

April 1, 2025

**THE FIRST INTERNATIONAL BANK OF ISRAEL LTD.**

**("THE BANK" OR "THE COMPANY")**

To  
Israel Securities Authority  
[www.new.isa.gov.il](http://www.new.isa.gov.il)

To  
Tel Aviv Stock Exchange Ltd.  
[www.tase.co.il](http://www.tase.co.il)

**IN RE: IMMEDIATE REPORT REGARDING A SUBSTANTIAL PRIVATE OFFERING  
PURSUANT TO THE SECURITIES REGULATIONS  
(PRIVATE OFFERING OF SECURITIES IN A LISTED COMPANY), 5760-2000**

Further to the provisions of the Companies Law, 5759-1999 (hereafter – "**the Companies Law**"), the Securities Regulations (Private Offering of Securities in a Listed Company), 5760-2000 (hereafter – "**Private Offering Regulations**") and the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (hereafter – "**the Reporting Regulations**"), a report is hereby given regarding a substantial private offering, as this term is defined in Section 1 of the Private Offering Regulations, as detailed below:

**1. General**

- 1.1. On March 4, 2025, the Bank's general meeting approved, following approval by the Board of Directors and the Remuneration Committee, *inter alia*, an amendment to the remuneration policy for the Bank's officers, as well as an update to the terms of service and employment of Mr. Eli Cohen, the Bank's CEO (hereafter – "**the CEO**"), *inter alia*, in relation to the possibility of converting an annual bonus that the officers (the board members) and the CEO may be entitled to, including for 2024, into non-negotiable warrants exercisable into ordinary shares of the Bank of NIS 0.05 par value each (hereafter – "**options**", "**the terms approved by the general meeting**" and "**ordinary shares**", respectively). For further details see an immediate report published by the Bank on January 28, 2025 (reference no.: 2025-01-007371) (hereafter – "**the summons report**" and "**the remuneration policy**", respectively), which is included here by way of reference.
- 1.2. In accordance with the terms approved by the general meeting, on March 25, 2025 (hereafter – "**the allocation date**"), the Bank's Board of Directors approved, following approval by the Bank's Remuneration Committee, an allocation of 41,220 options (exercisable into 41,220 shares) to 9 officers at the Bank excluding the CEO, at a fair value of about NIS 1,765 thousand, and an allocation of 3,503 options (exercisable into 3,503 shares) to the CEO, at a fair value of NIS 150 thousand, all as of the date of the Board of Directors' approval of the allocation (hereafter – "**the offered options**" or "**the options**", "**the offerees**" and "**the exercised shares**", respectively).

The fair value of the offered options, as of the date of approval of the allocation by the Board of Directors, is the value of the reduction from the annual bonuses to which these officers are entitled for 2024, while in relation to officers excluding the CEO – a conversion coefficient of 50% was added to the fair value in relation to the value of the reduction in the annual bonus and this in accordance with the provisions of the remuneration policy (while some such officers decided on an additional conversion of an annual bonus beyond the minimum rate decided to be converted by the Bank in accordance with the remuneration policy).

- 1.3. It should be noted that there is an employer-employee relationship between the Bank and each one of the offerees. The offerees are not an "interested party", as this term is construed under Section 270 of the Companies Law.
- 1.4. Theoretically assuming the exercise of all the options that are to be allocated to all officers including the CEO (44,723 options), the exercised shares shall constitute, following their allocation, about 0.045% of the Bank's issued and paid-up capital and the voting rights at the Bank, and about 0.045% fully diluted. Theoretically assuming the exercise of all the options that are to be allocated to the CEO, the exercised shares shall constitute, following their allocation, about 0.003% of the Bank's issued and paid-up capital and the voting rights at the Bank, and about 0.003% fully diluted.<sup>1</sup>
- 1.5. It should be noted that the Bank intends, subject to the approvals required by law, to approve a buyback plan of the Bank's shares, in a scope of not less than the maximum quantity of exercised shares as stated in Section 1.4 above, and to hold them as dormant shares, while the allocation of the exercised shares to the offerees, subject to the terms of the options, may be made from dormant shares of the Bank and subject to the guidelines of the Tax Authority. Upon receiving the necessary approvals in connection with such buyback plan, the Bank shall publish a separate immediate report in accordance with the Reporting Regulations.

## 2. **Terms of the options**

- 2.1. Pursuant to Section 102 of the Income Tax Ordinance, the granting of the options shall be done through a trustee, in accordance with the equity-based remuneration plan for officers and employees adopted by the Bank's Board of Directors and that was submitted to the Tax Authority on February 2, 2025 and approved by the Tax Authority on February 4, 2025 (hereafter – "**the plan**"). The granting of the options shall be done subject to receiving all the approvals required by law, including approval of the Tax Authority in relation to tax rulings, if required, and receiving approval of the Tel Aviv Stock Exchange Ltd. (hereafter – "**the stock exchange**"), for listing the exercised shares. It should be noted that on February 26, 2025, the Tax Authority approved the tax ruling regarding the adjustment mechanisms detailed below. The Company intends to submit a request to the

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<sup>1</sup> The calculation of the number of fully diluted exercised shares of the foregoing options shall be made on a theoretical assumption only, since pursuant to the terms of the plan, as defined in this report, a ceiling rate is set at the time of exercising the options, as stated in Section 2.8 of this report, and the exercised shares actually allocated as a result of exercising the options shall reflect the value of the financial benefit inherent in the options at the time they are exercised (net exercise mechanism), as stated in Section 2.6 of this report.

Tax Authority for approval of a tax ruling with regard to a "net exercise" mechanism", as detailed below.

- 2.2. The lock-up period of the offered options shall be at least 24 months from the allocation date, or during a different period, as shall be determined in any amendment to Section 102 of the Ordinance and the rules thereunder (hereafter – "**the lock-up period**").  
Insofar as the offered options vest and/or are exercised into shares prior to the end of the lock-up period, the exercised shares shall also be subject to the lock-up period. The plan administrator, as defined in the plan<sup>2</sup> (hereafter – "**the plan administrator**"), shall guide the trustee with regard to the manner of transferring the exercised shares and the additional rights at the end of the trust (after the end of the lock-up period).
- 2.3. Upon the exercise of the options in accordance with their terms, the exercised shares shall be listed for trade on the stock exchange, just as all the shares in the Bank's issued capital and they shall be registered in the name of the registration company in whose name the Bank's securities are registered.

2.4. The vesting period of the offered options

- 2.4.1. Any option that vests, according and subject to the vesting conditions specified below, shall afford the offeree with the opportunity to exercise said option, within the exercise period as defined below.
- 2.4.2. The options of any offeree shall vest within one year of the allocation date (hereafter – "**the vesting date**"), provided that at this time the offeree shall be employed and/or shall serve as an officer at the Bank and/or in a company controlled by the Bank, subject to relative vesting in the case of termination of employment initiated by the Bank, as stated in Section 2.11 below.

With regard to officers excluding the CEO, the vesting of the quantity of options attributed to the conversion coefficient of 50%, as stated in Section 1.2 above (which constitutes one third of the options to be granted to each offeree, as stated), is also contingent on compliance with performance conditions set by the Remuneration Committee and the Board of Directors, which may be fulfilled on the vesting date or on a postponed vesting date, as shall be prescribed in the terms of the grant.

2.5. Exercise period

The options shall be exercisable only in the course of a period commencing on the vesting date and ending three years after the vesting date (hereafter – "**the exercise period**").

Insofar as the last day for exercising the options falls on a day when the exercise of the options is prohibited in light of restrictions that apply in accordance with the Bank's

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<sup>2</sup> The Bank's Board of Directors or a committee appointed by the Bank's Board of Directors and that has been authorized by it to administer the plan.

policy regarding the prohibition on using inside information or for another reason, then the last day for exercising the options shall be postponed until the end of the seventh trading day that falls after the last trading day falling during such restriction period. For the avoidance of doubt, in the event of the exercise of options occurring after termination of employment, the provisions of Section 2.11 below shall apply.

Notwithstanding the aforesaid, it is clarified that no exercise of options into the Bank's shares shall be carried out on the date of record for the distribution of bonus shares, the distribution of a dividend, an offering by way of rights, a capital consolidation, capital split or capital reduction (each one of the aforementioned shall be called in this section – "**corporate event**"). Moreover, it is clarified that where the ex-date of a corporate event falls prior to the date of record of a corporate event, no exercise shall be carried on such "ex-date".

## 2.6. Manner of exercise

Subject to the provisions of the plan, the offeree shall be allowed to exercise all or part of the options in the course of the exercise period by sending a written notice of exercise signed by the offeree to the registered office of the Bank and to the trustee, which shall include, *inter alia*, the name and identity number of the offeree, the number of options that the offeree would like to exercise and the total exercise price being paid for them (hereafter – "**notice of exercise**"). The notice of exercise shall be delivered to the Bank and to the trustee only on a trading day by 17:00, and in such case the day of receipt of the notice of exercise shall be deemed the same trading day and if it is received after 17:00, the day of receipt of the notice of exercise shall be deemed the first trading day thereafter.

The Bank and/or the trustee may prescribe instructions and/or modify the form of the notice of exercise, the manner in which it is sent, as well as prescribing additional rules and restrictions in regard to exercising the options, and all according and subject to the provisions of the law, the conditions of Section 102, the rules, the guidelines of the Tax Authority and receiving the prior approval of the Tax Authority (insofar as required).

Without derogating from the generality of the aforesaid, subject to the provisions of the law, the conditions of Section 102 and the rules, the guidelines of the Tax Authority and receiving the prior approval of the Tax Authority (insofar as required), the offeree shall be required to exercise all or part of the options by means of an options-to-shares exercise mechanism based on the benefit component (Net Exercise), whereby, the offeree shall be entitled to receive shares that reflect the bonus component inherent in the exercised options (hereafter – "**the benefit component**").<sup>3</sup> For the avoidance of doubt, it is hereby clarified that according to this exercise method, the options are exercisable into a quantity of shares that reflects only the benefit component. The offeree shall not pay the exercise price, which is used solely for the purpose of

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<sup>3</sup> Notwithstanding the aforesaid, if and to the extent that according to the relevant tax arrangement, as applicable, it shall be necessary to also allow an offeree to elect to actually pay the exercise money (the exercise price), the Bank shall allow the offerees to elect to exercise in this manner, subject to the actual payment of the exercise money by said offeree.

calculating the benefit component. The number of exercised shares to be allocated to the offeree according to this mechanism shall be determined in accordance with the guidelines of the Tax Authority, and the plan administrator shall be allowed, at the time of the allocation, to prescribe in the allocation agreement terms and restrictions in regard to the manner of implementing this mechanism and all according and subject to the provisions of the law, the conditions of Section 102, the rules, the guidelines of the Tax Authority and receiving the prior approval of the Tax Authority (insofar as required).

It is to be clarified that for the purpose of calculating the number of exercised shares under the "Net Exercise" mechanism, the plan administrator may prescribe, at the time the allocations are made, instructions and conditions regarding the implementation of the mechanism according and subject to the provisions of Section 102 and the guidelines of the Tax Authority.

In any case where as a result of calculating the number of exercised shares under the "Net Exercise" mechanism the Bank is required to allocate fractional shares, the Bank shall not allocate fractional shares, as stated, and the number of shares to be allocated to the offeree shall be rounded down for each fractional share lower than 0.5, and up for each fractional share equal to or higher than 0.5.

The Bank shall capitalize into share capital the par value of the exercised shares to be allocated from profits within their meaning under Section 302(b) of the Companies Law, of share premiums or of any other source included in its equity, in its financial statements, according and subject to the provisions of Section 304 of the Companies Law.

The exercise expenses and any fee associated with the exercise, if any, shall be borne by the offeree.

## 2.7. Exercise price

In accordance with the remuneration policy, the exercise price of each option shall not fall below the higher of: (1) the average closing prices of the Bank's share on the stock exchange during the 30 trading days preceding the date of approval of the allocation by the Board of Directors; or (2) the closing price of the Bank's share on the stock exchange on the last trading day preceding the date of approval of the allocation by the Board of Directors. Therefore, the exercise price of each option (in accordance with alternative (1)) is NIS 190.5, subject to adjustments as specified in Section 2.12 below (hereafter – **"the exercise price"**).

It should be emphasized that the actual exercise of the options shall be carried out using a net exercise mechanism ("Cashless"), under which the exercise price is not actually paid by the offerees, but is only theoretical for the purpose of calculating the value of the benefit, as detailed in Section 2.6 above.

## 2.8. Forced automatic exercise

In the event that after the vesting of the options or after the end of the lock-up period, whichever is later, and prior to their expiration, the closing rate of the Bank's share on the stock exchange at the close of any trading day shall be equal to or greater than a price constituting 100% above the closing rate of the Bank's share on the trading day preceding the date of approval of the grant by the Board of Directors, i.e. NIS 372 (hereafter – "**the ceiling rate**"), all the options shall be exercised automatically and the Bank and the trustee shall be deemed to have received, at the end of the same trading day, a notice of exercise in regard to all the foregoing options.<sup>4</sup> In such case, the Bank shall allocate the exercised shares to the offerees using a "net exercise" mechanism, as stated above, and the exercised shares shall be sold, without the offerees having to complete the notice of exercise and without giving the offerees discretion in regard to carrying out the action of exercising the options. The ceiling rate shall be adjusted for the dividend and other adjustments detailed below, similar to the manner in which they apply to the exercise price. It shall be clarified that a forced automatic exercise shall not be carried out prior to the end of the lock-up period, but only after this lock-up period has elapsed, insofar as the closing rate of the Bank's share on the stock exchange at this time is equal to or greater than the ceiling rate and provided that the maximum benefit is according to the ceiling rate.

## 2.9. Exercised shares

Upon their allocation to the trustee, the exercised shares (to the extent the options have vested and been exercised) shall be equal in their rights to the Bank's shares for all intents and purposes, and the rights attached to them shall include a right to dividends, benefits or other rights, with the date of record of the right to receive the same falling on or subsequent to the day they are allocated to the trustee, subject to the provisions of the Bank's articles of association (hereafter in this section – "**the rights**"). For the avoidance of doubt, it shall be clarified that the options shall not entitle to such rights that are attached to the Bank's shares.

## 2.10. Accelerated vesting of the options

The terms of the options include full acceleration of the vesting period of the options in cases of death, disability, medical reasons (heaven forbid) and in the case of a change of control at the Bank resulting in a suspension of trading in the Bank's shares. Furthermore, in the case of a change of control at the Bank not resulting in a suspension of trading in the Bank's shares - the vesting of the next tranche of the options that has not yet vested shall be accelerated (only). For this purpose, "change of control" as construed under Section 5.11 of the remuneration policy.

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<sup>4</sup> Notwithstanding the aforesaid, in the event that the date of the automatic exercise falls on a day when the exercise of the options is prohibited in light of restrictions that apply in accordance with the Bank's policy regarding the prohibition on using inside information or for another reason (hereafter – "**blackout periods**"), then the forced automatic exercise shall be postponed to the first trading day after the end of the blackout periods, insofar as the closing rate of the Bank's share on the stock exchange on the trading day preceding the same date shall be equal to or greater than the ceiling rate. For the avoidance of doubt, in the case of the exercise of options subsequent to termination of employment, the provisions in Section 2.11 of this report shall apply.

## 2.11. Termination of employment

2.11.1. In the case of termination of the employment relationship or termination of the offeree's engagement with the Bank and/or a related company of the Bank (hereinafter – "**termination of the engagement**") due to any reason not described in Section 2.11 below, then the offeree's right to exercise options shall only apply in respect of options that have vested by the date of termination of the engagement (subject to accelerated vesting as described in Section 2.10 above). Notwithstanding the aforesaid, insofar as the termination of the engagement is initiated by the Bank (including a termination of engagement due to retirement or a termination of engagement as a result of death or disability (where the definition of an offeree as suffering from a disability shall be framed according to the absolute discretion of the plan administrator)) – the proportionate part of the options granted to the same offeree shall vest, according to the product of: (a) the quantity of options; and (b) the rate obtained by dividing the number of days that have elapsed from the allocation date until the termination of the engagement, by the number of days from the allocation date until the end date of the vesting period. The options shall be exercisable (subject to the restrictions prescribed in the Ordinance) up to the end date of the exercise period and this date shall not be brought forward due to the termination of the engagement. The offeree's entitlement to the rest of the options allocated in his favor shall expire.

Insofar as the last day for exercising the options falls on a day when the exercise of the options is prohibited in light of restrictions that apply in accordance with the Bank's policy regarding the prohibition on using inside information or for another reason, then the last day for exercising the options shall be postponed until the end of the seventh trading day that falls after the last trading day falling during such restriction period.

2.11.2. In the event of termination of the engagement due to cause, all the offeree's rights in connection with the options granted to him, whether or not the right to exercise the same has vested by the date of termination of the engagement, shall expire upon termination of the engagement, without any consideration.

If subsequent to termination of the engagement relationship and prior to the exercise of the options the plan administrator determines that the offeree has behaved in a manner that meets the definition of cause (either prior to termination of the engagement relationship or subsequently), then at that time the offeree's right to exercise the options granted to him that have not yet expired shall expire (without any consideration).

The plan administrator's determination with regard to behavior falling within the definition of cause shall be final for all matters related to the plan.

For this purpose, "**cause**" - In the context of the termination of the employer-employee relationship or termination of an offeree's service at the Bank or at a related company – a reason or basis for terminating such employment or

service, in circumstances in which the offeree shall not be entitled to severance pay in accordance with the provisions of the law, including, but not limited to: Dishonesty towards the Bank or a related company, breach of a fiduciary duty and a material breach by the offeree of: (1) an employment or service agreement or (2) any other obligation towards the Bank or the related company.

2.11.3. In exceptional cases related to the termination of the engagement between the Bank and/or a related company of the Bank and the offeree, or events related to the Bank itself, the plan administrator may, at his sole discretion, extend the periods set forth in Sections 2.11.1 to 2.11.2 above and this subject to the guidelines of the Tax Authority, the provisions of Sections 102 and the rules.

2.11.4. It shall be clarified that the offeree's right to the options granted to him, or to the vesting of the same, shall not terminate or expire solely as a result of the fact that the offeree has transferred to work as an employee or as an officer at a company related to the Bank, or vice versa, or between one related company and another related company.

## 2.12. Adjustments

Commencing from the option allocation date and until the end of the exercise period, the following adjustments shall apply to the options that have not yet been exercised:

### 2.12.1. Merger, spin-off and/or restructuring transaction

In any case of a merger, spin-off, sale and/or other restructuring transaction of the Bank, and subject to approvals pursuant to law, the guidelines of the Tax Authority and receiving all the requisite approvals from the Tax Authority (insofar as required), the Bank's Board of Directors (or the plan administrator, as applicable), at its sole discretion and without having to obtain the consent of the offeree, shall be allowed, but not obligated, to prescribe instructions with respect to one or more of the possibilities specified below:

2.12.1.1. If and how the vesting period of (wholly or partially) non-vested options is to be accelerated and to this end to make changes to the exercise price or to any other term of the options, if and insofar as required;

2.12.1.2. If and how options whose vesting period shall not be accelerated are to be cancelled and/or sold and/or redeemed by the Bank and/or exchanged for other securities at the Bank and/or at another corporation, and to this end to make changes to the exercise price or to any other term of the options, if and insofar as required;

2.12.1.3. If and how the options (including options whose vesting period has been accelerated, as stated above) are to be cancelled, exercised, exchanged and/or sold by the trustee or the Bank, as applicable, on behalf of the offeree;



2.12.1.4. If and how the exercised shares held for the offeree by the trustee are to be exchanged and/or sold and/or converted by the trustee on behalf of the offeree; and

2.12.1.5. To prescribe any provision and to carry out any action and/or adjustment and/or change in relation to the options and their terms, insofar as such shall be required at its discretion.

2.12.2. Capital consolidation or split

In any case of split or consolidation of the Bank's share capital, or any corporate capital event of a substantially similar nature, the Bank shall make the necessary changes or adjustments in order to avoid dilution or an increase in the rights of an offeree under the plan in relation to the number of options not yet exercised by the offeree and not yet expired and/or in relation to the exercise price of each option.

2.12.3. Profit distribution (dividends)

If the Bank distributes cash profits (dividends) to all its shareholders and the date of record for the right to receive this profit distribution falls after the grant date of the options but before their actual exercise date, the exercise price of each option not yet exercised before the aforementioned date of record elapses shall be reduced by the full amount of the gross dividend per share (up to the par value of the share) so distributed. For the avoidance of doubt, the exercise price shall in no case fall below the par value of the share.

2.12.4. Dividend in kind distribution

If the Bank distributes a dividend in kind to all its shareholders and the date of record for the right to receive this dividend falls after the grant date of the options but before their actual exercise date, the exercise price of each option not yet exercised before the aforementioned date of record elapses shall be reduced by the amount of the benefit per share that is distributed (up to the par value of the share), and all subject and according to the guidelines of the Tax Authority and receiving its prior approval (insofar as required).

2.12.5. Distribution of bonus shares

If the Bank distributes bonus shares to its ordinary shareholders, the offeree's rights shall be preserved in the following manner: Immediately after the date of record for distributing the bonus shares (hereafter and in this subsection – "**the date of record**"), the number of shares resulting from the exercise of options shall increase by the number of shares to which the offeree would have been entitled as bonus shares had he exercised the option on the eve of the date of record for the distribution of the bonus shares. The exercise price of each option shall not change as a result of the increase in the number of exercised shares to which the offeree is entitled due to the distribution of bonus shares. It is hereby

clarified that the number of exercised shares to which the offeree shall be entitled shall be adjusted only in the case of a distribution of bonus shares, as stated above in this subsection, but not in the case of any other offerings (including offerings to interested parties). It is further clarified that the offeree's right to an increase in the number of shares due to such distribution of bonus shares shall effectively apply only in relation to options that are actually exercised by the offeree, pursuant to the terms of the plan.

2.12.6. Rights offering

In the case of a rights offering to the shareholders by the Bank, the number of shares resulting from the exercise of the options shall be adjusted for the benefit component of the rights, as reflected in the ratio between the closing rate of the share on the stock exchange on the last trading day prior to the "ex" date and the base rate of the share "ex-rights".

2.12.7. The Bank shall retain a sufficient quantity of ordinary shares in its registered capital, to ensure implementation of the right to exercise options offered by it and if necessary, it shall institute an increase of its registered capital. Such provisions shall be subject to the determinations of the tax ruling in this regard from the Tax Authority, which was received on February 26, 2025. It is also clarified that other provisions in this plan relating to the exercised shares shall also apply with respect to the bonus shares that are to be added to the exercised shares, as stated above, *mutatis mutandis*.

2.12.8. In any case where as a result of adjustments specified in this section the Bank shall be required to allocate fractional shares, the Bank shall not allocate fractional shares, as stated, and the number of shares to be allocated to the offeree shall be rounded to the nearest whole number (upward or downward, as the case may be).

2.12.9. Without derogating from the terms of the options, everything stated in this section is subject to the guidelines of the Tax Authority and to receiving the prior approval of the Tax Authority (insofar as required).

2.12.10. Without derogating from the terms of the plan, it is clarified to the offeree that the adjustments as stated in this section shall be made according and subject to the stock exchange regulations and the relevant stock exchange guidelines, as such shall be prescribed from time to time, and the Bank's Board of Directors or the plan administrator, as applicable, shall choose one of the methods prescribed in the stock exchange regulations for making such adjustments, and all this subject to the guidelines of the Tax Authority and to receiving the prior approval of the Tax Authority (insofar as required).

2.12.11. The offeree alone shall bear all the tax consequences that may arise as a result of making adjustments pursuant to this section.

2.13. Clawback

2.13.1. If it is found that an offeree's entitlement to options has been determined based on data that proved to be erroneous and was restated in the Bank's consolidated financial statements in the course of the three years subsequent to the vesting date or the exercise date, as applicable, of said options, and not later than two years after the date of termination of the offeree's employment at the Bank or at a company related to the Bank (hereafter – **"the options who vesting was determined based on erroneous data"**), the following provisions shall apply:

2.13.1.1. The options whose vesting was determined based on erroneous data and that have not yet been exercised shall expire and confer no rights, if and to the extent that they would not have vested also on the vesting date.

2.13.1.2. The offeree shall reimburse to the Bank, within sixty days, the financial benefit amount (net, excluding taxes deducted and fees paid for the exercise) in respect of the options whose vesting was determined based on erroneous data and that were exercised by the offeree.

For this purpose, "the financial benefit amount" is the product of: (a) the difference between the closing rate of the Bank's share on the trading day preceding the exercise day and the adjusted exercise price; and (b) the number of shares actually allocated to the offeree for the options whose vesting was determined based on erroneous data.

2.13.2. Without derogating from the aforesaid in this section, the grant of the options shall be subject to the clawback provisions pursuant to Section 10.2 of the remuneration policy.

## 2.14. Authorities of the plan administrator

2.14.1. Subject to the provisions of the law, the Bank's corporate instruments and any other resolution of the Bank's Board of Directors, the plan administrator shall be authorized, according to his sole discretion, and subject to the provisions of the plan, the tax track, including Section 102 of the Ordinance and the rules, the guidelines of the Tax Authority, and subject to receiving the prior approval of the Tax Authority (insofar as required), to exercise all the powers and authorities pursuant to the plan and/or pursuant to the law (subject to receiving the Board's approval, if such approval is required by law), whether these authorities and powers are explicitly granted to him under the plan or whether these authorities and powers are required or expedient for the purpose of administering the plan, including:

2.14.1.1. To determine who shall be the offerees pursuant to the plan;

2.14.1.2. To prescribe the terms of the allocation agreements, including the quantity of options granted to each offeree, vesting dates, vesting

conditions, exercise conditions, manner of exercising the options, the vesting and lock-up periods, the exercise price;

- 2.14.1.3. The date and/or dates on which the options shall be granted to the offeree;
- 2.14.1.4. Whether, to what extent and under what circumstances shall it be possible to redeem, cancel, seize, exchange, suspend, return to the Bank or waive the options;
- 2.14.1.5. To establish restrictions with respect to the transferability of options and/or the exercised shares;
- 2.14.1.6. To determine the market value of the shares;
- 2.14.1.7. To appoint a trustee and to choose the taxation track of an allocation under a track with a trustee;
- 2.14.1.8. To determine the type of allocation granted;
- 2.14.1.9. To modify restrictions and conditions that apply to the options, including the exercised shares;
- 2.14.1.10. To interpret the terms of the plan and to oversee the administration of the plan;
- 2.14.1.11. To fully or partially accelerate the vesting dates of options granted to the offeree;
- 2.14.1.12. To suspend, terminate or cancel all or part of the plan, to amend or modify the plan and its provisions;
- 2.14.1.13. To determine the manner in which the options are to be exercised (such as Net Exercise / Cashless);
- 2.14.1.14. To establish adjustment mechanisms in regard to the terms of the options, subject to the provisions of the law, the guidelines of the Tax Authority and receiving the requisite approvals from the Tax Authority (insofar as required);
- 2.14.1.15. To establish, amend, modify, adjust, supplement and cancel provisions and terms of the plan and/or of a particular allocation agreement, including in accordance with the guidelines of the Tax Authority (insofar as there are relevant guidelines);
- 2.14.1.16. To decide whether the termination of the engagement was due to "cause", as stated in Section 2.11.2 above;

- 2.14.1.17. To approve adjustments to the terms of the options for which the manner of execution is not explicitly prescribed pursuant to the provisions of the plan;
- 2.14.1.18. To stipulate the granting of the options on a power of attorney being given by an offeree in relation to exercising the voting rights of the shares to be granted under the plan and/or of the exercised shares, including after the end of the lock-up period;
- 2.14.1.19. To decide whether the exercised shares are to be allocated from the Bank's dormant shares, including those that the Bank intends to purchase for this purpose, subject to the guidelines of the Tax Authority;
- 2.14.1.20. To decide and determine any other matter necessary for the administration of the plan.
- 2.14.2. The plan administrator's interpretation with respect to any section in the plan or in the allocation agreement shall be final and conclusive.
- 2.14.3. The Bank does not warrant that the plan shall be recognized by the tax authorities as such that confers on the offeree the benefits set forth in Section 102. If the provisions of Section 102 and the rules apply, the plan and the allocation agreement shall be subject to the terms of Section 102, to the rules and to the approval of the assessing officer, insofar as given and required. The terms of Section 102 or the approval of the assessing officer, as stated, which are not detailed explicitly in the plan or in the allocation agreement, shall be deemed to apply to and to be binding upon the Bank and the offeree.

### 3. **Price of the Bank's share on the stock exchange and the fair value of the options**

- 3.1. As stated above, the options shall not be listed for trade. The closing rate of the Bank's share on the stock exchange on March 24, 2025, the trading day preceding the date of approval of the allocation of the options by the Board of Directors, stood at NIS 186, and the ratio between the exercise price and said rate stands at about 102.4%. The closing rate of the Bank's share on the stock exchange on March 31, 2025, the trading day preceding the date of publication of this report, stood at NIS 187.2, and the ratio between the exercise price and said rate stands at about 101.8%.
- 3.2. In accordance with the calculation performed by an external consultant of the Bank, as of the date of approval of the allocation by the Board of Directors (on March 25, 2025), the fair value of the 41,220 options to be granted to offerees excluding the CEO stood at about NIS 1,765 thousand, and the fair value of the 3,503 options to be granted to the CEO stood at NIS 150 thousand, and the value of each option is about NIS 42.82, according to the binomial option pricing model and based on the principal assumptions outlined below:
  - 3.2.1. Exercise price – NIS 190.5. For further details see Section 2.7 above.

- 3.2.2. Vesting period – in accordance with the terms of the options, as described in Section 2.4 above.
- 3.2.3. Life span of the options – it was assumed that the offeree would not exercise the options until the end of the exercise period.
- 3.2.4. Performance conditions – compliance with the performance conditions in accordance with Section 2.4.2. above was assumed.
- 3.2.5. Share price – the closing rate of the Bank's share on the stock exchange on the trading day preceding the date of approval of the allocation by the Board of Directors stood at NIS 186.
- 3.2.6. Ceiling rate cap – the ceiling rate for exercising the options stands at NIS 372, as stated in Section 2.8 above.
- 3.2.7. Volatility (standard deviation) – estimated based on the historic volatility of the Bank's share over a period corresponding to the life span of the options. Accordingly, volatility of about 23.7.% was assumed.
- 3.2.8. Risk-free interest – estimated based on the yield to maturity of government bonds with a duration similar to the life span of the options. The risk-free interest rate used is 4.16%.
- 3.2.9. Dividend yield – the dividend yield assumed under the model is 0%, since the exercise price is adjusted in the case of a dividend distribution.

#### 4. **Summary of the terms of remuneration of the CEO**

For details regarding the summary of the terms of remuneration of the CEO, see what is stated in Part 'C' of the summons report and in the terms approved at the Bank's general meeting on January 3, 2024, as well as the Bank's immediate report of November 29, 2023 (reference no.: 2023-01-107971), which is included here by way of reference.

#### 5. **The Bank's share capital**

- 5.1. As of the date of this report, the registered share capital of the Bank consists of 350,000,000 ordinary shares. The issued and paid-up capital of the Bank, prior to the allocation of the options (and the exercised shares), is 100,330,040 ordinary shares. After the private allocation of the options is carried out pursuant to this report, the quantity of the Company's ordinary shares in the issued and paid-up capital, assuming full dilution (i.e., assuming the exercise of all the options offered pursuant to this report) shall amount to 100,374,763 ordinary shares.

- 5.2. To the best of the Bank's knowledge, as of this date, the following are the total holdings in the issued and paid-up capital and voting rights at the Bank of the offerees, interested parties at the Bank and of the rest of the shareholders prior and subsequent to the allocation (according to holdings of interested parties known to the Bank as at December 31, 2024, including the updates published by the Bank on 20.1.2025 and 9.2.2025):

Name	Prior to the allocation			Subsequent to the allocation			Subsequent to the allocation, fully diluted (assuming the exercise of all the offered options)	
	Quantity of ordinary shares of NIS 0.05 par value each	Capital holding rate	Voting holding rate	Quantity of shares	Capital voting rate	Voting holding rate	Capital holding rate	Voting holding rate
FIBI Holdings Ltd.	48,494,714	48.34%	48.34%	48,494,714	48.34%	48.34%	48.31%	48.31%
Y.D. More Investments (Mutual Funds)	3,875,065	3.86%	3.86%	3,875,065	3.86%	3.86%	3.86%	3.86%
More Provident Funds and Pension Ltd.	1,142,978	1.14%	1.14%	1,142,978	1.14%	1.14%	1.14%	1.14%
Ron Levkovich	23,000	0.02%	0.02%	23,000	0.02%	0.02%	0.02%	0.02%
Eli Cohen	-	0.00%	0.00%	-	0.00%	0.00%	0.003%	0.003%
Rest of the shareholders in the Company (including offerees excluding the CEO)	46,794,283	46.64%	46.64%	46,794,283	46.64%	46.64%	46.66%	46.66%

**6. The consideration for the offered options and the method by which it was determined**

As stated in Section 1 above, the options shall be allocated to the offerees without consideration, pursuant to the terms approved by the general meeting, further to the resolution to convert part of the annual bonus to which they are entitled for 2024 and in accordance with the fair value that was determined as stated in Sections 1.2 and 3.2 above. For details regarding the exercise price, see Section 2.7 above.

**7. Name of each substantial shareholder or officer at the Bank who, to the best of the Bank's knowledge, has a personal interest in the consideration and the nature of his personal interest**

To the best of the Bank's knowledge, save the personal interest of the offerees in the granting of the options offered to them, without consideration, no substantial shareholder or other officer at the Bank has a personal interest in the consideration.

8. **The requisite approvals and the conditions set for carrying out the allocation**

The approvals required for converting part of the CEO's annual bonus into the offered options are approval from the Remuneration Committee, approval from the Bank's Board of Directors and approval from the general meeting, which were received by March 4, 2025, as well as approvals from the Remuneration Committee and the Board of Directors for the allocation itself in relation to the CEO and other offerees, which were received on March 25, 2025. Moreover, approval from the stock exchange is required for listing the exercised shares resulting from the exercise of the options that are the object of this report, and the Bank shall apply to the stock exchange in order to receive such approval shortly after the publication of this report.

9. **Agreements pertaining to the purchase or sale of the Bank's securities or pertaining to the voting rights thereat**

To the best of the Bank's knowledge, there are no agreements, either written or verbal, between the offerees and another holder of the Bank's shares or among all or some of the offerees themselves, or between them and others, pertaining to the purchase or sale of the Bank's securities or pertaining to the voting rights thereat.

10. **Preclusion and/or restrictions on carrying out actions involving the offered shares**

- 10.1. The shares resulting from the exercise of the options shall be governed by the restrictions on sale in the course of trading on the stock exchange, by virtue of the provisions of the Securities Law and the Securities Regulations (Details Regarding Sections 15A to 15C of the Law), 5760-2000, as such shall be from time to time.
- 10.2. In the course of the lock-up period, and subject to the terms of Section 102 and the rules, the offeree is not allowed to exercise, sell, transfer from the trustee or perform any action in relation to the options or the exercised shares, until the end of the lock-up period (unless appropriate approval has been received from the tax authorities, including approval for the continued application of the provisions under Section 102 of the Ordinance).
- 10.3. If the offeree instructs to sell or transfer from the trustee the options and/or the exercised shares, as stated, prior to the end of the lock-up period (hereafter – "**violation**"), the offeree shall pay all the taxes required to be paid due to the violation pursuant to Section 7 of the rules, until all the taxes are paid pursuant to Section 7 of the rules, and to the extent that the trustee has an obligation to withhold tax at source, the trustee shall be allowed to perform any action to this end, including selling the shares and withholding at source from the consideration received for them.
- 10.4. The trustee shall not carry out any transaction or action in relation to the options and the exercised shares, nor shall he voluntarily transfer them, assign them, withdraw them, seize them or pledge them and he shall not give a power of attorney or transfer deed on their account, whether effective immediately or at a future date, save a transfer by virtue of a will or by law, except following payment of the applicable tax due to the allocation of the same or after the trustee has secured such tax payment. Where the options and/or



exercised shares have been so transferred by virtue of a will or by law, the provisions of Section 102 and the rules shall apply to the heirs or transferees of the offeree.

- 10.5. In the event of a distribution of rights in respect of exercised shares, including bonus shares (as well as rights if and to the extent such are distributed by virtue of the options) (hereafter – "**the additional rights**") – the additional rights shall be allocated to the offeree through the trustee and they shall be governed by the provisions of the plan and the terms of the tax track of the rights in respect of which the additional rights were allocated.
- 10.6. Upon the exercise of the options, the exercised shares shall be equal in their rights to the Bank's shares for all intents and purposes, and the rights attached to them shall include a right to dividends, benefits or other rights, with the date of record of the right to receive the same falling on or after the day they are granted to the offeree through a trustee (hereafter in this section – "**the rights**"). The options shall not entitle the offeree and/or the trustee to such rights that are attached to the Bank's shares or to any other right not explicitly prescribed in the plan or in the allocation agreement.
- 10.7. In any case where the offeree is entitled to receive the rights, and on the date of record for distributing the rights the exercised shares were held by the trustee in accordance with the provisions of the plan, the rights shall be transferred to the trustee and held by the trustee until the end of the lock-up period (and the additional lock-up periods, if prescribed), and the terms of the tax track shall apply to these additional rights and all as set forth in the allocation agreement.

#### 11. **Allocation date of the securities**

The offered options shall be allocated to the offerees shortly after receiving approval from the stock exchange for listing for trade, as stated in Section 8 above.

**Respectfully,**

**Adv. Aviad Biller, Bank Secretary**