

The First International Bank of Israel Ltd.
(“the Bank” or “the Company”)

**Notice Pertaining to Summoning an
Annual General Meeting of Shareholders**

Part A - Summoning the General Meeting

In accordance with the Companies Law, 5759 - 1999 (hereunder: “**the Companies Law**”), The Securities Law, 5728 - 1968 (hereunder: “**the Securities Law**”), The Securities Regulations (Immediate and Periodic Reports), 5730 - 1970 (hereunder: “**The Reporting Regulations**”), The Companies Regulations (Voting and Writing and Position Notices), 5766 - 2005 (hereunder: “**the Voting Regulations**”), The Companies Regulations (Notice of a General Meeting and Class Meeting in a Public Company and Adding a Topic to the Agenda), 5760 - 1970 (hereunder: “**the Notice Regulations**”), the Bank announces the convening of an Annual General Meeting of the Bank’s Shareholders to convene on Thursday, November 5, 2020, at 14:00 at the Bank’s Offices at 42 Rothschild Blvd., Tel Aviv (14th Floor, Conference Room) (hereunder: “**the Meeting**”).

1. The Topics and Resolutions on the Agenda

- 1.1. Reporting that in accordance with the Bank’s Articles, the serving directors, as detailed below, are continuing to serve in office: Messrs. Zadik Bino, Gil Bino and Jacob Sitt.

The following directors serving as external directors (in accordance with the Companies Law or the Proper Conduct of Banking Business Directive) are continuing to serve until the end of their appointment period as external directors, as stated above: Messrs. Joseph Horowitz, Ronen Harel, Ilan Aish, Daniel Furman, David Assia and Hanoch Dov Goldfriend.

- 1.2. Discussing the financial statements as of December 31, 2019, including but not limited to the Board of Directors report, the management’s review and the auditing accountants report for the shareholders.
- 1.3. Reporting the auditing accountant’s wage for 2019.
- 1.4. Appointing the Somekh Haikin & Co. CPA Firm as the Bank’s auditing accountant for 2020 and authorizing the Board of Directors to determine its wage in accordance with the scope of the services to be rendered by it.
- 1.5. Appointment of Mrs. Pnina Bitterman-Cohen as external director at the Bank for a period of three years, pursuant to the Companies Law, to commence on November 15, 2020.

Mrs. Pnina Bitterman-Cohen's candidacy as external director pursuant to the Companies Law is proposed by the Bank's Board of Directors and was approved by the Bank of Israel.

The Bank's Board of Directors confirmed that Mrs. Pnina Bitterman -Cohen has the accounting and financial expertise as required under the Companies Regulations (Terms and Tests for a director to have expertise in accounting and finances and for a director to have the necessary professional qualifications), 5766 - 2005 (Hereunder: "**The Expertise Regulations**").

Mrs. Pnina Bitterman -Cohen's terms in office shall be identical to the terms offered to the rest of the directors in the Bank (except the Chairman of the Board of Directors) and they are in line with the officeholders' remuneration policy at the Bank (Hereunder: "**The Officeholders Remuneration Policy**"). For further particulars see the Bank's Immediate Report of January 21, 2020 (Reference No.: 2020-01-008841), the Bank's Immediate Report of June 30, 2020 (Reference No.: 2020-01-061465), the Bank's General Meeting's resolution of September 14, 2008 (Reference No.: 2008-01-263742), and Article 29 to the Bank's Periodic Report for the 2019 fiscal year, published on March 15, 2020 (Reference No.: 2020-01-021223).

It is noted that Mrs. Pnina Bitterman -Cohen in the past served as an external director at the Bank and ended her term in office on the Bank's Board of Directors after 9 years in office, on June 3, 2018.

Mrs. Bitterman -Cohen's declaration, given in accordance with Section 241 to the Companies Law, is attached to this report.

For details relating to Mrs. Bitterman -Cohen, pursuant to Regulation 26 to the Reporting Regulations, see the voting ballot attached to this report.

- 1.6. To appoint Mr. Ron Levkovich as a director in the Bank in accordance with Article 86 to the Bank's Articles and this for a period of up to three years commencing from the date the general meeting approves the appointment.

On September 8, 2020 the Bank's Board of Directors appointed Mr. Ron Levkovich as director and the chairman of the Bank's Board of Directors commencing from September 15, 2020. In accordance with Article 86 to the Bank's Articles, Mr. Ron Levkovich's appointment as director is hereby brought before the Meeting for approval. The Bank's Board of Directors approved that Mr. Ron Levkovich has the expertise in accounting and finances as defined in the Expertise Regulations. Mr. Ron

Levkovich's terms in office and employment as chairman of the Bank's Board of Directors are brought before the Meeting for approval as stated in Section 1.7 below.

Mr. Ron Levkovich's declaration, given in accordance with Section 224B to the Companies Law, is attached to this report.

For details relating to Mr. Ron Levkovich, pursuant to Regulation 26 to the Reporting Regulations, see the voting ballot attached to this report.

- 1.7. To approve the terms in office and employment of the Bank's Board of Directors chairman, Mr. Ron Levkovich, as detailed in **Appendix A** to this report, commencing from September 15, 2020.

For additional details, see **Part B** to this report hereunder.

2. **The Required Majority**

- 2.1. The majority required to approve the topic on the agenda detailed in Sections 1.4, 1.6 and 1.7 above is an ordinary majority of all of the votes of the shareholders present at the Meeting in person or by proxy or who sent a voting ballot to the Bank stating the manner they wish to vote, entitled to vote and voted at the Meeting without taking into account the votes of abstainers.
- 2.2. The majority required to approve the topic on the agenda detailed in Section 1.5 above is an ordinary majority of all of the votes of the shareholders present at the Meeting in person or by proxy or who sent a voting ballot to the Bank stating the manner they wish to vote, entitled to vote and voted at the Meeting without taking into account the votes of abstainers, provided that one of the following exists:
 - 2.2.1. Upon counting the votes of the majority, at least most of the non-controlling shareholders in the Bank or those having a personal interest in the appointment except a personal interest not as a result of ties with the controlling shareholder participating in the vote shall be included. The votes of abstainers shall not be taken into account upon counting all the votes of the said shareholders.
 - 2.2.2. The total votes of objectors among the shareholders mentioned in Section 2.2.1 above shall not exceed a percentage of two percent of all the voting rights in the Bank.

3. The Effective Date

The Effective Date with respect to a shareholder at the Bank's eligibility to participate and vote in the general meeting and in the adjourned meeting, as stated in Section 182(b) to the Companies Law and in Regulation 3 to the Voting Regulations is the end of trading on the Tel Aviv Securities Stock Exchange Ltd. falling on Thursday, October 8, 2020 (hereunder: "**the Effective Date**"). If there is no trading on the Effective Date then the effective day shall be the last day of trading preceding this date.

4. Method of Voting

4.1. The Bank's shareholders on the Effective Date may vote on the topics on the Agenda as detailed in Section 1 above, in person or by proxy or in a voting ballot (as detailed in Section 5 below). The proxy's letter of appointment to vote or power of attorney must be deposited at the Bank's offices at 42 Rothschild Blvd., Tel Aviv, at least 48 hours before the Effective Date for the Meeting or the Adjourned Meeting, as applicable. A shareholder who is not registered in the shareholders registry whose shares are listed with a TASE member (hereunder: "**An Unregistered Shareholder**") may also vote through the electronic voting system as detailed in Section 6 hereunder.

4.2. In accordance with the Companies Regulations (Proving Ownership over a Share for the purpose of Voting at a General Meeting), 5760- 2000 (hereunder: "**Proof of Ownership Regulations**"), an unregistered shareholder, who is interested in voting at the General Meeting, shall furnish to the Bank approval from the TASE member with who its right to the share is registered pertaining to it owning the share on the Effective Date, as required under the Proof of Ownership Regulations (hereunder: "**Certificate of Ownership**"). Pursuant to the aforementioned Regulations, an approved email pursuant to Section 44K5 to the Securities Law concerning the users data in the electronic voting system - is the same as a certificate of title with respect to all the shareholders included therein.

4.3. Your attention is drawn to the fact that Section 34 (A1) to the Banking Law (Licensing), 5741 - 1981, determines as follows - "A person shall not make an agreement with another in regard to their vote for the appointment of a director in a banking corporation or in a bank holding corporation, including but not limited to with respect to voting on terminating the director's term in office, except under a permit issued by the Governor, after consulting with the Licensing Committee; this provision shall not apply to a member - holders within the meaning thereof in Section 11D(a)(3)(b) to the Ordinance, with respect to voting on the appointment of a director

who was proposed as a candidate by the pursuant to the same section, whereby that other will vote in his name and on his behalf without discretion as the holder of the means of control so instructs him, provided that the other holds, in person the means of control in a banking corporation or bank holding corporation, as applicable, shall not vote in the name and on behalf of more than one other holder". Therefore, with respect to resolutions in Sections 1.5 and 1.6 on the agenda, an agent who is also a shareholder in the Bank can vote in his name and on his behalf of one additional shareholder only.

5. Voting by voting ballot and position notices

- 5.1. In accordance with the Voting Regulations, the Bank shareholders may vote with respect to topics on the Agenda as detailed in Section 1 above by voting ballots. The wording of the voting ballot and position papers (insofar as applicable) for the aforementioned resolution can be viewed on the Distribution Website of the Securities Authority: www.magna.isa.gov.il ("The Distribution Website") and on the Tel Aviv Securities Stock Exchange Ltd website www.tase.co.il ("Stock Exchange's Website"). Shareholders may contact the Bank directly to receive the text of the voting ballot and the position paper.
- 5.2. A TASE member shall send, free of charge, by email, a link to the format of the voting ballot and position papers (insofar as applicable), on the Distribution Website, to every unregistered shareholder, unless a shareholder informed it that it was disinterested, and provided that the notice was given with respect to a specific securities account and on a date preceding the Effective Date. The voting shall be effectuated on Part Two of the voting ballot, as published on the Distribution Website.
- 5.3. An unregistered shareholder is entitled to receive a certificate of title from the TASE member through who it holds its shares, at the TASE member's branch or by mail to its address, in consideration for paying postage only, if so requested, and such a request is made in advance for a specific securities account.
- 5.4. A shareholder participating in a vote in relation to a resolution on the agenda, as detailed in Section 1.5 above, shall inform the Company before voting, and if the vote is through a voting ballot - will mark the Second Part of the voting ballot at the designated place to do so, if considered a controlling shareholder, interested party, has a personal interest in approving the appointment or the resolution, senior officeholder or institutional investor, or not, and a description of the relevant nexus. A shareholder who fails to give notice or to mark Part B of the voting ballot in the designated place to do so, his vote shall not be counted.

- 5.5. In accordance with Regulation 36D(d) to the Reporting Regulations, the Voting Regulations and the Securities Authority's Directive of November 30, 2011 with respect to disclosing the manner an interested party, senior officer and institutional bodies vote at meetings and the Voting Regulations (hereunder: "**the Directive**"), an interested party, senior officer and institutional investor (hereunder: "**the Voters**"), as defined in the Directive, voting at the Meeting on the resolution in Section 1.5 on the Agenda as detailed above, shall submit to the Bank, within the framework of their vote, the particulars that are required in accordance with Regulation 36D(d) to the Reporting Regulations and to Section 2(b) to the Directive and if they voted by proxy, the Voter or agent shall also submit the particulars in relation to the agent. Similarly, particulars pertaining to any connection (except a negligible connection) between the Voter or the agent (who is not an interested party) and the Bank or any of the controlling shareholders, including but not limited to an employee employer relationship, business ties and the like and/or senior officer at the Bank shall be given and shall detail the nature thereof.
- 5.6. A voting ballot of an unregistered shareholder shall be delivered to the Bank together with the Certificate of Ownership, ensuring that the voting ballot reaches the Bank's offices **no later than four hours before the time scheduled to convene the Meeting.**
- 5.7. A shareholder registered in the shareholders registry will deliver the voting ballot to the Bank, together with a photocopy of his identity card or photocopy of his passport or photocopy of the Certification of Incorporation, ensuring that the voting ballot reaches the Company's registered office **up to six hours before the time scheduled to convene the Meeting.**
- 5.8. A Shareholder may contact the Company's registered office and after proving his identity, withdraw the voting ballot and the ownership approval up to 24 hours before the meeting is convened.
- 5.9. The deadline for delivery of position papers to the Bank shall be **up to Ten days before the Meeting date.**
- 5.10. The deadline for submitting a position paper on the Bank's behalf to include the Bank's Board of Directors Response to the position papers, on the shareholders behalf is **no later than Five days before the Meeting date.**

6. Voting by electronic voting ballot

- 6.1. As stated above, an unregistered shareholder may vote in relation to resolutions on the Agenda as detailed above, by a voting ballot to be transmitted through the electronic voting system as defined in the Voting Regulations (hereunder: “**the Electronic Voting Ballot**”).
- 6.2. The electronic voting ballot is opened for voting at the end of the Effective Date. Voting through the Electronic Voting System **shall end 6 hours before the time for the Meeting** (i.e. on Thursday, November 5, 2020, at 8:00) then the electronic voting system shall close.
- 6.3. The electronic voting can be changed or cancelled up to the system locking time, and after this time can no longer be changed through the system. If a shareholder votes through more than one method, his last vote shall count. In this respect, a vote by a shareholder in person or by proxy will be deemed later than the electronic voting ballot.

7. Quorum and Adjourned Meeting

- 7.1. The quorum for a shareholders meeting is one or more shareholders present in person or by agent (including but not limited to by way of a voting ballot), holding or representing more than 25% of the voting power at the Bank.
- 7.2. If a quorum is not present at the meeting within one-half hour of the time fixed for the meeting, the meeting shall be deferred by one week, to the same time and the same place, without there being any duty to give notice of this to the shareholders, or to another time and place as the Board of Directors shall determine. At the adjourned meeting the matters to be discussed will be those for which the meeting was convened and the shareholders present in person or by representative will constitute a quorum.

8. Controlling Shareholders at the Bank

- 8.1. To date, to the best of the Bank’s knowledge, F.I.B.I Holdings Ltd (hereunder: “**FIBI Holdings**”) holds 48.34% of the rights in the Bank’s capital and voting. FIBI Holdings is a public company whose shares are traded on the Tel Aviv Securities Stock Exchange Ltd.
- 8.2. To date, to the best of the Bank’s knowledge, Binohon Ltd. (hereunder: “**Binohon**”) holds approximately 28.54% of the rights in FIBI Holdings' capital and voting. Binohon is a company held in equal parts (25% each one) by Mr. Tzadik Bino (also serving as a director in the Bank), Mr. Gil Bino (also serving as Chairman of FIBI Holdings Board of Directors and as a director in the Bank), Mrs. Hadar Bino Shmueli

and Mrs. Daphna Bino Or (serving as director in FIBI Holdings). All FIBI Holdings shares owned by Binohon (constituting core control shares pursuant to a Bank of Israel permit) are held in trust by Guy Trust and Management Ltd Company.

- 8.3. As on the date of this report, to the best of the Bank's knowledge, Instanz No. 2 Ltd (hereunder: "**Instanz**") holds approximately 11.68% of the rights in FIBI Holdings and Dolphin Energies Ltd (hereunder: "**Dolphin**") holds approximately 11.68% of the rights in FIBI Holdings capital and voting.
- 8.4. Instanz is a company fully owned by Sing Acquisitions Pte. Ltd, a corporation that was incorporated in Singapore, controlled (through Australian bodies) by Messrs. Helen and Michael Avles. FIBI Holdings shares owned by Instanz (constituting core control shares pursuant to a Bank of Israel permit) are held in trust by Guy Trust and Management Ltd Company.
- 8.5. Dolphin is a company controlled (through a chain of Australian bodies) by Mrs. Lee Lieberman, Mr. Joshua Lieberman, Mrs. Casey Lieberman Harris and Mrs. Berry Lieberman. All FIBI Holdings shares owned by Dolphin (constituting core control shares pursuant to a Bank of Israel permit) are held in trust by Guy Trust and Management Ltd Company.
- 8.6. To the best of the Bank's knowledge, there is a voting agreement and collaboration between Binohon, Instanz, Instanz Holdings Ltd (formerly holding FIBI Holdings shares today held by Instanz) and Dolphin with respect to their holdings in FIBI Holdings and indirectly in the Bank.

9. **Viewing documents and Details concerning the Bank's Representatives**

The text of the proposed resolutions, in the candidates statements to serve as directors and the immediate report regarding the convening of the meeting and its appendices can be viewed at the Bank's offices at 42 Rothschild Boulevard Tel Aviv, on Sunday-Thursday, up to the date of the meeting during regular business hours, upon coordinating this in advance with the Secretary of the Bank, Adv. Aviad Biller (Tel. 03-5196223) and on the Securities Authority website at: www.magna.isa.gov.il, on the Tel Aviv Securities Stock Exchange Ltd's website at: www.tase.co.il and on the Bank's website at: www.fibi.co.il

Part B - Additional details in connection with Approving the terms in office and employment of the Bank's Board of Directors chairman

10. Approving the terms in office and employment of the Bank's Board of Directors chairman

- 10.1. The chairman of the Board of Directors, Mr. Ron Levkovich serves as chairman of the Bank's Board of Directors commencing from September 15, 2020. For details relating to the chairman of the Board of Directors education and professional experience see the voting ballot attached to this report.
- 10.2. Details pertaining to the terms in office and employment of the Board of Directors chairman, as included in **Appendix A** to this report, commencing from September 15, 2020.
- 10.3. The terms in office and employment of the Board of Directors chairman, were discussed and approved at the Remuneration Committee Meeting on September 13, 2020 and at the Board of Directors Meeting on September 15, 2020.

Within the framework of the meetings the following data, *inter alia* were reviewed and examined: the remuneration policy for officeholders at the Bank; the Remuneration Law provisions; Directive 301A; the terms in office and employment of the previous Board of Directors chairman, Mrs. Irit Isaacson, included in the immediate report published by the Bank pertaining to the summon to the general meeting of the Bank of February 14, 2017 (Reference No. 2017-01-016098) and the comparative data relating to the terms in office and employment of the Board of Directors chairmen in the banking system.

- 10.4. The Remuneration Committee members who participated in the meeting of September 13, 2020, in which the terms in office and employment of the Board of Directors chairman were approved are Joseph Horowitz (Committee Chairman; External Director pursuant to the Companies Law), Ronen Harel (External Director pursuant to the Companies Law) and Ilan Aish (External Director pursuant to the Proper Conduct of Banking Business Directive).

The Board of Directors members who participated in the meeting of September 15, 2020, in which the terms in office and employment of the Board of Directors chairman were approved are: Zadik Bino, Gil Bino, Jacob Sitt, David Assia (External Director pursuant to the Proper Conduct of Banking Business Directive) Daniel Furman (External Director pursuant to the Proper Conduct of Banking Business Directive), Hanoch Dov Goldfriend (External Director pursuant to the Proper Conduct of Banking Business Directive) Joseph Horowitz (External Director pursuant to the Companies Law), Ronen Harel (External Director pursuant to the Companies Law) and Ilan Aish (External Director pursuant to the Proper Conduct of Banking Business Directive).

The chairman of the Board of Directors has a personal interest in approving his terms in office and employment.

10.5. Below is a concentration of the expected remuneration for the chairman of the Board of Directors for the 2020 fiscal year, insofar as the terms in office and employment brought to be approved are approved by the Meeting and the chairman of the Board of Directors served in office for a full year (in terms of cost, in NIS Thousands)¹:

| Details of the Recipient of the Remuneration | | | | Remuneration for Services in terms of Cost | | | | | | | |
|--|-----------------------------|-------------------|--|--|--|-------------|--|-------------------------------------|--|---|--------------------------------|
| Name | Position | Position Size (%) | Holdings Rate in Corporation's Capital (%) | Wage (1) | Advanced Studies Fund and National Insurance | Benefit (2) | Total according to the Remuneration Law without contributions for no-competition (3) | Contribution for no-competition (3) | Total pursuant to the Remuneration Law (4) | Social Contributions according to the law (5) | Total Cost of Remuneration (6) |
| Mr. Ron Levkovich | Chairman Board of Directors | 100% | 0.02% | 2,140 | 51 | 136 | 2,327 | 189 | 2,517 | 317 | 2,834 |

* The amounts in the table do not include payroll tax.

(1) See Sections 3.1 and 4.5 to Appendix A to this report.

(2) Value of miscellaneous benefits (including value of a vehicle, value of mobile telephone and value of gift for holiday).

(3) See Section 2.5 to Appendix A to this report.

(4) Not including social contributions pursuant to the law as detailed in Column (5).

(5) Deposits to severance pay and pension (including loss of ability to work) in accordance with Section 4.1 to Appendix A not included in the definition of "remuneration" for the purpose of calculating the predicted expense with respect to Section 2(a) to the Remuneration Law. As of the index known on September 15, 2020 (the date the Board of Directors approved the term of employment), the engagement sum in Section 2(a) to the Remuneration Law stands at NIS 2,548 Thousands.

(6) See Section 3.3 to Appendix A to this report.

10.6. The predicted cost of remuneration for the Board of Directors chairman for the 2020 fiscal year (assuming that he serves for a full year) is approximately 8.5 times the average cost and approximately 10.1 times the external cost of remuneration paid to the rest of the Bank's employees and contractor's employees.²

11. The Remuneration Committee and Board of Directors reasons for approving the terms in office and employment of the Board of Directors chairman

11.1. The proposed terms in office for the Board of Directors chairman correspond with the remuneration policy for officers at the Bank and with the Proper Conduct of Banking Business Directive 301A and do not exceed the cap the Bank is allowed under the Remuneration Law.

11.2. The terms in office and employment also take into account, *inter alia*, the size of the Bank, the

¹ The sums in the table are linked to the Base Index as stated in Appendix A to this report, as of the index known on September 15, 2020 (the date the Board of Directors approved the term of employment).

² The said ratios were calculated in the following manner:

A. In the numerator, the predicted expenses for the chairman's remuneration for 2020 were taken (assuming that he serves for a full year).

B. In the denominator the remuneration expenses paid to the rest of the Bank's employees and the contractor's employees (without the officers) were taken for 2019 who worked a full year in a full time position.

complexity of its activities and the scope of office he is filling, after an opinion was given also in respect to the payment to the Board of Directors members and the differences between the roles remitted to the Chairman of the Board of Directors and the roles remitted to a director in office and it was found that the distinction in the scope of the payment reasonably reflects the difference in the scope of a full time position required and the resources invested by the Board of Directors Chairman within the framework of his current role.

- 11.3. In accordance with the Bank of Israel's directives, the payment to the Chairman of the Board of Directors does not include payment conditional upon performances but rather only fixed payment.
- 11.4. The terms in office and employment approval process of the chairman of the Board of Directors included an examination and address to the ratio between the remuneration paid to the Bank's employees (including the contractor's employees) and an expression of this examination was included above. The Remuneration Committee and the Board of Directors are of the opinion that the said gaps do not materially affect the work relations at the Bank.
- 11.5. An examination of the terms in office of the chairmen of the Board of Directors at parallel Banks in the banking system shows that the proposed terms in office and employment for the Board of Directors chairman are reasonable bearing in mind the acceptable terms in office of chairmen of the Board of Directors and the size of the Bank and complexity of its activity.
- 11.6. Within the framework of approving the proposed terms in office and employment for the Board of Directors Chairman, not permitting an expense for tax purposes was considered on some of the proposed payment to the Board of Directors chairman, however it was found that the sum is immaterial to the Bank.
- 11.7. The terms in office and employment of the Bank's Board of Directors chairman are similar to the terms in office and employment of the previous Board of Directors chairman who was employed in a full time position.³

Sincerely,

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

Appendix A - Terms in office and Employment of the Bank's Board of Directors chairman

³ To complete the picture, it is noted that there is a difference between the proposed terms in office and employment for the Board of Directors chairman and those approved for the acting chairman of the Board of Directors, who end his term in office on September 15, 2020, since it was a temporary position that was not within the framework of a full position. For details pertaining to the terms in office that were approved for the acting chairman of the Board of Directors see the Bank's immediate report of June 30, 2020 (Reference No. 2020-01-061465).

Appendix A

**The First International Bank
of Israel Ltd.**

**Terms in Office and Employment
of the Chairman of the Bank's Board of
Directors**

1. Preamble

- 1.1. This document outlines the terms of employment of the Board of Directors chairman, Mr. Ron Levkovich (Hereunder: "**The Chairman**"), commencing from the start of his term in office as the Bank's Board of Directors chairman (Hereunder: "**Terms of Employment**" and "**The Start Day**", respectively).
- 1.2. The terms of employment were formulated in accordance with the Remuneration of Officeholders in Financial Corporations (Special approval and inadmissibility of expense for tax purposes in respect of irregular remuneration) Law, 5776-2016, the Bank remuneration policy, the Companies Law and the Proper Conduct of Banking Business Directive No. 301A "Remuneration Policy in a Banking Corporation".
- 1.3. The terms of employment are subject to approval by the Remuneration Committee, the Board of Directors and the General Meeting.

2. The Employment Period and Terms to Terminate It

- 2.1. The employment agreement is for an unlimited period, whereby each party may bring it to an end in a written notice of three months in advance, as stated in Section 2.4 below.
- 2.2. Considering the fact that the chairman is employed in a role that demands a special degree of personal trust, the provisions in the Work and Rest Hours Law, 5711 - 1951, shall not apply to his employment and payments made to the chairman for his employment take this assumption into account.
- 2.3. The chairman shall be employed in a full-time position. If the Board of Directors permitted the chairman to engage in any other business or to fill a position in another corporation, the chairman is obligated to ensure that he does not find himself in a conflict of interests situation between his position at the Bank or his business dealings therein and the other position and dealings.
- 2.4. Early Notice - The Bank or the Chairman shall be entitled to notify, at any time during the course of the employment period, to the other party concerning terminating the employment, on a date to fall no less than Three (3) months after the date the notice is delivered, as stated above (Hereunder: "**The Early Notice Period**"). During the early notice period the Chairman shall continue to perform his role fully and properly, unless the Bank decides to waive him actually working during the early notice period, in full or in part, continuously or intermittently. During the early notice period, insofar as the chairman worked during such a period, the chairman shall be entitled to the monthly salary and the fringe benefits in accordance with the terms of employment. If the Bank decides not to employ the chairman during the early notice period, the chairman shall be paid the value of the monthly salary and the fringe benefits during the early notice period (hereunder: "**In lieu of the Early Notice**"), he would have been entitled to had he continued to serve as chairman at the Bank until the end of the early notice period. In the event

the employment is terminated at the Chairman's initiative, the Board of Directors shall be entitled to waive him actually working during the early notice period as stated above, and payment or non payment in lieu of the early notice shall be made at the Board of Directors discretion, subject to the law.

- 2.5. No Competition Period - during a period as stated below, after his work at the Bank is actually terminated, the chairman shall be subject to restrictions in connection with no competition. During the course of the no competition period the chairman shall be entitled to monthly payments of a sum equal to the monthly salary that would have been paid during this period (without the fringe benefits and excluding the vehicle and its maintenance expenses. The vehicle shall be returned to the Bank at the end of the no competition period).

With respect to this section, if the chairman ends his employment at the Bank during the course of the first year of his term in office, the no competition period shall be one month. If the chairman ends his employment at the Bank during the course of the second year of his term in office, the no competition period shall be two months. If the chairman ends his employment at the Bank during the course of the third year of his term in office, onwards, the no competition period shall be three months. The Board of Directors has the right to waive the no competition period (all or some), and in such a case the chairman shall not be entitled to payments and the terms detailed in this section. The Board of Directors shall be entitled to decide whether the no competition period shall be paid in monthly payments or by any other method including but not limited to one payment.

- 2.6. Severance Pay for his employment period - for his employment period, the chairman shall be entitled to severance pay pursuant to the Severance Pay Law, 5723 - 1963 and its Regulations, on the basis of the monthly salary, as defined below, as in effect on the date the employee - employer relations ends or to monies and rights that accumulate in his favor in a pension arrangement for the contributions made to severance pay during his employment period, whichever of the two is higher.
- 2.7. Notwithstanding the provisions above, the chairman shall not be entitled to be given early notice and/or the early notice period and/or any consideration for not giving an early notice and/or severance pay in any case of his employment ending due to an act or omission negating severance pay under the law and/or in the case of a violation of the duty of trust within the meaning thereof in the Companies Law and/or in the chairman's admission and/or conviction of a misdemeanor or felony offense that hurt the Bank and/or its customers and/or a heinous offense associated with his role.

3. Wage

- 3.1. In consideration for fulfilling his role, the chairman shall be entitled to a monthly salary of a sum of NIS 178,000 gross (hereunder: "**The Monthly Salary**"). The Monthly Salary shall be linked to the Consumer Prices Index (hereunder: "**The Index**") published by the Central Statistics Bureau known on the start date (hereunder: "**The Base Index**") However, if during the actual payment of a monthly salary, it is clarified that the index last published before actual payment of the monthly salary is lower than the Base Index, the monthly salary shall not decrease, however the decrease shall be offset and deducted from any future increase.
- 3.2. In accordance with his discretion, the chairman can request that his monthly salary be revised, subject to changes and adjustments necessary in all or some of the fringe benefits, detailed in Section 4 below, thus the increase or decrease, as applicable, in the monthly salary shall be on account of the decrease or increase, as applicable, parallel to the fringe benefits and vice versa, and subject to any law, to the fixed remuneration cap (as defined below) and the deposits to the severance pay and pension and loss of ability to work as stated in Section 4.1 below.
- 3.3. As of the date the terms of employment are approved, the fixed remuneration cap for the chairman is 2,834 NIS Thousands per year, including payments and contributions on the Bank's part as stated in Section 4.1 below (above and below: "**The Fixed Remuneration Cap**"). The fixed remuneration cap shall be linked to the index as stated in Section 3.1 above.

4. Social Contributions and Additional Fringe Benefits

- 4.1. Pension Arrangement - the Bank shall make deposits to pension arrangement funds (executive insurance, gratuity fund and/or pension fund) of the chairman's choice, up to the percentages from the monthly salary as detailed below (all or part, of the chairman's choice): 8.33% - to severance pay and 7.5% to pension and loss of ability to work in accordance with the Expansion Order pertaining to increasing contributions to pension insurance in the economy pursuant to the Collective Agreements Law, 5717 - 1957 in return for a contribution on the chairman's part pursuant to the law.
- 4.2. Contribution to an Advanced Study Fund - the Bank shall make a contribution of a rate of 7.5% from the relevant monthly salary to an advanced study fund (in return for a contribution to an advanced study fund of 2.5% from the relevant monthly salary on the chairman's part). The Bank and chairman's contributions shall be made up to the cap recognized as being exempted from tax, as in effect from time to time, subject to the provisions in Section 4.8 below.
- 4.3. Annual Vacation and Sick Leave - The chairman shall be entitled to an annual vacation of 28 days per work year. Annual vacation days that were not used commencing from the start day shall not be accumulated. Additionally, the chairman shall be entitled to paid sick leave pursuant to the terms practiced at the Bank from time to time with respect to all of the Bank employees.

- 4.4. Vehicle - the Bank shall make a suitable vehicle available to the chairman. The Bank shall assume all the expenses associated with the use of the vehicle and maintenance thereof (except fines). Insofar as the chairman so requests, the Bank shall be entitled to gross up at his expense the tax payments for the vehicle, subject to the provisions in Section 4.8 below.
- 4.5. Recuperation Benefit - the chairman shall be entitled to a recuperation benefit pursuant to the law.
- 4.6. Expenses - the chairman shall be entitled to reimbursement of expenses relating to fulfilling his role and to telephone expenses (at home and a mobile telephone to be made available to him).
- 4.7. Additional Rights - the chairman shall be entitled to officeholders liability insurance, for an advance indemnification undertaking and to an exemption from the duty of care, in the formats and terms as approved and/or to be approved by the Bank from time to time. Additionally, the chairman is entitled to terms insofar as actions and banking services are concerned (as acceptable for the Bank employees).
- 4.8. The Chairman may ask to make changes and adjustments to the fringe benefits as stated in this Section 4, including to request that the contributions stated in Section 4.2 above shall be made beyond the cap recognized as being tax exempt, and all subject to parallel changes and adjustments in other fringe benefits as stated above, insofar as necessary, and to the fixed remuneration cap and the deposits to severance pay and pension and loss of ability to work as stated in Section 4.1 above.
- 4.9. Revisions to the chairman's terms of employment in accordance with Sections 3.2 and 4.8 above shall be reported to the Remuneration Committee.