

January 24, 2023

THE FIRST INTERNATIONAL BANK OF ISRAEL LTD.
("THE BANK" OR "THE COMPANY")

**NOTICE OF SUMMONING A SPECIAL GENERAL MEETING
OF SHAREHOLDERS**

In accordance with the Companies Law, 5759-1999 (hereinafter: "**the Companies Law**"), the Securities Law, 5728-1968 (hereinafter: "**the Securities Law**"), the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (hereinafter: "**the Reporting Regulations**"), the Companies Regulations (Notice and Announcement of a General Meeting and a Class Meeting at a Public Company and Adding an Item to the Agenda), 5760-2000 (hereinafter: "**the Notice Regulations**") and the Companies Regulations (Voting in Writing and Position Statements), 5766-2005 (hereinafter: "**the Voting Regulations**"), the Bank hereby announces the convening of a special general meeting of the Bank's shareholders, to be convened on Wednesday, March 1, 2023, at 14:00 at the Bank's offices at 42 Rothschild Blvd., Tel Aviv (14th floor, conference room) (hereinafter: "**the meeting**").

1. **The item and resolutions on the agenda**

To approve the remuneration policy for the Bank's officers, which is attached as **Appendix 'B'** to this report, in accordance with Section 267A of the Companies Law.

For further details, see Part 'B' to this report below.

2. **The required majority**

The majority required for approval of the resolution in Section 1 on the agenda is a simple majority of all the shareholders present at the meeting, either in person or by proxy, or who sent the Bank a voting paper indicating the manner of their vote, who are entitled to vote, and did vote, at the meeting, without taking abstaining votes into account, provided that one of the following holds true:

- (1) The count of the majority votes shall include the majority of all the votes of shareholders, participating in the vote, who are not the holders of controlling interest in the Bank and do not have a personal interest in the approval of the resolution. Abstaining votes shall not be taken into account when counting all the votes of said shareholders.

- (2) The total dissenting votes among the shareholders set forth in sub-paragraph (1) above did not exceed the rate of two percent of the total voting rights at the Bank.

It should be noted that the Bank's Board of Directors may approve the resolution even if the general meeting opposes its approval, insofar as the Remuneration Committee and thereafter the Board of Directors decide, based on detailed reasons and after revisiting the remuneration policy, that the approval of the remuneration policy, notwithstanding the opposition of the general meeting, is in the best interest of the Bank.

The Bank is not a public second tier subsidiary company.

3. **The date of record**

The date of record for the purpose of a Bank shareholder's eligibility to participate and vote at the general meeting and at any adjourned meeting, as set forth in Section 182(b) of the Companies Law and in Regulation 3 of the Voting Regulations, is the end of the trading day at the Tel Aviv Stock Exchange Ltd. that falls on Monday, January 30, 2023 ("**the date of record**"). If no trading is held on the date of record, then the date of record will be the last trading day preceding this date.

4. **The voting method**

- 4.1. The Bank's shareholders on the date of record are entitled to vote on the item on the agenda as detailed in Section 1 above, either in person or by proxy or by means of a voting ballot (as detailed in Section 5 below). A letter of appointment of a voting proxy or a power of attorney must be deposited at the Bank's offices at 42 Rothschild Blvd. Tel Aviv, at least 48 hours prior to the date of record for the meeting or the adjourned meeting, as applicable. A shareholder who is not registered in the register of shareholders and whose shares are listed with a stock exchange member (hereinafter: "**an unregistered shareholder**") is entitled to vote also via the electronic voting system as detailed in Section 6 below.
- 4.2. In accordance with the Companies Regulations (Proof of Ownership of a Share for the Purpose of Voting at a General Meeting), 5760-2000 (hereinafter: "**Proof of Ownership Regulations**"), an unregistered shareholder who wishes to vote at the general meeting shall furnish to the Bank a certificate from the stock exchange member with whom his right to the share is listed, with regard to his ownership of the share on the date of record, as required pursuant to the Proof of Ownership Regulations (hereinafter: "**certificate of ownership**"). Under the foregoing regulations, an approved electronic message pursuant to Section 44K5 of the Securities Law concerning the electronic voting system's user data –

has the same legal standing as a certificate of ownership with respect to each shareholder included therein.

5. **Voting by voting ballots and position papers**

- 5.1. In accordance with the Voting Regulations, the Bank's shareholders may vote with regard to the item on the agenda as detailed in Section 1 above by means of voting ballots. The text of the voting ballot and position statements (if any) pertaining to said resolution may be found on the distribution website of the Israel Securities Authority at: www.magna.isa.gov.il ("**the distribution website**") and on the website of the Tel Aviv Stock Exchange Ltd. at www.tase.co.il ("**the stock exchange website**"). The shareholders shall be entitled to contact the Bank directly and receive from it the text of the voting ballot and the position statements (if any).
- 5.2. The stock exchange member shall send by e-mail, free of charge, a link to the text of the voting ballot and the position statements (if any), on the distribution website, to each unregistered shareholder, unless said shareholder has notified that he does not want such link to be sent, provided that the notice is given with respect to a particular securities account and on a date preceding the date of record. Said notice with regard to voting ballots shall also apply with regard to receiving position statements (if any). The vote shall be cast on Part II of the voting ballot, as posted on the distribution website.
- 5.3. An unregistered shareholder is entitled to receive the certificate of ownership from the stock exchange member through which he holds his shares, at the branch of the stock exchange member or by mail to his address in consideration of postage fees only, if he so requested and a request for this purpose is to be given in advance with respect to a particular securities account.
- 5.4. A shareholder participating in a vote with regard to the resolution on the agenda as detailed in Section 1 above, shall notify the Bank prior to his vote, and if the vote is by means of a voting ballot – shall mark in Part II of the voting ballot in the designated place, whether or not he is deemed a holder of controlling interest, an interested party, a person having a personal interest in the adoption of the resolution, a senior officer or an institutional investor, with a description of the relevant connection. If a shareholder fails to give notice or no mark is made, as stated, his vote shall not be taken into account in the votes.
- 5.5. In accordance with Regulation 36D(d) of the Reporting Regulations, the Voting Regulations and the directive of the Israel Securities Authority of November 30, 2011 on the topic of disclosure regarding the manner of

voting of interested parties, senior officers and institutional bodies at meetings (hereinafter – "**the directive**"), an interested party, senior officer and institutional investor (hereinafter – "**the voters**"), as defined in the directive, voting at a meeting on the resolution in Section 1 of the agenda as detailed above, shall furnish to the Bank within the framework of their vote the details required in accordance with Regulation 36D(d) of the Reporting Regulations and Section 2(b) of the directive and if they voted by means of an agent, the voter or the agent shall also furnish the details with regard to the agent. In addition, details are to be given regarding any relationship (excluding a negligible relationship) between the voter or the agent (who does not have a personal interest) and the Bank or any of its holders of controlling interest, including employer-employee relationships, business relationships, etc. and/or a senior officer at the Bank and details of their nature.

- 5.6. A voting ballot of an unregistered shareholder is to be delivered to the Bank together with the certificate of ownership, so that the voting ballot reaches the Bank's offices **no later than four (4) hours prior to the time the meeting is to be convened.**
- 5.7. A shareholder who is registered in the register of shareholders shall deliver the voting ballot to the Bank, together with a photocopy of an identity card or a photocopy of his passport or a photocopy of a certificate of incorporation, so that the voting ballot reaches the registered office of the Company **no later than six (6) hours prior to the time the meeting is to be convened.**
- 5.8. A shareholder may contact the registered office of the Bank and after having proved his identity, withdraw his voting ballot and certificate of ownership **up to 24 hours prior to the time the meeting is to be convened.**
- 5.9. The deadline for furnishing position statements to the Bank is **up to ten (10) days prior to the date the meeting is to be convened.**
- 5.10. The deadline for furnishing a position statement on the Bank's behalf that includes the response of the Bank's Board of Directors to position statements on behalf of the shareholders is **no later than five (5) days prior to the date the meeting is to be convened.**

6. **Voting via an electronic voting ballot**

- 6.1. As stated above, an unregistered shareholder may vote in regard to the resolution on the agenda as detailed above by means of a voting ballot transmitted through the electronic voting system as defined in the Voting Regulations (hereinafter - "**the electronic voting ballot**").

- 6.2. The electronic voting ballot is opened for voting at the end of the date of record. Voting via the electronic voting system **shall end six (6) hours prior to the time of the meeting**, when the electronic voting system shall be closed.
- 6.3. The electronic vote can be changed or cancelled until the time the electronic voting system is locked and it cannot be changed via the electronic voting system after this time. Where a shareholder has voted using more than one method, his later vote shall be counted. For this purpose, a vote of a shareholder, in person or by proxy, shall be deemed later to a vote via the electronic voting ballot.

7. **Lawful quorum and adjourned meeting**

- 7.1. A lawful quorum for a shareholders' meeting is one or more shareholders present, either in person or by proxy (including by means of a voting ballot), who hold or represent more than 25% of the voting power at the Bank.
- 7.2. If a lawful quorum is not present at the meeting at the end of half an hour from the time set for the meeting, the meeting shall be adjourned automatically by one week, to the same time and to the same place, without there being an obligation to give notice to this effect to the shareholders, or to such other day, time and place as shall be determined by the board of directors. At the adjourned meeting, matters for which the meeting was called shall be discussed and the shareholders who are present, either in person or by proxy, shall constitute a lawful quorum.

8. **Holders of controlling interest at the Bank**

- 8.1. To date, to the best of the Bank's knowledge, FIBI Holdings Ltd. (hereinafter – "**FIBI**") holds 48.34 of the capital and voting rights at the Bank. FIBI is a public company, whose shares are traded on the Tel Aviv Stock Exchange Ltd.
- 8.2. To date, to the best of the Bank's knowledge, Binohon Ltd. (hereinafter – "**Binohon**") holds approximately 28.54 of the capital and voting rights at FIBI. Binohon is a company held in equal parts (25 each) by Mr. Zadik Bino (serving as a director at the Bank), Mr. Gil Bino (serving both as the chairman of FIBI's Board of Directors and as a director at the Bank), Ms. Hadar Bino Shmueli and Ms. Dafna Bino Or (serving as a director at FIBI). All FIBI shares owned by Binohon (constituting control core shares according to a permit from the Bank of Israel) are held in trust by Guy Trust and Management Company Ltd.

- 8.3. As at the date of this report, to the best of the Bank's knowledge, Instanz No. 2 Ltd. (hereinafter – "**Instanz**") holds approximately 11.68 of the capital and voting rights at FIBI and Dolphin Energy Ltd. (hereinafter – "**Dolphin**") holds approximately 11.68 of the capital and voting rights at FIBI.
- 8.4. Instanz is a company wholly owned by Sing Acquisitions Pte. Ltd., a corporation that was incorporated in Singapore, controlled (through Australian entities) by Mr. and Mrs. Michael and Helen Abeles. All FIBI shares owned by Instanz (constituting control core shares according to a permit from the Bank of Israel) are held in trust by Guy Trust and Management Company Ltd.
- 8.5. Dolphin is a company controlled (through a chain of Australian entities) by Ms. Lee Lieberman, Mr. Joshua Lieberman, Ms. Casey Lieberman Harris and Ms. Berry Lieberman. All FIBI shares owned by Dolphin (constituting control core shares according to a permit from the Bank of Israel) are held in trust by Guy Trust and Management Company Ltd.
- 8.6. To the best of the Bank's knowledge, there is a voting and collaboration agreement between Binohon, Instanz, Instanz Holdings Ltd. (which previously held FIBI shares that are currently held by Instanz) and Dolphin with regard to their holdings in FIBI and indirectly in the Bank.
9. **Changes in the agenda and the deadline for furnishing a shareholder's request to include an item on the agenda**
- 9.1. Subsequent to the publication of this summons report, changes may occur in the agenda of the general meeting, including the addition of an item to the agenda, and position statements may be published. It shall be possible to inspect the updated agenda and position statements, if published, on the distribution website and on the TASE website.
- 9.2. A shareholder's request pursuant to Section 66(b) of the Companies Law to include an item on the meeting's agenda is to be furnished to the Bank at the time designated for this purpose in the Notice Regulations, up to seven days after the meeting is summoned. Where such request has been submitted, the item may be added to the agenda and the details of the same shall appear on the distribution website. In such case, the Company shall publish an amended summons and this no later than seven days subsequent to the deadline for furnishing a shareholder's request to include an item on the agenda, as stated.
10. **Inspection of documents and details of the bank representatives**

The text of proposed resolution and the immediate report on convening the meeting and the appendices to such report can be inspected at the Bank's offices at 42 Rothschild Blvd., Tel Aviv on Sundays – Thursdays up to the scheduled time of the meeting, during customary business hours, by prior arrangement with the Bank's secretary, Adv. Aviad Biller (Tel: 03-5196223), as well as on the distribution website of the Israel Securities Authority at: www.magna.isa.gov.il, on the website of the Tel Aviv Stock Exchange Ltd. at: www.tase.co.il and on the Bank's website at: www.fbi.co.il.

**PART B – ADDITIONAL DETAILS IN CONNECTION WITH APPROVING
THE REMUNERATION POLICY FOR THE BANK'S OFFICERS**

11. **Background**

- 11.1. On December 12, 2012, Amendment Number 20 to the Companies Law entered into force. The amendment concerns the regulation of the remuneration structure for officers in public companies and in debenture companies and establishes a special procedure for its approval. On November 19, 2013, PCBB Directive 301A "Remuneration Policy in a Banking Corporation" was published (hereinafter – "**Directive 301A**" and/or "**the Supervisor's directive**"), which includes additional provisions, *inter alia*, in relation to the remuneration of officers in banking corporations, as amended from time to time. On April 12, 2016, the Remuneration of Officers in Financial Corporations (Special Approval and Disallowance of an Expense for Tax Purposes due to Exceptional Remuneration) Law, 5776-2016 (hereinafter – "**the Remuneration Law**") was published. The Bank's remuneration policy is subject, *inter alia*, to the provisions of the Companies Law, Directive 301A, as amended from time to time, and the Remuneration Law.
- 11.2. The remuneration policy that is brought for the approval of this meeting shall replace the Bank's previous officer remuneration policy, which was approved at the Bank's general meeting on February 26, 2020 (hereinafter – "**the existing remuneration policy**") and shall remain in effect for a period of three years from the date of approval of the general meeting¹. This remuneration policy is part of a comprehensive remuneration policy containing additional parts pertaining to employees who are not officers, in accordance with the Supervisor's directive.
- 11.3. The remuneration policy and its various components were discussed at several meetings of the Remuneration Committee and the Board of Directors, which also discussed the recommendations of the Remuneration Committee. The Remuneration Committee and the Board of Directors were assisted by external consultants within the framework of formulating the policy.

Within the framework of such meetings, *inter alia*, the following data and information were reviewed and examined, including: The relevant provisions from the Companies Law; the relevant provisions from Directive 301A; provisions of the Remuneration Law; the terms of service and employment of the officers at the Bank; the Bank's

¹ For further details regarding the existing remuneration policy, see the Bank's immediate report of January 21, 2020 (reference no.: 2020-01-008841).

existing remuneration policy and bonus plan and the extent of their effectiveness; comparative data relevant to the banking system; the necessary data with respect to the terms of employment of employees at the Bank in accordance with the Companies Law and the data mentioned in Section 2(b) of the Remuneration Law.

- 11.4. On January 24, 2023, following discussions of the Remuneration Committee of December 13, 2022 and January 17, 2023, the Bank's Board of Directors approved the remuneration policy for the Bank's officers as set forth in **Appendix 'B'**, which is attached to this report (hereinafter – "**the proposed remuneration policy**"). The changes in the proposed remuneration policy compared with the existing remuneration policy are underlined.
- 11.5. The Remuneration Committee members who participated in the Committee's hearing of January 17, 2023 within the framework of which its final recommendation to the Board of Directors regarding the remuneration policy was approved, are: Ronen Harel (Chairman, outside director pursuant to the Companies Law), Pnina Bitterman-Cohen (outside director pursuant to the Companies Law) and Ilan Ayash (outside director pursuant to the proper conduct of banking business procedure).

The Board members who participated in the meeting of January 24, 2023, at which the remuneration policy was approved, are: Ron Levkovitz (Chairman), Zadik Bino, Gil Bino, Jacob Sitt, Zvi Abba Levron, Pnina Bitterman-Cohen (outside director pursuant to the Companies Law), Ronen Harel (outside director pursuant to the Companies Law), Ilan Ayash (outside director pursuant to the proper conduct of banking business procedure), Orna Dov (outside director pursuant to the proper conduct of banking business procedure) and Hanoch Dov Goldfriend (outside director pursuant to the proper conduct of banking business procedure).

- 11.6. The names of the directors having a personal interest and the nature of their personal interest: All the Board members may have a personal interest arising from the fact that the remuneration policy prescribes provisions pertaining to the terms of service and employment of directors at the Bank and including the Chairman of the Board of Directors, where with respect to the Chairman of the Board of Directors, specific provisions were prescribed in the remuneration policy.

12. **The key changes between the existing remuneration policy and the proposed remuneration policy**

- 12.1. Monthly wage – To increase the total monthly salary cap for officers, excluding the directors and the CEO, to a sum of NIS 130,000, linked to the increase in the index known on the date of approval of the remuneration policy.
 - 12.2. Annual bonus –
 - 12.2.1. Setting the discretionary qualitative component budget, as detailed in Section 5.2 of the proposed remuneration policy, at 2.25 monthly salaries on average for a board member (in lieu of 2 monthly salaries), this without changing the overall annual bonus cap.
 - 12.2.2. Elimination of the adjustment component for the annual bonus that includes a supplement or deduction of 20% in accordance with the actual rate of return on equity ratio relative to the rate of return on equity in the work plan and in accordance with the actual common equity tier 1 ratio relative to the required regulatory ratio.
 - 12.3. Special bonus – Increasing the special bonus budget for officers for exceptional performance and/or special contribution to NIS 1.3 million (in lieu of one million NIS).
 - 12.4. Total remuneration cap for a member of management – Updating the total annual remuneration cap per officer to 78% of the highest cap permitted pursuant to the Remuneration Law (in lieu of a sum of 72%).
 - 12.5. Annual bonus cap for the CEO – Raising the annual bonus cap for the CEO from two monthly salaries to three monthly salaries insofar as the cap pursuant to the Remuneration Law allows to do so.
 - 12.6. Definition of an immaterial change – A clarification that the annual cost for the Bank, as detailed in Section 11.2 of the proposed remuneration policy, with regard to examining whether a change in the terms of service and employment is an immaterial change, does not include cost in respect of updating existing provisions resulting from the change in the terms of employment (such as a provision for severance pay or an adaptation grant in the case of a change in the monthly salary).
13. **Manner of implementation of the existing remuneration policy in relation to the Chairman of the Board of Directors and the CEO**

13.1. The fixed remuneration for the Chairman of the Board of Directors is lower than the maximum cap in the remuneration policy.

13.2. The fixed remuneration for the CEO is set at the maximum allowable cap in accordance with the Remuneration Law. The CEO was not paid an annual bonus during the period of the existing remuneration policy.

14. **Addressing discrepancies between the proposed remuneration policy and the existing terms of service and employment**

The terms of service and employment of the Bank's officers are in accordance with the proposed remuneration policy.

15. **Reasons of the Remuneration Committee and the Board of Directors for approving the proposed remuneration policy**

15.1. The remuneration policy is consistent with the Supervisor's directive and includes provisions with regard to adjusting the scope of the remuneration given to the Bank's officers to the provisions of the Remuneration Law.

15.2. The remuneration policy is designed to maintain the proper balance between the overall organizational strategy of the Bank, its goals and its work plan, as prescribed from time to time, in accordance with its risk appetite and risk management framework, and the creation of a system of suitable incentives for the recruitment and long-term retention of high quality management personnel in senior management positions, as required by the Bank for its continued business development and success.

15.3. **With regard to the fixed remuneration component:**

15.3.1. Based on the view that it is appropriate to limit the scope of the fixed component as well, the remuneration policy prescribes wage caps for the Bank's officers.

15.3.2. The fixed remuneration, including its various components, promotes the maintenance of stability and continuity at the Bank's management level and thereby assists in ensuring the existence of a professional, quality and effective management.

15.3.3. When setting the fixed remuneration for each one of the officers, the officer's education, qualifications, expertise, professional experience and achievements shall also be

taken into account, as well as his position, areas of responsibility and previous wage agreements signed with him.

15.4. With regard to the annual bonus component:

- 15.4.1. The variable component is based on the return on equity, efficiency ratio and capital adequacy ratio, and gives weight to the Bank's annual work plan goals, which are determined each year by the Board of Directors, *inter alia*, in accordance with the Bank's current risk appetite. The combination in the remuneration policy, between the return on equity, efficiency ratio and capital adequacy ratio, produces remuneration that results in the advancement of the Bank's goals, with the intention of creating suitable incentives for the officers on the one hand while preserving the Bank's risk management policy on the other hand.
- 15.4.2. The variable remuneration deferral and spreading mechanism, as prescribed in the remuneration policy, is consistent with the Supervisor's directive.
- 15.4.3. Within the framework of determining the scope of the annual bonus to an officer, emphasis is also placed on the contribution of each one of the officers to achieving the Bank's goals within his area of responsibility in the context of distributing the measurable component and in the context of the discretionary bonus component.
- 15.4.4. The remuneration policy contains bonus caps for the Bank's officers in monetary terms or in terms of the number of salaries.
- 15.4.5. The ratio between the fixed component and the variable component in the terms of employment of the officers, as reflected in the caps set for the various remuneration components, is proportionate and balanced.
- 15.4.6. In all matters pertaining to the remuneration of officers engaged in risk management, control and auditing, the remuneration policy prescribes unique provisions that take into account the importance and sensitivity of the

duties imposed on these functions. Within the framework of approving the remuneration policy, consideration was given that, similar to the other officers at the Bank and in accordance with the caps prescribed in the remuneration policy, the ratio between the fixed remuneration and the variable remuneration of these officers clearly favors the fixed remuneration.

15.4.7. The remuneration policy also includes an option of awarding special bonuses for a special contribution while setting a budget for these bonuses.

15.5. With regard to remuneration in respect of termination of employment:

15.5.1. The remuneration policy also prescribes caps for remuneration in respect of termination of employment.

15.5.2. In accordance with the Supervisor's directive, a mechanism for spreading and deferring remuneration in respect of termination of employment was prescribed, which constitutes variable remuneration.

15.6. The remuneration policy also refers to the terms of service and employment of the Chairman of the Board of Directors and the CEO, in such manner that is consistent with the requirements of the Remuneration Law and the Supervisor's directive.

15.7. The process of preparing the remuneration policy included examining and addressing the ratio between the remuneration paid to the Bank's officers and the remuneration paid to the Bank's employees (including contractor employees) and the examination and discussion of the topic is reflected in the remuneration policy.

15.8. The remuneration policy includes an option of reducing the bonuses at the discretion of the Board of Directors.

15.9. The remuneration policy also includes provisions with regard to clawback of variable remuneration paid to an officer and this in accordance with the Supervisor's directive.

15.10. The terms of the remuneration policy are reasonable and acceptable in the particular circumstances and given the

responsibility imposed on the officers at the Bank and the scope of the Bank's activities.

- 15.11. Within the framework of approving the remuneration policy, consideration was given to the option of disallowing an expense for tax purposes due to part of the remuneration that could be approved under the remuneration policy for the Chairman of the Board of Directors and the CEO that would not be recognized as an expense for tax purposes, as set forth in Section 32(17) of the Income Tax Ordinance.
- 15.12. In light of all the aforesaid and in light of the totality of the above data, the remuneration policy is appropriate and reasonable, in the particular circumstances.

Respectfully,

**Adv. Aviad Biller, Bank Secretary
The First International Bank of Israel Ltd.**

Appendices:

Appendix 'A' – Voting Ballot

Appendix 'B' – Remuneration Policy

Appendix 'A'

The First International Bank of Israel Ltd.

("The Bank")

Officer Remuneration Policy

1. Definitions

In this document, the following terms shall be given the following meanings, unless explicitly indicated otherwise:

"The Bank"	-	The First International Bank of Israel Ltd.;
"Board of Directors"	-	The Board of Directors of the Bank;
"PCBBD"	-	Proper Conduct of Banking Business Directive of the Supervisor of Banks;
"Committee" or "Remuneration Committee"	-	The Remuneration Committee of the Bank;
"Supervisor's directive"	-	PCBBD 301A "Remuneration Policy in a Banking Corporation";
"Companies Law"	-	The Companies Law, 5759-1999;
"Securities Law"	-	The Securities Law, 5728-1968;
"Remuneration Law"	-	The Remuneration of Officers in Financial Corporations (Special Approval and Disallowance of an Expense for Tax Purposes due to Exceptional Remuneration) Law, 5776-2016;
"Index"	-	The consumer price index;
"The remuneration policy"	-	A policy concerning the terms of service and employment of officers at the Bank;
"Monthly salary"	-	Except where explicitly indicated otherwise, the monthly salary is the monthly salary for the purpose of social contributions (excluding social contributions on the part of the Bank and other benefits);
"Officer"	-	Director, Chief Business Officer, Deputy CEO, Executive Vice President, any such position holder at the Bank even under a different title, as well as any other manager who reports directly to the CEO and/or a manager defined as an officer for the purpose of the remuneration policy by the Bank's Board of Directors; however, for the purpose of certain sections in this

	policy, the reference is only to some of the officers as designated in said section;
"Bonus year"	- The calendar year for which the annual bonus is calculated;
"Fixed remuneration" or "variable remuneration"	- In accordance with the Supervisor's directive;
"Amendment 20"	- The Companies Law (Amendment No. 20), 5773-2012;
"Terms of service and employment"	- As defined in the Companies Law.

The remuneration policy is worded in the masculine solely for convenience and it applies to men and women alike, without differentiation and without modification.

2. **Background and remuneration policy approval process**

- 2.1. On December 12, 2021, Amendment Number 20, which concerns the regulation of the remuneration structure for officers in public companies and in debenture companies and establishes a special procedure for its approval, entered into force. On November 19, 2013, the Supervisor's directive was published, including additional provisions, *inter alia*, in relation to the remuneration of officers in banking corporations, as amended from time to time. On April 12, 2016, the Remuneration Law was published. The Bank's remuneration policy is subject, *inter alia*, to the provisions of the Companies Law, the Supervisor's directive, as amended from time to time, and the Remuneration Law. The remuneration policy replaces the previous remuneration policy of the Bank, which was approved at the Bank's general meeting on February ~~23, 2017~~6, 2020. This remuneration policy is part of a comprehensive remuneration policy containing additional parts pertaining to employees who are not officers, in accordance with the Supervisor's directive.
- 2.2. The remuneration policy is designed to define, describe and detail the Bank's policy pertaining to the remuneration of the officers of the Bank and including the scope and components thereof. The determination and publication of the Bank's remuneration policy are designed to increase the degree of transparency of the Bank's activity in all matters related to the remuneration of officers towards the shareholders.
- 2.3. Being one of the five largest banks in the banking system, the Bank competes for the recruitment and retention of leading managers and professionals, *inter alia*, vis-à-vis other banks and financial bodies.

The Bank's remuneration policy is designed, *inter alia*, to ensure the Bank's ability to recruit and retain high quality management personnel that it requires for its continued business development and success.

2.4. The remuneration policy and its various components were discussed at several meetings of the Remuneration Committee and after the recommendations of the Remuneration Committee were submitted, also at the meeting of the Board of Directors. The Remuneration Committee and the Board of Directors were assisted by the legal counsel of the law firm Gross, ~~Kleinhendler, Hodak, Halevy, Greenberg, Shenhav~~ & Co. Within the framework of such meetings, *inter alia*, the following data and information were reviewed and examined, including: The relevant provisions from the Companies Law; the relevant provisions from the Supervisor's directive; provisions of the Remuneration Law; the Bank's existing remuneration policy and bonus plan; the terms of service and employment of the officers at the Bank; the terms of employment of employees at the Bank (including the data that needs to be referenced in accordance with the Companies Law and the data mentioned in Section 2(b) of the Remuneration Law); comparative information in relation to remuneration within the banking system.

2.5. The considerations that guided the Remuneration Committee and the Board of Directors in adopting the remuneration policy are, *inter alia*, advancing the Bank's goals, its work plan and the strategy of the Bank from a long-term perspective and in light of its control environment; the Bank's organizational culture; creating suitable incentives for the officers at the Bank, given, *inter alia*, the Bank's risk management policy so that these do not encourage risk-taking beyond the Bank's risk appetite; the size of the Bank and the nature of its activity, bearing in mind the special nature of the banking system and the Bank within such system; creating a proper balance between the various remuneration components; increasing the sense of identification of the officers with the Bank and its activity, increasing their satisfaction and motivation and retention over time of high quality officers at the Bank who have the ability to lead the Bank to business success and to contend with the challenges it faces.

With regard to the terms of service and employment that include variable components – the contribution of the officer to achieving the Bank's goals and maximizing its profits were also considered within the framework of the remuneration policy and all from a long-term perspective and in accordance with the officer's position and all in light of the limitations associated with the Remuneration Law.

Where the Remuneration Committee and the Board of Directors deemed it appropriate within the framework of this policy document, specific reasons and explanation have been provided as well. The considerations set forth in this Section 2.5 were considered in relation to the remuneration policy as a whole, even when this has not been explicitly mentioned in a particular section.

- 2.6. The remuneration policy shall be brought for approval in accordance with Section 267A of the Companies Law.
- 2.7. The principles set forth in this remuneration policy shall apply to the terms of service and employment of the Bank's officers, which are approved as of the date of approval of the remuneration policy by the competent organs of the Bank. The remuneration policy does not prejudice the other contractual engagements and/or rights of the officers in connection with their service and employment at the Bank, which exist on the date of approval of the remuneration policy, as well as the rights accrued and/or to be accrued in respect of periods preceding the date of approval of the remuneration policy or in respect of periods governed by agreements preceding the remuneration policy up to the time they are reconciled with the policy as required by law and/or by the Supervisor's directive.¹

3. **Appointment of officers at the Bank**

- 3.1. The officers currently serving at the Bank are persons whose education, qualifications, professional experience and achievements are consistent with the desired policy at the Bank.
- 3.2. In accordance with the provisions of PCBBD 301, the Bank's Board of Directors established procedures for electing officers, which include criteria that ensure that the candidates for senior positions possess adequate and suitable qualifications for managing the affairs of the banking corporation and including in regard to their qualifications, education, experience, etc.
- 3.3. It is fitting and suitable that criteria such as experience, education, expertise and the like shall serve as a prerequisite to the appointment to serve as an officer at the Bank, as opposed to strict criteria that would determine the scope of the terms of employment to be granted to each officer. Along with the aforesaid, as detailed below, when

¹It is clarified that the provisions of the remuneration policy are not more stringent than the transitional provisions prescribed in relation to the Supervisor's directive nor do they prejudice rights that the transitional provisions are designed to prevent from being prejudiced. In addition, the provisions of the remuneration policy *per se* do not prejudice rights accrued to officers in respect of periods of their employment preceding the effective date of the Remuneration Law in their case.

determining individual terms of service and employment the Remuneration Committee and the Board of Directors shall also consider the qualifications, professional experience and achievements of the candidates for the position or those already serving in said position.

4. **Employment agreement, wage, fringe benefits and termination of employment arrangements**

- 4.1. The terms of service and employment of an officer² at the Bank, as stated in this Section 4, shall be determined by the competent organs at the Bank, *inter alia* in relation to the position to which he is appointed or in which he serves, the authority and the responsibility involved with the position and bearing in mind his education, qualifications, expertise, professional experience, achievements and previous agreements signed with the officer (insofar as signed). The terms of service and employment of the officers at the Bank shall be approved in a manner that is consistent with the provisions of the Remuneration Law.
- 4.2. In general, the employment of new executive vice presidents at the Bank shall be based on a personal employment agreement. It should be noted that currently ~~two~~ one officers ~~are~~ is serving at the Bank (not as a board members), who ~~are~~ is employed under the collective agreement governing managers and authorized signatories at the Bank. The standard terms of employment of ~~these~~ this officers shall continue to be determined in accordance with the provisions of the collective arrangement and the provisions of this Section 4 shall not govern ~~them~~ him.
- 4.3. The principles of the remuneration policy with regard to the material aspects pertaining to the employment period, monthly wage, fringe benefits and retirement arrangements at the Bank shall be detailed below. It should be clarified that these principles do not prevent the competent organs at the Bank from approving additional terms of service and employment that do not deviate from these principles and/or are not material relative to all the terms of service and employment of the officer or to prescribe in the terms of service and employment supplementary provisions that do not deviate from the principles set forth in this remuneration policy.
- 4.4. Duration of the employment period – In light of the organizational culture that has developed at the Bank over the years based on the

²In this Section 4, "officers" – officers except the directors and the CEO.

existing situation at the Bank, the employment agreements with officers have generally been for an indefinite period where each party is allowed to terminate the employment agreement at any time, subject to [the](#) advance notice period prescribed in the agreement.

However, within the framework of entering an employment agreement, the Bank shall be allowed to determine a fixed initial employment period, not to exceed three years (hereinafter – "**the initial employment period**"). During the initial employment period, the Bank shall be allowed to undertake to pay to the same officer amounts in a scope to be determined by the Bank and that shall not exceed the amounts that he would have received had he worked for the entire initial employment period, as well as establishing provisions with regard to reducing the rights of the officer from the Bank where the officer has requested on his own initiative to terminate his employment at the Bank prior to the end of the initial employment period.

4.5. Monthly salary –

4.5.1. The total monthly salary – The ~~starting~~ monthly salary shall not exceed ~~for an officer in the position of a member of the Bank's management shall be up to NIS 75,000 (linked to the increase in the index) or at a rate not exceeding 115% of the monthly salary of the officer preceding him in the position, whichever is higher, but in any case not more than a sum of NIS 110~~130,000 (linked to the increase in the index known on the date of approval of the remuneration policy).

The cap set forth in this Section 4.5.1 shall be reviewed from time to time against the financial system and shall be updated if necessary and at the discretion of the Remuneration Committee and the Board of Directors.

4.5.2. Linkage of the monthly salary – The monthly salary can be linked to the index. In the event of a decline in the index, the monthly salary shall not be changed until an increase in the index, which offsets the decline in the index.

4.6. Severance pay –

4.6.1. In any case of termination of an employer-employee relationship (except in circumstances in which the officer

is denied the right to severance pay, either fully or partially, pursuant to a judgment and/or in additional circumstances to be determined by the Remuneration Committee and the Board of Directors (insofar as determined), the officer shall be entitled to severance pay as detailed below.

4.6.2. The Bank shall strive for the severance payment to new officers at the Bank to be made pursuant to the provisions of Section 14 of the Severance Pay Law, 5723-1963. It should be noted that on the date of approval of the remuneration policy by the Board of Directors, there are a number of officers whose employment agreement does not include the provisions of the Section 14 of the Severance Pay Law, as stated.

4.6.3. Severance pay shall be calculated according to a rate of 100% of the monthly salary for each year, subject to the following:

4.6.3.1. An officer, who was employed under the collective arrangement at the Bank, and switched to being employed under a personal employment agreement, shall be entitled to severance pay according to a rate of 200% of his last salary under the collective arrangement, insofar as this severance pay is higher than what he is entitled to pursuant to the initial clause of Section 4.6.3. above (100% of the monthly salary), in the event that his employment at the Bank is terminated on the Bank's initiative.

4.6.3.2. For the avoidance of doubt, it shall be clarified that Section 4.9.2 below shall not apply to the rate of the foregoing severance pay in respect of the period of the officer's employment under the collective arrangement.

4.7. Advance notice period –

4.7.1. The Bank shall be allowed to prescribe an advance notice period in an employment agreement ranging from 3 months to 6 months on the part of the Bank and on the part of the officer.

- 4.7.2. The default in the employment agreements shall be for the officer to continue to be employed at the Bank during the course of the advance notice period. The Bank shall be allowed to waive the officer's employment at the Bank during the course of the advance notice period and pay the consideration due to him in lieu of the advance notice together with the value of the fringe benefits and this also in the event of termination of employment prior to the end of the advance notice period.
- 4.8. Non-compete bonus - In the course of a period ranging from three months to six months from the date the employment relationship is severed, the Bank shall be allowed to pay, in respect of each month during said period, an amount at the level of the monthly salary together with the value of the fringe benefits of the officer, and this for an undertaking not to compete with the Bank's activity on the part of the officer (beyond the payment in lieu of advance notice as stated in Section 4.7.2 above). No adaptation bonus shall be paid in addition to the bonus for this non-compete undertaking. The aforesaid in this Section 4.8 is subject to the provisions of Section 4.9.2 below.
- 4.9. Retirement bonus –
- 4.9.1. Retirement bonuses shall not be paid beyond what is specified above in Sections 4.6 and 4.8 and as set forth in this policy.
- 4.9.2. To date, in accordance with the Supervisor's directive, remuneration to officers at the Bank in respect of termination of employment beyond what is set forth in the terms of engagement of all the Bank's employees or the part of the non-compete bonus exceeding the value of three (3) monthly salaries, except by virtue of contractual engagements or rights, existing or accrued, as stated in Section 2.7 above (hereinafter – "**variable retirement terms**"), shall take into account the actual performance over time and the cause for termination of the employment and shall be classified accordingly as variable remuneration as detailed below. For this purpose, insofar as changes are made in the Supervisor's directive with regard to what is deemed variable retirement terms, the definition of "variable retirement terms" shall include the aforesaid changes.

Payment of variable retirement terms, as stated, shall be subject to payment deferral arrangements beyond the date of the officer's departure, as well as to the implementation of mechanisms to adjust for performance retrospectively, as detailed below:

4.9.2.1 The officer shall be entitled to variable retirement terms in their entirety except in cases where in the years during which he served as an officer at the Bank there was a material deviation from the total capital adequacy ratio and common equity tier 1 ratio, which were required at the time pursuant to the directives of the Supervisor of Banks, where then the variable retirements terms shall be paid proportionately.³

4.9.2.2. An amount at a rate of 50% (fifty percent) of the variable retirement terms to which the officer shall be entitled shall be deferred and spread equally over each one of the three years subsequent to the date of termination of his employment as stated and shall be linked to the increase in the index⁴ (hereinafter – "**deferred retirement bonus installment**"). Notwithstanding the aforesaid, if in the quarterly or annual financial statements published shortly before the payment of the deferred retirement bonus installment there is a material deviation from the total capital adequacy ratio and core capital, which are required pursuant to the directives of the Supervisor of Banks in effect at that time, then the payment of the deferred retirement bonus shall be deferred by a further 12 months (hereinafter – "**the revised payment date**"). In the event that the material deviation from the total capital adequacy and core capital ratios continues

³In this manner, for instance, if the officer served as an officer at the Bank for 10 years until the date of termination of his employment and during one year in the course of this period there was a material deviation from the aforesaid ratios, then 1/10 of the variable retirement terms shall not be paid to the officer.

⁴The linkage mechanism shall not result in a reduction of the deferred retirement bonus installments.

in the quarterly or annual financial statements published shortly before the revised payment date, the deferred retirement bonus installment shall be cancelled and shall not be paid.

It should be clarified that the rest of the deferred retirement bonus installments, which are due to be paid on dates subsequent to the date when such material deviation existed, shall not be cancelled and they shall be subject to compliance with said term, in the following years.

The arrangements set forth in Sections 4.9.2.1 and 4.9.2.2 above shall not apply in the case of termination of employment due to the death, disability or serious illness of the officer.

4.9.2.3. In addition to the aforesaid, the clawback provisions pursuant to Section 10.2 below shall apply to the variable retirement terms.

4.9.2.4. Notwithstanding the aforesaid, if in the employment termination year, the variable retirement terms, together with the total bonuses pursuant to Section 5 below, did not exceed 40% of the fixed remuneration for an officer, the provisions of this Section 4.9.2 shall not apply.

4.9.3. The provisions of this Section 4.9 do not derogate from the existing or accrued rights as stated in Section 2.7 above.

4.10. Signing bonus – In special cases that warrant doing so (~~for instance, in the case of payment for termination of the employer-employee relationship of the officer elsewhere or a financial loss that he incurred as a result of transferring to the Bank~~), a signing bonus shall be allowed of up to two monthly salaries limited to the first year of employment.

4.11. Additional fringe benefits – The Bank shall grant fringe benefits to the officers in accordance with the law and may also grant additional fringe benefits to the officers, such as placing a car at

their disposal or payment in lieu of placing a car at their disposal; convalescence pay; social contributions to senior employees insurance or a pension fund or a provident fund (including for the severance pay component and loss of working capacity); contributions to an advanced study fund, leave days, sick days; participation in various expenses, such as communication and computing, bearing the cost of insurances, medical examinations, newspapers, etc.

The Bank shall not gross up tax that is imposed on the officer in respect of any of the components of his employment, except the possibility of grossing up tax for the Chairman of the Board of Directors and for the CEO and the possibility of grossing up tax that applies to an officer in respect of a car being placed at his disposal by the Bank.

- 4.12. Benefits granted to the Bank's employees for banking services – The Bank may grant benefits, loans and discounts to the officer in regard to banking operations and services on terms to be determined by the Bank for these matters, from time to time, in relation to all the Bank's employees or to all the senior level employees.

5. **Variable component (annual bonus)**

The Bank may approve, from time to time, a remuneration plan for the payment of annual bonuses to the officer,⁵ in accordance with the principles detailed below.

5.1. Annual bonus (measurable component) –

5.1.1. The Bank may grant an annual bonus to officers based on measurable criteria (hereinafter – "**the measurable component**"), in the total sum of up to 2 monthly salaries, as detailed below.

5.1.2. Prerequisite – The prerequisite for paying officers the measurable component shall be compliance with the capital adequacy ratios required pursuant to the directives of the Supervisor of Bank in the bonus year. The Board of Directors may, after receiving the Remuneration Committee's recommendation, prescribe additional prerequisites for payment of the measurable component.

⁵In this Section 5, "officer" – officers except the directors and the CEO.

- 5.1.3. The actual amount of the measurable component shall be set according to the Bank's compliance with indicators of the rate of return of net profit on equity attributed to the shareholders (hereinafter – "**return on equity**") and the efficiency ratio, according to the consolidated annual financial statements of the Bank.

The relevant goals in each one of the group indicators shall be based on measurable goals set by the Board of Directors, bearing in mind the work plan for the bonus year and/or other measurable goals, including the possibility of setting goals based on a comparison to the performance of the banking system, and they are to be approved by the Remuneration Committee and the Board of Directors at the beginning of each bonus year.

For every indicator, the relative cap of the measurable component attributed to such indicator shall be determined each year by the Remuneration Committee and the Board of Directors.

~~5.1.4. Adjustments shall be made to the measurable component (deductions or additions) in the cumulative scope of 20% in accordance with the manner of compliance with the rate of return on equity and the actual common equity tier 1 ratio in the same year, compared to the goals set for these indicators in the Bank's work plan and/or in the regulation, according to a mix to be determined each year by the Remuneration Committee, however, in any case, the total measurable component shall not exceed 2 monthly salaries as stated in Section 5.1.1 above.~~

~~5.1.5~~ 5.1.4 One third of the measurable component shall be paid to the officer with no further conditions and two thirds of the measurable component shall be multiplied by a score to be awarded to the officer in regard to quantitative and qualitative indicators, most of which consist of measurable criteria that are affected by the activity of said officer or the activity of the unit that he is in charge of, including ~~criteria reflecting proper risk management~~ compliance with the risk management policy or compliance with

decisions and goals set in order to control the risk level, and which are to be approved in advance by the Remuneration Committee upon the recommendation of the CEO (hereinafter – "KPI's").

5.2. Annual bonus (qualitative component) –

5.2.1. In addition to the aforesaid in Section 5.1, the Remuneration Committee and the Board of Directors may approve for any of the officers, in respect of the bonus year, a personal qualitative bonus component, out of a budget in a total amount that shall not exceed two-and-a-quarter average monthly salaries of ~~these~~ the Bank's officers (hereinafter – "**the personal qualitative bonus**").

5.2.2. The personal qualitative bonus shall be awarded at the discretion of the CEO in relation to the achievements of the officer in the bonus year and shall be approved by the Remuneration Committee and the Board of Directors.

5.2.3. Within the framework of the CEO's discretion various considerations shall be taken into account pertaining to the activity of the officer and the Bank and including: Meeting goals of compliance with laws, regulations and regulatory directives; the contribution to the strategic planning of the Bank and implementation, performance and furtherance of strategic plans and goals; leading streamlining plans and meeting goals deriving from such plans; implementation, performance and furtherance of investment plans and/or material acquisitions (including acquisitions that could reduce the current profitability); leading the implementation, execution and performance of projects in connection with protecting the environment and safety; leading projects and processes in the field of ethics and procedures of the Bank; material findings of internal and external audit reports; compliance with the risk management policy and the risk appetite of the Bank, including compliance with resolutions and goals set in order to control the risk level.

5.3. Special bonus –

~~5.3.1~~ The CEO may award from time to time (also in the course of the bonus year and even if the Bank fails to meet all or some of the prerequisites) to officers or to any of them an additional bonus for exceptional performance and/or a special contribution to achieving the Bank's goals, out of a total special budget that shall not exceed a sum of NIS ~~one~~ 1.3 million per year for all the officers subject to Section 5.7 below. Insofar as the special bonus amount for a single officer is not deemed an immaterial change pursuant to Section 11 below, the bonus shall be subject to additional approval by law.

~~5.3.2. The total discretionary bonuses to be granted in respect of a bonus year to a single officer shall not exceed 3 monthly salaries.~~

5.4. Remuneration of officers engaged in risk management, control and auditing – In accordance with the Supervisor's directive, in relation to the Bank's risk management, control and auditing functions (the internal auditor, the chief accountant and the chief risk officer or any other future officer to be defined as such) (hereinafter – "the oversight and control functions") provisions shall be included in the bonus plans that give expression to standards taking into account the importance and sensitivity of the duties imposed on these functions, including as detailed in this Section 5.4 below:

5.4.1. It should be noted that within the framework of approving the remuneration policy, the Remuneration Committee and the Board of Directors gave their opinion that, similar to the other officers at the Bank and in accordance with the caps prescribed in the remuneration policy, the ratio between the fixed remuneration and the variable remuneration of the oversight and control functions is biased more in favor of the fixed remuneration.

5.4.2. The KPI's and the CEO's discretion in the context of the bonuses of the oversight and control functions as stated above in the section, shall not depend on the business results of the spheres whose activities they are monitoring, auditing or overseeing.

5.4.3. The duties of the CEO with regard to KPI's and the CEO's discretion in the context of the bonuses, shall

be carried out by the Audit Committee on behalf of the internal auditor of the Bank and by the Risk Management Committee, in consultation with the Bank's CEO, on behalf of the Chief Risk Officer of the Bank.

- 5.4.4. The bonus plans shall include provisions with regard to the relevant considerations in connection with the KPIs and the CEO's discretion in the context of the annual qualitative bonus for the oversight and control functions in contrast with other officers.
- 5.5. Calculation of the bonus at the time of termination of an employment relationship – In cases where the employment relationship between the officer and the Bank is terminated in the course of a calendar year (except in circumstances denying severance payment by law and additional circumstances that the Remuneration Committee and the Board of Directors may prescribe), the Remuneration Committee and the Board of Directors shall review the eligibility of the same officer for a partial bonus in respect of the current year, according to the proportionate period of his employment in the bonus year, subject to the spreading arrangements in Section 5.10 below.
- 5.6. Calculation of the bonus for an officer who began to work in the bonus year – With respect to an officer who began to work in the course of the bonus year and actually worked six or more months, the Bank may pay him a bonus for said year according to the principles of this remuneration policy, multiplied by the rate of the actual period of his employment out of the total year. An officer who worked less than six months in the course of the bonus year shall not be entitled to a bonus for the same, unless the Remuneration Committee and the Board of Directors have decided otherwise, subject to any other approval required by law, insofar as required.
- 5.7. Annual bonus cap – The annual bonus amount (including a special bonus) for an officer shall not exceed a sum of 5 monthly salaries of an officer, where the total discretionary bonuses to be awarded in respect of a bonus year to an officer shall not exceed 3 monthly salaries.
- 5.8. The ratio between the fixed remuneration and the variable remuneration – The total variable remuneration for the officers in respect of a bonus year shall not exceed 40% of the total fixed remuneration in the same year.

- 5.9. The remuneration caps and conformance with the Remuneration Law – The total annual remuneration of an officer shall not exceed ~~72~~78% of the highest cap that shall be permitted under the Remuneration Law (Section 2(a) or Section 2(b) of the Remuneration Law, as applicable), which does not include payments and contributions for pension payments and severance pay pursuant to law, however not more than the remuneration cap under Section 2(a) of the Remuneration Law.^{6 7}

In the event of a deviation from the cap set forth in Section 5.9 above, the amount of the deviation shall be deducted from the total bonuses as stated in this Section 5.

- 5.10. Spreading the annual bonus⁸ –

- 5.10.1. 50% of the bonus paid pursuant to Section 5 above to an officer in respect of a bonus year (hereinafter in this Section 5.10 – "**the annual bonus**") shall be paid to the officer shortly after the date of approval of the financial statements of the Bank in respect of the bonus year.
- 5.10.2. 50% of the annual bonus shall be deferred and spread in three equal installments, over the three subsequent years (hereinafter – "**deferred payment**").

⁶Notwithstanding the aforesaid, a deviation from the foregoing cap shall be permitted in the case of ad hoc contributions in the terms of employment or in respect of a non-compete bonus and provided that the total annual remuneration for an officer other than the CEO or a director shall not exceed the remuneration cap (as defined in the Remuneration Law) permitted under Section 2(a) of the Remuneration Law (which does not include payments and contributions for pension payments and severance pay pursuant to law). In addition, the aforesaid *per se* does not prejudice rights accrued to officers in respect of the periods of their employment preceding the effective date of the Remuneration Law in their case.

⁷For this purpose, it should be noted that the expense for the lowest remuneration, according to the cost of a full-time position, which the Bank paid to an employee of the Bank, including an employee of a manpower contractor where the Bank is his actual employer and an employee of a service contractor employed in rendering a service at the Bank, in ~~2018~~ 2021, for the purposes of Section 2(b) of the Remuneration Law, amounted to approximately NIS ~~87~~ 85 thousand per year according to a full-time position cost (not including payments and contributions for severance pay and provident payments pursuant to the law) and in 2023, it is expected, according to data known at this time, to amount to approximately NIS 99 thousand according to the cost of a full-time position (not including payments and contributions for severance pay and provident payments pursuant to the law).

For this purpose, "manpower contractor", "service contractor" and "actual employer", as construed under the Remuneration Law.

⁸Since the annual bonus cap is not to exceed 5 monthly salaries, generally the annual bonus shall not be spread in accordance with Section 5.10.6 below.

- 5.10.3. The making of any deferred payment shall be contingent on compliance with capital adequacy ratios required pursuant to the directives of the Supervisor of Banks in the year preceding the date the deferred payment is made. The deferred payments shall be linked to the index.⁹ The Bank may prescribe that in the event that the Bank has failed to meet the condition for deferring the bonuses, the maturity of the bonus shall be deferred by an additional 12 months, when then the Bank's compliance on average with the deferral conditions over the original deferral period and the additional deferral period shall be examined.
- 5.10.4. It should be clarified that in the event that a deferred payment is not made, or is made in part, the remaining deferred payments that are supposed to be paid on subsequent dates shall not be cancelled and shall be subject to compliance with the foregoing condition, in the following years.
- 5.10.5. It should be further clarified that in the event of termination of the employer-employee relationship, deferred payments to which the officer is entitled in respect of the preceding years shall not be brought forward and the provisions of this Section 5.10 shall not apply to them and to the annual bonus to which the officer is entitled in respect of the bonus year during which the employer-employee relationship terminated (if and insofar as he shall be entitled to the same).
- 5.10.6. Notwithstanding the aforesaid, if in any bonus year the annual bonus to which an officer is entitled in respect of said year did not exceed 40% of the fixed remuneration for the officer, the entire annual bonus in respect of such bonus year shall be paid on the same date and without a spreading and deferral mechanism pursuant to this Section 5.10.

5.11. Reduction of the annual bonus at the discretion of the Board of Directors –

⁹The linkage mechanism shall not result in the reduction of the deferred retirement bonus installments.

The Remuneration Committee and the Board of Directors may reduce the amounts of the annual bonus subject to limitations prescribed by law and in agreements. In exercising the discretion, various considerations shall be taken into account that pertain to the Bank's activity and including: The Bank's results relative to the results of the other four largest banks in Israel; profits in respect of non-recurring events; special external circumstances that affect the entire banking system in Israel; a material adverse change in the Bank's situation or in the macro-economic situation; meeting goals of compliance with laws, regulations and regulatory directives; the contribution to the strategic planning of the Bank and implementation, performance and furtherance of strategic plans and goals; leading streamlining plans and meeting goals deriving from such plans; implementation, performance and furtherance of investment plans and/or material acquisitions (including acquisitions that could reduce the current profitability); leading the implementation, execution and performance of projects in connection with protecting the environment and safety; leading projects and processes in the field of ethics and procedures of the Bank; failure events; and material findings of internal and external audit reports.

5.12. Officers employed under a personal employment agreement who are not members of the Bank's management –

5.12.1. The scope of the bonus to officers as stated in this section shall not exceed the average bonus (in terms of number of salaries) actual paid to officers in respect of a particular bonus year as stated in this Section 5.

5.12.2. The manner of determining the bonus to an officer as stated in this section, shall be determined in accordance with the principles set forth in Sections 5.1 to 5.3 above, *mutatis mutandis*.

5.12.3. The provisions of Sections 5.5 to 5.11 above, *mutatis mutandis*, shall apply to the annual bonus awarded to officers as stated in this Section 5.12.

5.13. Officers employed under a collective arrangement –

5.13.1. Notwithstanding the aforesaid in this Section 5, the Bank's officers who are employed under a collective arrangement shall be entitled to an annual bonus with

a cap that is the product of the monthly salary of said officer and three times the average number of salaries to be paid to the collective arrangement employees. The scope of the annual bonus up to said cap shall be determined in accordance with the discretion of the CEO and with the approval of the Remuneration Committee and the Board of Directors, and subject, *inter alia*, to Section 5.7 above.

5.13.2. As stated above, currently there ~~are~~ is ~~two~~ one officers who ~~are~~ is employed under the collective arrangement, while the Bank's policy is that new executive vice presidents are to be employed solely under personal employment agreements. In light of the characteristics of employment under the collective arrangement and the cap set with regard to an annual bonus to ~~these~~ this officers, the Remuneration Committee and the Board of Directors were of the opinion that it is inappropriate to apply the principles of the annual bonus set forth in this remuneration policy to ~~these~~ this officers.

5.14. Denial of bonuses – If the term of office of any of the officers is terminated under circumstances in which he shall not be entitled to severance pay and/or in additional circumstances to be prescribed by the Remuneration Committee and the Board of Directors (insofar as so prescribed), his entitlement to an annual bonus and to any part of the annual bonus not yet paid to him shall be denied.

6. The terms of office and employment of the Chairman of the Board of Directors and the CEO

6.1. Chairman of the Board of Directors –

6.1.1. The terms of service and employment of the Chairman of the Board of Directors, including all the components thereof, are subject to the caps set forth in this remuneration policy and in the Remuneration Law.

6.1.2. The Chairman of the Board of Directors shall only be entitled to fixed remuneration. The amount of the remuneration of the Chairman of the Board of Directors shall be set in relation to the manner of remuneration of the members of the Bank's Board of

Directors and taking into consideration, *inter alia*, the size of the Bank, the complexity of its operations and taking into consideration the full-time equivalent of the Chairman of the Board of Directors.¹⁰

6.1.3. The total annual remuneration of the Chairman of the Board of Directors (not including payments and contributions for severance pay and pension payments pursuant to the law) shall not exceed approximately NIS 3.045 million, linked to the increase in the basic index, pursuant and subject to the Remuneration Law (not including payments and contributions for severance pay and pension payments pursuant to the law and/or the equivalent of such payments and contributions insofar as there is no employer-employee relationship between the Chairman and the Bank).¹¹

6.1.4. The Chairman of the Board of Directors may, at his discretion, make changes and adjustments to the monthly salary and/or the terms of service and employment, subject to corresponding changes and adjustments in other terms, subject to the cap set forth in Section 6.1.3 above.

6.1.5. The provisions of Section 4 of this remuneration policy, excluding Section 4.5 above, shall also apply to the terms of service and employment of the Chairman of the Board of Directors.

6.2. CEO –

6.2.1. The terms of service and employment of the CEO, including all the components thereof, are subject to the caps set forth in this remuneration policy and in the Remuneration Law.

6.2.2. The total annual fixed remuneration of the CEO (not including payments and contributions for severance pay and pension payments pursuant to the law) shall not exceed the cap permitted pursuant ~~approximately NIS 3.045 million, linked to the~~

¹⁰Notwithstanding the aforesaid, the Bank may pay social benefits and incidental expenses to the Chairman of the Board of Directors in accordance with the accepted terms of employment of the Bank's officers (as defined in the Companies Law).

¹¹See in this regard Footnote 7 above.

~~increase in the index, subject~~ to the Remuneration Law (~~not including~~ which does not include payments and contributions for severance pay and pension payments pursuant to the law), subject to the authority to approve immaterial changes in the terms of service and employment of the CEO in accordance with Section 11 below.¹²

- 6.2.3. The CEO may, at his discretion, make changes and adjustments to the monthly salary and/or the terms of service and employment, subject to corresponding changes and adjustments in other terms, subject to the cap set forth in the above section.
- 6.2.4. The Remuneration Committee and the Board of Directors may award an annual bonus to the CEO in a monetary sum totaling up to ~~2~~ 3 monthly salaries, if they found that there are grounds that warrant doing so, including that the cap permitted pursuant to the Remuneration Law (including pursuant to Section 2(b) of the Remuneration Law) allows to do so.
- 6.2.5. The provisions of Section 4 of this remuneration policy, excluding Section 4.5.1 above, shall also apply to the terms of service and employment of the CEO.

7. Director fees

- 7.1. The fees for directors at the Bank shall be based on annual fees and meeting attendance fees (hereinafter in this Section 7 - "**the fees**"), including in the case of a resolution in writing or by telephone call. VAT by law shall be added to the annual fees and to the meeting attendance fees. With respect to the Chairman of the Board of Directors, the provisions of Section 6.1 above shall apply.
- 7.2. The fees for the directors and for outside directors shall be in accordance with the Companies (Rules Regarding Fees and Expenses for an Outside Director) Regulations, 5760-2000 (hereinafter – "**the Fee Regulations**"). Bearing in mind the nature and the size of the Bank and the duties and obligations

¹²In this regard see Footnote 7 above.

of a director in a banking corporation, the Bank may determine that the payments to the directors shall also be in accordance with the provisions that apply to relative fees pursuant to the Fee Regulations.

- 7.3. The directors shall be entitled to reimbursement of expenses in accordance with the Fee Regulations.
- 7.4. Members of the Board of Directors shall be entitled only to fixed remuneration.

8. **Insurance, indemnification and exemption**

8.1. Directors' and officers' liability insurance – The Bank may purchase a directors' and officers' liability insurance policy that shall apply to directors and officers at the Bank and/or at its subsidiaries and for companies from the Bank's group, as they shall be from time to time, including the CEO and officers who are holders of controlling interest and/or their relatives and/or who the holders of controlling interest may have an interest in including in the insurance policy, and including at companies from the group of the Bank's holders of controlling interest (subject to participation in the insurance costs) (hereinafter in this Section 8 – "**the Group**"), which shall insure their liability subject to the limitations and approvals prescribed by law (including run-off insurance or insurance in relation to a relevant event or activity). The scope of insurance coverage shall be determined from time to time in accordance with the scope of the Bank's activity and the risks inherent therein, the equity of the Bank and it being a banking corporation and a public company.

8.2. Without derogating from Section 8.1 above, in accordance with Regulation 1B1 of the Companies (Reliefs in Transactions with Interested Parties) Regulations, 5760-2000 (hereinafter – "**the Relief Regulations**"), the Bank may enter into such directors' and officers' liability insurance policy in the course of the remuneration period, and all within the framework of the conditions detailed below:¹³

8.2.1. The liability limits for the entire group are up to ~~shall not exceed~~ USD ~~120~~ 150 million per claim or in the aggregate, plus reasonable legal defense expenses above the liability limit ~~(subject to the~~

¹³It should be noted that these conditions were ~~also~~ approved at the Bank's general meeting of June 10 December 20, 2021 2018, including as an amendment to the remuneration policy.

~~following in Section 8.2.2); a deductible to the Bank (in the case of a claim against the Bank) in the sum of USD 50 thousand or USD 100 thousand for claims filed in the United States and Canada (the directors and the officers do not bear a deductible).~~

8.2.2 The Audit Committee, the Remuneration Committee and the Board of Directors of the Bank approved the renewal of the policy for a new insurance period and determined that it is under market conditions and is not likely to have a material effect on the profitability, assets or liabilities of the Bank.

8.2.3 ~~8.2.2.~~ The Remuneration Committee, the Audit Committee and the Board of Directors of the Bank approved the annual insurance amounts and the deductible in accordance with market conditions as they shall be on the date of renewal of the policy (the directors and the officers do not bear the deductible) renewal of the insurance policy and determined that there were no material changes in the insurance conditions, save the option of increasing the liability limit, insofar as the increase in the insurance premiums does not exceed the rate specified in Section 8.2.3 below.

~~8.2.3—The insurance premiums for the policy for the entire group shall not exceed a sum of USD 400 thousand per year, while the increase in the total insurance premiums to be paid for a particular period in relation to the insurance premiums for the period preceding it or the insurance period commencing on January 1, 2019, proportionally according to the length of the periods (whichever of the two is higher) in New Israeli Shekels, shall not exceed a rate of 20%, plus the rate of devaluation of the Shekel relative to the US Dollar (insofar as there was a devaluation compared to the relevant period).~~

8.3. Advance indemnification – The Bank may provide an undertaking for advance indemnification to any officer of the Bank by virtue of his position as an officer at the Bank or his position in other companies at which he was appointed on behalf of or at the request of the Bank, subject to the limitations and approvals prescribed by law. The amount of the undertaking to indemnify, for all the officers at the Bank, in the

aggregate, according to all the undertakings to indemnify to be provided by the Bank, in respect of one set of events from the events entitling to indemnification, shall not exceed 25 % (twenty five percent) of the consolidated equity of the Bank according to the last financial statement (annual or quarterly) that shall be published shortly before the actual payment for the indemnification. Nothing stated above derogates from an undertaking to indemnify if and insofar as it has previously been approved and/or provided by the Bank to officers and it is in effect and/or letters of indemnity that shall be provided to officers by subsidiaries of the Bank for the service of the officers at these subsidiaries, in accordance with the conditions to be prescribed by said subsidiary.

- 8.4. Retroactive indemnification – The Bank may retroactively indemnify any officer in the broadest manner possible pursuant to the Companies Law.
- 8.5. Exemption from liability – The Bank may grant the officer, subject to the provisions of any law, an exemption from any liability due to damage that it sustains, either directly or indirectly, in consequence of the officer's breach of the duty of care toward the Bank in actions taken by him in his capacity as an officer, subject to the provisions of the law and subject to receiving approvals prescribed by law.

The foregoing exemption shall not apply with regard to an officer's act or omission pertaining to a resolution or transaction in which the holders of controlling interest or any officer has a personal interest. The foregoing qualification does not apply to former and/or present officers initially appointed prior to the approval of the remuneration policy at the general meeting that was held on February 23, 2017 and who are entitled to an exemption pursuant to resolutions previously adopted by the Bank.

9. **The relation between the terms of service and employment of the officers and the terms of the Bank's employees**¹⁴

- 9.1. The Bank's employees are employed under a collective arrangement that ensures a high level of occupational tenure until retirement age. This, in contrast to the officers, the vast majority of whom are employed under personal agreements for indefinite periods. In addition, the Bank's employees enjoy

¹⁴Including MATAF – Financial IT & Operations Ltd., a subsidiary wholly owned by the Company, which renders services to the Bank and constitutes an integral part of its operations.

unique remuneration components in accordance with the provisions of the collective arrangements and their terms are significantly preferable compared to the average and median wages in the economy as a whole.

- 9.2. The Remuneration Committee and the Board of Directors are of the opinion that the discrepancies between the terms of service and employment of the officers and the terms of employment of the Bank's employees (including contractor employees), to date, do not adversely affect the labor relations at the Bank.
- 9.3. When determining the terms of employment and service of the officers at the Bank, the Remuneration Committee and the Board of Directors shall take into consideration, *inter alia*, the discrepancies between the terms of service and employment of the officers and the terms of the Bank's employees.
- 9.4. The cost of the average remuneration of the officers, who are employees of the Bank pursuant to this policy, insofar as implemented in accordance to the Bank's results in 2021 ~~2018~~, is about 5.52 ~~5.16~~ times the average cost and about 6.82 ~~6.24~~ times the median cost of the remuneration paid to the rest of the Bank's employees and the contractor employees.¹⁵

10. **Variable remuneration clawback**

10.1. Clawback pursuant to the provisions of the Companies Law

- 10.1.1. Without derogating from any relief available to the Bank by law, if it is found that any of the officers was paid a payment in connection with terms of service and employment based on data that proved to be erroneous and was restated in the Bank's financial statements and in light of the restatement of the data the officer should have been paid an amount lower than what was actually paid, the officer shall reimburse any such payment to the Bank, upon its demand.

¹⁵It should be further noted that the cost of the CEO's remuneration pursuant to the remuneration policy, as the officer with the highest remuneration at the Bank, in accordance with the Bank's results in 2021 ~~2018~~, is about 9.63 ~~10.31~~ times the average cost and about 11.89 ~~12.47~~ times the median cost of the remuneration paid to the rest of the Bank's employees and the contractor employees.

The foregoing ratios were calculated in the following manner:

The numerator is comprised of the remuneration expenses of the officers in 2021 ~~2018~~.

The denominator is comprised of the remuneration expenses paid to the rest of the Bank's employees and the contractor employees (excluding the officers) in 2021 ~~2018~~ who worked full-time for an entire year.

- 10.1.2. If it is found that any part or all of a component of the terms of service and employment was not paid to any of the officers, based on data that proved to be erroneous and was restated in the Bank's financial statements, and in light of the restatement of the data a higher amount than what was actually paid should have been paid, the Bank shall credit the officer with the missing part of the payment and grant such officer any right that he would have been granted had the terms of service and employment been calculated based on the restated data in the first place.
- 10.1.3. The provisions of Sections 10.1.1 and 10.1.2 above shall apply during a period of three years from the date of the payment and not later than two years after the date of termination of the officer's employment at the Bank.
- 10.1.4. The Remuneration Committee and the Board of Directors shall be allowed to prescribe the clawback dates, so that they take place within a reasonable period, given the size of the amount subject to clawback.

10.2. Clawback pursuant to the Supervisor's directive

- 10.2.1. Various remuneration shall be granted and paid subject to the stipulation that it is recoverable from the officer to the Bank, if there are exceptional circumstances, particularly as specified in Sections 10.2.2 and 10.2.3 below:
- 10.2.2. The officer was complicit in conduct that caused exceptional damage to the Bank, including illegal activity, breach of a fiduciary duty, intentional breach or grossly negligent disregard of the policy, rules and procedures of the Bank, subject to the following:
 - 10.2.2.1. For the purpose of this section, "exceptional damage" means an actual financial expenditure incurred by the Bank (including a company under its control) due to a fine and/or financial sanction by a competent authority and/or a final and

conclusive judgment and/or a final arbitral award and/or a settlement that was granted force of a judgment, which obligates the Bank (including a company under its control) to make a payment, resulting from the conduct set forth in Section 10.2.2 above, which exceeds 5% of the Bank's equity on the date the expense materializes pursuant to its last known consolidated statements. It should be clarified, for the avoidance of doubt, that an accounting provision made by the Bank based on an estimate or assessment made prior to it having a legal obligation to pay the expense, shall not be deemed an actual expense for this purpose and shall not be deemed within the scope of "exceptional damage". The actual financial expenditure shall be calculated after deducting amounts paid or expected to be paid to the Bank to ameliorate its damages by third parties and taking into account the recognition of tax losses.

10.2.2.2. Variable remuneration shall be recoverable under this Section 10.2.2 if granted for a year in which the circumstances set forth in Section 10.2.2 held true for the officer, i.e., in that same year the officer was complicit in the conduct that caused the Bank such aforesaid exceptional damage.

10.2.2.3. The clawback amount (net, excluding taxes deducted) in the circumstances set forth in this Section 10.2.2 shall not exceed the difference between the variable remuneration paid to the officer for the period in which the aforesaid conduct occurred and the variable remuneration that would have been paid to the officer had the financial expenditure incurred by the Bank as stated in Section 10.2.2 been attributed over this period (while attributing part of the expense, to the extent it can be attributed, to each of the

years of such conduct, and if it is impossible to attribute the same, by linear distribution of the expense over the years of the period).

10.2.3. Fraud or intentional improper conduct in respect of which data proved to be erroneous and was restated in the financial statements of the Bank:

10.2.3.1. For the purpose of this section, "restatement" is a restatement due to a material error in the financial statements of the Bank.

10.2.3.2. Variable remuneration shall be recoverable under this Section 10.2.3 if it was paid for a period with respect to which the Bank's financial statements were restated, and if the restatement resulted in a change in the data on the basis of which the variable remuneration was granted, and provided that the officer was complicit in such fraud or improper conduct.

10.2.3.3. The recoverable amount (net, excluding taxes deducted) in the circumstances set forth in this Section 10.2.3 shall not exceed the difference between the variable remuneration paid to the officer for the aforesaid period and the variable remuneration that would have been paid to the officer according to the Bank's financial statements, as restated for the same period.

10.2.4. Application of the clawback

10.2.4.1. The decision whether to demand clawback pursuant to this Section 10.2 shall be under the authority of the Board of Directors, provided that only directors who have no personal interest in the decision participate in the discussions and when making the decision. The Board of Directors may appoint an independent

committee of the Board of Directors or another committee with a composition as it shall decide, and the members of which may also be persons not serving as directors at the Bank (hereinafter – "**the Committee**"). The Committee shall discuss the issue and shall forward its recommendations to the Board of Directors.

- 10.2.4.2. In accordance with the decision of the Board of Directors as stated in Section 10.2.4.1 above, the Bank shall take all reasonable measures, including legal measures, in order to claw back an amount equal to part or all of the variable remuneration that was paid, and which is recoverable pursuant to Sections 10.2.2 and 10.2.3 above, when the clawback criteria are met, and subject to any law.
- 10.2.4.3. When deciding whether and to what extent it is reasonable to demand clawback of part or all of the variable remuneration that was paid, as stated in Section 10.2.4.1 above, the Board of Directors shall take into account all the relevant considerations, including the degree of the officer's responsibility and the extent of his involvement in the matter.
- 10.2.4.4. Before a decision is made by the Board of Directors, whereby an officer must reimburse variable remuneration that was paid to him, in whole or in part, in accordance with the clawback criteria specified in this document, the officer shall be given the opportunity to be heard. The procedural arrangements for hearing arguments shall be determined by the Board of Directors or the Committee, which may, *inter alia*, determine that arguments are to be heard in writing or before whoever is appointed for this

purpose by the Board of Directors or the Committee.

10.2.5. The clawback period

- 10.2.5.1. Variable remuneration shall be recoverable for a period of 5 years from the date it is granted (hereinafter – "**the clawback period**"). The clawback period shall also include the deferral period of the variable component.
- 10.2.5.2. The clawback period shall be extended for a further two years with respect to an officer, when all the following conditions hold true:
- 10.2.5.3. Within the clawback period, the Bank launched an internal investigation or received notice from a regulatory authority (including from an overseas regulatory authority) that an investigation has been launched, unless the investigation has been concluded at least six months prior to the end of the clawback period (hereinafter – "**the investigation**").
- 10.2.5.4. The Bank believes that the investigation is likely to reveal that the clawback criteria have been met, as stated in Sections 10.2.2 and 10.2.3 above.
- 10.2.5.5. The Bank's Board of Directors has decided that the circumstances for extending the clawback period for the officer, as stated above, exist.
- 10.2.5.6. When making the decision with regard to the extension, the Board of Directors shall take into account all the relevant considerations, including the degree of the officer's responsibility and the extent of his involvement in the matter. The extension period shall expire when the relevant investigation is concluded and

when the degree of the officer's responsibility is made clear.

10.2.6. Exemption from clawback

Notwithstanding the aforesaid in this document, when the total variable remuneration granted to an officer for a calendar year does not exceed 1/6 of the fixed remuneration in the same year, the clawback mechanism set forth in this Section 10.2 shall not be applied in relation to the same variable remuneration that was paid.

11. Immaterial change in the terms of employment

11.1. In accordance with the provisions of the law, the Remuneration Committee or the Bank's CEO (in relation to officers who report to the Bank's CEO) may approve an immaterial change in the terms of employment approved pursuant to this policy, as provided in Section 272(d) of the Companies Law or as provided in Regulation 1B3 of the Relief Regulations, as applicable. Such approval by the CEO shall be reported to the Remuneration Committee.

11.2. In this context, the Remuneration Committee or the Bank's CEO, as applicable, may approve, from time to time, in the course of the remuneration policy period, changes in an officer's terms of service and employment that are consistent with the remuneration policy, where the result of such changes for each officer on the date of the change is not expected to exceed 7% per year relative to the annual cost to the Bank of the relevant officer's remuneration for the calendar year preceding the change or in relation to the annual cost in 2022, whichever of the two is higher, and not more than 15% for the entire remuneration policy period ~~for relative to the annual cost to the Bank of the relevant officer's remuneration in the year preceding the latest date of approval of the remuneration policy the entire remuneration policy period, relative to the annual cost to the Bank of the relevant officer's remuneration, as it was on the date of approval of the remuneration policy, or relative to the annual cost to the Bank of the officer's remuneration in the preceding calendar year, whichever is higher.~~ It should be clarified in this regard that the calculation of the cost limit to the Bank, as stated above, shall not include the cost of updating existing provisions in the financial statements resulting from the change in the terms of service and employment (such as a provision for severance pay or an adaptation bonus in the case

of a change in the monthly salary). These changes shall be deemed immaterial in relation to the existing remuneration at the time. Insofar as the change does not relate to a quantitative value, the materiality shall be examined according to the character and nature of the matter.

- 11.3. It should be clarified that a change that is not deemed an immaterial change shall be approved according to law.

12. **Period of the remuneration policy**

The remuneration policy shall remain in effect for a period of three years, which shall commence from the date of receiving the general meeting's approval for the remuneration policy and in regard to annual bonuses shall apply to the bonus years ~~2020~~ 2023 to ~~2022~~ 2025 (inclusive). If the general meeting has not approved the remuneration policy and the Bank's Board of Directors decides to adopt said policy, despite said opposition of the general meeting, the remuneration policy shall remain in effect for three years from the date of such approval of the Board of Directors. In all matters pertaining to the annual bonuses for officers in respect of ~~2022~~ 2019, they shall be governed by the Bank's existing remuneration policy, as approved by the general meeting on February ~~26~~ 23, ~~2020~~ 2017.

13. **Miscellaneous**

- 13.1. There may be changes in the identity of the officers and in the types of positions or offices with respect to which the holders shall be deemed officers from year to year, and persons who served as officers in a particular year and whose terms of service and employment were subject to this remuneration policy shall not necessarily continue their service as officers in the following years and their terms of service and employment shall not be subject to this policy, and *vice versa*. In addition, the Bank may change the terms of service and employment of any officer at any time and it shall not be obliged to apply to the officer the same terms of service and employment that applied to him in previous years.

- 13.2. The Remuneration Committee and the Board of Directors may review the remuneration policy from time to time, as well as the need for adjusting said policy, if a material change has occurred in the circumstances prevailing at the time it was established or for other reasons, as well as the conformance of remuneration plans for the Bank's officers to the remuneration policy.

- 13.3. An officer shall not receive remuneration in any form from a holder of a control permit at the Bank, as construed under the Banking (Licensing) Law, 5741-1981, including their relatives or corporations controlled by any of them, which are not affiliated with the banking group. This section shall not apply to a director who is not an outside director but shall apply to the Chairman of the Board of Directors.