.

## 5.6 Exemption and indemnification

5.6.1 Subject to the instructions of the law, the Bank may exempt an officer of his liability, in full or in part, due to damage pursuant to a breach of the duty of prudence towards the Bank, per the instructions established in the Bank's Articles of Association in this matter.

5.6.2 Subject to the instructions of the law, the Bank may provide an advance undertaking for indemnification to an officer at the Bank and/or an officer at a company in which the Bank holds shares, directly or indirectly, at some rate (hereinafter: "**Held Company**"). The maximum indemnification sum shall be per the instructions established in the Bank's Articles of Association in this matter.

5.6.3 Without derogating from the aforesaid, the Bank may indemnify an officer at the Bank and/or an officer at a Held Company, *post factum*, in the widest manner possible under law.

## 5.7 Miscellaneous

Officers who are Bank employees are entitled to benefits in connection with banking services for them and for their family members, similarly to other Bank employees, according to the Bank's procedures.

In addition, and insofar as shall be relevant, the Bank may pay membership fees for professional associations, professional courses and studies, subscription to newspapers and professional literature, professional liability insurance, medical insurances and periodic medical examinations, team-building days, holiday gifts, etc. as well as participation in a collective insurance policy (risk only), holiday gifts, vacation pay vouchers and the tax gross-up due to these, ~~team-building days, etc.~~

Furthermore, officers as stated above, shall be entitled to a reimbursement of expenses related to the fulfillment of their role, including business-related hospitality expenses, as customary at the Bank (with no cap set for such reimbursement amount).

## 5.8 Immaterial changes in service and employment terms

5.8.1 The salary of officers who are Bank employees will not be updated automatically, other than in relation to linkage to the CPI, as provided in section 5.1 above, and subject to that which is stated in section 7.2 below (with respect to the Chairman of the Board).

5.8.2 The Chief Executive Officer: According to the instructions of Article 272(d) of the Companies Law, it is hereby established that the total immaterial changes in the service and employment terms of the CEO, which shall be made after the service and employment terms were recently approved by the Bank's authorized organs (other than changes resulting from the linkage of the salary to the CPI) shall not exceed an accrued rate of 15% of a sum equal to the cost of the annual remuneration of the CEO, as approved by the Bank's authorized organs (hereinafter in this section: "**Immaterial Quantitative Change**"). If and insofar as the change does not relate to a quantitative value, the significance will be reviewed according to the quality and nature of the issue. An Immaterial Quantitative Change or a non-quantitative change which the Remuneration Committee and the Board of Directors have deemed immaterial may be approved the Remuneration Committee and the Board of Directors alone.

5.8.3 Officer serving under the Chief Executive Officer: According to Regulation 1b3 of the Relief Regulations and despite that which is stated in Articles 272 (c) and (d) of the Companies Law, an immaterial change in the service and employment terms of an Officer serving under the Bank's CEO shall not require the approval of the

Remuneration Committee or the Board of Directors, if the CEO of the Bank has approved it, and the service and employment terms are in line with the Bank’s Remuneration Policy.

In this matter, “**immaterial change**”: The total changes in an officer’s service and employment terms which shall be made after the service and employment terms were recently approved by the Remuneration Committee and the Board of Directors (other than changes resulting from the linkage of the salary to the CPI) that do not exceed an accrued rate of 15% of a sum equal to the cost of the annual remuneration of that officer, as approved by the Remuneration Committee and the Board of Directors.

6. **Goals and performance-based variable remuneration – for the Bank’s officers who are not directors**

The Bank’s Remuneration Committee and Board of Directors see the granting of performance-based Remuneration to Bank officers who are Bank employees (other than the Chairman of the Board) as a remuneration arrangement which encourages the Bank’s officers to create economic value and promote the Bank’s goals for the medium and long terms, while maintaining the Bank’s risk management framework and risk appetite. Therefore, the performance-based remuneration which will be granted to the officers shall be conditioned upon the Bank’s performance considering the Bank’s strategic plan, but shall not encourage risk-taking beyond the Bank’s risk appetite, and shall maintain an appropriate balance between the variable remuneration components and all of the fixed remuneration components, subject to the limitations established in the Senior Officers’ Wage Law.

It is hereby clarified that the Chairman of the Board of Directors shall not be entitled to a performance-based remuneration, as detailed below.

6.1 **Performance-based remuneration – monetary bonus and equity-based remuneration**

6.1.1 The Bank may grant officers (who are not directors) performance-based monetary bonuses and equity-based remunerations (hereinafter: “**Performance-Based Remuneration**”) for the years ~~2021~~2024 to ~~2023~~2026, as detailed below:

<b>Officer</b>	<b>The maximum rate of the Performance-Based Remuneration out of the fixed remuneration</b>	<b>The Performance-Based Remuneration cap in achieving the maximum</b>
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		goals, as detailed in section 6.5 below
<b>CEO</b>	20%	3 monthly salaries
<b>Gatekeepers</b>	<del>55%</del> 80%	ILS <del>860</del> 1300 K
<b>Other officers</b>	<del>85%</del> 100%	ILS <del>1200</del> 1680 K

The Performance-Based Remuneration cap shall be linked to the CPI, in accordance with the increase rate of the known CPI as compared to the CPI for ~~November 2016~~September 2023, with the addition of amounts in respect of immaterial changes, as provided in section 5.8 above.

- 6.1.2 The Remuneration Committee and the Bank's Board of Directors may decide that the Performance-Based Remuneration which will be granted to officers at the Bank (who are not the CEO or directors) for a certain year will include just a monetary bonus or a monetary bonus and an equity-based remuneration, as provided in section 6.7 below. If it is decided that the Performance-Based Remuneration shall also include an equity-based remuneration, as aforesaid, the Remuneration Committee and the Board of Directors shall determine the sum or the maximum rate to be granted as a monetary bonus, as well as the sum or the maximum rate to be granted as an equity-based remuneration; ~~provided that the value of the equity-based remuneration does not exceed 50% of the Performance-Based Remuneration.~~

The value of the equity-based remuneration, as aforesaid, shall be calculated based on the value of the securities at the time when the Board of Directors approves the relevant allotment.

- 6.1.3 a. The Performance-Based Remuneration which will be granted to the CEO shall only include a monetary bonus, which shall be granted at the discretion of the Remuneration Committee and the Board of Directors, as provided in section 6.5.1 below. Notwithstanding the aforesaid, should it be decided that the Performance-Based Remuneration which will be granted to officers at the Bank (who are not the CEO or directors) for a certain year shall also include an equity-based remuneration, then the Remuneration Committee and the Board of Directors shall be entitled to decide, at their discretion, that the Performance-Based Remuneration which will be granted to the CEO for that year will

include, exclusively or partially, equity-based remuneration, on such terms and conditions as determined in this respect by the Remuneration Committee and the Board of Directors, at their discretion, according, *inter alia*, to the provisions of Section 6.7 below *mutatis mutandis*;

The value of the aforesaid equity-based remuneration shall be calculated on the basis of the value of the Securities on the date on which the Board of Directors approves the relevant allotment.

It is clarified that the value of the equity-based remuneration which will be granted to the CEO for any particular year, as aforesaid, together with the monetary bonus granted to the CEO for that year (if any) shall not exceed (in the aggregate) 100% of the performance-based remuneration cap (3 Monthly Salaries) for that year.

- b. The CEO's entitlement to the equity-based remuneration, as provided above, shall be established according to the evaluation of the CEO's functioning by the Remuneration Committee and the Board of Directors, at their discretion.

#### 6.2 Prerequisites for the Performance-Based Remuneration

The entitlement to a Performance-Based Remuneration in respect of a certain year of any of the Bank's officers shall be subject to the total capital adequacy ratio and tier-1 capital ratio of the Bank, according to the (consolidated) annual financial reports of the Bank for that year, shall not be lower than the minimum ratios which were established or will be established in this matter in the Bank of Israel's directives.

- 6.3 Despite the aforesaid, in a year in which the prerequisite provided in section 6.2 above is not fulfilled, the Remuneration Committee and the Board of Directors shall be entitled, at their discretion and under special circumstances, to grant a special monetary bonus equal to up to two salaries to the officers, all or some.

- 6.4 The Board of Directors is given discretion to reduce the Performance-Based Remuneration, or any component thereof, and even to determine that no Performance-Based Remuneration shall be paid for a certain year.

#### 6.5 Terms of the Performance-Based Remuneration

- 6.5.1 The scope of the annual Performance-Based Remuneration which will be granted to each one of the officers for a certain year will be determined based on the weighted calculation of the following
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components (the rates provided in the following tables are calculated out of the maximum monetary bonus or the maximum equity-based remuneration, as the case may be):

Performance-Based Remuneration <sup>6</sup>						
	Monetary Bonus			Equity-Based Remuneration		
	“Company-wide” goals	Supervisor’s discretion <sup>7</sup>	Individual goals	“Company-wide” goals	Supervisor’s discretion <sup>8</sup>	Individual goals
<b>The CEO</b>	-	100% no more than 3 monthly salaries	-	-	100% No more than 3 monthly salaries	-
<b>Gatekeepers</b>	<del>17%</del> 20%	<del>60%</del> 16% (No more than <del>3</del> one monthly salaries) <sup>9</sup>	<del>23%</del> 64%	<del>43%</del> 40%	-	<del>57%</del> 60%
<b>Other officers</b>	30%	<del>44%</del> 12% (No more than <del>3</del> one monthly salaries) <sup>10</sup>	<del>26%</del> 58%	55%	-	45%

6.5.2 The composition of the company-wide goals will be as follows:

Return on equity	Return on the Bank’s share relative to the Benchmark Index	Operational Efficiency Ratio	Average core deposits ratio
60%	14%	14%	12%

6.5.3

With regard to each of the officers (except for the CEO), individual goals shall be determined in advance, including during the discussions

<sup>6</sup>It is hereby clarified that the total Monetary Bonus, together with the value of the Equity-Based Remuneration that will be granted to an officer for any particular year shall not exceed (in the aggregate) 100% of the Performance-Based Remuneration Cap to that officer for that year.

<sup>7</sup>“Supervisor” – for the purpose of this section, shall be the Remuneration Committee and the Board of Directors with respect to the CEO; the Audit Committee, pursuant to the recommendation of the Chairman of the Board of Directors, with respect to the Internal Auditor; and the CEO with respect to the rest of the officers.

<sup>8</sup> See Footnote 7 above.

<sup>9</sup> In addition, the Remuneration Committee and the Board of Directors may, *inter alia*, grant an officer (who is not the CEO or a director) a personal quality monetary bonus, as detailed below in section 8.1.

<sup>10</sup> See Footnote 9 above.

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over annual work plans, which shall also include, *inter alia*, goals pertaining to risk management and compliance, as well as goals pertaining to the officer's personal contribution to the achievement of the Bank's various goals.

- 6.5.4 It is clarified that with respect to the return on equity goals, return on the Bank's share relative to the Benchmark Index, operational efficiency ratio, and average core\_deposits ratio (hereinafter: "**Company-Wide Goals**"), the Remuneration Committee and the Board of Directors will establish levels, the meeting of which shall grant entitlement to Performance-Based Remuneration at a graduated amount. For each such index, the Remuneration Committee and the Board of Directors will determine an initial goal (as specified in the table in Section 6.5.5 below) as well as a target goal and a maximum goal shall be determined, and the entitlement to the monetary bonus and equity-based remuneration shall be conditioned upon meeting said goals, as follows: (a) Meeting the initial goal shall entitle the officers to up to 20% (hereinafter: "**Initial Rate**") of the index weight out of the annual monetary bonus and equity-based remuneration cap; (b) Meeting the target goal shall entitle the officers to 100% of the index weight out of the annual monetary bonus and equity-based remuneration cap; (c) Meeting the maximum goal shall entitle the officers to 120% of the index weight out of the annual monetary bonus and equity-based remuneration cap; An index result that falls between the initial goal and the target goal shall entitle the officers to the relative share between the Initial Rate and 100% of the index weight, according to the remuneration program (as to be approved by the Remuneration Committee and the Board of Directors), and in a manner which is not necessarily linear. An index result that falls between the target goal and the maximum goal shall entitle the officers to the relative share between the 100-120% of the index weight, in a linear calculation. **In any case, the total variable remuneration shall not exceed 100% of the cap that was established<sup>11</sup>.**

- 6.5.5 The initial goal of the Company-Wide Indices shall be as follows:

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<sup>11</sup>Except in extraordinary cases, as detailed in section 4.3 above.

	<b>Return on equity</b>	<b>Return on the Bank's share relative to the benchmark index</b>	<b>Operational Efficiency ratio</b>	<b>Average core deposits ratio</b>
<b>Initial goal</b>	No less than 9%	<p>If the "benchmark index" is the Tel Aviv Bank-5 index, the initial goal shall be <del>No less than "</del>6%"<sup>12</sup>;</p> <p>If the "benchmark index" is an "other index", the initial goal shall be the rate determined in this regard by the Remuneration Committee and the Board of Directors</p>	Maximum 60%	Minimum 60%

The Bank shall be entitled to determine that an officer who began his work during a calendar year and worked six months or more *de facto* until the end of that calendar year, or an officer who ended his work at the Bank during a calendar year and worked and worked six months or more *de facto* during that calendar year, shall be entitled to a proportional, partial, Performance-Based Remuneration in respect of the period in which he worked during that

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<sup>12</sup> I.e., if the "benchmark index" is the Tel Aviv Bank-5 index, the initial goal for "return on the Bank's share relative to the benchmark index" shall be determined such that the annual return on the Bank's share shall not be more than 6% lower than the return on the "Tel Aviv Bank-5 Index", (i.e., the return on the Bank's share relative to the "Tel Aviv Bank-5 index" shall be a negative return of no more than -6% (minus 6%)).

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calendar year, insofar as such entitlement is given to officers who worked during that entire calendar year. Such payment shall be made on the payment date of the Performance-Based Remuneration to all of the Bank's officers.

6.5.6 The goals for Performance-Based Remuneration shall be approved by the Remuneration Committee and the Bank's Board of Directors

6.6 Spread of the monetary bonus

Assuming that the prerequisites for the payment of the Performance-Based Remuneration are met, as provided in section 6.2 above, the entire monetary bonus will be paid following the approval of the (consolidated) financial reports for the year, in respect of which the Performance-Based Remuneration is granted (hereinafter: "**That Year's Financial Reports**"). Despite the aforesaid, in the event that the variable remuneration of an officer for a calendar year exceeds 40% of the fixed remuneration for that year, the following instructions shall apply:

- 6.6.1 a. If an equity-based remuneration has not been granted to the officer for that year, then half (50%) of the monetary bonus will be paid shortly after the approval of That Year's Financial Reports, and half (50%) will be paid in three (3) equal quotas: one year, two years and three (3) years after the payment date of the monetary bonus half (50%) paid to the officer, as provided above, subject to section 6.6.3 below.
- b. If the officer has been granted an equity-based remuneration, the following instructions shall apply:
- (1) If the equity-based remuneration is at a sum higher than or equal to half (50%) of the Performance-Based Remuneration for that year, then the equity-based remuneration shall not be spread, and it will be paid shortly after the approval date of That Year's Financial Reports.
  - (2) If the equity-based remuneration is at a sum lower than half (50%) of the Performance-Based Remuneration for that year, then part of the monetary bonus will be spread (as provided at the end of section 6.6.1a above) at a sum equal to half (50%) of the Performance-Based Remuneration with the equity-based remuneration sum for that year deducted; and the rest of the monetary bonus for that year shall be

paid shortly after the approval date of That Year's Financial Reports.

The spread monetary bonus part, as aforesaid, will hereinafter be called: "**Spread Remuneration**", and each of the spread remunerations will hereinafter be called: "**Deferred Monetary Bonus**".

6.6.2 A Deferred Monetary Bonus will be linked to the CPI, according to the increase rate of the CPI known on the pay date of the Deferred Monetary Bonus, compared to the CPI known on the pay date of the part of the monetary bonus to be paid soon after the approval of the (consolidated) financial reports of the year for which the aforesaid Deferred Monetary Bonus is granted (it is hereby clarified that the above linkage shall not lead to a reduction of the Deferred Monetary Bonus).

- 6.6.3 a. The payment of any Deferred Monetary Bonus, as provided above, shall be conditional to that during the calendar year which precedes the payment date of the aforesaid Deferred Monetary Bonus, the total capital adequacy ratio and tier-1 capital ratio of the Bank, according to the (consolidated) annual financial reports of the Bank for that year, were no lower than the minimum ratios which were established in this matter in the Bank of Israel's directives (hereinafter: "**Minimum Ratios**") during the calendar year which precedes the payment date of the aforesaid Deferred Monetary Bonus.
- b. (1) If the Bank had deviated from the Minimum Ratios in the calendar year prior to any Deferred Monetary Bonus payment date, then the payment of the aforesaid Deferred Monetary Bonus shall be postponed by 12 months (hereinafter: "**Deferred Payment Date**");
- (2) In the event that the deviation from the Minimum Ratios continues in the calendar year that precedes the Deferred Payment Date, then the aforesaid Deferred Monetary Bonus shall be cancelled and shall not be paid to the officers<sup>13</sup>.

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<sup>13</sup>It is hereby clarified that in the event that any Deferred Monetary Bonus is not paid, as aforesaid, the rest of the Deferred Monetary Bonuses shall not be cancelled, and shall be subject to compliance with the term provide above, at the relevant dates.

c. Despite the aforesaid in section b(2) above, if the Bank's deviation does not exceed 10% of the Minimum Ratios, the Remuneration Committee and the Board of Directors shall be entitled, at their discretion and under special circumstances, to decide to pay the aforesaid Deferred Monetary Bonus to the officers.

6.6.4 It is clarified that if the total variable remuneration for any calendar year does not exceed 40% of the relevant officer's fixed remuneration for that year<sup>14</sup>, then the full Spread Remuneration for that year shall be paid shortly after the publication of That Year's Financial Reports.

6.7 Long-term equity-based remuneration

If and insofar as it is decided during the period of the Remuneration Policy to grant any of the officers at the Bank, excluding the directors, an equity-based remuneration, as provided in section 6.1 above, the following instructions shall apply:

6.7.1 The equity-based remuneration may include options for the Bank's shares (hereinafter: "**Securities**"); the Bank shall be entitled to grant Securities to the officers, without payment of any sort from the officer upon their vesting or granting or exercise date, as the case may be. The Securities shall be granted (insofar as permitted by law) pursuant to the provisions of Article 102 of the Income Tax Ordinance, according to the "Capital Gains track".

6.7.2 The allocation of the total equity-based remuneration for each one of the years ~~2021~~2024 through ~~2023~~2026 (hereinafter: "**Annual Quota**"), insofar as it will be made, will be done shortly after the date in which the required approvals for the allocation are obtained, by means of a Securities trustee. The Annual Quotas may all be allocated on one date in advance, or on different dates (in this context, each Annual Quota (or any part thereof) of any or all of the officers, may be allocated on a different date), per the decision in this matter of the Remuneration Committee and the Board of Directors.

6.7.3 The quantity of Securities to be included in each Annual Quota shall be calculated based on the value of the Securities on the approval date of the relevant allocation by the Board of Directors in this matter.

6.7.4 Each Annual Quota shall be divided to three (3) equal portions (hereinafter: "**Deferred Portions**"); the vesting date of the first

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<sup>14</sup>Calculated before deferral.

Deferred Portion of each Annual Quota shall occur at the lapse of two (2) years from the allotment date ~~close to the lapse of one year from the date of approval of the (consolidated) financial reports for the year in respect thereof the Annual Quota has been granted~~ (the “**First Deferred Vesting Date**”). The vesting dates of the two other Deferred Portions of each Annual Quota shall occur after the 31<sup>st</sup> of March in the first calendar year and second calendar year following the First Deferred Vesting Date, respectively, as the Remuneration Committee and the Board of Directors will determine in this regard ~~in the lapse of one year and two years, respectively, from the First Deferred Vesting Date.~~

- 6.7.5 a. In addition to the entitlement terms, as provided in section 6 above, the vesting of each deferred portion shall be conditional to that in the calendar year that precedes the vesting date of that Deferred Portion, the total capital adequacy ratio and tier-1 capital ratio of the Bank, according to the (consolidated) annual financial reports of the Bank for that calendar year, shall be no lower than the minimum ratios according to the Bank of Israel’s directives (hereinafter: “**Minimum Ratios**”) in the calendar year that precedes the vesting date of that Deferred Portion.
- b. (1) If the Bank had deviated from the Minimum Ratios in the calendar year prior to the vesting date of any Deferred Portion, then the vesting date of the aforesaid Deferred Portion shall be postponed by 12 months (hereinafter: “**Deferred Vesting Date**”);
- (2) In the event that the deviation from the Minimum Ratios continues in the calendar year that precedes the Deferred Vesting Date, then the aforesaid Deferred Portion shall be cancelled and shall not bestow any right<sup>15</sup>.
- c. Despite the aforesaid in section b(2) above, if the Bank’s deviation does not exceed 10% of the Minimum Ratios, the Remuneration Committee and the Board of Directors shall be entitled, at their discretion and under special circumstances, that the aforesaid Deferred Portion not be cancelled, but rather vest according to the

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<sup>15</sup> It is hereby clarified that in the event that any Deferred Portion is cancelled (and does not bestow any right), as aforesaid, the rest of the Deferred Portions shall not be cancelled, and shall be subject to compliance with the term provide above, at the relevant dates

terms of the remuneration program, as shall be approved by the Remuneration Committee and the Board of Directors.

- 6.7.6 Subject to the terms provided in section 6.7.5 above, each of the Deferred Portions of an Annual Quota shall be exercisable from the vesting date determined in respect thereof, for a period that shall not exceed three (3) years; it is clarified that different exercise periods may be determined with respect to different officers, as shall be decided in this respect by the Remuneration Committee and the Board of Directors.
- 6.7.7 Despite the aforesaid, in the event that the variable remuneration for an officer due to any calendar year does not exceed 40% of the officer's fixed remuneration for that year<sup>16</sup>, then the full Annual Quota for that year may vest from the date of publication of the That Year's Financial Reports, as shall be decided in this respect by the Remuneration Committee and the Board of Directors (in addition to the monetary bonus which will be paid on the same date, in cash, for that year).
- 6.7.8 In the event of the allocation of option warrants, the exercise price of the options, which will be determined in each allocation shall not be lower than the average price of an ordinary share of the Bank on the stock exchange during the 30 trading days that preceded the date of approval of the relevant allocation by the Board of Directors, unless the Remuneration Committee and the Board of Directors decide that the volatility of the share price requires calculating the average over a longer period of time; the exercise price shall be linked to the CPI, from the index known on the date on which the Board of Directors approves the relevant allotment until the index known on the exercise date (hereinafter in this Section: "**Exercise Price**").
- It is clarified that on the exercise date, officers shall not be required to pay the Exercise Price, and the Exercise Prices serves only to determine the amount of the financial benefit and the number of exercise shares to be allocated *de facto*, which will be calculated according to the difference between (a) the TASE ~~closing~~ price of an ordinary share of the Bank on the trading day preceding the exercise date or on the exercise date, as the Remuneration Committee and the Board of Directors may determine in this regard, or (b) the Maximum

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<sup>16</sup>Calculated before deferral

Closing Price (as defined below), the lower of the two (i.e. of either paragraph (a) or (b) above), and the Exercise Price (subject to adjustments); all in accordance with the terms and conditions determined in this respect by the Remuneration Committee and the Board of Directors.

In this context, the “**Maximum Closing Price**” – A sum that will be determined by the Remuneration Committee and the Board of Directors, which shall not exceed 200% of the exercise price that will be determined for the relevant allotment up to ILS 200 plus index-linked differentials, from the index known on the date on which the Board of Directors approves the relevant allotment until the index known on the exercise date (subject to adjustments that will be established in this regard, as stated below in section 6.7.10); it is clarified that different Maximum Closing Prices may be determined in respect of different officers, as shall be decided in this respect by the Remuneration Committee and the Board of Directors.

6.7.9 Upon the granting of an equity-based remuneration, the rate of dilution which will result from the allocation of the Securities will also be taken into account.

6.7.10 The equity-based remuneration may be subject, insofar as it is relevant, to adjustments, including adjustments for dividend, bonus shares, changes in equity (consolidation and division), issuing of rights, a structural change of the Bank, a merger, as well as a sale of the Bank’s assets or the Bank’s issued capital, and so on.

6.7.11 In the discussion regarding the granting of equity-based remuneration, the economic value of the Securities which were allocated in the past to the officer, if any, and whose vesting period has not yet terminated, will be taken into account.

6.8 It is clarified that an officer who will retire from the Bank upon reaching retirement age or thereafter, an officer who retired from the Bank not by his own initiative (not upon reaching retirement age or thereafter, and not under circumstances which entitle the Bank the right to lay him off while denying severance pay, and not under extraordinary circumstances that shall be determined by the Remuneration Committee and the Board of Directors for this matter) and an officer who retired from the Bank of his own initiative after completing at least five years of employment in the Bank, shall be entitled to

the balance of the variable equity-based remuneration the entitlement thereto arose in respect of previous years in which the officer has been employed in the Bank, all this at the dates and conditions which are provided in section 6 above (as if he continued to serve as an officer in the Bank).

- 6.9 The officer will return, including by way of setoff, any variable remuneration granted thereto, pursuant to the terms, the manner and the way that shall be determined by the Remuneration Committee and the Board of Directors for this matter, if paid to him based on data which transpired to be erroneous and was re-presented in the Bank's consolidated financial statements during the three (3) years following the year in respect of which the variable payment has been granted thereto, and by no later than after the lapse of three (3) years from the termination date of the officer's employment in the Bank.
- 6.10 6.10.1 Without derogating from the aforesaid, all variable remuneration shall be granted and paid subject to the condition that it be remissible should any of the following criteria be met<sup>17</sup>:
- a. The officer took part in behavior which caused extraordinary damage to the Bank, including: illegal activities, a breach of the trust duty, intentional violation or ignoring in gross negligence the Bank's policies, rules and procedures. For the purpose of this section, "**extraordinary damage**": a material monetary expenditure due to fines or sanctions imposed upon the Bank by certified authorities under the law, or according to a peremptory ruling, a final arbitral award, a settlement agreement, *et cetera*, which is at a sum that exceeds ~~10%~~3% of the Bank's equity at the time of the extraordinary damage's occurrence.  
It is clarified that the expense due to the extraordinary damage, if applicable, will be calculated after the deduction of sums that have been paid or are expected to be paid to the Bank by third parties to repair its damages, and taking into account the recognition of tax losses.
  - b. Fraud or intentional impropriety by an officer, due to which data were discovered as incorrect and represented in the Bank's financial reports.

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<sup>17</sup>It is clarified that in the matter of the remission instructions, the transitory instructions established by the Supervisor of Banks will apply. In this matter, see also section 1.7 above.

- c. Circumstances which allow the Bank to dismiss an officer without severance pay, according to the applicable law; it is hereby clarified that this subsection c does not derogate from that which is provided in subsection a above.

Variable remuneration shall be remissible, as aforesaid, if it was granted due to a year in which the circumstances provided in subsections a, b or c above occurred with respect to the officer (i.e. during that year, the officer took part in behavior due to which extraordinary damage was caused to the Bank, or the circumstances listed in subsections b or c above applied to the officer during that year).

6.10.2 The variable remuneration shall be remissible for a period of five (5) years after it is granted (with the remission period including the period of the variable component's deferral, insofar as it may be deferred). Despite the aforesaid, the remission period shall be extended by two additional years for the officer when all of the following conditions are met:

- a. During the remission period, the Bank has opened an internal investigation or has received a notice from a regulating authority (including a foreign regulating authority) that an investigation has been opened;
- b. The Bank believes that the investigation might prove that the remission criteria provided in section 6.10.1 above had occurred;
- c. The Remuneration Committee and the Board of Directors have decided that the circumstances to extend the remission period of the officer, as provided above, have been fulfilled. In the resolution regarding the extension, all relevant considerations will be taken into account, including the officer's level of responsibility and the scope of his involvement in the issue. The extension period will expire when the relevant investigation ends and when the officer's level of responsibility becomes clear.

6.10.3 a. Should the Remuneration Committee and the Board of Directors confirm that the remission criteria, as provided in section 6.10.1 above, have occurred, the Remuneration Committee and the Board of Directors shall determine the remission sum, being mindful, *inter alia*, of all considerations relevant to the matter at hand,

including how much the officer contributed to the extraordinary damage to the Bank, the scope of the officer's responsibility and the scope of his involvement in the issue which caused the activation of the remission mechanism. The scope of the extraordinary damage to the Bank and its implications, the timing of the occurrence of the events and circumstances which caused the extraordinary damage to the Bank, *et cetera*.

- b. The remission sum, as provided in subsection a. above, shall not exceed the difference between the variable (net, after tax deduction) remuneration that was paid to the officer for the period during which the circumstances provided in section 6.10.1 above occurred, and the variable (net, after tax deduction) remuneration that would have been paid to the officer if the monetary expense caused to the Bank by the above circumstances would have been attributed to this period (while attributing part of the expense, insofar as it may be attributed, to each year of the years in which the circumstances took place; and where lacking the ability to attribute it, a linear spread of the expense over the period years).

6.10.4 The resolution of the Remuneration Committee and the Board of Directors, as provided above, will be made after the officer has been granted a reasonable opportunity to voice his stance before the committee and the Board of Directors.

6.10.5 The Bank will take all reasonable means, including legal means, to remise the determined remission sum, subject to any law.

6.10.6 Despite the aforesaid, when the total variable remuneration which was granted to an officer for a calendar year did not exceed 1/6 of the fixed remuneration that year, it is not necessary to activate the remission mechanism provided above in respect of it, regarding the variable remuneration for that calendar year.

6.11 Instructions will be established, under which officers at the Bank shall not create private hedging arrangements which would nullify the impacts of risk sensitivity inherent in their remuneration.

## 7. **Adjustments to the Senior Officers' Wage Law**

7.1 The total maximum remuneration which the Bank may pay (subject to receiving the authorizations required by law) to the CEO or to the Chairman of the Board of Directors, according to Article 2(b) of the Senior Officers' Wage Law, at the

time of this Remuneration Policy's approval by the Remuneration Committee and the Board of Directors, is approx. ILS ~~35334096~~ thousand *per annum*<sup>18</sup>.

- 7.2 Insofar as the annual remuneration cap under the Senior Officers' Wage Law, including Article 2(b) of the above law and/or according to any other law (hereinafter: "**Permitted Remuneration Cap**"), will allow it, for any reason, the Bank may pay the Chairman of the Board of Directors an additional fixed remuneration component (beyond that which is provided in section 5 above), at a sum which shall not exceed two (2) monthly salaries *per annum*; it is hereby clarified that due to the additional fixed remuneration component, as aforesaid, the Bank will pay and provide as required by law and provide for severance pay and remunerations strictly according to the law.

The component of the additional fixed remuneration, as provided above, may be paid without requiring any further approval, and reported to the Remuneration Committee.

- 7.3 The total annual remuneration (not including provision for severance pay and provision for pension according to law) of the CEO or the Chairman of the Board of Directors shall not, in any case, exceed the Permitted Remuneration Cap, as provided above.

If and insofar as the CEO's annual remuneration (not including provision for severance pay and provision for pension according to law) for any year exceeds the Permitted Remuneration Cap, as provided above (hereinafter in this section: "**Excess**"), the Excess sum will first be reduced from the monetary bonus sum to which the CEO will be entitled (insofar as he may be entitled) for that year (and insofar as a balance will remain, it will be reduced off the CEO's fixed remuneration for that year).

An Excess, as provided above, in the Chairman of the Board of Directors' annual remuneration (insofar as it may occur) will be reduced off the Chairman's fixed remuneration for that year.

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<sup>18</sup>A. In this matter, it should be noted that the lowest remuneration, per the cost of a full-time position, which the Bank paid directly or indirectly to an employee of the Bank, including an employee of a manpower contractor that the Bank is his *de facto* employer, and a service contractor's employee who is employed as a service provider at the Bank, in the year preceding the date of approval of this Remuneration Policy by the Board of Directors, with respect to Article 2(b) of the Senior Officers' Salary Law, was approx. ILS ~~100,966117,029~~ (not including provision to severance and pension, by law).

In this matter, "Manpower contractor", "Service contractor" and "*de facto* employer" are per their meaning in the Senior Officers' Salary Law.

B. For the purpose of calculating the total remuneration which the Bank may pay under the Senior Officers' Salary Law, including under Article 2(b) of the aforesaid law, a remuneration that the expenditure for which is not predicted according to the standard accounting rules will not be taken into account, nor will provision to severance and provision to pension, by law.

7.4 The Remuneration Committee and the Board of Directors may grant Bank officers (who are neither the CEO nor directors) an annual remuneration that exceeds that which is determined by Article 2(a) of the Senior Officers' Wage Law<sup>19</sup> (hereinafter: the “remuneration level”), according to the provisions of this remuneration policy, under its conditions and the caps established therein (including the conditions and caps established above in sections 5 and 6.1), provided that it does not exceed the remuneration cap allowed under Article 2(b) of the Senior Officers' Wage Law (excluding provision for compensation and provision for remunerations by law)<sup>20</sup>; the approval of this remuneration policy also includes a confirmation to engage with said Bank officers (including an update of the conditions of such an engagement, as aforesaid), in sums exceeding the remuneration level established in Article 2(a) of the Senior Officers' Wage Law, as aforesaid, without an additional approval from the general meeting;

Accordingly, the total annual remuneration (not including provision for severance pay and provision for pension according to law) of any of the officers (who are not the CEO or directors) shall not, in any case, exceed the Permitted Remuneration Cap determined in Article 2(ab) of the Senior Officers' Wage Law; if and insofar as an officer's annual remuneration, as provided above, for any year, exceeds the Permitted Remuneration Cap (hereinafter in this section: “Excess”), the Excess sum will first be reduced from the monetary bonus sum to which the officer will be entitled (insofar as he may be entitled) for that year (and insofar as a balance will remain, it will be reduced off the officer's fixed remuneration for that year).

7.5 It is hereby clarified that in the event that the expense due to a salary cost which the Bank bore, directly or indirectly, in a tax year for an officer, would exceed the “payment cap”, per its meaning in Article 4 of the Senior Officers' Wage Law, part of the remuneration of the officer will not be recognized as a tax-deductible expense for the Bank, under the instructions of Article 4 of the aforesaid law.

## 8. 8.1 Personal quality monetary bonus

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<sup>19</sup> I.e., remuneration for which the projected expense is expected to exceed ILS 2.5 million per annum, linked to the Consumer Price Index, from the publication date of the Senior Officers' Wage Law (April 12, 2016) and onwards (excluding provision for compensation and provision for remunerations by law); all as established in this regard in the Senior Officers' Wage Law.

<sup>20</sup> With regard to the maximum remuneration that the Bank may pay according to Article 2(b) of the Senior Officers' Wage Law, on the approval date of this remuneration policy by the Remuneration Committee and the Board of Directors, see in section 7.1 above.

In addition to the aforesaid in this remuneration policy, and the restrictions established therein notwithstanding, the Remuneration Committee and the Board of Directors will be entitled, from time to time, to grant a personal quality cash bonus to a Bank officer (one or more) who is neither the CEO nor a director, for any year, not to exceed two (2) monthly salaries, subject to the provisions of the law, and including the remuneration cap established in Article 2(b) of the Senior Officers' Wage Law.

Said bonus will be awarded at the recommendation of the Chief Executive Officer, according to his discretion; and at the recommendation and discretion of the Chairman of the Board of Directors and the Audit Committee, with regard to the internal auditor, pending the approval of the Remuneration Committee and the Board of Directors; this, in relation to the performance of the officer in the relevant year or for other reasons to be detailed by them.

**8.1 Additional fixed component for gatekeepers**

**8.2**

In addition to the aforesaid, the Gatekeepers (excluding the secretary of the Bank) shall be entitled to an additional fixed component, which is not performance-based, which shall not exceed two (2) salaries per annum. This component shall be deemed a portion of the fixed compensation component of the Gatekeepers.

The additional fixed component for gatekeepers will be given each year, provided that the officer was employed at the Bank at the date on which the said component was granted.

**8.2 Monetary bonus under special circumstances**

**8.3**

In addition to that which is provided in this Remuneration Policy and despite the limitations established therein, the Remuneration Committee and the Board of Directors shall be entitled to grant, from time to time, a ~~special~~ monetary bonus under special circumstances for a certain year, to an officer at the Bank (one or more) who is neither the CEO nor a director, which shall not exceed four (4) monthly salaries; this, subject to the instructions of the law, including the remuneration cap determined in Article 2(~~ab~~) of the Senior Officers' Wage Law.

The aforesaid bonus ~~shall~~may be granted at the discretion of the Remuneration Committee and the Board of Directors, or in accordance with the officer's fulfillment of the personal goals established for him, as the Remuneration Committee and the Board of Directors shall decide in this regard; all, after

receiving the recommendation of the Chief Executive Officer; and with respect to the Internal Auditor, after receiving the recommendation of the Chairman of the Board of Directors and the Remuneration Committee, under special circumstances and reasons specified thereby.

~~8.3~~ **Signing bonus**

**8.4**

In addition to that which is provided in this Remuneration Policy and despite the limitations established therein, the Remuneration Committee and the Board of Directors shall be entitled to grant a signing bonus which shall not exceed three (3) monthly salaries to a new officer (who is not the CEO or a director) for his first year of employment at the Bank, at the discretion of the Remuneration Committee and the Board of Directors, having received the recommendation of the Chief Executive Officer, and due to reasons that will be specified by them. All subject to the instructions of the law, and the remuneration cap determined in Article 2(a) of the Senior Officers' Wage Law.

9. **Agreement period and retirement terms**

- 9.1 The period of the employment agreement will be either fixed or non-fixed, with a termination possibility for each one of the parties for any reason, by a notice which shall not be longer than six (6) months. The Bank shall have the right not to use the advance notice period, provided that it pay to the officer the redemption of such portion of the advance notice in which the Bank has waived his employment, plus Social Provisions.
- 9.2 In case of retirement not under circumstances which grant the Bank the right to deny severance pay from the officer, the Bank shall be entitled to grant the officer all or part of the following rights:
- 9.2.1 Paid advance notice period, as aforesaid;
- 9.2.2 Release of severance pay monies which accrued for the officer in provident funds, severance pay funds (arrangement according to Article 14 of Severance Pay Law), and the advanced study fund;
- 9.2.3 An adjustment bonus which will be calculated as follows<sup>21</sup>:
- a. Chairman: Up to 3 salary months. The bonus will be accrued over the first two years of the Chairman's tenure (a month at the commencement of his work, another month after a year, and one additional month after another year) and shall be paid to the

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<sup>21</sup>Except for officers serving at the time of this policy's approval, who according to their service terms are entitled to the full adjustment bonus. In this matter, it should be noted that in practice, the entitlement terms provided in section 9.2.3.c(~~3~~) below apply to them.

Chairman at the end of his service, according to the seniority with which he served<sup>22</sup>:

- (1) Up to one year's seniority – one salary.
- (2) One to two years' seniority – 2 salaries.
- (3) More than two years' seniority – 3 salaries.

b. CEO: Up to 6 salary months including social provisions. The bonus will be accrued over the first two years of the CEO's tenure (two months at the commencement of his work, another two months after a year, and two additional months after another year) and shall be paid to the CEO at the end of his service, per the seniority under which he served<sup>23</sup>:

- (1) Up to one year's seniority – 2 salaries.
- (2) One to two years' seniority – 4 salaries.
- (3) More than two years' seniority – 6 salaries.

c. An officer who is neither the CEO nor a director: Up to 6 salary months. The bonus will be accrued over the first two years of the officer's tenure (two months at the commencement of his work, another two months after a year, and two additional months after another year) and shall be paid to the officer at the end of his service, per the seniority under which he served:

- (1) Up to one year's seniority – 2 salaries.
- (2) One to two years' seniority – 4 salaries.
- (3) More than two years' seniority – 6 salaries.

It is clarified that the adjustment bonus to an officer, at a sum of three (3) monthly salaries, and with respect to the CEO, three (3) monthly salaries including social provisions (as provided in section 5.2.6 above), will be considered part of the fixed remuneration. The portion of an officer's adjustment bonus which is higher than three (3) monthly salaries, and with respect to the CEO, the portion higher than three (3) monthly salaries including social provisions, will be considered part of the variable

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<sup>22</sup>According to the service and employment terms approved for the Chairman of the Board of Directors serving at the time of this remuneration policy's approval, the Chairman of the Board of Directors is entitled to an adjustment bonus as aforesaid, regardless of his tenure period. In this matter, it should be noted that in practice, the entitlement terms provided in section 9.2.3.a(3) above apply to him.

<sup>23</sup>The CEO serving at the time of this remuneration policy's approval is entitled to an adjustment bonus according to his terms of service and employment, as specified in Section 4.9.3 of Appendix D to the immediate report published by the Bank on August 27, 2020 (reference no. 2020-01-085165).

remuneration for that officer and paid as provided in section 9.4 below<sup>24</sup>.

### 9.3 Retirement bonus

9.3.1 The incumbent CEO at the approval date of this Remuneration Policy is entitled to a retirement bonus, according to his terms of employment prior to his appointment as the CEO of the Bank, at a sum equal to 150% of the monthly salary for December 2016, multiplied by his employment years at the Bank up to the end of 2016, as specified in Section 4.9.4 of Appendix D to the immediate report published by the Bank on August 27, 2020 (reference no. 2020-01-085165).

An officer who is neither a CEO nor a director<sup>25</sup> is entitled to a retirement bonus accrued over the period until December 31, 2016, at a sum equal to 150% of the monthly salary for December 2016, multiplied by his employment years at the Bank up to the end of 2016.

9.3.2 The entitlement of the officers, as provided above (excluding the Chairman) is subject to the Remuneration Committee and the Board of Directors' decision that no circumstances have occurred due to which the retirement bonus should be reduced<sup>26</sup>.

It should be noted that the cost of the retirement bonuses accrued for the officers, who are employees at the Bank, until the End of the Transitory Period, was fully provided in the Bank's financial reports prior to the End of the Transitory Period<sup>27</sup>.

As provided above, the retirement bonuses shall be considered variable remuneration, and paid to the aforesaid officers according to their terms, at the end of the employer-employee relations between them and

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<sup>24</sup>In this matter, see section 1.7 above. Additionally, in regard to the payment of the adjustment bonus to the incumbent CEO, see also footnote no. 1923 above.

<sup>25</sup>In the service terms of the Chairman of the Board of Directors that were approved on January 25, 2016 by the Bank's general meeting, it was established that the Bank would pay the Chairman the retirement bonus to which the Chairman is entitled under the Chairman's employment agreement for the period commencing on December 1, 2012 and until November 30, 2015, at a sum equal to 150% of the Chairman's last monthly salary, according to the aforesaid agreement, multiplied by employment years according to the aforesaid agreement (three years); this, without reduction and spread instructions. Due to his current service period (from December 1, 2015), the Chairman is not entitled to a retirement bonus.

<sup>26</sup>In this matter, see section 8.3 of the remuneration policy which was approved by the general meeting on June 10, 2014 (immediate report dated May 4, 2014, ref. no. 2014-01-056838);

<sup>27</sup>It is hereby clarified that for the purpose of calculating the total remuneration which the Bank may pay under the Senior Officers' Salary Law, including under Article 2(b) of the aforesaid law, the cost due to retirement bonuses provided as aforesaid shall not be taken into account.

the Bank, and the instructions established in section 9.4 below<sup>28</sup> will apply with regard to the aforesaid officers (excluding the Chairman).

9.4 The spread of the retirement payments and adjustment mechanisms

9.4.1 Subject to that which is provided in section 9.2 above, any payment due to retirement arrangements which is paid to the officer and which is not considered part of the fixed remuneration (hereinafter: “**Excess Retirement Sum**”), shall be paid as follows: 50% of the Excess Retirement Sum shall be paid close to the time of retirement and 50% of the Excess Retirement Sum shall be paid to the officer, in equal portions, after 12, 24 and 36 months have passed from the time of his retirement from the Bank (hereinafter: “**Deferred Retirement Bonus**”).

A Deferred Retirement Bonus will be linked to the CPI, according to the increase rate of the CPI known on the pay date of the Deferred Retirement Bonus, compared with the known CPI at the time of the termination of employer-employee relations (it is hereby clarified that the above linkage shall not lead to a reduction of the Deferred Retirement Bonus).

9.4.2 If the (consolidated) quarterly or annual financial reports of the Bank, published close to the payment date of any Deferred Retirement Bonus, have a deviation of more than 10% of the minimum ratios of the total capital adequacy and tier-1 capital determined for this in the Bank of Israel’s directives (hereinafter in this section: “**Material Deviation from the Minimum Ratios**”), then the payment of the aforesaid Deferred Retirement Bonus shall be postponed by 12 more months (hereinafter: “**Final Date**”). In the event that the Material Deviation from the Minimum Ratios continue in the (consolidated) quarterly or annual financial reports which will be published close to the Final Date, then the Deferred Retirement Bonus shall be cancelled and shall not be paid to the officer.

It is clarified that the rest of the deferred retirement bonuses, the payment date of which occurs after the time at which there was a Material Deviation from the Minimum Ratios, as provided above, shall

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<sup>28</sup>With respect to the rights of officers, who are not directors, who served at the Bank before June 3, 2013, to retirement bonuses, the Bank will act according to the transitory instructions established in this matter in the remuneration directives or according to the Supervisor of Banks' approval; in this matter, see that which is provided in section 1.7 above.

not be cancelled and shall be subject to compliance with the above condition, at the dates relevant to them.

9.4.3 In the event that employment is terminated due to death, disability or disease, the spread arrangements established in sections 9.4.1 and 9.4.2 above shall not apply.

9.4.4 It is hereby clarified that the remission instructions per sections 6.9 and 6.10 above shall also apply to the Excess Retirement Sum.

9.4.5 It shall be established in the officers' employment terms that for a period of six (6) months from the termination of work relations between the officer and the Bank, the officer shall not work under or for any institution which competes with the Bank's activities, and the Bank shall not pay any sums to an officer due to this non-competition instruction, beyond that which is provided above.

## 10. **Directors' service terms**

10.1 Directors at the Bank (except for the Chairman of the Board of Directors), including external directors and including directors who are controlling shareholders at the Bank, are entitled to an annual honorarium and a meeting participation honorarium, under Regulations 4 and 5 of the Companies Regulations (Rules on Honorarium and Expenses of Outside Directors) 5760-2000 (hereinafter: "**Honorarium Rules**") which shall not exceed the "maximum amounts" included in the Honorarium Rules. All directors are also entitled to indemnification, exemption and officers' insurance, as customary at the Bank from time to time.

10.2 Despite the aforesaid in section 10.1 above, a director which the Bank's Board of Directors evaluates as an "expert director", per the definition in the Honorarium Rules, will be entitled to an annual honorarium and a meeting participation honorarium payment which shall not exceed the "maximum amount" for an expert director.

## 11. **The Remuneration Policy's period**

11.1 This Remuneration Policy shall be valid for a period of three (3) years, beginning on January 1, 2024 until December 31, 2023.

11.2 As provided in section 1.7 above, this Remuneration Policy shall apply to the service and employment terms of officers at the Bank that will be approved ~~as of the approval~~ from the commencement date of this policy, without derogating from rights granted prior to the aforesaid date.

**Mizrahi Tefahot Bank Ltd**

**VOTING PAPER PURSUANT TO THE COMPANIES REGULATIONS**

**(WRITTEN VOTES AND POSITION PAPERS), 5766-2005**

**(THE “REGULATIONS”)**

**Part One**

1. Company name: Mizrahi Tefahot Bank Ltd (hereinafter: the “**Company**” or the “**Bank**”).
2. The type of general meeting and the time and place thereof: An annual general meeting of all of the Company’s shareholders (hereinafter: the “**general meeting**”). The general meeting shall convene on Wednesday, December 20, 2023, at 14:00, at the Bank’s offices, 7 Jabotinsky Street, 13th floor, Ramat Gan. In the absence of a legal counting, the meeting shall be deferred to Monday, December 25, 2023, at the same time and place (hereinafter: “**first deferred meeting**”). In regard to the legal counting at the general meeting and the first deferred meeting, as aforesaid (insofar as one may take place), and in regard to the date and legal counting at a second deferred meeting (insofar as one may take place), see Section 5.2 of the immediate report published by the Bank on November 9, 2023, to which this voting paper is appended (hereinafter: “**immediate report**”).
3. Details of the issues on the agenda, as detailed in the Immediate Report, which can be voted on through the voting paper:
  - 3.1 **The reappointment of Mr. Moshe Vidman as a Director at the Bank – the issue detailed in Section 3 of the immediate report**
    - 3.1.1 The proposed resolution:

To reappoint Mr. Moshe Vidman as a director at the Bank until June 15, 2024, subject to the Supervisor of Banks not announcing his objection to the aforesaid appointment or announce his consent thereto.

3.1.2 Description of the nature of the issue and the main facts required to understand the matter:

3.1.2.1 It was established in the Bank's Articles of Association, *inter alia*, that the directors will be appointed at the annual meeting; and that their tenure, except for the outside directors, shall last until the end of the third annual meeting to be held after the meeting at which their appointment was confirmed, or until an earlier date that will be approved in this regard by the Supervisor of Banks.

3.1.2.2 Mr. Vidman has served as a director at the Bank since August 2010, and as Chairman of the Bank's Board of Directors since December 2012.

On January 18, 2016, the Board of Directors decided that Mr. Vidman's tenure as Chairman of the Board of Directors will be automatically renewed annually for an additional year, all subject to the Supervisor of Banks' confirmation.

Mr. Vidman was evaluated by the Board of Directors as having accounting and financial expertise as well as professional qualifications, both under the Companies Law 5759-1999 (hereinafter: the "**Companies Law**") and under Proper Conduct of Banking Directive no. 301 (hereinafter: "**Directive 301**"), as well as having banking expertise, per its meaning in Directive 301.

According to the policy established by the Bank's Board of Directors, the total (maximum) tenure length of the Chairman of the Board of Directors shall not exceed ten (10) years, unless the Board of Directors has determined otherwise, considering the matter's special circumstances.

Ahead of the annual general meeting that was held in December 2022, the Board of Directors assessed that Mr. Vidman had fulfilled his position as the Chairman of the Bank's Board of Directors in a proper manner and contributed significantly to the work of the Board and its committees. Accordingly, it was the opinion of the Board of

Directors that there existed special circumstances, due to which it would be appropriate for Mr. Vidman to continue his tenure as the Chairman of the Bank's Board of Directors, for an additional tenure period (in such manner that his total tenure period as the Chairman of the Board of Directors would exceed ten (10) years), in order for him to continue the contribution of his knowledge and experience and assist the Bank in dealing with the challenges it faces.

Accordingly, the Board of Directors had recommended (ahead of the annual meeting held in 2022) that Mr. Vidman be reappointed as a director at the Bank, to serve as the Chairman of the Board of Directors at the Bank, for an additional tenure of one (1) year or for a longer period, as the Supervisor of Banks may confirm in this regard.

On November 8, 2022, the Bank received the Supervisor of Banks' confirmation, according to which he had no objection to the reappointment of Mr. Vidman as a director at the Bank and as Chairman of the Board of Directors at the Bank, and that the effect of the confirmation shall be until the annual general meeting that will be held in 2023.

At the annual general meeting held in 2022, Mr. Vidman was reappointed as a director at the Bank, and continued to serve as Chairman of the Board of Directors at the Bank. Mr. Vidman's tenure as director and Chairman of the Board of Directors shall terminate at the annual meeting to be held in 2023.

Ahead of the annual general meeting to be held in December 2023, the Supervisor of Banks notified the Bank that he will allow the continuation of Mr. Vidman's tenure at the Bank's Board of Directors, so that it will end, at the latest, on June 15, 2024, and that the Bank will act to find and appoint another Chairperson for the Bank's Board of Directors until this date.

On October 9, 2023, the Bank published a preliminary announcement (on the MAGNA distribution website and on the TASE website) regarding its intention to convene a general meeting, on the agenda of which, *inter alia*, would be the reappointment of Mr. Vidman as a director at the Bank, subject to the Supervisor of Banks not announcing his objection to the aforesaid appointment or announce his consent thereto.

Further to the Board of Directors' decision from 2022 (as aforesaid), the Board of Directors has reiterated its position, according to which Mr. Vidman has fulfilled his position as the Chairman of the Bank's Board of Directors in a proper manner and contributed significantly to the work of the Board and its committees, and it was thus the opinion of the Board of Directors that there exist special circumstances, due to which it would be appropriate for Mr. Vidman to continue his tenure as the Chairman of the Bank's Board of Directors until June 15, 2023, with attention to the Supervisor of Banks' notice, as aforesaid.

The mention of the periodic report for 2022, as aforesaid, constitutes inclusion by way of reference to the information included on page 347 of the aforesaid periodic report.

3.1.2.3 The Bank hereby refers to the details required by Regulation 26 of the Periodic and Immediate Reports Regulations, with regard to Mr. Vidman's tenure as a director at the Bank, as aforesaid, as included on page 347 of the Periodic Report for 2022 (Hebrew version) published by the Bank on March 14, 2023 (reference no. 2023-01-026748) (hereinafter: the "**Periodic Report**"); this is subject to the change under which Mr. Vidman is no longer a member of the Ad Hoc Committee concerned with the absorption of Union Bank, since the committee had finished its work after the merger of Union Bank of Israel Ltd with and into the Bank.

The mention of the Periodic Report, as aforesaid, constitutes inclusion by way of reference to all information included on page 347 of the Hebrew version of the Periodic Report.

3.1.2.4 Mr. Vidman has delivered a statement to the Bank pursuant to Article 224B(a) of the Companies Law. A copy of Mr. Vidman's statement is attached to the immediate report as Appendix A.

3.1.2.5 With regard to the tenure and employment terms of Mr. Vidman, see Section 2 and Appendix B to the immediate report published by the Bank on January 9, 2017 (reference no.: 2017-01-003454).

3.1.2.6 For information regarding Mr. Vidman's entitlement to the exemption, indemnification and insurance of officers, see Section 3.2.6 of the immediate report.

3.2 **Approval of an updated remuneration policy for officers at the Bank and approval under Article 2(a) of the Remuneration for Officers in Financial Corporations (Special Approval and Non-Deductibility of Expense for Tax Purposes Due to Special Remuneration) Law 5776-2016 (hereinafter: "Senior Officers' Wage Law") - the issue detailed in Section 4 of the immediate report**

3.2.1 The proposed resolution:

To approve the updated remuneration policy for officers at the Bank, in the wording attached as Appendix B to the immediate report, which shall be in effect for a period of three (3) years beginning on January 1, 2024 (hereinafter: the "**updated remuneration policy**" or the "**remuneration policy**"); and furthermore, to approve under Article 2(a) of the Senior Officers' Wage Law that in accordance with the provisions of the remuneration policy, according to its conditions and the caps established therein, remuneration for Bank officers who are not the CEO or directors may – given the confirmation of the Remuneration Committee and the Board of Directors – exceed that which is established in Article 2(a) of the Senior Officers' Wage Law, without requiring any further approval of the general meeting

(hereinafter, jointly: “**approval of the updated remuneration policy**”).

The wording of the updated remuneration policy is demarcated from the current remuneration policy for Bank officers (which is in effect until December 31, 2023), as approved by the Bank’s general meeting on December 18, 2019 and as updated on December 24, 2020 and on July 6, 2021 (hereinafter: the “**current remuneration policy**”).

3.2.2 Description of the nature of the issue and the main facts required to understand the matter:

On November 9, 2023, having received the recommendation of the Remuneration Committee, the Bank’s Board of Directors approved an updated remuneration policy for Bank officers for the years 2024-2026, in the wording attached as Appendix B to the immediate report. In this regard, having received the approval of the Remuneration Committee, the Bank’s Board of Directors approved, in accordance with Article 2(a) of the Senior Officers' Wage Law, that remuneration for Bank officers who are not the CEO or directors may – given the confirmation of the Remuneration Committee and the Board of Directors – exceed that which is established in Article 2(a) of the Senior Officers' Wage Law, without requiring any further approval of the general meeting.

3.2.3 For further details, see Section 4 of the immediate report, including as specified below:

- a. For details regarding how decisions were made in the matter of the updated remuneration policy, the date of their approvals and the information brought in this regard before the Remuneration Committee and the Board of Directors, see Section 4.2.2 of the immediate report.
- b. For details regarding the identity of the members of the Remuneration Committee and the members of the Board of Directors who had participated in the meetings, in the discussion on the approval of the updated remuneration policy, see Section 4.3 of the immediate report.

- c. Directors at the Bank may have a personal interest in the approval of the updated remuneration policy, as detailed in Section 4.4 of the immediate report.
- d. For details regarding the considerations taken into account by the Remuneration Committee and the Board of Directors for the purpose of approving the updated remuneration policy, see Section 4.5 of the immediate report.
- e. For details regarding the main differences between the updated remuneration policy and the current remuneration policy, see Section 4.6 of the immediate report.
- f. For details regarding the reasons of the Remuneration Committee and the Board of Directors for the approval of the updated remuneration policy, see Section 4.7 of the immediate report.
- g. For details regarding the implementation of the Current Remuneration Policy, see Section 4.8 of the immediate report.
- h. For details regarding agreements which are not in accordance with the remuneration policy, see Section 4.9 of the immediate report.
- i. For details regarding the identity of the Bank's controlling shareholders and the rights which grant them control of the Bank, see Section 4.10 of the immediate report.

4. **The majority required to approve the resolutions on at the general meeting, on the issues upon the agenda, which can be voted on through the voting paper:**

4.1 The majority required to approve Mr. Moshe Vidman's reappointment as a director at the Bank

The majority required at the general meeting and at a deferred general meeting to approve the reappointment of Mr. Moshe Vidman as a director at the Bank as aforesaid in Section 3.1 of the immediate report (i.e. according to Section 3.1.1 of this voting paper), is an ordinary majority of all shareholders present at the annual meeting, who are entitled to vote and voting thereat, without taking into account the abstaining votes.

4.2 The majority required to approve the updated remuneration policy

The majority required at the general meeting and at the deferred general meeting to approve the updated remuneration policy, as mentioned in Section 4.1 of the immediate report (i.e. Section 3.2.1 of this voting paper) is an ordinary majority of the shareholders present at the general meeting, who are entitled to vote and voting thereat, provided that one of the following is fulfilled:

- a. The counting of the majority votes at the general meeting will include a majority of the votes of shareholders who are not controlling shareholders at the Bank, nor have any personal interest in the approval of the updated remuneration policy, who are participating in the vote; abstaining votes will not be taken into account in the counting of the total votes of said shareholders;
- b. The total opposing votes among the shareholders referred to above in Section a. does not exceed two percent (2%) of the total voting rights at the Bank.

Despite the aforesaid, the Bank's Board of Directors shall be entitled to approve the resolution to approve the remuneration policy, even if the general meeting opposed the approval thereof, provided that the Remuneration Committee - and thereafter, the Bank's Board of Directors – have decided, based on detailed arguments and having re-discussed the Remuneration Policy, that the approval of the remuneration policy, despite the opposition of the general meeting, is in the Bank's favor.

A shareholder participating in the voting with regard to the resolution to approve the updated remuneration policy shall notify the Bank prior to his voting; and if the vote is through a voting paper, shall mark in the designated place in Part B of the voting paper whether he is considered to be a controlling shareholder at the Bank or anyone on his behalf, or whether he has a personal interest in the approval of the updated remuneration policy or not, as the matter may be, and also describe the relevant connection, if any. Should a shareholder fail to notify or mark as aforesaid, or if he has marked and not provided a description as aforesaid, his vote shall not be counted.

In this voting paper, “**personal interest**”: an individual's personal interest in any activity or transaction of a company, including the personal interest of his relative and another corporation wherein he or his relative are interested parties, and excluding personal interest arising from the very fact of holding shares at the company, including the personal interest of an individual voting by power of

attorney granted to him by another individual, even if the other person has no personal interest; likewise, the vote of an individual who has been granted power of attorney to vote on behalf of an individual who has personal interest shall be considered a vote by the holder of the personal interest, whether the discretion of the vote is that of the voter or not.

5. Place and time during which the full text of the proposed resolutions may be perused:

The immediate report and the full text of the proposed resolutions may be perused at the Bank's Offices, 7 Jabotinsky St., Ramat-Gan, Tel: 03-7559720, during standard business hours, until the time scheduled for the meeting, by appointment.

6. A shareholder is entitled to approach the Bank directly to receive from it, via registered mail, a copy of the immediate report. In addition, a shareholder is entitled to approach the Bank directly to receive from it the text of the voting paper and the position papers.

7. 7.1 The voting paper shall be valid for an unregistered shareholder (i.e. a person to whom shares are registered with a TASE member, that are also included in the shareholders' register at the registration company) (hereinafter: "**Unregistered Shareholder**") only if an ownership confirmation is attached thereto, or if such a confirmation has been transferred to the Bank through the electronic voting system.

- 7.2 The voting paper shall be valid with respect to a shareholder according to Article 177(2) of the Companies Law (i.e. those registered as a shareholder in the Shareholder Registry) (hereinafter: "**Registered Shareholder**") only if a photocopy of one's identity card, passport or incorporation certificate is attached thereto.

8. The voting paper and the documents which must be attached thereto (hereinafter: "**Attached Documents**"), as provided in the voting paper, must be produced to the Bank's Offices as follows:

8.1 Unregistered Shareholder: Up to 4 hours prior to the convening of the meeting;

8.2 Registered Shareholder: Up to 6 hours prior to the convening of the meeting.

In this regard, the “time of delivery” shall be the time at which the Voting Paper and the Attached Documents arrive at the Bank’s Offices.

9. An Unregistered Shareholder is also entitled to vote through an electronic voting paper, which will be transferred to the Bank through the electronic voting system (hereinafter: “**Electronic Voting System**”) up to 6 hours prior to the meeting, at which time the Electronic Voting System will be closed.
10. The Bank’s address for the delivery of voting papers and position papers: The Bank’s Offices at 7 Jabotinsky Street, Ramat-Gan.
  - 10.1 The deadline for the delivery of position papers to the Bank: Up to 10 days before the meeting.
  - 10.2 The deadline for the delivery of the Board of Directors’ response to the position papers: No later than 5 days prior to the date of the meeting.
11. The distribution address of the Israel Securities Authority’s site and the website of the Tel-Aviv Stock Exchange Ltd, on which the voting papers and position papers are located:
  - 11.1 The distribution site of the Israel Securities Authority:  
<http://www.magna.isa.gov.il>;
  - 11.2 The Internet site of the Tel-Aviv Stock Exchange Ltd: <http://maya.tase.co.il/>
12.
  - 12.1 A shareholder whose shares are registered with a TASE member may receive the ownership confirmation at a branch of the TASE member or by mail, if he has requested it. A request in this matter shall be given in advance regarding a particular securities account.
  - 12.2 An Unregistered Shareholder may instruct that his ownership confirmation be transferred to the Bank through the Electronic Voting System.
13. An Unregistered Shareholder is entitled to receive by e-mail a link to the voting paper and position papers on the distribution site from the TASE member through which he holds his shares, free of charge, unless he has notified the TASE member that he does not wish to receive such a link, or that he wishes to receive voting papers by regular mail in return for payment; a notice regarding voting papers shall also apply to receiving position papers.
14. One or more shareholders holding shares at a rate which constitutes five percent or more of the total voting rights at the Bank; and likewise, anyone holding such a

percentage of the total voting rights that are not held by the Bank's controlling shareholder, as defined in Article 268 of the Companies Law, may peruse the voting papers and voting records through the Electronic Voting System that have arrived at the Bank, as detailed in Regulation 10 of the Regulations.

The quantity of shares constituting 5% of the total voting rights at the Bank is:  
12,893,680.35

The quantity of shares constituting 5% of the total voting rights at the Bank, which are not held by the controlling shareholder, is: 7,547,204.40

15. 15.1 Attention is hereby directed to the instructions of Article 34(a1) of the of the Banking (Licensing) Law 5741-1981, whereby:

*“A person shall not make an agreement with another with respect to their vote for the appointment of a director in a banking corporation or in a Bank holding corporation, including with respect to their vote for his termination of office, other than under a permit issued by the Governor, after consulting with the Licensing Committee; this provision shall not apply [...] or to a holder of means of control who agrees with another that the other will vote in his name and on his behalf without any discretion, as the said holder of means of control instructs him, provided that if the other holds himself means of control in the banking corporation or in the Bank holding corporation, as the case may be, he shall not vote in the name and on behalf of more than one other holder”.*

- 15.2 It arises, *inter alia*, from said instructions, that with respect to the reappointment of Mr. Moshe Vidman as a director at the Bank, as specified in Section 3.1 of the immediate report, a voting proxy who is also a shareholder at the Bank may vote in the name and on behalf of only one other shareholder, as specified in the aforesaid instructions.

16. Any shareholder at the Bank voting on the resolution to approve the updated remuneration policy, who is an interested party at the Bank (as defined in Article 1 of the Securities Law 5728-1968), or a senior officer at the Bank (as defined in Article 37(d) of the Securities Law 5728-1968), an institutional body (as defined in the Control of Financial Services (Insurance) Law, 5741-1981), or a fund manager (within the meaning thereof in the Joint Investment Trust Law, 5721-1961) is required to notify the Bank, prior to voting at the meeting, and if voting via voting

paper – mark in the second part of the voting paper, the details below regarding his or its voting manner at the meeting:

- 16.1 The voter's identity: last name and first name for an individual, corporation name and number for a corporation;
  - 16.2 The amount of securities by power of which the vote was made;
  - 16.3 Voting manner;
  - 16.4 Whether the voter has a personal interest or some other characteristic, as determined in the table in the addendum to the Companies Regulations (Written Votes and Position Papers) 5766-2005;
  - 16.5 Additional relations between the voter and the company, the controlling shareholder or a senior officer therein, and details of the nature of the relationship;
  - 16.6 If the vote is by proxy, the above details shall also be made with regard to both the power of attorney grantor and agent.
17. Adding an Issue to the Agenda: After the publication of this voting paper, there may be changes to the agenda, including the addition of an issue thereto, and position papers may be published; it will be possible to review the current agenda and published position papers in the Bank's reports on the distribution site.

One or more shareholder(s) who hold(s) shares representing at least 1% of the voting rights at the general meeting of the Bank may request the Board of Directors to include an issue on the agenda of the meeting up to 7 days after the meeting's summoning, provided that the issue is appropriate for a discussion at the general meeting.

Should the Board of Directors find that the issue requested to be included on the agenda is appropriate for a discussion at the general meeting, the Bank shall prepare an updated agenda and an amended voting paper, insofar as this may be required, which will be published no later than 7 days after the final date to produce a request to include another issue on the agenda, as stated above. It is clarified that the publication of an updated agenda, as stated above, shall not change the Effective Date as set forth in the immediate report.

18. A shareholder shall indicate his voting manner regarding the issues on the agenda (which may be voted on through a voting paper) on the form which is the second part of this voting paper.

## **Voting Paper – Part Two**

Company Name: **Mizrahi Tefahot Bank Ltd** (hereinafter: “**Company**” or “**Bank**”)

Company Address (for delivery of voting papers): Mr. Hanan Kikozashvili, Bank Secretary and Head of the Bank’s Headquarters, Mizrahi Tefahot Bank Ltd., at 7 Jabotinsky Street, 13th floor, Ramat-Gan 52520.

Company No.: 520000522

Meeting Date: December 20, 2023 at 14:00

Meeting Type: Annual

Effective Date: November 21, 2023

(Hereunto to be filled by the Company)

### **Shareholder details:**

Shareholder name:

Identity number:

If the shareholder does not have an Israeli identification card:

Passport number:

Issuing country:

Valid until:

If the shareholder is a corporation:

Corporation number:

Country of incorporation:

## Manner of voting

Number of issue on the agenda, as detailed in the immediate report regarding the convening of the meeting	Manner of voting <sup>1</sup>			In the matter of approving a transaction pursuant to Articles 255 and 272 through 275 to the Companies Law that the majority required for its approval is not an ordinary majority, or a Remuneration Policy according to Article 267a - are you a controlling shareholder or have a personal interest in the resolution <sup>2</sup> ?	
	For	Against	Abstain	Yes*	No
3.1					
4.1					

### Details

**If you have specified that you are a controlling shareholder at the Bank or have a personal interest in the resolution to approve the remuneration policy (as detailed in Section 4.1 of the immediate report and Section 3.2.1 of the voting paper), please detail.**

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Are you an interested party<sup>3</sup> at the Bank?    Yes \_\_\_\_\_    No \_\_\_\_\_

Are you a senior officer at the Bank<sup>4</sup>?    Yes \_\_\_\_\_    No \_\_\_\_\_

Are you a financial institution<sup>5</sup>?    Yes \_\_\_\_\_    No \_\_\_\_\_

Are you a fund manager<sup>6</sup>?    Yes \_\_\_\_\_    No \_\_\_\_\_

\* Please detail.

<sup>1</sup> Failure to mark will be considered as abstaining from a vote on that issue;

<sup>2</sup> A shareholder who will not fill in this column or mark "Yes" without an explanation will not be counted in the counting;

<sup>3</sup> "Interested party" per this term's definition in Article 1 of the Securities Law 5728-1968;

<sup>4</sup> "Senior officer" per this term's definition in Article 37(d) of the Securities Law 5728-1968;

<sup>5</sup> "Financial institution" per this term's definition in the Control of Financial Services (Insurance) Law, 5741-1981).

<sup>6</sup> "Fund manager" per this term's definition in the Joint Investment Trust Law 5721-1961.

**If you have replied ‘yes’ to any of the above questions, please detail:**

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**Likewise, please specify regarding any additional relation, if such exists (including employer-employee relations, business relations, *et cetera*) between yourself and the Bank or the controlling shareholder or a senior officer at the Bank, as well as the nature of these relations:**

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Date

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Signature

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For shareholders who are holding shares through a TASE member according to Section 177(1) of the Companies Law – this voting paper shall be valid only if accompanied with an ownership conformation except for events in which the voting is through the electronic voting system.

For shareholders that are registered shareholders company's registry – this voting paper shall be valid if accompanied with a photocopy of an identity card/a passport/an incorporation certificate.