

ESG REPORT

The FIBI Group | 2024



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Message from the Chairman and CEO

Dear stakeholders,

We are pleased to present FIBI Group's ESG report (Environmental, Social and Governance) for 2024. The report, published for the 12th consecutive year, reflects the Group's diverse activities for the promotion of social and environmental values within and alongside its business activities.

ESG issues are an important part of the FIBI Group's business activities and constitute a layer in the bank's strategy, and as part of the bank's ongoing activities with all of its stakeholders, we believe that integrating ESG considerations into our activities generates business value and social value for our stakeholders and for the Bank itself. Moreover, we believe that as a leading financial institution that is an essential part of the tapestry of Israeli society, fair and considerate conduct towards all of our stakeholders is fundamental, right and proper.

As a leading financial institution, and particularly as a bank that stimulates competition in the banking sector in Israel, FIBI is proud to be one of the pillars of the Israeli economy. FIBI Group will continue to promote business growth, coupled with its sustainable social and environmental investments, out of our deep commitment to all of our stakeholders and to Israeli society in all of its diversity.

In 2024, we continued to strengthen the bank's disclosure on ESG issues, with extensive reporting in accordance with leading international reporting standards and principles, which are also implemented for this issue by the world's largest banks, while continuing to actively engage in the empowerment of the bank's customers, employees and the community in which the Bank operates, reflecting the bank's commitment to fair, ethical and proper conduct. In addition, this year we shortened the report in order to facilitate its reading, without losing important disclosure that sheds light on the Group's ESG activities.

In many ways, 2024 was a direct continuation of the preceding year. Certainly, this was the case in all respects related to the challenges facing the State of Israel and Israeli society. For the State of Israel, the past year has again been a challenging and complex period, both in terms of security, society and the economy, as a result of the brutal surprise attack of October 7, 2023, and the Swords of Iron war. FIBI, its managers and employees mobilized immediately and, as an essential institution, FIBI opened its doors to customers following the day of the surprise attack, while maintaining the security of its employees and customers. Business continuity was maintained during the fighting, and FIBI operated and provided nearly full service according to Home Front Command guidelines and Bank of Israel directives, even in 2024, with the expansion of the War. During 2024, hundreds of thousands of Israelis were directly affected by security incidents that affected them or their relatives, led to their call-up into reserve service or to their evacuation from home for many long months. In fact, the entire public in Israel was affected by the developments in 2024, and we are proud that the FIBI Group, its employees and managers, stood by the community by providing donations and volunteering, as well as financial assistance and an attentive and sympathetic ear, as such times demand.

As a major financial institution, we are committed to the continued provision of financial support to the bank's customers and to the business sector, especially during this challenging period. We do not consider this an obligation imposed on us, but a right that we fulfill with the necessary care and attention, both for the security forces - for whom the bank considers itself a financial home - and for all of our customers. In this context, FIBI has offered benevolent debt restructuring to customers who have encountered difficulties, provided interest-free loans to customers in need who met the appropriate conditions, and has raised donations, in significant amounts.

We are proud of the support provided by the Group and its leaders to the Kibbutz Nir Oz community, which was severely affected by the October 7th attacks, support which began in 2023 and continued into 2024 and focused on assistance with the preparation of alternative housing, supporting reserve servicemen and women with businesses, to whom the bank made a designated contribution to a fund aimed at assisting with the resilience and survival of self-employed business owners who were affected as a result of reserve service, and in a long series of projects and actions that we hope will help as many people as possible. The benefits provided by the bank last year did not only address the effects of the War and the security situation, but also provided a specific and relevant response to a customer group that was having difficulty with the conditions in the economy.

In addition to these efforts, the bank remains committed to serving its customers, employees, suppliers, debtors, shareholders, regulators, and the State of Israel. We continue to prioritize quality service, technological innovation, and the development of advanced financial solutions, alongside the expansion of our traditional services across all channels. Accordingly, throughout the year, we invested in technology to provide advanced, accessible, and reliable services for all our customers. At the same time, we remain mindful of customers who are slower to adopt new technologies, ensuring that they are not left behind.

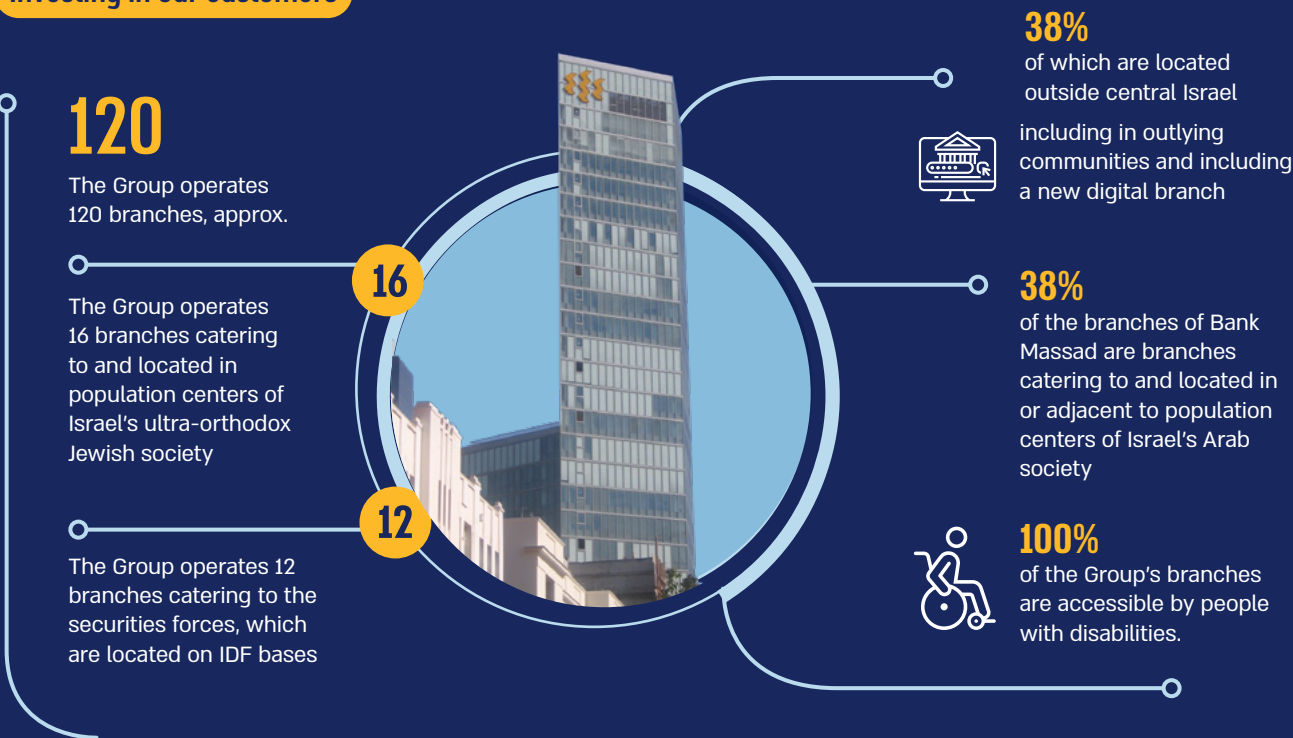
We conclude with the hope for the return of all the hostages, with heartfelt participation in the grief of the families of the fallen, and with hope for a speedy recovery of the wounded and the reconstruction of the north and the Gaza Envelope. Our hearts go out to all those who were affected, and we are committed to continuing the support and be part of the effort to rebuild and strengthen Israeli society.

Ron Levkovich
Chairman

Eli Cohen
CEO

Our ESG achievements in 2024

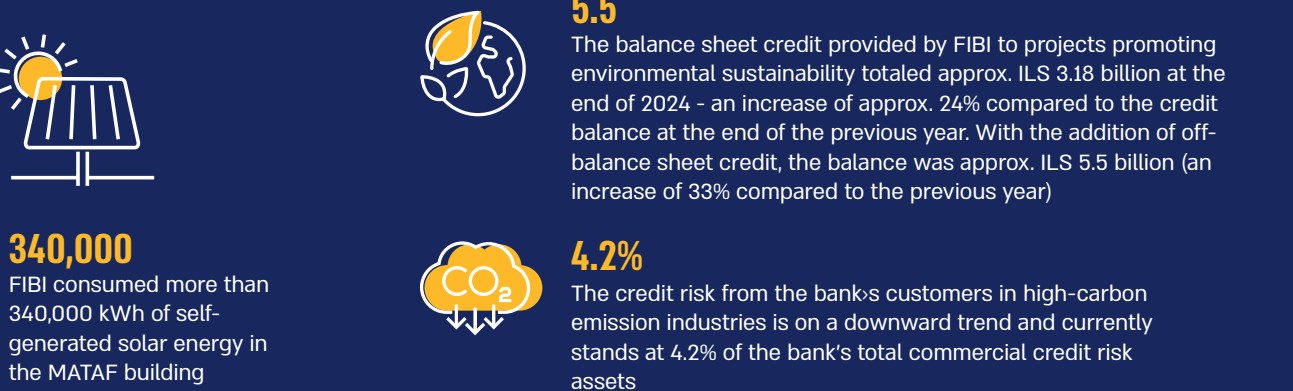
Investing in our customers



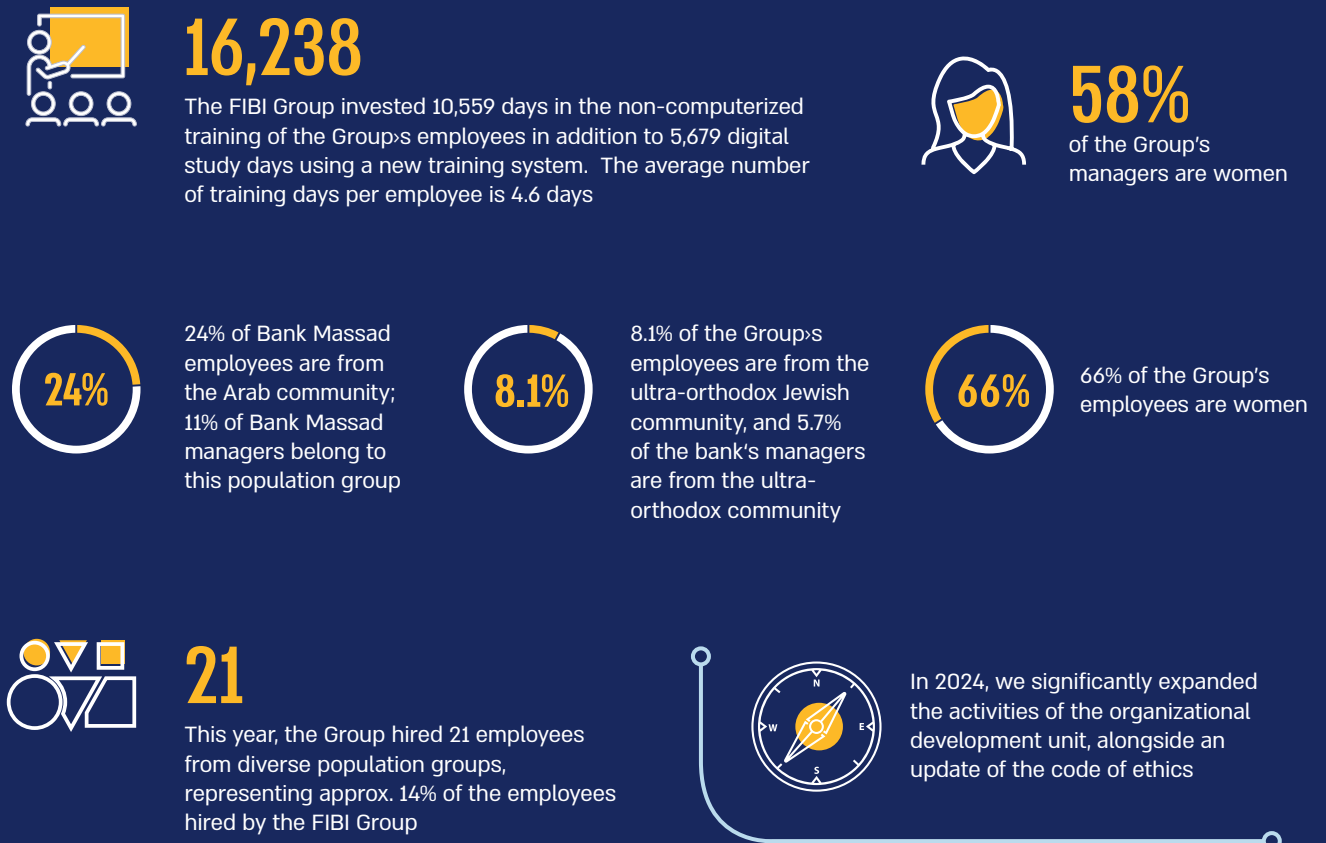
Investing in the development of the capital market and in financial literacy



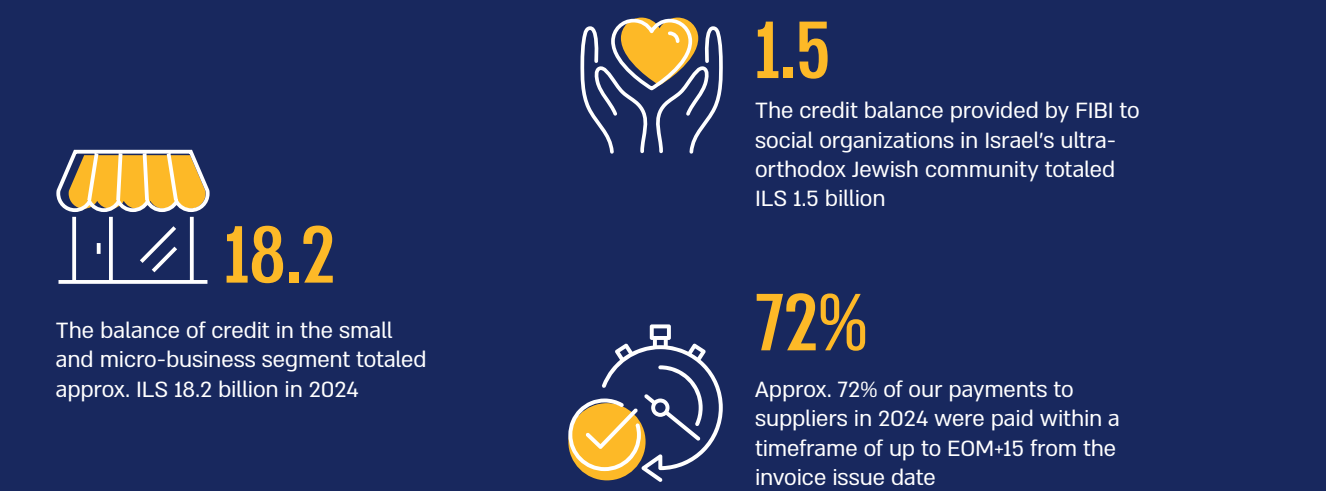
Investing in our environment



Investing in our employees



Investing in the Israeli economy





FIBI Group's profile and activities

FIBI is an Israeli public company, a licensed banking corporation according to the provisions of the Banking Law, and the fifth largest bank in Israel. The FIBI Group is comprised of two banks - the First International Bank of Israel and Bank Massad, which specializes in the provision of banking services to the teachers population in Israel. Both banks are members of the Association of Banks in Israel. FIBI also operates through other leading banking brands focusing on different target audiences: PAGI, Otsar Ha-Hayal and UBank.

FIBI Group's business activities focus on the provision of numerous key services:

- Financial brokerage between depositors and borrowers
- Financial and banking services through a wide range of activities
- Investment counseling and pension counseling
- Management of market and liquidity risks and investment's of FIBI's nostro funds
- Operation of banking services for capital market activities
- Trust services for institutional entities through the trust company.

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For additional information on this topic, please see the "Financial Statements for 2024", chapter "Overview, Goals and Strategy", page 7.

Ownership structure

The controlling interest in the FIBI Group is held by F.I.B.I. Holdings Ltd.. FIBI is a public company whose shares are traded on the Tel-Aviv Stock Exchange, which holds 48.34% of the FIBI's issued share capital and voting rights (a ratio constituting the control core, pursuant to the Bank of Israel's control permit). The controlling shareholders of FIBI Holdings Ltd. are: Mr. Tsadik Bino and his children, Mr. Gil Bino, Ms. Hadar Bino-Shmueli and Ms. Dafna Bino-Or (hereinafter - the "Bino Family") through the holding company, Binohon Ltd., Mr. and Mrs. Michael and Helen Abeles through Instanz No. 2 Ltd., and Mr. Barry Lieberman, Ms. Cassy Lieberman-Harris, Mr. Lee Lieberman and Mr. Joshua Lieberman through Dolphin Energy Ltd. For additional information on this topic and regarding the arrangements in effect between the controlling shareholders and regarding the conditions of the control permit issued by the Bank of Israel, please see "Information regarding FIBI's controlling shareholders" in the corporate governance chapter of the "Financial Statements for 2024".

FIBI Group's organizational structure

In 2024, FIBI operated through six divisions, three departments and the subsidiary MATAF ("Computing and Financial Operations" Ltd.), which engages in computing and in the operation of the banking processes in all FIBI Group banks. The bank also holds 51% of the shares of Bank Massad, as stated above.

As of the end of 2024, the bank's management team comprised of 11 members (10 of whom were permanent and one acting management member), 55% of whom were represented by women. As of the date of publication of this report, the Bank's management includes 12 permanent management members, of whom 58% are women.

As of December 31, 2024, the Bank Group operated 120 branches and extensions—99 of which belonged to the International Bank and its brands, and 21 of which were part of Bank Massad.

The Group regularly examines the branches' growth in profitability and business activities relative to their intended target populations, the goals set in the work plans of the Group's banks and the ability to realize the potential in the geographical area in which each branch operates. The Group also regularly examines whether the locations of branches are optimized for the business environment and for changes in localities that offer potential for business development in the target population of each of the banks in the Group.

Creating economic value for stakeholders

FIBI Group is a leading economic organization with significant economic impacts. These impacts are reflected by the creation of value for FIBI's various stakeholders: for our shareholders and investors, the Group's activities create direct economic value; for the State of Israel, the Group creates value through the payment of taxes, the creation of jobs and through "blue and white" (Israeli-made) procurement; for the Group's employees, the Group creates value through their employment, the payment of salaries and through attention to employee wellbeing; for its customers, suppliers and business partners, the Group creates value by advancing their activities; and for the community, the Group creates value in the form of financial donations and volunteer work by the Group's employees.

Furthermore, the Group's banks contribute significantly to economic activity in Israel, and their diverse services encourage business entrepreneurship, trade, consumerism, investments and savings. On December 31, 2024, the net balance of credit provided by the FIBI Group to the public totaled ILS 129.4 billion.

FIBI Group also indirectly contributes to the development of Israel. The Group promotes accessibility to financial activity in remote areas far from the center of Israel, where over 38% of its branches are located. Furthermore, the Group's various banking brands specialize in providing dedicated solutions customized for diverse population groups in Israeli society: the ultra-orthodox Jewish community; the Arab community; career soldiers, conscripted soldiers and security establishment pensioners; teachers; immigrants from CIS countries and other countries; as well as micro-, small and medium-sized businesses.

Branch locations:

Bank	Number of branches	Number of branches in outlying communities¹	Percentage of branches in outlying communities
FIBI	56	21	38%
UBank*	3	0	0%
Otsar Ha-Hayal*	24	10	42%
PAGI*	16	5	31%
Massad	21	9	43%
Total	120	45	38%

*Brands that are part of FIBI

ESG in FIBI Group

ESG considerations are intertwined in FIBI Group's daily activities. The Group takes economic, social and environmental considerations into account during its ongoing business activities and meticulously maintains appropriate, proper and effective corporate governance. This is done out of its desire to create shared value for both the Group and all of its stakeholders, while maintaining a constant dialogue with them.

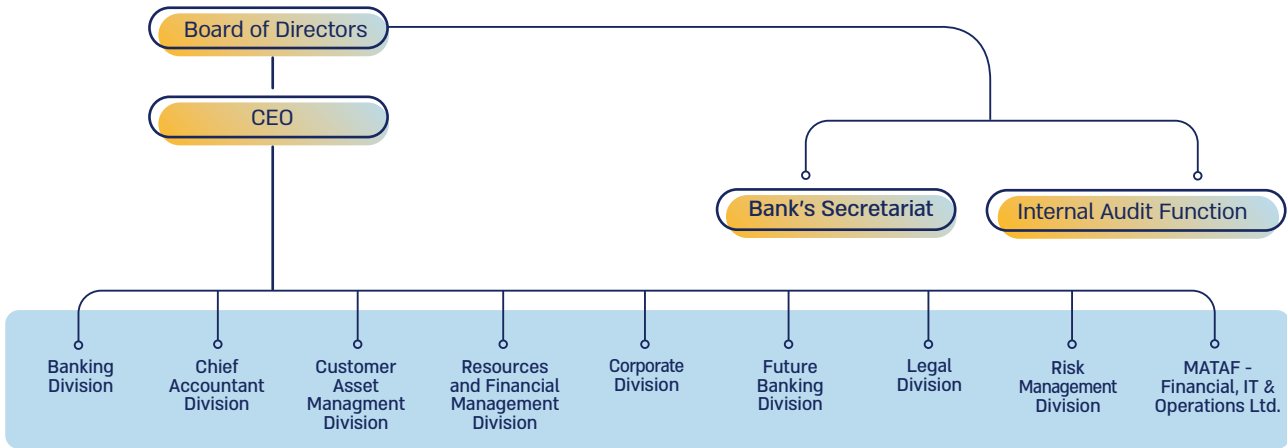
FIBI Group's ESG policy

During 2021-2022, the FIBI Group formulated a comprehensive ESG policy for managing environmental, social and corporate governance aspects of FIBI's business operations. The policy, approved in the second half of 2022, demonstrates the bank's commitment to promoting social and environmental values, creating positive impacts and guiding its activities in these areas. The policy is updated every three years, and is planned to be updated during 2025, with an emphasis on climate aspects.

In relation to environmental topics, the policy defines two key channels of activity: incorporating climate and environmental considerations into FIBI's financing and investment activities; and its commitment to take action to reduce the environmental impacts deriving from FIBI's routine operations. In the social realm, the policy underscores FIBI's commitment to take action to support and empower FIBI's customers, employees and the community in which it operates. With regard to corporate governance, the policy focuses on the bank's commitment to operate effectively, fairly, ethically and appropriately. In addition, the policy reflects FIBI's commitment to comply with the related regulatory directives, and to report its activities in conformity with the leading international standards.

The ESG policy also includes a breakdown of the responsibilities of the various entities in the bank with respect to ESG issues, including the responsibilities of the Board of Directors, management and the various bank divisions. It specifies the process for determining the ESG issues that are material to FIBI's activities and the ESG risk management process. Furthermore, the policy defines the monitoring, control and reporting processes in order to successfully achieve FIBI's ESG goals.

The bank's organizational structure



1. North of Hadera or south of Gedera.

The ESG affairs officer in the FIBI Group is Ms. Ella Golan, the head of FIBI's resources and financial management division, a vice president and a member of FIBI's management. The officer in charge of the integration and implementation of ESG affairs in the Group is Mr. Ron Stein, Head of the bank's ESG. For additional information regarding this report, please contact Ron Stein at ESG@fibi.co.il.

Environment

Society

Corporate Governance

Status of the Group's achievement of its ESG goals for 2025²



90% of FIBI's investment counselors will complete training on the subject of ESG in investments, which will enable them to help FIBI's customers incorporate ESG considerations into their investment management.

After achieving the goal in 2022, the customer asset management division is continuing processes to deepen ESG considerations in investments



FIBI will complete the process of identifying securities having significant environmental and social impacts for the benefit of its customers, and include ESG aspects in analyses of securities.



In 2024, a service was launched making ESG data for securities accessible in the trading app, in collaboration with the fintech company Bridgewise.

25% of the new nostro investments in private funds will be made through investment funds with an ESG policy for managing investments



All new investments in 2024 were in funds with ESG investment management policies

FIBI will assist in the financial empowerment of 30,000 customers (10% of which are small businesses) by providing advanced financial knowledge



As of the end of 2024, the bank had assisted more than 60,000 customers with financial empowerment. Approx. 19% of the bank's customers assisted during 2024 were small and medium-sized businesses.

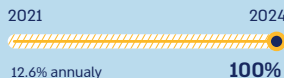
50% of the businesses providing benefits to customers who are members of PAGI's customer loyalty club will be local businesses in ultra-orthodox Jewish communities, with the goal of advancing a sustainable local economy in this society.



53% of the businesses participating in PAGI's top team of businesses are local businesses owned by ultra-orthodox Jewish women.

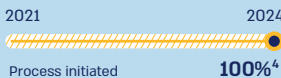


10% of employee hires will be from diverse populations

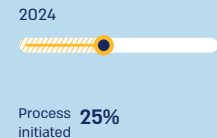
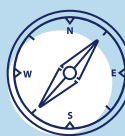
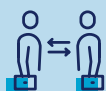


14% of the employees hired in 2024 were from diverse population groups; in the last three years, the cumulative ratio of new hires is approx. 16%, representing approx. 160% of the goal

At least 75% of our managers will participate in at least one power skills³ training course over two years.



Training in **at least one power skill** will be included in all continuing courses in core subjects (credit, mortgages and the capital market).



In addition to the comprehensive processes to inculcate our code of ethics to be carried out every two years, at least 2,500 employees will receive quarterly updates about ethical issues through a dedicated memo in this regard, which is disseminated to all of FIBI's employees

25% - Due to an update of the code of ethics during 2024, a refresher was carried out in the last quarter - for all bank employees. This is in addition to conferences held during the year regarding the new code of ethics and additional cross-organizational activities



FIBI Group participates in the promotion of the Sustainable Development Goals (SDGs) adopted in 2015 by the UN General Assembly with the aim of promoting global sustainable growth by 2030

About this report

The FIBI Group's 12th ESG Report examines and presents the Group's activities and performance in 2024 in ESG areas identified as material to the Bank and aims to present this activity transparently and reliably. In order to facilitate the reading of the report, the Bank chose this year to reduce the scope of the report as much as possible, while focusing on the most material and relevant issues and indicators, consolidating repetitive qualitative descriptions, and deleting information that is not material to this report and is published to the public in other sources (while referring to those sources).

The report was written in accordance with leading international standards: the GRI standards in an expanded format with a comprehensive level of transparency, and the report also refers to the SASB (Sustainability Accounting Standards Board) definitions. Environmental and climate issues in this report are in accordance with the TCFD (Taskforce on Climate-Related Financial Disclosures) guidelines, including the carbon footprint calculation of both the bank's operational activities and the financed emissions - the emissions of entities and projects financed by the bank - in accordance with the guidelines of the international PCAF (Partnership for Carbon Accounting Financials) standard.

The report reviews the activities of the FIBI Group: First International Bank of Israel, Bank Massad and the subsidiary MATAF, where its activities have a material impact on the content presented in this report.

The data presented in this report is consistent with the information presented in previous reports. In any case of inconsistency or corrections that have been made, details and an explanation are provided in the relevant section. Several changes have also been made in this report in the way that data is calculated and presented in particular sections of this report relative to the previous report. These changes have been noted in the relevant sections.

Most of the quantitative data in this report refer to the FIBI Group, except where it is explicitly noted that the data refers to only one of the Group companies. Some of the data in this report is presented in comparison to the data measured in previous years, while other data also serve as a presentation of a baseline year (when the measurement of particular data was finetuned in this report). The quantitative data in this report is based on accepted indicators and is presented in conformity with the requirements of the GRI standards.

As part of the ESG definition, the FIBI Group participates in the promotion of the Sustainable Development Goals (SDGs) adopted in 2015 by the UN General Assembly with the aim of promoting global sustainable growth by 2030.

We thank all FIBI Group employees for their daily contribution to the advancement of ESG in the bank. We are especially grateful to employees and managers this year, considering the persisting negative repercussions of the Iron Swords War.

2. The Group has multi-year ESG goals for the years 2021-2025, hereinafter referred to as the "2025 Goal".
3. Power skills refer to the personal development of employees and typically focus on "soft" skills.
4. 758 managers participated in such a course in 2024



Materiality assessment

This report was prepared following a process of mapping and defining the material issues for reporting in accordance with the double materiality approach. Material topics for reporting are ESG topics (environmental responsibility, socioeconomic development, corporate governance) whose effective management has a material impact on the organization's financial robustness, or when the organization's conduct in relation to them has a material impact on its environment.

The process of defining the material topics and their periodic updating involves consultation with the Group's various stakeholders, along with a review of current research on ESG aspects of the financial sector, a study of reporting standards for the financial sector and the work of ESG rating agencies for this sector, learning from accepted practices of leading banks in Israel and around the world, and analyzing the positions of regulatory authorities, in particular, the Banking Supervision Department.

The list of materiality assessment topics is approved by management and updated annually. This year, the bank did not consider it necessary to make changes to the list of material topics.

FIBI Group's material topics for 2024:

Ethics, anticorruption and regulatory compliance

FIBI's ethical and moral conduct in all of its businesses, while mitigating the risks in the Group's activities and promoting ethical business excellence, based on the embedding of business ethics in its activities, including preventing incidents of corruption, discrimination, unfair conduct towards customers and mapping the obligations applying to FIBI by virtue of provisions of law and various regulatory authorities and all the actions taken to ensure the Group's compliance with them.

Responsible corporate governance

Establishing and implementing robust internal governance and management practices, alongside an efficient, diverse and active board of directors in order to achieve FIBI's short-term and long-term goals.

Privacy protection and information security

Managing information security, effectively safeguarding the customer confidentiality, responsible information usage and prompt responses to and handling related customer inquiries and concerns.

Business continuity

Advancing preparedness to maintain business continuity and activities under various scenarios, including emergencies.

Transparency and fairness in products and services

Incorporating principles of transparency and fairness in the products and services that FIBI Group offers to its customers and meticulously adapting products and services to customers' needs and characteristics. This is by enforcing the various consumer regulations applying to the bank and ensuring responsible marketing activities based on accepted rules of ethics in this regard.

Quality of service

Investing in the provision of high-quality service in order to maintain customer satisfaction, including training, monitoring and measuring, learning and further enhancing the quality of the service.

Innovation in products and services

Promoting innovation such as digital services through direct channels.

Financial inclusion and access to services

The provision of accessible and equitable services to diverse populations within Israeli society. In addition to providing and offering an innovative, efficient and professional service and by advancing service accessibility enables customers from a variety of backgrounds, ages and regions, as well as people with disabilities, to access high-quality service that is tailored for their specific needs.

Advancing financial literacy and understanding

Taking actions, such as providing opportunities for learning and making know-how accessible to the public, with the goals of enhancing the financial literacy of FIBI's customers and of Israeli society and of providing tools so that they can make informed decisions about financial conduct.

Employee training and development

Providing professional training to the Group's employees according to its needs and for the sake of its employees' personal and professional development.

Work environment and terms of employment

Maintaining a pleasant, fair, safe, productive and remunerative work environment for all of the Group's employees, considering their personal well-being while ensuring appropriate and respectful remuneration and work conditions.

Risk management

Managing FIBI's business and financial stability through informed and effective risk management, in light of current and future challenges that could affect FIBI's operations and management.

Environmental and climate risk management

Maintaining FIBI's financial stability notwithstanding the environmental and climate challenges, by referring to these risks in FIBI's financial risk management processes.

Equal opportunities, fairness and diversity in employment

Implementing principles and processes that enable and promote equality and prevent discrimination in FIBI's workplace environment. The group ensures the maintenance of adequate, fair and pleasant employment terms and work environments for all employees of the Group, while fostering effective communications between employees and management, while maintaining employees' job security. Additionally, FIBI takes proactive measures to hire employees from underrepresented populations in Israeli society, maintaining a diverse, high-quality workforce to meet both social and business needs.

Environmental and climate considerations in financing and investments

Developing and marketing new products that advance environmental responsibility and including environmental and climate considerations in the decision-making process.

Social considerations in financing and investments

Including social considerations in the decision-making process when providing credit or executing investments, as well as emphasizing environmental considerations during the development and marketing of new financial products.

Improving environmental and operating efficiency

FIBI Group deems it highly important to exert efforts to reduce its environmental impact. Therefore, FIBI takes various environmental aspects into account when making decisions during its routine activities, and actively attempts to reduce its use of resources, materials and energy in order to protect the environment.

Responsible supply chain

Including environmental and social considerations in the management of the Group's set of engagements with suppliers, such as by ensuring that those employed by manpower agencies have fair and proper employment conditions, ensuring fair conduct towards suppliers, contributing to the Israeli economy by engaging with local businesses and businesses in outlying communities, and the appropriate management of procurement processes.

Investing in the community

Investing in the community, while advancing various social causes by formulating policies, donating cash and cash-equivalents to various NPOs and frameworks, employee volunteering and promoting a variety of social activities.



ESG Climate and Environment





Introduction

We in FIBI Group are aware of the growing significance of environmental and climate events at both the global and local level. In recent years, environmental awareness in Israel and around the world has risen significantly, primarily due to various pollution events that affected local resources and ecosystems, and due to intensifying climate changes which can be expected to affect all aspects of life and wide populations.

In Israel, in addition to the increasing scarcity of natural resources, experts predict hyper-vulnerability to the climate crisis, which can be expected to be manifested, among other things, by rising temperatures, harm to sources of water and changes in ecosystems. These environmental processes impact FIBI's business environment and its customers and could have long-range economic implications for the bank. As a leading financial entity in Israel, FIBI deems it highly important to take part in the national and global efforts to prevent and decelerate these environmental processes and reduce their impacts on the environment and on people.

Since climate risk management is still a developing discipline in the financial sector, the mode of data management and the volume of available data can be expected to change in

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the coming years, and the mode of presentation of data and the scope of reporting could change from year to year. This section of our ESG report relates solely to FIBI (and not to the FIBI Group), unless otherwise expressly stated.

Corporate governance in relation to environmental aspects

Climate change constitutes a major global challenge whose impact on many aspects of the economy is expected to increase over time. These changes pose challenges and opportunities for the Israeli economy in general and for FIBI in particular, which are characterized by considerable uncertainty regarding how and to what extent these changes might materialize, making it difficult to prepare for them.

Incorporating the subject of climate change in FIBI's corporate governance is essential for preparing for and managing the current and future impacts of climate change, both in relation to FIBI's ongoing operations and in relation to its financial activities with customers and other stakeholders.

The Board of Directors' role

As part of the responsibilities of FIBI's Board of Directors to guide and instruct FIBI's management about business strategy and risk management, as well as formulating FIBI's ESG policy. Accordingly, the Board of Directors is responsible for designing FIBI's approach to climate topics and for overseeing their management in FIBI. This approach, which links the climate to all ESG topics, enables FIBI to have a holistic perspective on the opportunities and risks it is facing, and supports the creation of business value and social value for all stakeholders who are indirectly affected by climate risks.

In this context, the Board of Directors approves policy documents dealing with climate aspects and oversees their implementation, as well as the processes and mechanisms

for their management. Among other things, the Board of Directors discusses various climate-related issues, as well as FIBI's risks, including credit risks, approval of the ESG policy and the environmental and climate risk chapter in the bank's credit policy, the ICAAP process and annual approval of the ESG report by the Board of Directors plenary session. For details regarding the board of directors' discussions on ESG aspects in general, including climate, please see the Corporate Governance chapter on page 72.

Climate management in FIBI

FIBI's management is responsible for implementing the climate policy led by the Board of Directors. Within this framework, the management delegated the responsibilities for advancing and actually managing climate-related issues to several key functions in FIBI, depending on how climate aspects are integrated into their ongoing activities. This governance structure is expected to continue expanding and consolidating as FIBI continues developing its engagement in climate-related issues according to the accepted practices and integrating these aspects throughout its activities.

Corporate Division:

The Corporate Division is the key entity at the bank that manages the climate risks and opportunities pertaining to business-commercial credit in the first line of defense (for additional information regarding the general division into lines of defense in FIBI, please see the "Corporate Governance" chapter on page 78). Among its spheres of responsibility, the division is responsible for formulating and implementing climate risk management methodologies in credit underwriting processes, for incorporating climate-related aspects in FIBI's credit policy, for initiating processes for the technological automation of data and processes, for developing green credit products, etc. In order to fulfill these responsibilities in this regard, the High-tech Sector manager was appointed as the ESG manager in the Corporate Division, who is responsible for advancing and integrating the topic into the division's activities methodologically and operationally.

Customer Asset Management Division:

The Customer Assets Division is responsible for integrating both climate and ESG-related aspects within FIBI's passive services and products, particularly in investment counseling to customers in relation to trading on the capital market.

Risk Management division

The Risk Management division is responsible for managing climate risks, as well as other risks, at the bank in the second line of defense. It is responsible for challenging the risk-management processes and methodologies implemented in the first line of defense, for integrating the organization-wide compliance with Proper Conduct of Banking Business Directive (hereinafter - "PCBB") 345 (Principles for the Effective Management of Climate-Related Financial Risks) and for integrating climate risks in organization-wide risk-management processes, such as ICAAP and stress scenarios.

Resources and Financial Management Division

FIBI's Resources Division leads the bank's ESG initiatives in the broadest sense and oversees all logistics and operational

FIBI recognizes that the climate crisis presents a range of business risks and opportunities that directly impact the bank and its stakeholders. Accordingly, FIBI's strategic approach to climate issues focuses on several key areas that involve both exposure to climate risks and the pursuit of related opportunities

functions within the organization. In the context of climate-related issues, the division is responsible for advancing climate initiatives within FIBI's operations, including improving operational efficiency, reducing the carbon footprint, climate-related reporting and the integration of climate considerations into overall ESG management. The division also includes FIBI's nostro unit, which is responsible for incorporating ESG factors and managing climate risks in the bank's investment activities.

Strategy

FIBI recognizes that the climate crisis presents a range of business risks and opportunities that directly impact the bank and its stakeholders. Accordingly, FIBI's strategic approach to climate issues focuses on several key areas that involve both exposure to climate risks and the pursuit of related opportunities:

- Financing activity
- Investment counselling and customer trading activities on the capital markets
- Ongoing operational activity

Climate change and FIBI's business activities

As a significant financial factor in the Israeli economy, FIBI is exposed to the risks arising from climate change, both in direct exposure, such as operational risks and reputational risks, and in indirect exposure, considering FIBI's customers' activities. The strategic analysis that FIBI conducted, as part of an initial assessment of the repercussions of climate change on FIBI's operations, found that the majority of the exposure is indirect. This exposure is created primarily through the potential impact of climate and environmental risks on borrowers' financial stability. There are also direct exposures, such as impairment of collateral.

In addition to the exposure to climate risks, FIBI's customers' activities preparing for climate change also create a variety of new business opportunities that FIBI intends to implement in the short term. These opportunities include the development of designated credit products to support customers' needs for financing the transition to a low-carbon economy. In this way, we will be able to support and help achieve the national targets for reducing emissions, as specified in the draft climate bill of the State of Israel.⁵

5. https://www.gov.il/he/departments/news/the_climate_law_passed_the_ministerial_committee_for_legislation

Key climate-related opportunities for FIBI:

Operational and energy efficiency

Improving the efficiency of resource use in the bank's branches and throughout the operational system, including through the transition to the use of innovative and energy-efficient digital technology, which reduces the need for employee and customer travel.

Promoting green financial products

particularly financial solutions for business and private customers, for which demand is expected to grow, and which are expected to become an important channel in FIBI's financing activities in the medium and long term.

Including climate aspects in investment counseling and analyses in FIBI

As the leading bank in Israel in customer trading in the capital market, FIBI integrates considerations involving climate risks and opportunities (and ESG in general) in services relating to customer trading in the capital market, including in the analysis of securities and investment portfolios. FIBI takes these aspects into account and makes information in this regard accessible to its customers in order to enable them to reach informed, data-based decisions when managing their investments, with the goal of maximizing the investors' returns.

Strengthening FIBI's resilience

FIBI's preparedness for climate change constitutes an opportunity to add another layer to FIBI's existing comprehensive risk management array already in the short term.

FIBI's exposure to climate risks

Similar to common practice in leading international banks, FIBI considers climate risks to be risk factors that intensify the risks that are traditionally managed. Accordingly, FIBI is taking action to include these risks in its various risk management frameworks, such as credit risk, market risk (particularly investments), operational risk (particularly business continuity), reputational risk and liquidity risk. This process is underway at FIBI in view of the provisions of the new regulations in Israel (implementation of the provisions of PCBB Directive 345, which addresses the management of climate-related financial risks, which will enter into effect in June 2026).

According to the TCFD's recommendations, which are accepted by financial institutions worldwide, FIBI uses an accepted climate-risk taxonomy that divides climate-risk factors into physical climate risks (deriving from direct impacts of extreme weather events and gradual climate changes) and transition risks (deriving from the global transition to a low-carbon economy). Each of these risk categories includes a variety of specific risk factors having diverse impacts on the traditional risks that FIBI manages. In addition to the climate risk categories, FIBI also identifies and manages other traditional environmental risk factors as needed. Environmental risks are risks deriving from possible harm to the environment, such as harm to the biodiversity, soil contamination and pollution of water sources. When examining them as business risks, these risks can lead to compliance risks, regulatory risks, legal risks and other operational risks to FIBI and to its customers.

Exposure to physical risks

In order to perform a preliminary assessment of the exposure of FIBI's activities to physical climate risks, FIBI relies on the latest information from official sources in Israel. This assessment is based on the determination of the Climate Change Administration in the Ministry of Environmental Protection, which constitutes an official expert body on behalf of the State of Israel tasked with preparedness for climate change.

During the administration's work, it defined four key climate trends that are expected to impact our region:



Rise in global temperatures



Decrease in global precipitation



Increasing in frequency of extreme weather events



Rising sea level

Material risk factors and how they materialize

Trend

Main risk factor relevant to Israel

How it materializes



Rise in global temperatures

Fires, heat waves

A rise in temperature and changes in the wind regimes and in the moisture concentrations in the local vegetation create conditions for the development of severe fires and firestorms. An increase in the likelihood of fire events in Israel can be expected to impact FIBI's activities, primarily due to the damage to its customers' business activities as a result of property damage and other economic losses. Fire events could also impact FIBI's operational risk, mainly within the context of adversely impacting operational continuity and possible damage to FIBI's assets.



Decrease in global precipitation

Change in precipitation patterns and a decrease in the volume of precipitation

The overall quantity of precipitation in Israel has been in a downtrend over the last thirty years and is expected to intensify towards the end of the century. The frequency of rainfall will also steadily drop in most parts of Israel, but the intensity of the rainfall (the quantity of rainfall within a particular timeframe) will steadily increase.

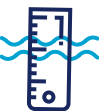
Since this chronic climate change is expected to impact every geographic region in the world differently, there is a concern about a rise in FIBI's exposure to market and credit risks as a result of rising prices of raw materials and commodities, and increased volatility in the volume and quality of agricultural produce.



Increasing frequency of extreme weather events

Floods

In recent years, there has been an increase in the frequency of floods throughout Israel, partially due to the increase in rainfall intensity, coupled with accelerated urbanization processes and a loss of open natural areas. Multiple flood events could increase the risks to FIBI due to a possible adverse impact on business continuity and on the value of assets, both for FIBI and for its customers.



Rising sea levels

Rise in sea level

As a country with a significant concentration of economic activities along the coast, the Israeli economy is exposed to the impact of the rise in the sea level.

The impact of this risk factor on all risks that FIBI manages could affect its credit risk and operational risk in the long term, including by impairing collateral and eroding the value of FIBI's land assets.

Exposure to transition risks

As part of the global efforts to contend with the climate crisis, structural changes in global economic activities are required. These changes could intensify the traditional financial risks if FIBI and/or its customers fail to take adequate action to adapt their activities to the expected changes in the business environment.

According to the TCFD recommendations and the categorization customary among leading financial institutions around the world, FIBI Group manages its transition risks across the following four categories:

Legislation and regulation

Efforts to address climate change have led to a range of regulatory reforms aimed at reducing greenhouse gas emissions, along with policy changes and incentives across various sectors. These developments include adjustments to legal frameworks, resulting in an increase in climate-related litigation. These risks could have a direct impact on FIBI’s activities, including by causing reputational damage, by creating changes in the business environment, by imposing additional regulatory obligations on FIBI and by causing an increase in the compliance risk. Furthermore, many regulations will also impact FIBI’s customers, such as customers in the energy, transportation and industrial sectors, which is expected to increase their credit risk.

Technology

Efforts to address climate change require the development of new technologies enabling the reduction of emissions during economic activities. Among other things, these risks include disruptive technologies, which can be expected to change entire industries, including the value chains in the energy, food, automobile, metal and construction sectors. These risk factors could impact FIBI's credit risk by adversely affecting borrowers' repayment capabilities and financial robustness. On the other hand, this aspect also creates a business opportunity for FIBI, since, in order to prepare to contend with risks relating to technological innovation, customers will be required to execute significant capital investments, and FIBI may be able to provide them financial solutions in this regard.

Market

Climate change adaptation and their consequences increase the uncertainty in markets and can be expected to cause high volatility in prices and in the supply and demand of various types of raw materials, commodities and securities during different periods. These risk factors could increase FIBI's exposure to credit risks, due to a possible adverse impact on borrowers’ financial stability. FIBI's market risk, as managed within the framework of the traditional risks, could be affected by this risk. For example, uncertainty and price volatility in the global energy market could affect the market value of our nostro portfolio and result in changes in the growth forecasts on which FIBI indirectly relies.

Reputation

The heightened awareness of the climate crisis and its impacts increase the importance of climate considerations during business decision-making by individuals and businesses and could exacerbate the damages that will be caused to companies that fail to act in this regard. This risk factor could directly impact FIBI's activities, for example, damage to FIBI's reputation vis-à-vis international stakeholders, particularly investors and debenture-holders. Concurrently, FIBI assesses that this risk can also be expected to impact its credit and market risks.

Promoting climate-related opportunities

FIBI is taking action to adapt its business strategy in order to leverage the business opportunities inherent in climate change, and to thereby strengthen its, and its clients', preparedness for a future characterized by a low-carbon economy. The implementation of FIBI's climate strategy will ensure financial support for the market's needs, for Israel's national GHG (greenhouse gas) emissions-reduction targets and for the transition to a low-carbon economy.

Green credit

As part of FIBI's support of the global targets for reducing greenhouse gas emissions and promoting sustainable development, FIBI is investing efforts in developing designated credit products to provide green financing solutions for FIBI's customers. Allocating credit for projects that support the transition to a low-carbon economy and sustainable development is the present need, considering the substantial investments that business customers are required to incur, among other things, as part of energy streamlining processes and technological adjustments, particularly in emissions-intensive sectors, such as the energy and transportation sectors.

In view of the importance we attach to increasing environmental impact of FIBI's financing activities, and the accurate and reliable use of the term “green financing”, the bank has defined an internal green credit taxonomy in conformity with the international standard called the GBP (“Green Bonds Principles”). Although it is a standard for financing through bonds, it is also accepted in the global banking sector for the purpose of defining green credit.

The taxonomy differentiates between financing green companies and financing green projects (such as projects to increase energy efficiency, green construction and green building projects), which are expected to help FIBI deepen its green financing activities through designated credit products to be offered to a wide variety of FIBI's customers.

In addition to these categories, FIBI's green credit also includes sustainability-linked loans (SLLs), which are provided within the framework of international consortia in which FIBI is a member. SLLs are a common financial products internationally, but are rare in Israel. In an SLL, the interest that the borrower pays is determined according to the degree of its achievement of relevant designated ESG goals that are decided during the underwriting process.

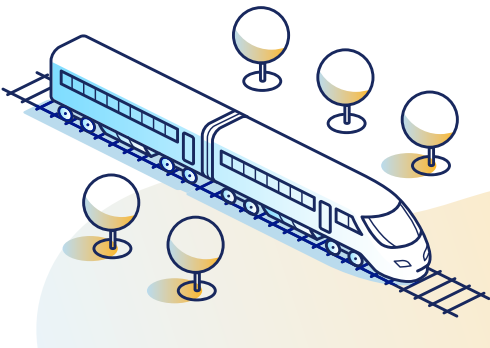
The green financing fields according to FIBI's green taxonomy:

Renewable energy	Financing infrastructure projects and private renewable energy projects (solar and wind), including companies engaging in them.
Energy efficiency	Financing of companies' projects and investments to improve their operational energy efficiency and energy storage projects.
Green building (Sustainable construction)	Financing of green building projects according to Israeli Standard 5281 (at the level of two stars and above) or according to the LEED standard.
Preventing and monitoring pollution	Financing of projects, facilities and companies for active waste treatment, including recycling, and for the rehabilitating contaminated soil and polluted water sources.
Clean and smart transportation	Financing of projects, infrastructures and companies for public transportation, projects promoting public transportation and electric transportation.
Water and waste treatment	Financing of projects and companies engaging in water and waste treatment and related infrastructures.
Development of climate technologies	Financing of companies engaging in the development of innovative climatech.
Sustainable management of natural resources	Financing of companies whose activities contribute to the sustainable management of natural resources, including in the field of innovative, smart and precision agriculture (Agritech).

FIBI is taking action to strengthen its identification and measurement capabilities in relation to green credit, and it expects to expand its scope of reporting in this regard from year to year. The green credit balance in FIBI (balance-sheet credit only), as of the end of 2024, amounts to around. ILS 3.18 billion⁶ an increase of nearly 24% compared to 2023⁷ (for additional information, please see the “Targets and Indices” chapter on page 27).

Financing leading transportation projects

The bank is one of the financiers of major infrastructure projects for public transportation, which offer a green and environmental alternative to travel by private vehicle, contribute to a greener urban environment, improve the overall quality of life of residents and contribute to a reduction in greenhouse gas emissions, thereby reducing air pollution in the urban space and reducing urban traffic congestion.



6. Upon adding off-balance-sheet credit, the green credit balance in FIBI, as of the end of 2024, totaled approx. ILS 5.5 billion.

7. The specified data include the balances of the green credit (balance-sheet credit only, unless stated otherwise), as of the end of 2024 , in ILS thousands. FIBI is taking action to strengthen its identification and measurement capabilities in relation to green credit from year to year, and therefore there are adjustments and improvements to previously reported data.



Use of digital means for reduced use of resources and efficient use of resources

The bank offers customers two methods that encourage the use of digital channels. One is the "Green Account" arrangement, which allows customers to carry out the ongoing management of their account through direct channels without visiting the bank and includes an exemption from various fees and fee refunds. The number of accounts associated with FIBI's Green Account arrangement increased by approx. 10% in 2024 compared to 2023. The second is the **"ME" Branch**, FIBI's digital branch, which

Increase by approx. 10%

in number of accounts associated with FIBI's Green Account arrangement increased by compared to 2023



increases the benefits of convenience and of resource savings by providing comprehensive, high-quality and efficient service, without the need for paperwork or visiting the branch. This branch includes unique conditions and its activity is growing.

Operational sustainability

In terms of operations, FIBI has been taking action for several years to reduce as much as possible the negative environmental impacts associated with the operating activities of FIBI's branches and its entire operations array, including reducing FIBI's operational carbon footprint. Within this framework, FIBI is advancing extensive streamlining processes, particularly increasing energy efficiency, since electricity consumption constitutes a major share of the carbon footprint of FIBI's operational array. In addition, some bank employees are allowed to work at home on some days of the week, which contributes to reduced travel. In addition to reducing environmental impacts, these actions support the organization-wide strategy of transitioning to the provision of high-quality digital services that reduce the need for resources, such as real estate, electricity and transportation, since each of these components has a significant environmental impact. These processes enable FIBI to provide higher-quality service to customers and to reduce the environmental impacts involved in providing service.

For elaboration about all the processes to increase energy and operating efficiency underway at FIBI, see pages 30 in this report.

Integrating climate and ESG aspects in customers' trading in the capital market

FIBI is a leading bank in the segment of customer trading in the capital market and, as part of this responsibility, we are diligent about leading innovative and significant trends in capital market trading and making them accessible to our customers. Our Customer Assets division enables the customers trading with securities through FIBI to have higher access to information and tools enabling them to include climate and environmental considerations (and ESG considerations in general) in their investment management. Our objectives are to increase customers' professionalism, to enable them to include key ESG trends in their decision-making processes, to maximize financial returns in their investment portfolios and, to enable the building of investment portfolios tailored to the values and beliefs of the investing customer.

ESG considerations in our counseling services

FIBI adopted an ESG policy and decided, inter alia, to incorporate ESG aspects, including climate-related aspects, in its advice to customers, and to provide guidance to our investment counselors and financial guidance to FIBI's customers, which also refer to these aspects. The implementation is carried out through several channels:

- Including ESG considerations in asset selections and analyses:
 - **Integration of ESG considerations into analyses of specific companies** – Making ESG ratings available through the trading system for customers and advisors, as another decision-making parameter for a wide variety of assets in Israel and abroad. In 2023, an agreement was signed with a provider of ESG ratings, and the subject was implemented in 2024.
 - **Including ESG considerations in the managed mutual funds rating system** – mutual funds' ESG rating (if any) are included in the managed mutual funds rating system, which enables our investment counselors to consider the parameter of the ESG rating when selecting recommended mutual funds.
- **Integrating the ESG preference question into the customer needs assessment process** – During the discussion of the customer's needs, the customer is asked and may instruct the investment counselor to also refer to the ESG rating of assets when selecting the recommended assets.
- **ESG-centric stock portfolios** – Providing access to recommended portfolios of managed mutual funds and index funds (in Israel and abroad) defined as investors in ESG-centric assets, at various risk levels for example.

In order to enable our investment counselors to include climate-related and ESG considerations in their investment advice, FIBI has been investing in customized training since 2022. The Customer Asset Management division set an ambitious target for itself: to train 90% of its investment counselors in the subject of ESG in investments by 2025 – and achieved this target within only one year. In 2024, tools that enable ESG rating and evaluation were integrated into a very broad asset inventory, and this was made accessible and emphasized to investment advisors. The division is continuing its processes incorporating ESG considerations in investments and examining the effectiveness of its activities in this regard according to leading global practices.

Portfolio management with ESG considerations

Habeinleumi Unique Investment Management Ltd. is an investment portfolio management company from the FIBI Group, which manages investment portfolios for thousands of customers. In its ongoing operations, and with the understanding that companies that conduct themselves fairly and consider ESG principles may reduce the risk of the corporation in which the investment is made, Unique makes ESG-rated investment portfolios available to all its customers.



This is done in two ways, according to customers' preferences as determined during the needs assessment process that is carried out when joining Unique's services:

- Customer portfolios that join Unique on a defined track are managed through an investment portfolio whose main emphasis is investments based on ESG principles. The company offers global investment portfolio management that focuses on companies that have adopted ESG principles, alongside strict adherence to financial performance. Unique's dedicated investment portfolio for those who choose this track focuses on securities of companies that have an ESG strategy and through investment instruments of leading investment institutions in the world.
- As part of specific considerations for each security, Unique includes ESG considerations as a decision-support tool in accordance with the portfolio manager's investment policy on the subject. In this context, Unique has established a policy according to which in each analysis of a security, a score is included that examines the level of verification and implementation of the ESG principles of the corporation in which the investment is made, in new investments, with the assistance of rating companies with expertise in the field of ESG in Israel and abroad. There is a preference for investing in a security with an above average ESG score. Exceptions to this preference will be made after examination and justification by senior investment officials at Unique.

Promoting climate resilience – analysis of scenarios

One of the currently accepted ways to manage the impacts of climate change on the variety of opportunities and risks inherent in them is by using scenario analysis tools to examine the resilience of a company's business operations when various climate scenarios materialize. These analyses help financial entities formulate a data-based strategy in a developing field characterized by high uncertainty.

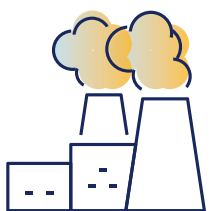
As part of the ICAAP (Internal Capital Adequacy Assessment Process) process for 2023-2024, and considering the provisions of PCBB Directive 345, which will enter into effect in June 2026, FIBI performed a climate scenario analysis. The analysis performed was a quantitative analysis, which deals with a single scenario examining a point risk factor. The scenario deals with the sensitivity of selected components of FIBI's business credit portfolio to a scenario involving the imposition of carbon tax in Israel.

During the scenario analysis, FIBI, together with external experts, examined the scenario of the imposition of carbon tax, without prior warning, on Israeli companies at the rate of ILS 167 per ton of CO2eq emissions (similar to the analysis that the Bank of Israel performed in this regard in 2021). With the aim of examining the sensitivity of FIBI's business credit portfolio, it was decided to model a stress scenario whereby the tax is imposed at such short notice that it does not enable FIBI's customers to prepare for the tax by implementing processes to reduce their carbon footprint.

Considering the preliminary nature of the process in FIBI, the analysis focused on economic sectors that FIBI currently

defines as sectors under increased climate risk, particularly an increased transition risk (for elaboration, see the subsection "Climate risk management", page 25):

- Conventional energy and petroleum products
- Mining and quarrying sectors
- Fuel trading
- Automobile trading
- Emissions-intensive industries, including metal, rubber and plastic products and the chemical industry.



To quantify the financial implications for the groups of borrowers from these sectors, FIBI assessed the additional annual costs to be imposed on the borrowers in view of the intensity of the sectoral emissions and the assessed height of the tax in the examined scenario. Using basic micro-economic models and integrating qualitative assessments and judgments, we examined the degree of the borrowers' financial sensitivity to the tax costs.

The results of the scenario analysis found that customers from emissions-intensive industries can be expected to be significantly adversely affected within a relatively short time, considering the tax cost and the high level of competition characteristic of many segments of the sector. Nevertheless, we estimate that most companies in the sector will be able to cope with the tax effects in the medium term – even if they encounter difficulties in the short term – particularly if they invest in emissions-reducing processes. The bank also validated the scenario results for 2024.

Risk management

In June 2023, the Supervisor of Banks in Israel published PCBB Directive 345 – Principles for the Effective Management of Climate-Related Financial Risks, which banks must fully implement by June 2026⁸. These principles, which were written in conformity with the Basel Committee's principles for climate risks, constitute a quantum leap in regulating the management of climate risks in the banking system in Israel. The directive determines that the bank is expected to implement organizational-operational processes to integrate climate aspects into business processes and to integrate climate risk as part of the management of the various risks

in the bank, in which climate risk constitutes a material risk factor. The principles focus on risk management based on a wide variety of quantitative data collected from various sources that are analyzed individually and aggregately according to the accepted and relevant methodologies in each risk category.

In 2024, FIBI increased the implementation of the new methodologies for the management of environmental and climate risks as part of the business credit risks, the main risk category selected by FIBI for integrating climate risks at this stage.

Identifying climate risks

FIBI is managing climate risk as a factor that impacts all the traditional risks that it manages. Therefore, the process is based on identifying the various connections between the various emerging transition risks and physical risks (as defined on page 18) and several traditional risk categories that FIBI regularly manages:

Risk category ⁹	Definition	Example of a climate risk factor's impact	
		Physical risk	Transition risk
Credit risk	The risk that a borrower or a counterparty will not meet its obligations to the bank.	A decrease in a borrower's repayment capability as a result of impairment of the borrower's business continuity during an extreme climate event	Adverse impact on a borrower's business activities as a result of regulatory amendments and/or technological developments that adversely impact the financial robustness of customers in particular sectors
Market risk	Existing or future risk of loss or impairment deriving from a change in the economic value of a financial instrument, a particular portfolio or group of portfolios and at the overall level as a result of changes in prices, currency exchange rates, margins and other parameters in the market	Impairment of physical assets in FIBI's investment portfolios as a result of an extreme climate event	Impact of volatility in commodities prices and in the value of securities in FIBI's nostro portfolios as a result of changes in the regulatory authority's policy regarding the climate crisis
Operational risk, particularly business continuity	The risk of loss as a result of inadequate, or failure of, internal processes, people (including labor relations risk) or systems, or as a result of external events.	Adverse impact on FIBI's ability to provide banking services as a result of an extreme climate event	The impact of transition risks on the ability to provide services as a result of a climate event is not material.
Compliance risk	Risk of the imposition of legal or regulatory sanctions, of a material financial loss or of reputational damage that the banking corporation could incur as a result of noncompliance with provisions of the law	Materialization of an extreme climate event that could indirectly impair FIBI's ability to comply with the statutory requirements during routine operations	Noncompliance with new regulatory directives relating to climate and the environment
Liquidity risk	Risk that FIBI will encounter difficulties fulfilling its obligations due to a shortage of liquid balances in ILS or in foreign currency, as a result of unexpected withdrawals of deposits by the public, unexpected demands for credit, uncertainty about the availability of resources and unexpected liabilities, including a sharp drop in the value of the liquid assets.	Extreme increase in deposit withdrawals upon the materialization of a climate disaster	Decrease in the availability of FIBI's sources of financing due to changes in international credit entities' definitions of green financing requirements in a manner that affects the bank's response to these requirements.
Reputation risk	Risk deriving a negative perception on the part of customers, counterparties, shareholders, investors, debenture-holders, analysts, other relevant parties or regulatory authorities, which could adversely impact a banking corporation's ability to maintain existing business relations, to create new business relations or to benefit from continuous access to sources of financing	Customer churn due to inadequate conduct on FIBI's part during an extreme climate event	Damage to FIBI's reputation due to failure to meet the standards pertaining to FIBI's management of climate risks and/or a perception of inadequate climate risk management by the stakeholders

Assessing and managing risks in the business credit portfolio

Environmental and climate risk management in credit and financing activities means the ability to characterize, identify and strive to mitigate or prevent a risk deriving from environmental or climatic factors that could adversely impact an agreement between FIBI and a borrower, such as harm to the feasibility of the financed project, the ability to repay the financing, the financial stability of the borrower or the value of the collateral.

Generally speaking, borrowers with potential exposure to material climate risk are borrowers operating in sectors that have a potential for negatively impacting the environment and climate, or borrowers whose business and operating models depend upon particular climate conditions. Inter alia, these include borrowers from industrial sectors, such as fossil fuels, real estate, infrastructure, agriculture and food. However, a borrower's operating sector does not necessarily define it as a borrower with high exposure to climate risk since a combination of aspects affect the overall exposure to climate risk, including how well these risks were managed at the borrower level. In order to enable FIBI to identify risks at the borrower level optimally and effectively, FIBI formulated a dedicated methodology for identifying and assessing climate risks at the level of individual business borrower. This methodology was formulated over the past year according to the leading global practices in this regard, while adapting them to the characteristics and maturity level of the Israeli market in which FIBI operates.

Within the framework of formulating the methodology, during the initial stage of the assessment process, we mapped FIBI's business customers according to the nature of their activities

and divided them into several groups. We formulated a dedicated methodology for each customer group in order to identify and assess climate risks in a process ensuring a higher degree of accuracy and a common language, for the purpose of integrating climate risk management into FIBI's existing underwriting and credit risk management array.

For each customer group, which was characterized by a relatively similar climate risk profile, we performed an orderly process to identify that group's material climate and environmental risks. The objective of this assessment process was to quantify the degree of root risk to which each customer is exposed and to identify sectors in the economy that have high exposure to climate risks.

Following a thorough process that included comprehensive research, interviewing experts and an analysis of FIBI's credit portfolio, we performed a quantitative rating that summarizes the sectoral exposure to various climate risks. The risk rating is carried out on a scale of 1 to 5, with 5 indicating the highest degree of risk, which is comprised of three distinct ratings:

1. Rating of the physical risk (the risk deriving from the borrower's vulnerability to the physical impacts of climate change)
2. Rating of the transition risk (the risk deriving from the business impacts of the global transition to a low-carbon economy, including regulation, technology, legal liabilities and reputation)
3. Rating of a weighted risk, based on the physical risk and the transition risk, according to a variable weighting key depending upon the materiality of each risk for each sector.

Sectoral Analysis of Customer Risk Exposure:¹⁰

Sectoral group	Root physical risk rating	Root transition risk rating	Weighted root risk level	Percentage of total credit risk (only commercial) ¹¹
Energy and fossil fuel-based energy - Conventional energy and petroleum products	4	5	4.7	1.64%
Energy and fossil fuel-based energy - Fuel and vehicle commerce	4	5	4.7	4.44%
Energy and fossil fuel-based energy - Transportation and storage	3	4	3.6	1.62%
Agriculture and food - Agriculture	5	2	4.4	0.39%
Agriculture and food - Food product production and commerce	4	4	4	2.92%
Real estate and construction - Financing of construction projects	4	2	3.6	18.8%
Real estate and construction - Income-generating real estate and renewable energy	4	3	3.6	9.11%
Industry and manufacturing - Metal, rubber and plastic products, and the chemical industry	4	5	4.6	5.69%
Industry and manufacturing - Electrical and electronic machinery and equipment	3	4	3.6	2.25%
Other sectors - Commerce, software and communications, services and finance, public sector	2	3	2.8	45.45%
Total				92.30%

8. The original effective date was June 2025, however, the date for implementing the guidelines was postponed for a year by the Banking Supervision Department of The Bank of Israel.

9. There are additional risks such as legal risk, strategic risk, legislative and regulatory risk, and model risk, on which the Bank examined the possible impact of climate risk and found that at this stage the impact is expected to be less material.

10. These data concern commercial credit borrowers in Israel (not including private customers and housing loans). Of all commercial credit, the table includes borrowers with a credit risk of over NIS 1 million. For that reason, they do not add up to 100%.

11. Activity in Israel, not including private customers and housing loans

The 2025 policy has been updated to also include a requirement for an appropriate risk premium in credit pricing and measures for reducing risk exposure. These measures include, among other things, the tightening of financial covenants and, in cases of high risk, even refraining from providing credit

Following the assessment stage of the bank's customer's root exposure, a systematic methodology was formulated to assess the customer's residual risk level. Specifically, the manner and quality with which the customer manages his climate risks. In order to make the assessment process more precise, and following the guidelines of PCBB Directive 345, FIBI compiled designated customer questionnaires for each sectoral group, according to its material risks. The results of the questionnaire, while weighting the sectoral risk profile, enable FIBI to produce a qualitative picture of the exposure of FIBI's credit portfolio to climate risk factors, and will enable FIBI to manage and define them already at the credit provision stage.

In 2024, the Bank integrated the results of the relevant customer questionnaires into the credit sheets. This information was integrated with reference to both the borrowers' scores and the business impacts of the climate risks to which the borrowers are exposed, in order to make it easier for decision-makers to address these risks in the context of all considerations. In this context, climate risk data for business customers whose credit and risk characteristics meet the established materiality threshold was integrated into the credit sheets.

The credit policy

The credit policy contains a section on environmental and climate risk management, which is approved annually by FIBI's board of directors, as part of the credit policy document. The policy for managing environmental and climate risks in credit defines the methodology and work processes for monitoring environmental risks in credit, which are performed by the corporate division, while the material credit exposures are challenged by the risk management division, which include identifying high-risk borrowers, detecting the material risks, assessing the degree of risk and the quality of the risk management, and controlling transactions defined as posing at high environmental risk.

FIBI's credit policy, which was adopted at the end of 2023 and approved by the board of directors during the first quarter of 2024, fully assimilated the new process for identifying and assessing climate and environmental risks, which emphasized the business risks relating to climate risks for the first time. The 2025 policy has been updated to also include a requirement for an appropriate risk premium in credit pricing and measures for reducing risk exposure. These measures include, among other things, the tightening of financial covenants and, in cases of high risk, even refraining from providing credit. In addition,



the bank has imposed limits at the credit portfolio level on the amount of exposure to credit with high climate risk. The policy also sets guidelines for activating external professional environmental counseling and defines risk-assessment and decision-making processes. Relevant instances such as these are primarily projects with material environmental impacts or in which there is a risk of obtaining collateral that pertains to contaminated lands. The environmental counselor helps the borrower improve its environmental performance and fulfill the Group's requirements to reduce the environmental risk.

Identifying and assessing climate risks and ESG in the management of nostro investments

Climate risk management is also reflected within the framework of managing the investments of FIBI's nostro funds, as part of managing ESG aspects and risks in general. Within this framework, FIBI's financial policy was updated to include a section dedicated to ESG topics, which prescribes that FIBI must examine diverse ESG aspects during the management of its nostro investments. In addition, the bank's policy includes a commitment to avoid direct investments in companies and/or projects whose main activity is in one or more of the following areas: tobacco production, gambling, coal mining, unconventional oil and gas (including: tar sands, ultra-deep water drilling (UDW) and drilling in the Arctic Circle).

In 2021, FIBI set a long-range target that, by 2025, 25% of the new investment funds in which it would invest in those years would have an ESG policy. As of the end of 2024, the bank made new investments only in investment funds that have ESG policies. As of the date the target was set at issue, it was an ambitious and challenging target, considering the existing level of awareness (especially in the Israeli market) of the importance of ESG among investment funds. FIBI monitors its achievement of this goal from time to time and as needed relating to its investments in new funds.

Regardless of specific targets, FIBI periodically reviews the adoption of ESG principles and policies in funds in which it invested prior to 2021. As of the end of 2024, most of the private equity funds in which FIBI invested its nostro funds have an ESG policy. FIBI also proactively referred questions in this regard to funds in order to send a message to them about the importance that it attributes to ESG and with the goal of encouraging them to adopt an ESG policy relevant to their activities.

In addition, during 2024, the bank made green investments, in Israel and abroad, through an investment in an ETF that invests in solar energy companies and an investment in corporate bonds of an Israeli company operating in the renewable energy sector. Furthermore, in relation to marketable investments, FIBI refrains from investing in companies that are not diligent about regularly maintaining proper corporate governance, in companies operating in fields having a clear negative social impact (such as tobacco and gambling) and examines the investments for economic profitability.

From a social perspective, FIBI was also a partner in an investment in a social bond of "Social Finance Israel", a social

organization that promotes impact investments in Israel. FIBI invested in a bond that funds training programs in high-tech professions for young people from Israel's ultra-orthodox Jewish community. The project is currently underway; its results will be reported in the future.





Managing climate risks in business continuity

Within the framework of its activities managing business continuity, FIBI is ready to maintain operational and business continuity even during emergencies that could be caused, among other things, as a result of climate risks. For elaboration on business continuity management in FIBI, see the section "Business Continuity" on page 79 of this report.

Indicators and targets

In conformity with the regulatory authorities' directives and the TCFD recommendations, FIBI Group reports about the indicators it manages in order to assess and manage climate opportunities and risks. FIBI conducts ongoing measurement processes that are consistent with the accepted reports in the financial sector in climate-related contexts. These indicators enable us to track and monitor the impacts of climate risks on the bank, to realize business opportunities in the field and to monitor FIBI's progress in achieving its work plan and objectives. As of the publication date of this report, FIBI has not yet adopted climate targets and intends to examine this later, after completing the required data collection processes, and as part of its preparations for the implementation of Proper Conduct of Banking Business Directive 345.

Indicators that FIBI uses to monitor and track climate-related risks and opportunities

Green credit ¹²								
								
	Renewable energy	Green building	Water and waste treatment	Clean and smart transportation	Preventing and controlling pollution	Sustainable management of natural resources	Total	Total including off-balance-sheet credit
2022	229,493	767,190	104,340	554,260	103,599	99,302	1,858,184	3,428,325
2023	276,069	838,905	86,849	877,556	134,463	363,264	2,577,106	4,128,484
2024	287,827	1,340,926	72,032	994,569	202,253	285,311	3,182,918	5,502,266

FIBI's exposure to emissions-intensive sectors of the economy FIBI annually monitors its exposure to GHG emissions-intensive operating sectors, which are largely characterized by high exposure to some of the transition risks, particularly regulation and technology risks.

The sectors defined as such by the bank, and accordingly selected for monitoring and disclosure, are the sectors mapped as exposed to increased transition risk by the leading global frameworks for climate risk in the financial sector. (UNEP FI –

United Nations Environment Program Financial Initiative; SBTi – Science Based Targets Initiative; PACTA – Paris Agreement Capital Transition Assessment) These sectors are associated with the fossil fuel industry's value chain, such as oil and gas production, exploration and refining; emissions-intensive industrial sectors, such as electricity generation and metals (and cement manufacturers, which FIBI does not finance); and sectors characterized by substantial decentralized carbon emissions, such as transportation and livestock farming.

12. The specified data include the balances of the green credit (balance-sheet credit only, unless stated otherwise), accurate as to the end of 2024 year, in ILS thousands. FIBI is taking action to strengthen its identification and measurement capabilities in relation to green credit from year to year, and therefore there are adjustments and improvements to previously reported data.

FIBI's total credit risk (attributed to emissions-intensive sectors)

FIBI's total credit risk by sector	Credit risk balance 2024 (ILS millions)	Credit risk balance 2023 (ILS millions)	Credit risk balance 2022 (ILS millions)
Oil and gas production, exploration and transport	87	45	60
Electricity generation from coal and gas	1,313	1,150	1,142
Fuel refining, transport and sale	923	1,054	1,512
Metal producers	765	723	768
Animal agriculture	223	222	494
Land, sea and air transportation and freight	765	828	686
Total	4,076	4,022	4,662
Percentage of FIBI's total credit risk assets	2.4%	2.1%	2.6%
Ratio of FIBI's total credit risk-weighted commercial assets	4.2%	4.7%	5.5%

Carbon footprint

FIBI's carbon footprint is comprised of both the bank's direct and indirect emissions relating to its operating activities, and emissions attributed to its financial activities – i.e., emissions of entities or ventures to which FIBI provides funds through financing and investment activities. The emissions attributed to financial activities are considered the main component of financial institutions' carbon footprint and are included in clause 15 of scope 3, according to the global standard for measuring the carbon footprint – the GHG Protocol. FIBI has been reporting most of its operational carbon footprint since 2014 (data for previous years is provided in FIBI's previous ESG reports); since 2023, FIBI has also reported the emissions attributed to its financial activities, as part of FIBI's advance in managing the climate aspects of its activities.

Operational carbon footprint

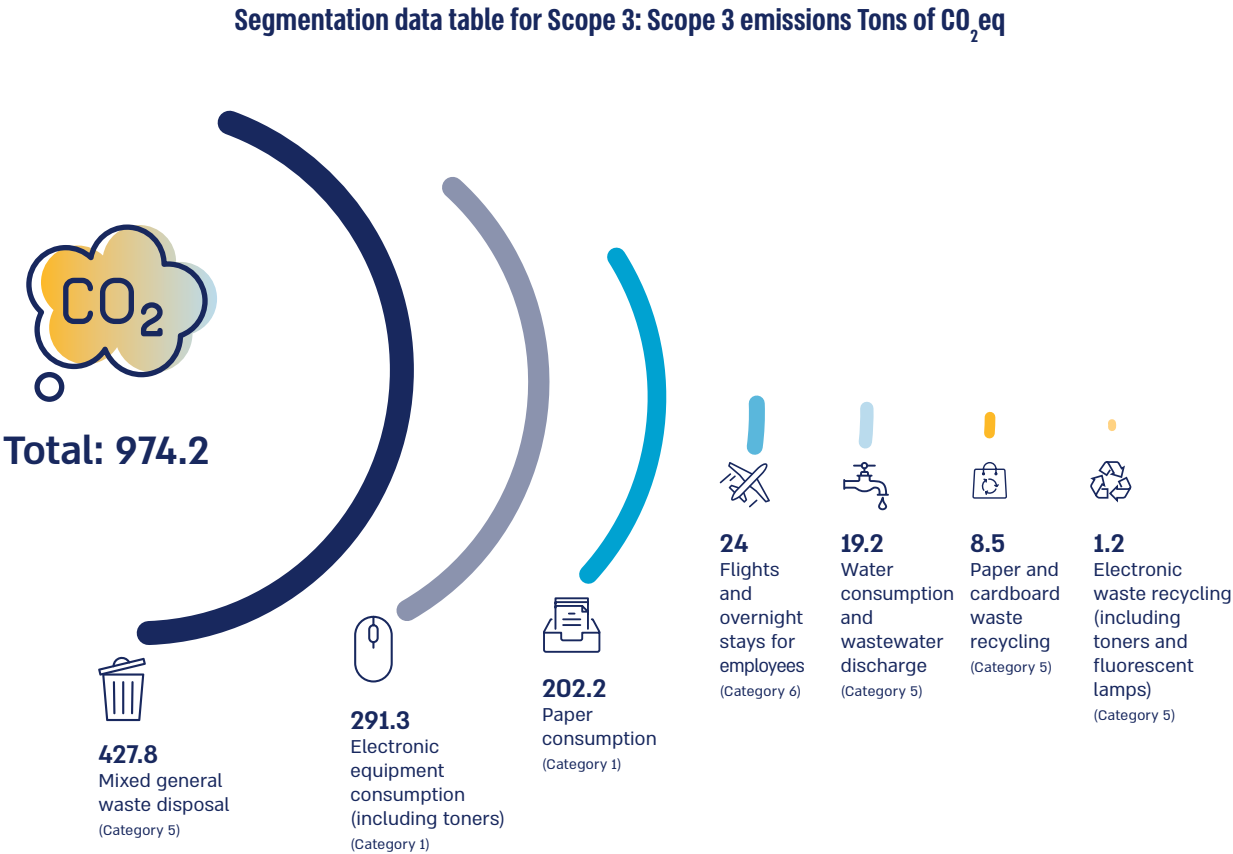
FIBI Group monitors the main components of its activities that generate greenhouse gas emissions, especially the consumption of fuels and electricity, and takes action to mitigate their direct environmental impacts in various ways, which are specified below. The Group monitors its carbon footprint according to the accepted standards in Israel and abroad and calculates it using calculation tools developed by the Ministry of Environmental Protection and in conformity with the accepted global standard – the GHG Protocol. FIBI Group's carbon footprint is comprised of direct emissions (Scope 1) – the burning of fuel by the Group's fleet of vehicles;

FIBI's carbon footprint is comprised of both the bank's direct and indirect emissions relating to its operating activities, and emissions attributed to its financial activities – i.e., emissions of entities or ventures to which FIBI provides funds through financing and investment activities

indirect emissions (Scope 2) – electricity consumption; and other indirect emissions (Scope 3) – emissions resulting from the consumption of various raw materials, from the dumping and recycling of waste generated in the Group's branches and offices, as well as from employees' work-related flights and lodgings in hotels. FIBI has been monitoring Scope 3 emissions since 2021.

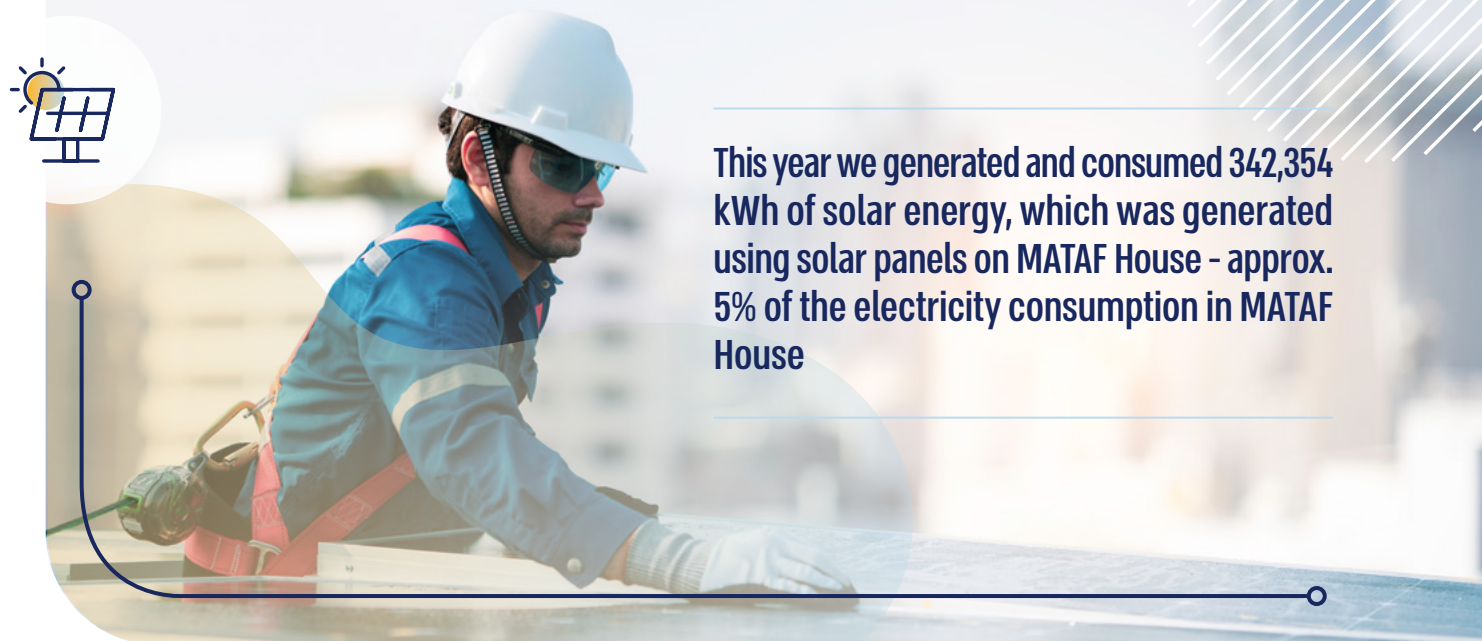
FIBI Group's total carbon footprint in 2024 is approx. 11,753 tons of CO2eq. An analysis of our carbon footprint trend in recent years shows that FIBI continued to reduce the intensity of its emissions in 2024 as well.

	Measurement unit	2024	2023 ¹³	2022	2021
Scope 1	Tons of CO ₂ eq	1,506	1,601	1,620	1,647
Scope 2	Tons of CO ₂ eq	9,273	10,385	10,987	9,444
Scope 3 ¹⁴	Tons of CO ₂ eq	974	1,492	1,386	922
Total	Tons of CO ₂ eq	11,753	13,478	13,993	12,013
Emissions intensity (Scope 2+1)	Tons of CO ₂ eq/m ²	0.08	0.09	0.094	0.112
Emissions intensity (all scopes)	Tons of CO ₂ eq/m ²	0.09	0.102	0.105	0.141



Category 15 – Greenhouse gas (GHG) emissions financed by the bank are reported separately according to the PCAF detailed on page 31.

13. 2023 data were improved following emissions update due to addition of electronic waste for scrapping
14. The calculations of the GHG emissions in Scope 3 were performed using the accepted conversion coefficients (the Israeli Ministry of Environmental Protection with additions from the Environmental Protection Agencies in the UK and the United States). These calculations do not include reference to emissions relating to FIBI's investment and financing activities.



This year we generated and consumed 342,354 kWh of solar energy, which was generated using solar panels on MATAF House - approx. 5% of the electricity consumption in MATAF House

Reducing energy consumption and emissions

Energy is a material environmental resource that the Group uses by way of consuming electricity and various fuels. Streamlining electricity consumption in the management's buildings and in FIBI Group's branches take a central position in the Group's environmental and operating management priorities. The Group's logistics department is responsible for managing the Group's electricity consumption.

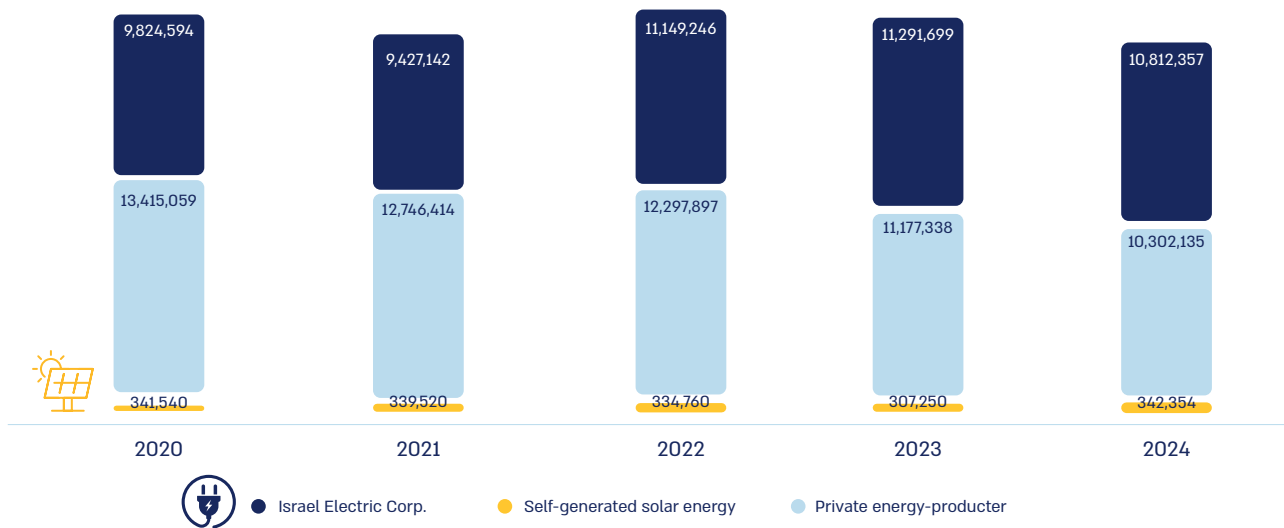
Electricity consumption in the FIBI Group:

FIBI is diligent about using buildings that meet green building standards in order to reduce energy consumption. For example, FIBI's headquarters building was awarded the title of "the First Green Office Tower in Israel" by the Ministry of Environmental

Protection, and MATAF House was also constructed according to the green building standards¹⁵. The method of construction of FIBI's building and the MATAF building enables energy savings for air conditioning needs, due to the advanced construction and insulation methods.

In addition, some of MATAF House's electricity consumption is from self-generated solar energy. This year we generated and consumed 342,354 kWh of solar energy, which was generated using solar panels on the roof and façade of MATAF House. The solar energy consumption from self-generation this year constitutes approx. 1.6% of the Group's total electricity consumption and approx. 5% of the electricity consumption in MATAF House.

Sources of electricity consumption in FIBI Group (kWh)



	2024	2023	2022
Electricity consumption (kWh)	21,456,846	22,776,287	23,781,903
Area (m²)	127,771	132,409	133,713
Consumption of kWh/m² (energy intensity)	167.93	172.01	177.9

15. According to Israeli Standard SI 5281 two stars

Energy streamlining efforts

FIBI Group's energy management process places special emphasis on the construction of new buildings. Preference is given to buildings that meet the Israeli Green Building Standard - SI 5281 (2011). In addition, the Group is taking various steps to save electricity consumption, such as installing economical air conditioning systems that meet green standards, installing presence detectors to turn off lighting and air conditioning, switching to energy-efficient lighting fixtures, and installing controllers for air conditioning systems.

Fuel consumption:

In addition to electricity consumption, another component of FIBI Group's energy consumption is fuel consumed by the Group's fleet of vehicles. FIBI Group's fleet of vehicles is largely comprised of gasoline-powered private vehicles. To reduce air pollution from car emissions and increase fuel consumption efficiency, the Group is promoting the inclusion of hybrid and electric vehicles in its fleet and is taking action to expand the supply of these cars, publicizing their advantages to employees and making information available on safe and fuel-saving driving.



Hybrid vehicles
comprise 17%
of the Bank Group's fleet

The fleet of vehicles in 2024

- At the end of 2024, the Group's fleet of vehicles totaled 298 vehicles, 50 of which (approx. 17%) are hybrid vehicles.
- In 2024, the Group's vehicles consumed 643,275 liters of gasoline and 2,269 liters of diesel fuel.

In 2024, the bank began a pilot for the use of electric vehicles, as part of the effort to reduce polluting emissions. There are charging stations for electric vehicles in the MATAF building, and in the bank building on Rothschild Blvd. in Tel Aviv, an engagement was made last year with a company for the installation of charging stations.

Financed emissions:

FIBI began measuring GHG emissions that indirectly result from its involvement in financing in 2023. The measurement was carried out based on the PCAF reporting standard, which is a recognized international standard for measuring financial institutions' carbon footprint, which is attributed to their financing and investment activities.

The bank began calculating financed emissions from 2022. We performed the measurement on FIBI's commercial credit portfolio (in the corporate division and in the banking division), using a materiality threshold of debt exceeding ILS 1 million. The measurement is based on an assessment of the financed companies' carbon footprint according to their operating sector and size, and with only negligible use the companies'

carbon footprint data, due to the lack of available information in Israel. Additionally, FIBI decided to conduct the first-year measurement based on a cross-sector perspective, rather than at the individual customer level.

This estimation method is an innovative measurement that requires, among other things, comprehensive data about the carbon footprint of FIBI's customers (business and private). Such information and data are not currently widely available in Israel, meaning the data quality score is¹⁶ potentially affected by this. We expect to be able to increase the accuracy of the measurements and tools used in the coming years, including collecting environmental data from customers, and as a result, improve the monitoring and reporting of FIBI's carbon footprint and achieve an improvement in this indicator.

Improvement in financed emissions intensity (according to PCAF reporting standard)

	Total calculated commercial debt (ILS millions)	Total emissions attributed to the financed operations (Ton CO ₂ eq)	Emissions intensity (Tons of CO ₂ eq per ILS million)	Data quality score
2022	45,855	4,863,775	106.1	4.9
2023	51,956	5,149,436	99.1	4.5
2024	60,463	5,701,150	94.3	4.5

16. Due to the need to use a wide variety of financial and environmental data of borrowers and investment objects during the PCAF calculation, much of which are not always fully available to financial entities, the standard includes the aspect of the data quality score. The score is on a scale of 1 (excellent data quality score attesting to the use of only real data) and 5 (low data quality score attesting to extensive use of assumptions and assessments in the calculation); the bank's data do not yet include information regarding private customers

Other environmental impacts – reducing waste and use of raw materials

Reducing consumption of materials

The main raw materials that FIBI Group uses are various office supplies – water for human consumption and irrigation, a variety of electronic equipment, such as computers and peripheral computing equipment, toners for office printers and various types of paper.

The principal raw material consumed by the Group’s banks during their routine operations is various types of paper. Therefore, FIBI Group manages this resource according to its overall approach of efficient use, reducing consumption and increasing recycling. In addition, paper consumption is directly related to toner consumption for printing. Paper consumption is also directly linked to toner consumption for printing. Printer toner contains ink, which has significant negative environmental impacts. FIBI Group considers reducing the consumption of paper and printer toner as an opportunity to contribute to reducing negative impacts on the environment, thereby contributing to a more efficient organization and to a greener planet.

In order to optimize and reduce paper and toner consumption, FIBI Group encourages its customers to receive mail through digital means of communications, subject to relevant regulations. As part of its resource management, the Group monitors paper and ink consumption using the internal systems and is even taking action to expand the measurement baseline for more accurate results and advance measures to increase efficiency. FIBI also launched the Paperless project in branches in 2020, by promoting digital signatures and referring numerous operations to various digital channels.

Paper consumption at FIBI has been steadily decreasing in recent years, indicating the effectiveness of our Paperless project in reducing paper use in branches, coupled with other

processes to reduce paper consumption. This trend encourages the continued implementation of digital alternatives as a key to reducing the use of paper in the FIBI Group.

Toner consumption

The Group’s toner consumption is divided between recycled toners and original, non-recycled toners. Notwithstanding the preference in principle for purchasing recycled toners, the Group is currently implementing an organization-wide project to replace old and inefficient printers, but the manufacturer’s warranty on the new printers is contingent upon using only original toner cartridges. Consequently, the Group is being compelled to reduce its consumption of recycled toners. In 2024, the FIBI Group consumed 4,345 kg of toners (3,621 units), approx. 14% of which are recycled toners. In addition, FIBI is continuing to be diligent about recycling the empty toner cartridges, and 100% of the consumed toner cartridges were transferred for recycling.

Water consumption

The Group’s water consumption is another factor that affects the environment. With the aim of reducing the Group’s water consumption, faucet aerators are being used in all faucets in MATAF House, in FIBI’s main headquarters buildings and in some of the Group’s branches. A total of approx. 51 thousand m3 of water were consumed this year in the Group’s branches and buildings. Approx. 43% of the Group’s water consumption is in MATAF House, of which most of the water was used in the cooling towers for air conditioning. As part of our efforts to reduce the use of water in MATAF House, the building uses its air conditioners’ condensate water for cooling the water in the cooling towers and sometimes also for irrigation. Furthermore, we perform monthly inspections of the water meters at MATAF House and at FIBI’s main headquarters buildings to check for irregularities and to monitor the water consumption trends in each building. Moreover, water leak events, like all malfunctions at the branches, including instances of water leaks, are documented and retained for drawing conclusions.

Type of paper (in kg)	2024	2023	2022	2021	2020
A4 copy paper	216,548	224,010	240,865	326,155	308,943
Total paper	222,440	229,787	244,894	334,537	315,679

Raw material	2024	2023	2022	2021	2020
Toners (Units)	3,621	3,560	5,431	5,236	5,383
Out of which, recycled toners (Units)	500	955	2,596	4,389	4,974

Water (m³)	50,871	47,124	50,841	48,904	52,636
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Waste management

The waste generated as a result of the Group’s activities may be divided into three main categories:



Computing equipment waste, including toners



Paper waste, including cardboard



Mixed, general office waste

The significant categories of waste, in terms of volume and content, that typify the nature of the Group’s activities, are paper waste and computing equipment waste.

All paper consumed by the Group is collected after consumption and transferred for recycling. Our main facilities also collect cardboard waste, which is transferred for recycling together with paper waste. In 2024, we recycled a total of 187.53 tons of paper and cardboard waste. Similarly, all of the toner cartridges consumed by the Group were collected and recycled this year.

Computing equipment waste and electrical and electronic goods waste are centrally collected by the Group’s procurement department and transferred for handling by a certified entity (an entity recognized pursuant to the Environmental Handling of Electrical and Electronic Waste Law). The collected electronic waste includes magnetic media, batteries, computing equipment and peripheral computing equipment, electrical appliances, communications devices, etc.

In addition to its main recycling activities, FIBI Group takes action to increase employees’ awareness of the importance of recycling. The various offices have separate recycling facilities and bins designated for recycling, and in 2024, the bank provided designated bins for waste separation for recycling. Among the materials that FIBI’s employees are encouraged to recycle are bottles, plastic and glass containers and batteries. We point out that FIBI also recycles materials that are received from external sources, such as cartons and items of mail. In addition to these recycling activities, FIBI collects electronic waste and transfers it to a licensed contractor for environmentally-friendly recycling. In addition, during 2024, the bank donated equipment with an estimated value of tens of thousands of ILS, thereby preventing it from being buried.

The following are the waste recycling amounts in the FIBI Group¹⁷:

	2024	2023	2022	2021
Paper and cardboard (tons)	187.53	486.82	601.95	364.45
Clearing of archives (tons)	187.53	486.82	457.84	0
Toners (kg) ¹⁸	4,345	4,272	6,517	6,283
Electronic and magnetic media waste (kg)	49,104	57,992 ¹⁹	23,469	10,819



17. The high volume of recycling in 2022 derives from the fact that the archive was not destroyed in 2021 due to a malfunction. The archive that was not burned in 2021 was transferred to the recycling in 2021-2022. In 2023, it was not possible during the data management to differentiate between paper transferred for recycling and paper transferred for destruction. Therefore, FIBI is taking a strict approach for the purpose of reporting, and is attributing all recycled and destroyed paper to paper destruction.

18. The weight of the toners transferred for recycling relates to the original weight of the toners prior to use, and not to the weight of the empty toner cartridges actually transferred for recycling.

19. The figure for 2023 has been updated due to improved data and in accordance with the calculation method for 2024.

ESG Social





AS the banking world and financial markets have become more complex, there has been a growing recognition of the critical importance of financial literacy for the public - for individual households, at the national level, and for the bank, as part of its risk management

Customers and services

Financial empowerment of our customers

Achievement of our targets for 2025

Target: The bank set itself a target for 2025 to provide advanced financial knowledge to 30,000 customers, 10% of whom are small businesses

Target achievement status: Completed.



As of the end of 2024, the bank had assisted and financially empowered more than 60,000 customers and over 4,500 micro- and small businesses

During 2024, approx. 24,170 customers were exposed to advanced financial knowledge at conferences initiated by the bank, alongside digital learning initiatives for private customers and small businesses. Considering the number of customers who were exposed to advanced financial knowledge through these channels in 2022 and 2023, as of the end of 2024, the bank had provided advanced financial knowledge to at least 61,000 customers.

Financial education

In recent years, as the banking world and financial markets have become more complex, there has been a growing recognition of the critical importance of financial literacy for the public - for individual households, at the national level, and for the bank, as part of its risk management. In this context, the Bank has developed an educational system to provide applied financial knowledge to its customers, including conferences and making information accessible on digital platforms. This is accomplished while recognizing the diverse financial needs and challenges that different communities face and in order to enhance financial inclusion.. In addition, the Bank is an active participant in the Financial Education Forum led by the Bank of Israel, and Bank employees contribute their time and expertise in social engagement programs in collaboration with non-profit organizations in this area.

Among our steps to promote financial education in 2024:

Content in media and digital channels:

- During 2024, the bank continued to develop and expand the activity of the Telegram channel "FIBI's Investment Center", which provides content on the capital market. Since its establishment, the channel has accumulated over 2,000 followers. In the channel, the bank's experts share analyses, flash reports and important economic information with the public several times a day.

- "Capital Market Academy" – An online course for the bank's customers that provides practical tools on capital market subjects, which was launched in early 2022. During 2024, approx. 3,000 customers were exposed to the course content, and since the launch, approx. 17,000 customers have been exposed to the course content. In late 2024, the bank began formulating a new financial education course, and over time, the content discussed in the academy was expanded from only capital market topics to topics related to current account management.
- During 2024, the bank focused on producing and distributing the INVESTalk video podcast on capital market investments, led by the bank's professionals who analyze economic events and topics. The podcast, with its 38 videos produced and distributed, is available to customers and to the general public on social networks and digital platforms online. In 2024, these videos received a large number of views, and there were tens of thousands of viewer interactions regarding the podcast episodes, including likes, comments and shares.
- During 2024, the bank continued to produce and distribute the "Financial Compass for Businesses" video series, which is aimed at small and micro businesses, with the goal of providing small business owners and managers with financial tools in key areas that will help them improve their business and its operations. The videos were sent to relevant customers and also became available to the general public on YouTube.
- During the summer of 2024, the Bank launched a permanent item on capital market issues on the popular radio program of Tal Berman, Tom Aharon and Avia Farhi on eco99fm. As part of the item, experts from the Bank provide hundreds of thousands of listeners with tools and information on capital

market investments, along with tips for proper financial management, with an emphasis on the needs of individuals and small businesses.

Conferences and workshops

- During 2024, we held 4 in-person conferences and a digital conference on investment and financial topics, which were attended by approx. 630 customers. The conferences, in the midst of the Iron Swords War, provided tools for making investments in the capital market and other channels.
- In 2024, we held 5 "Women Talk about Money" workshops, in conjunction with the Na'amat women's organization and the Histadrut Federation of Labor (the New General Federation of Labor), which were attended by approx. 270 women.
- During 2024, 44 in-person conferences were held with an emphasis on pension and retirement issues, in which approx. 2,500 guests participated; of which approx. 11 conferences were held for IDF retirees, in cooperation with the Retirement Administration in the Mofet Department. It should also be noted that in 2024, a dedicated conference was held for soldiers in regular and permanent service on the subject of financial planning and the capital markets, which included, among other things, a tour in the bank's dealing (trading) rooms.
- In 2024, the bank continued conducting many small conferences for its customers, as well as for those who are not customers of the bank (including potential customers), as part of the bank branches' activities. These conferences included financial education and literacy content, including topics such as ongoing financial management, expense management, and capital market and investment analysis.

Financial Compass for Businesses

In 2023, FIBI launched a series of financial education videos providing instruction and tools in relation to several key issues that are especially important to small business owners and managers. In 2024, all four videos in the series were distributed directly to the relevant customer audience. This professional video series called "Financial Compass for Businesses" is dedicated for the benefit of micro- and small businesses. The first instructional video engaged in foreign currency and includes relevant guidance in relation to the forex market, especially considering the unique challenges during the period in which it was produced and the perspectives of micro- and small business owners and managers.



In 2024, FIBI continued expanding this series of videos with the goal of providing relevant tools to business owners and managers particularly during these challenging times, as part of the set of practical tools for informed financial conduct that we provide to micro- and small businesses. Because of the importance of the topic on the one hand and the importance of small businesses on the other, the bank also released these videos for businesses that are not bank customers. During 2024, a total of 4,595 views were recorded for the series' episodes.

The topics of the videos in the "Compass" series for small and micro businesses:

- Foreign currency - Guidance for the foreign exchange market, from the perspective of owners and managers of small/ micro businesses
- The importance of cash flow and working capital in small and micro businesses, and "Why not just focus on increasing revenue all the time"
- The importance of pension savings for micro- and small business owners
- Small and micro businesses also deal with imports and exports - How to manage the relationship with foreign suppliers

Steps taken to promote financial education at Bank Massad:

- **Support for special education teaching teams:** As part of an ongoing collaboration with the Alumot Or association, which is in its fourth consecutive year, Bank Massad holds lectures on financial education for teaching teams in special education schools throughout the country.
- **Enrichment for students:** In collaboration with the Shiur Acher association, which provides enrichment classes for students in grades 5-6, about 4 of Bank Massad's branches provided instruction in schools, with bankers volunteering to teach in various fields, including financial education. At the end of each instruction session, the students visited the accompanying branch to familiarize themselves with the role of the bank branch.

Help and assistance with financial decision-making

The Group strives to give its customers the tools and knowledge to make informed financial decisions that will help them take care of their financial future while balancing their needs in the short and long term. Therefore, alongside the educational tools, the FIBI Group offers a comprehensive package of financial advisory services and advanced investment products that assist customers in building investment portfolios tailored to their needs, characteristics and preferences. **We are proud that the bank's eligibility threshold for investment advisory services is the lowest in the Israeli banking system, at only ILS 50,000, which enables access to these important services for an extensive public of savers.**

Investments in the capital market

FIBI Bank is the leading bank in Israel in the capital market sector, and has been the Stock Exchange member with the largest trading volumes in Israel for several years according to the Stock Exchange's publications for stock trading in the years 2009-2024. As such, and based on the perception that wise and informed trading in the capital market is a significant tool for the public for making the most of its savings, the bank invests in developing and making available advanced knowledge and tools that enable more efficient and effective trading, which creates shared value for the Group, its customers and the general public. The Bank's main steps to optimally support trading in the capital market include the use of advanced technological tools:

- **Fibi Wise 360°**, a system that enables our customers to manage all of their financial assets in one place and view an analysis of all investments, including bank accounts, accounts at other banks, pension products and products not managed by the bank. The system also offers the Life Plan financial planning tool, and enables wise financial management through simulations to meet life goals. From 2024, the system interfaces with open banking and allows customers to gather information from other banks and institutional entities through the pension clearinghouse, so that the system enables customers to centralize and manage their financial assets efficiently and in an up-to-date manner. In 2024, the number of customers who used the Fibi Wise service increased by almost 130% compared to the previous year.
- **The SmartTrade trading software** for investors provides support for the trading activities of independent customers

by providing the option of creating trading strategies and implementing them automatically, while receiving mobile notifications.

- The **Advise.me system** provides investment advisory services via a mobile device that enables accessibility at all hours of the day.

In addition, the bank operates a variety of useful advisory tools for managing investments in a customized and flexible format:

- Dedicated advisory tracks for long-term investments, which help our customers optimize according to their needs and characteristics. Every year, thousands of our clients benefit from this service.
- Providing better access to advisory options, obtaining information and professional tools by extending hours at the consulting centers and offering the option of consulting via Zoom.
- The bank offers unique advisory tracks, such as the "Dear Portfolio" track, which allows clients to build a flexible investment portfolio consisting of several portfolios from different investment managers through fund bundles.
- FIBI is the first bank to make a platform for hedge fund activity and consulting available to its clients.
- FIBI is distinctive in that it offers its clients the option of depositing a variable amount for investments in securities, as a function of the account balance.
- The bank provides a wide range of tools for ongoing savings through a standing order, including the option of ongoing investment in ETFs abroad through a standing order.
- In 2024, the bank continued to provide second opinion services on investment portfolios managed outside the bank, which are provided free of charge to the general public.

Increasing the use of ESG tools in investment advisory activities and making them accessible to clients:

- **During 2024, the bank continued to integrate ESG issues into its investment advisory services to customers.** In this context, a concept was implemented in 2024 whereby the customer was asked at the beginning of the consultation, as part of the needs assessment process, about his preferences regarding the integration of ESG considerations into investment decisions. The customer is given an explanation of the meaning of responsible investment that takes into account overall social welfare, and it was clarified that the issue is part of the Bank's overall considerations in the investment advisory process. Furthermore, to the extent that ESG aspects constitute a leading consideration for the customer, he was given the option of defining this policy as having an impact on the selection of assets and the structure of the portfolio.
- In 2024, the Bank expanded the use of ESG considerations in securities analysis, with the integration of these aspects in investment advice, both with regard to managed mutual funds and with regard to direct investments in specific companies in Israel and abroad. In this context, an ESG rating, if such exists, is integrated into every analysis of a listed company, which is used by the advisors in the process of selecting a security to recommend to the customer. The rating, if any, is presented to the Bank's investment advisors for each of the assets included in the Bank's recommendation system and serves as a supporting tool for the advisors. In addition,



a report explaining the significance of the ESG rating determined for the asset is made available to the advisors.

- In 2024, the Bank made information regarding ESG ratings accessible to the Bank's non-advised customers, including independent traders, by making this data accessible through digital channels.

In 2024, the number of advised and qualified customer accounts in which securities with ESG aspects are held with a value exceeding ILS 10,000 increased by approx. 27% compared to 2023, while Bank Massad recorded a 70% increase.

In addition, the bank also works to empower customers to conduct themselves safely online (please see additional information on page 87).

Pension counseling

Pension savings are a cornerstone of long-term financial management, and proper and personalized retirement planning is critical. In particular, decisions made before retirement have a significant impact on the standard of living after retirement, and some are even irreversible. Therefore, high-quality and professional pension counseling is of great importance. The pension counseling services provided by FIBI Group include a review of the customers' pension savings and asset portfolios and an examination of their suitability for the customers' needs, personal characteristics and changing circumstances. The service is characterized by continuous and ongoing counseling using advanced information systems in order to create long-term income-generating pension savings for retirement.

FIBI's retirement counseling offered to customers includes examining the various alternatives for realizing pension savings (for withdrawal as a monthly annuity or as a lump sum), while addressing tax aspects according to the retiree's preferences, planning and managing the investments of personal funds even after retirement, alongside examining options for increasing the retirement pension if necessary.

In addition, the bank operates through several channels to make information and tools accessible for decision-making and for the exercise of the full rights and benefits granted to retirees. FIBI representatives attend retiree clubs and retirement conferences organized by employers and give lectures focused on retirement and retirement counseling, including questions about handling pension funds, fixing rights and

utilizing tax benefits for retirees, saving through a designated provident fund for those aged 60 and over, mapping options for withdrawing pension funds or continuing savings, and more. During 2024, and on the backdrop of the Iron Swords War, the Bank provided telephone pension counseling to customers by telephone, including military personnel and evacuees, subject to regulatory conditions - the position of non-enforcement for a state of emergency.

Financial Inclusion - Accessible services for diverse populations

The banks included in FIBI Group promote long-term relationships with their customers while providing professional, fair, efficient and courteous service, with the customer's best interests in mind and striving to create value for the Group's diverse customers. One of the Group's competitive advantages is the ability to tailor a high-quality service package to all of its customers while taking into consideration the unique needs of customers from diverse social segments.

The Group banks make advanced, high-quality financial services accessible and tailored to the various sectors through the activities of the various brands that develop customized products and address each customer group through the appropriate channels. Providing service and a response tailored to customer characteristics increases the accessibility of banking services and enables customers to make informed financial decisions. This contributes to the growth of the Israeli economy, inclusive of all of its diverse and unique social segments. Product development is carried out based on the processes of getting to know the customer and insights regarding customer satisfaction measured by means of customer satisfaction surveys and on our annual market research that monitor trends in the financial market.

FIBI Group attributes considerable importance to helping all of its customers by optimally customizing our services to their unique financial and economic needs. One of the ways to do this is by providing tailored solutions for customers from a variety of population segments or for customers with similar characteristics, including: ultra-orthodox Jewish community, Arab community, people with disabilities, senior citizens, educational staff, the security forces, alongside small business owners, as a cross-sector group with unique characteristics and needs.

Tailoring the service to the customer:

- Appropriate personnel in branches and adaptation of marketing language and accompanying messages
- Adaptation to the lifestyle of the target audience: loans with customized conditions, solutions adapted to the "stations of life" or in times of crisis, and tools adapted to financial capacity
- Collaborations and support for social entities and organizations in activities that enhance financial literacy, or providing tools and training to improve financial conduct, maintaining contact with opinion leaders and key individuals in order to get to know the needs of the population group



Investing in Israel's ultra-orthodox and religious Jewish communities

Achievement of our targets for 2025

Target: By 2025, 50% of the businesses participating in the PAGI Customer Club will be local businesses in ultra-Orthodox communities.

Target achievement status: 100%

As of the end of 2024, approx. 53% of the businesses participating in PAGI's top business team are local businesses catering to ultra-orthodox Jewish community.

PAGI operates as an integral part of FIBI, after it was merged into FIBI, while fully preserving its brand and character, as well as its focus on the ultra-orthodox and religious Jewish communities. The branches are spread out in significant concentration areas in these communities and they develop products and services tailored to this community, both in the service model and in the characteristics of the products and services. In order to ensure that PAGI continues generating the value that its customers need, it maintains ongoing dialogues with its customers and with opinion-leaders in these population groups, and conducts research to identify changing trends and needs in this society in general and within its various segments in particular.

The services are designed considering the consumption patterns of its customers, which include, for example, relatively little use of direct service channels (Internet), and in-depth familiarity with the typical life cycle and its dictated needs.

Characteristics of the service aimed at the target audience:

- Ensuring human service for those who avoid using the Internet, both in the 16 PAGI branches or by talking to a representative, along with increasing the options for transactions by phone or in automated telephone systems (IVR).
- Ensuring the connection with the public using various mediums, including events and the use of dedicated communication channels, and even personal conversations with customers

in order to make information accessible regarding the variety of ways of communicating with the bank and to ensure that customers are aware of changes in the way the service is provided and the unique products and services offered by the bank.

- Making online services accessible even to those who avoid it on a daily basis, for example by reinforcing the branches with self-service stations such as check deposit stations or Internet stations.
- Adapting products and services to the life cycle, which creates changing financial needs and financial capabilities over the years.
- Promoting economic development and professional financial knowledge in the ultra-Orthodox and religious communities as part of the bank's extensive education and financial empowerment activities, while adapting the content, location and medium to the target audiences.

PAGI's product portfolio includes products and tracks aimed at distinct segments of the ultra-Orthodox community, such as young people, working young adults, students, and small business owners. Some of the tracks include financial counseling in order to help customers become more financially independent. PAGI also offers a credit card club through which hundreds of merchants grant discounts to cardholders at the time of the transaction, some on purchases of consumer goods, with an emphasis on businesses catering to the ultra-Orthodox Jewish community or locally owned in these communities.

PAGI considers itself as part of the society it serves and is committed to community involvement, specializing in providing services to ultra-Orthodox and religious associations and institutions. In this way, the bank contributes to economic activity while promoting social processes and aspects. PAGI's relevant departments have accumulated many years of experience in working with non-profit organizations, and specialize in finding creative solutions and leading long-term processes aimed at enhancing compliant management in these organizations over time while closely adhering to regulatory restrictions. For more information on this activity, please see the Social Considerations in Banking Activities chapter.

Activities in 2024:

- Placing tablets and Internet stations at the entrance to branches for opening and performing current account transactions easily and at a reduced cost of direct service fees. Making services accessible for customers who choose to avoid direct access to the Internet for religious reasons enables a convenient, pleasant and simple customer experience. In 2024, 68% of PAGI accounts opened during the year were opened using tablets.
- PAGI is collaborating with a customer loyalty club catering to the ultra-orthodox Jewish society, which added another category – the “top business team.” The businesses in this team were carefully selected and they offer significant additional discounts. Over 50% of these businesses not only cater to the ultra-orthodox Jewish community, but are also local businesses.
- Financial empowerment activities for the younger generation of the ultra-Orthodox sector: Approx. 620 young men and women from the ultra-Orthodox community, including new immigrants, students and seminary students, took part in 6 dedicated conferences that included financial literacy training on.
- The bank took part in initiating and financing the establishment of the “Leaders in the South” project in collaboration with the “Movilot” association, which works to promote occupational leadership among ultra-Orthodox Jewish women through social mobility while preserving their identity. This project helps develop a local peripheral infrastructure of leading ultra-Orthodox Jewish women in the South, including in areas impacted by the Iron Swords War. As part of this project, participants receive leadership tools that enable them to improve their earning capacity.

Investing in teachers and educational staffs

Bank Massad is focused on the population of teachers and educational staff. The bank offers financial products and services tailored to this population, including a variety of special tracks and benefits. Bank Massad constantly learns about this sector's needs and develops customized services for it, and the service and marketing departments are also adapted to the characteristics of this sector. Bank Massad has an extensive collaboration with the Israel Teachers Union in a wide variety of channels, including: bank representatives participating in various events for teachers organized by the Israel Teachers Union, participation in professional conferences and annual conventions, as well as direct meetings with teachers in order to get to know this target audience. Bank Massad, in collaboration with the Israel



Teachers Union, participated in 170 events dedicated to this sector in 2024, reaching approx. 35,000 teachers.

As part of the bank's deep commitment to the teachers, the community outreach of Bank Massad and its employees includes maintaining numerous collaborations with community associations dedicated to strengthening the standing of teaching staffs and offering enrichment activities to students. During 2024, the bank chose to be a partner in projects and initiatives for preferred population groups, including residents of the Gaza Envelope and residents of the North. For additional information, please see page 65 under “Community Involvement at Bank Massad”.

Investing in Israel's Arab society

Bank Massad leads the Group's activities in expanding services in the Arab community and in adapting products and services to its unique financial needs. In this context, the bank focuses on creating value through unique products and adapting the service system with an emphasis on two key populations - teaching staff and medical professionals, who constitute significant segments in the brand's historical customer mix.

Bank Massad operates eight branches in population centers for Israel's Arab population (approx. 38% of its branches) with a distribution that enables high accessibility for customers. In addition, these branches recruit and employ employees from this community in order to strengthen the relationship between the branch and its customers and facilitate the provision of quality and customized service integrated into the environment in which it operates.

Characteristics of the service aimed at the target audience:

- Designing customized products and services and marketing in accessible channels in the Arabic language
- Adapting to the calendar, for example with products and events tailored to holidays, including Christmas and Ramadan
- Maintaining close ties with opinion leaders in Arab society in order to strengthen and maintain a sense of belonging and familiarity

Investing in senior citizens

During this period, significant financial changes occur in customers' lives, resulting from retirement and a reduction in income, alongside spending on new needs. This period is sometimes characterized by trying new experiences and expanding the leisure culture, alongside concern for the personal and family future. In addition, digitization of services in general, and in the banking sector in particular, poses a challenge for many senior citizens, for whom this is a fundamental change in habits.

The bank provides services to senior citizens in a manner designed to facilitate coping with these changes and offers dedicated services that support informed financial decision-making in accordance with the unique characteristics of the retirement period. The goal of the bank's activity in developing services for the elderly is to make banking activities accessible in a simple and convenient manner that provides a service adapted for this sector. These services include benefits in terms of fees and tailored banking services, retirement advice and investment advice to adapt the investment portfolio to the new needs of the relevant customers.

Characteristics of the service aimed at the target audience:

- Providing priority and benefits in the use of personal service channels for those aged 75 and over – at the branch or through the call center. Accordingly, training on banking services for senior citizens has been integrated into the bank’s training system as part of the mandatory training for new employees who are hired at the branches and at the FIBI Call Center
- Assistance in performing remote transactions and entitlement to certain banking services delivered straight to the client home
- Activities for increasing the digital literacy of customers in order to facilitate the use of digital channels and technological services, through dedicated training and instruction at the call center and in branches, and service attendants at the branches
- A dedicated commission track, in accordance with Bank of Israel directives
- Monitoring of digital banking activity of customers aged 70 and over, and supervision of these customers’ investment portfolios to protect against fraud or error
- Publication of a “Charter for Senior Citizens” and a presentation of “Tools for Proper Financial Conduct” on the bank’s website, which include content to increase awareness of proper conduct on the Internet. This content provides recommendations for improving the protection of personal information and preventing its misuse, with emphasis on increasing awareness of sophisticated fraud methods, which are mainly aimed at senior citizens.
- Ensure that financial, as well as details about services, benefits, and rights, are accessible to senior citizens through convenient and user-friendly channels to support informed decision-making.
- In order to facilitate bureaucratic processes, many benefits are automatically provided to those who are eligible: support for intelligent financial management in retirement and pension management processes by providing consulting services or giving lectures to relevant frameworks - for additional information, please see the Financial Education chapter
- If and when a bank branch is relocated or closed, the bank proactively contacts customers over the age of 70 and customers with disabilities through various service channels, offers and provides explanations and assistance alongside a reference to the “Tools for Proper Financial Conduct” presentation on the bank’s website. During 2024, and as a continuation of the activity that began in 2023 due to the Iron Swords War, the bank proactively contacted customers who were evacuated, giving priority to those aged 70 and over, in order to examine their situation and whether they required any service.
- The bank provides customers with customized financial products, such as referrals to a “reverse mortgage” for customers aged 60 and over who contact the bank on their own initiative, provided by a third party.

Investing in customers with disabilities

FIBI Group attributes considerable importance to ensuring that its services are accessible to people with disabilities, so that everyone can exercise their basic right to receive the financial services offered by the Group. Accordingly, FIBI Group invests efforts to ensure that the Group's banking services are accessible to all of its customers, both physically at the branches and through its call centers, digital channels and service facilities at the branches. For this purpose, the Group has an accessibility officer who is responsible for implementing an accessibility plan at the Group level, in conformity with the accessibility laws and regulations. The Group's program for accessibility of services received guidance from the NPO, Access Israel.

Today, all of the Group’s branches are accessible and the Group ensures ongoing maintenance of the accessibility means at the branches, including designated parking, full physical accessibility of the branches for people with mobility limitations, including access to stands and counters, as well as aids for the hearing or vision impaired.

The accessibility of the various service channels includes, among other things, accessible branch ATMs, use of dedicated technology making the Group's website and voice response accessible in addition to the operation of a dedicated phone number for queries regarding accessibility topics. The Group also operates services through the NPO, Access Israel, to make information accessible through a variety of means and in coordination with customers, including reading, audio files, files adapted for reading software, and information in Braille.

In order to ensure respectful and high-quality service, the Group encourages its employees to learn about the world of accessibility, and accessibility courses approved by the “Access Israel” association are included in the mandatory training for all service providers at the bank.

Activities in 2024:

- The Accessibility Regulations prescribe that repeat inspections must be performed five years after accessibility adjustments were made in bank branches. In 2024, the bank completed these inspections with the support of the “Accessibility Israel” association.
- During 2024, a content management system was implemented to integrate tools for improving and promoting the accessibility of the FIBI Group website. As part of this process, many corrections and adjustments were made to the content appearing on the site. In addition, new content and files uploaded to the site are made accessible by the “Accessibility Israel” association.

For additional information regarding the accessibility statement and the full list of services made accessible by FIBI, please visit the [bank’s website](#).

Investing in the security forces

FIBI's Otsar Ha-Hayal brand specializes in providing services to members of the security forces and their families. Otsar Ha-Hayal offers unique and diverse financial services tailored to the various needs of this population and is diligent about providing holistic solutions for their needs, both during military and security service and after discharge from service. Otsar Ha-Hayal branches are familiar with the unique challenges facing security forces and veterans and offer them solutions at both the product and service levels. As part of its commitment to provide accessible and customized service to the security forces, Otsar Ha-Hayal has 12 branches inside IDF bases, understanding that it is difficult for security forces to travel to branches in their communities due to their busy schedules. The bank also offers loans and credit with beneficial terms under the Ministry of Defense tender, holds conferences dedicated to members of the security forces and maintains close collaborations on a variety of topics with the various security force organizations, such as Hever - the Career Soldiers and Veterans Organization, the IDF Labor Organization, Tzevet - the IDF Career Army Veterans Association and the IDF's Disabled Veterans Organization.

Investing in customers who encounter difficulties

The FIBI Group assists customers who have encountered financial difficulties in repaying their debt with flexibility and sensitivity, and works to assist find an appropriate solution. The Group's policy is to act fairly and transparently in dealing with debtors, at least as required by the PCBB Directive 450, with the aim of settling their debt before the matter is referred to an attorney for legal proceedings.

This conduct, which is anchored in a PCBB Directive, applies to individuals and small businesses and is intended to increase fairness and transparency in the collection of binding debts that did not meet the terms of the credit granted to them. The main purpose of the directive is to regulate the Bank’s conduct with debtors in collection proceedings, the requirement for proper disclosure, and the manner in which legal proceedings are initiated by a lawyer acting on behalf of the bank, including supervision and control over them.

In addition to the fact that debt settlement achieved by agreement and taking into consideration the debtor's financial capacity, debt restructuring and rescheduling for a long period and on favorable terms are welcome in themselves, they allow the debtor to save considerable financial expenses, which assists in his rehabilitation. Taking into account the debtors and their debt settlement efforts before taking legal action assists in their financial rehabilitation and reduces the likelihood that they will resort to insolvency proceedings.

As part of its duties, the Collection Department exercises “supervision” over the handling of debts by the Bank’s branches up to a threshold set in the Bank's procedures, with the aim of promoting the handling of debt settlement “within the branch”, and, as necessary, taking action to transfer it to the Collection Department. If an arrangement is not reached by the Collection Department's referent, the specific debt is transferred to the handling of an attorney on behalf of the bank, who also acts to settle the debt with the debtor, before taking legal action. The rate of settlements made in debtor files without taking legal action in 2024 constitutes approx. 28% of the total files received during this period.

The collection department also handles mortgage cases starting from the first loan arrears. The case is transferred to an attorney in accordance with the provisions of the law, not before at least 6 payments are in arrears. During this period, the collection department attempts to carry out “soft collection” with the debtor, during which an effort is made to reach an arrangement with the debtor before appointing an attorney, and to settle the amount of the loan arrears in accordance with the debtor's financial capacity. As with any case transferred to an attorney, in mortgage cases, great efforts are made to settle the debt by agreement in order to avoid confiscation and realization of the property.

In addition, from time to time the bank launches initiatives to encourage groups of debtors to reach an agreed arrangement.

This is done, among other things, as follows:

- “Focus Days” – Concentrated days to which debtors are invited to meet at a law firm in the presence of bank representatives, with the aim of settling the debt. Experience shows that a three-

way in-person meeting of debtor-banker-lawyer contributes to the effective settlement of the debt and increases the number of settlements, where the debtor is prepared to comply with the settlement. In 2024, focus days were held at 12 law firms, which were attended by many debtors, and in addition, telephone contact was established with additional debtors, and the settlement terms were agreed upon. Due to the focus days, many settlements were signed to the satisfaction of all parties.

- “Collection operations” – An outline approved for a specific period of time, according to which attorneys receive defined authority to approve a settlement with a debtor, in accordance with an agreed outline. To the extent that a counteroffer is submitted by the debtor, which deviates from the authority to approve, the proposal is submitted to the Collection Department for a decision.

To assist customers suffering from financial difficulties due to economic and health reasons, the FIBI Group collaborates with various organizations that help to organize their situation. These organizations include, among others, the “Paamonim” association, the “Pedut veHatzala” association, the “Beit Hatavshil” association, the “Netivot Shalom” organization, the “Friends of Orly and Guy” association and others that are involved in this area, as well as with companies that provide financial guidance and coaching to individuals and families.

In addition, the FIBI Group has signed various agreements for tailored treatment of debtor population groups with special needs, as follows:

- “Charter on Assistance for Soldiers in Regular Service” – In this context, the Bank examines the possibility of increasing the soldier's financial knowledge through cooperation with various entities such as the IDF and the enforcement agency, and also examines the possibility of suspending the legal proceedings in a case for up to a year, and collecting the debt while taking into consideration the debtor's ability to repay his debt.
- “Financial Availability Charter” – Formulated under the leadership of the Bank of Israel, under which the Bank is committed to providing a high degree of in addressing the debts of women victims of violence who are staying in shelters and hidden apartments or who are survivors of prostitution. Within this framework, FIBI provides special rapid solutions for various requests and/or supports women who were victims of violence, and maintains direct contact with shelters nationwide, including regarding collection aspects.

“Iron Swords War” Adjustments – With the outbreak of the War, and the declared state of emergency, all collection procedures were initially suspended, except for cases of special urgency. Collection activity gradually resumed, except for population groups that were particularly affected by the war situation, and who were excluded as a result. In general, during this period, procedures in the collection department were refined, and its employees were asked to act with extreme sensitivity towards debtors. As part of the employee training to increase sensitivity towards customers, conversation scripts were prepared describing various situations with explanations of how to act in order to reach amicable settlements “before a lawsuit” and to avoid, as much as possible, entering into unnecessary legal proceedings.

Investing in customers in times of crisis – The Iron Swords War:

The FIBI Group's mission is to develop and provide services that are as highly customized to customers' various and changing needs as possible. During the Iron Swords War, and especially during the first weeks of the war, designing and offering customized service became immeasurably more important. With the continuation of the War throughout 2024, and the importance of providing tailored service, the FIBI Group provided relief to distinct population groups who were in need. In this context, all of the Group's brands mobilized to provide customers with as customized a response as possible in an attempt to even slightly ease the situation for them during this challenging period.

FIBI's activities for its customers during this period included counseling and the provision of allowances and benefits or other forms of support, such as initiating contact with relevant customers on various levels, making information accessible through digital channels and SMS messages, initiating professional digital conferences, and more. We devoted special attention to the population in the western Negev (the communities around the Gaza Strip), residents of the north and evacuees, and to career soldiers, reservists and pensioners of the security forces, in conformity with the guidelines of the Banking Supervision Department of the Bank of Israel and even beyond the guidelines.

According to the Bank of Israel's outline, customers who were defined as the first circle in accordance with the guidelines were entitled to several benefits and reliefs during 2024. This outline was extended and updated several times during 2024, according to the state of the economy. In addition, during 2024, the bank undertook a series of initiatives beyond the Bank of Israel's outline, aiming to support its customers:

- FIBI established two assistance funds for career soldiers and reservists at the inclusive sum of ILS 200 million. The funds provided interest-free loans of up to ILS 24,000 to career soldiers residing in communities around the Gaza Strip and in evacuated communities in northern Israel and loans of up to ILS 12,000 to career soldiers and reservists residing in all other areas of Israel. We also developed special loans at very low interest for security force personnel – to members of the Hever Career Soldiers and Veterans Organization, to employees of the Ministry of Defense, to civilian employees of the IDF and to IDF disabled veterans.
- We allowed career soldiers to defer their mortgage payments by three months without interest, and we forgave loans of career soldiers who fell in combat (which were paid off from FIBI's funds, after deducting their wages).

Promoting the small and medium-sized business segment

Small and medium-sized businesses are one of the key growth engines in Israel and the backbone of the Israeli economy. Therefore, creating economic value for this segment in a way that enables small businesses to grow and succeed over time is highly important. Small and medium-sized businesses have unique economic challenges, and the bank provides a tailored response that, among other things, is professionally managed by a dedicated HQ unit specializing in small businesses.

Characteristics of the service aimed at SMEs:

- Providing service tailored to the characteristics of the business, such as the business sector, size, revenue turnover, and credit needs, and offering consulting and support services to small businesses tailored to the customers' needs.
- Providing credit to small businesses through all FIBI branches and through digital means for accessibility and convenience. In addition, FIBI is working to make an increasing number of services available to businesses through digital channels, considering their need to perform banking operations at all hours.
- Maintaining long-term relationships with its business customers by offering a wide variety of banking services throughout their business lifecycles.
- The branch bankers' personal acquaintance with the businesses enables them to provide comprehensive financing solutions for all of the business owners' needs. These services provide financing solutions, including credit tailored for small businesses, which is provided within the framework of the

Bank of Israel's monetary program for providing discounted credit, guarantees and capital management counseling services to small businesses.

- Focusing on service at the branch level, with extensive authority for branch managers, enables an immediate response to the diverse and urgent needs of small business owners who operate in a highly dynamic business environment with changing needs. The branch bankers, who specialize in responding to business customers and who know the customers personally, can provide advice and assistance in finding a customized solution.

The bank has several designated tracks for providing credit to small businesses as part of programs for the promotion of small businesses, which for many are the key to achieving economic independence and a channel for economic development and growth. In this framework, the bank is a member of several designated funds under the state guarantee and the Jewish Agency's Small Business Center.

Regarding the findings of the 2024 Bank of Israel's Banking Supervision Department survey on the subject of "Satisfaction of self-employed, small and micro business owners with the quality of service of banks", please see page 47.

As of the end of 2024, the balance of public credit provided by FIBI to micro-, small and medium-sized businesses totaled ILS 25.5 billion, approx. 71% of which were allocated to micro- and small businesses.

Social considerations in the banking activity

In its ongoing operations, the FIBI Group has an approach that strives to place the unique needs of different customers at the center, with the understanding that in order to create an inclusive financial system that encompasses the entire Israeli mosaic, attention to diverse social and cultural characteristics must be considered alongside unique financial needs. This principle guides the bank in designing the service and products it offers and is also expressed in targeted efforts such as providing social credit and community involvement.

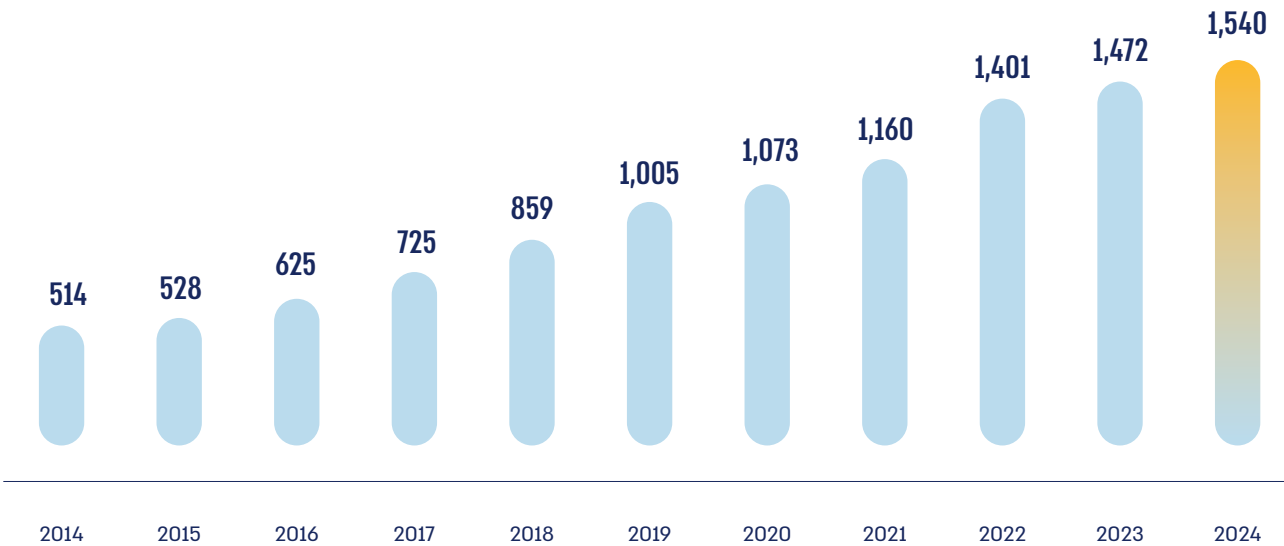
Initiatives in this context include the following:

Support for social organizations and entities

Promotion of credit plans for social organizations that support underserved groups and advance social and public objectives.

A notable example of the Group's impact in the social sphere is the provision and commitment to social credit provided through PAGI to social organizations in Israel's ultra-orthodox and religious Jewish community. This group is considered as an underserved group with many members who are low-income individuals. As of the end of 2024, the balance of credit that FIBI is providing to over 2,000 social organizations in the ultra-Orthodox and religious Jewish community (education, welfare and relief services, social community organizations, religious services, etc.) exceeded ILS 1.5 billion.

Impacting ultra-orthodox communities - Credit balance to social organizations (in ILS millions)



State guaranteed funds

In 2023, FIBI joined the State-guaranteed loan fund for small and medium-sized businesses – the "Iron Swords" track. As of the end of 2024, the total balance of credit granted to small and medium-sized businesses under the state guarantee was ILS 886 million, compared to ILS 950 million at the end of 2023.

The Jewish Agency's loan funds to support Israeli entrepreneurs

In addition to extensive activity for customers with small and micro businesses, the Jewish Agency's business support center helps Israeli entrepreneurs, particularly entrepreneurs in Israel's geographic and social peripheries, obtain loans at preferential terms by lowering barriers to obtaining the initial capital to establish or grow a business, which contributes to

the encouragement of economic growth. FIBI is a long-term partner of the Jewish Agency in this initiative and is the bank that provides business loans on behalf of the funds.

The bank provides loans within this framework to entrepreneurs and business owners from the Negev, the Galilee, the Jezreel Valley and from Jerusalem and environs, and to new immigrants, to Israelis of Ethiopian origin and to entrepreneurs from Israel's ultra-Orthodox Jewish society and Arab society. The loans are provided at convenient and preferred terms, which are partially guaranteed by the fund. To date, the funds have provided loans to thousands of businesses, which created thousands of new jobs in the Israeli economy. As of the end of 2024, the balance of loans in the fund is over ILS 40 million.



Quality of service

In conformity with the Group's policy, the Group's banks diligently maintain personalized and empathetic banking services alongside a high and increasing availability of independent and complementary digital services. As a leading financial organization, the Group is committed to providing professional, fair and courteous services to its customers based on trust in all of its service channels. As part of implementing the Group's strategic plan, we carry out processes to improve the service and products we offer to customers, based on insights about customer satisfaction we obtain from customer satisfaction surveys and on our annual market research monitoring trends in the financial market. We measure customer satisfaction with our innovations and adjustments to services using various communication channels.

The Group's quality of service policy derives not only from the provisions of law, regulations and directives of the Banking Supervision Department, but also from the values embodied in the code of ethics of the Group's banks, which include the principles and rules of proper conduct. The bank's service charter, which was updated during 2024, is derived from the above and is part of the bank's efforts to promote fairness and transparency for its customers. The bank emphasizes proactive service tailored to the customer, and strives to constantly improve the level of service and response through direct channels based on professionalism, caring, and responsibility.

The Group's service culture is always its top priority, and all of our employees embrace the Group's service approach, with the professional tools and know-how to provide efficient and high-quality service. As part of this concept, the quality of service being measured at our various branches constitutes a key parameter in evaluating the branch, and the service model takes into account inter-branch competition.

The Group is committed to providing professional, fair and courteous services to its customers based on trust in all of its service channels

In 2024, the Bank increased its efforts to promote quality and professional service, as follows:

- Establishing a customer service and support system and allocating resources for this purpose, as part of the procedures led by the Bank of Israel
- Increasing the involvement of the Bank's Board of Directors and senior management, which will ensure constant and ongoing improvement in the quality of service and compliance with the principles for providing customer service
- Formulating policies, work processes and procedures for providing customer service and support
- 1,048 of the Bank's employees underwent 4,761 hours of advanced training in customer service
- Defining service quality targets for branches and service centers that affect quarterly remuneration for leading teams
- Expanding the integration of service quality aspects into the characterization of new products
- Adding activities that can be performed in the banking service center

For additional information regarding service values, commitment to response times, methods of contact and more, please see the Bank's Service Charter, which appears on the [website](#).

Customer satisfaction at FIBI Group

FIBI invests heavily in the provision of professional service and regularly monitors customer-satisfaction indicators proactively and through internal surveys, as well as by surveys conducted by a third party. The extensive use of several information sources enables the bank to reach thousands of customers each year and take into account a variety of satisfaction parameters. These surveys are of great importance to the bank, and it relies on their results to draw lessons and insights for streamlining and improving customer satisfaction. Additionally and as we strive for excellence, we hold discussion groups as part of our annual work plan, which are tasked with implementing solutions and defining work processes that will improve service.

Measuring the quality of service:

In 2024, FIBI focused on improving customer service and began managing ongoing control over service quality and compliance with service level agreement (SLA) targets, among other things, through advanced monitoring and control tools developed specifically for this purpose. For internal, consistent and ongoing measurement, the Bank began conducting ongoing satisfaction surveys through SMS messages sent to customers after they receive service through all channels. These surveys measure overall satisfaction, professionalism, personal treatment and waiting times and show high and consistent satisfaction in these four parameters, both in the consulting centers and in the branches.



In addition, FIBI was ranked first among the five bank groups in Israel, in several service quality aspects according to the Marketest Institute survey for 2024. The 12 parameters in which the bank was ranked first are as follows:

- General satisfaction with the service at the bank
- Customer loyalty
- Likelihood to recommend the bank to a friend
- Satisfaction with the value for money
- Satisfaction with the bankers' handling of customer inquiries
- Satisfaction with the waiting time for a banker
- Courtesy of the service
- Professionalism of the service
- Willingness and initiative to assist in obtaining a response that meets the customers' needs
- Willingness to continue being a customer (loyalty)
- Recommendation to friends

A Marketest survey of customer satisfaction with service through digital channels at the end of 2024 found that FIBI stands out at the top of the banking system both in terms of overall satisfaction with the bank's website as a communication channel with the bank, and in overall satisfaction with the bank's app as a communication channel with the bank.



In February 2025, the Bank of Israel published the findings of the annual survey on the subject of "Household customer satisfaction with the quality of bank service" for 2024, which was based on two measurements performed this year. According to the findings of this survey, the proportion of FIBI customers who answered positively to the question "Is my bank generally fair to me?"

was higher than the average in the banking system, and in second place among banking groups. The survey also revealed the following:

- There is an improvement of more than 23% in the score of customers' overall perception of fairness, compared to an average improvement rate of 13% in the entire banking system
- There is an improvement of more than 21% in satisfaction with the waiting time in branches, compared to an improvement rate of 13% in the entire banking system
- There is an improvement of 10% in satisfaction with the call center, compared to an improvement rate of approx. 4% in the entire banking system
- The FIBI credit card was first among the credit cards of the five banking groups in the recommendation rating to a friend or family member



+21%

Satisfaction with the waiting time in branches



+23%

Customers' overall perception of fairness



1#

The FIBI credit card was first among recommendation rating



+10%

Satisfaction with the call center



In March 2025, the Bank of Israel's Banking Supervision Department published the findings of the 2024 survey on the subject of "Satisfaction of self-employed, small and micro business owners with the quality of bank service," which was conducted using a sample of 4,000 respondents. According to the findings of this survey, FIBI received the highest and best rate in the system in relation to the question of "Satisfaction with the professionalism of bankers." The percentage of respondents who responded positively to the question of whether they "would recommend to another business owner to manage their account at the bank where they manage their account" in relation to FIBI is higher than the rate recorded for each of the four major banks, as was also the case in relation to the question of whether the respondents "believe that the bank treats them fairly".



In addition, the Bank of Israel survey showed that FIBI ranked second place in the banking system for "satisfaction with the service provided at their bank branch".

Quality of service at Bank Massad
During 2024, Bank Massad began conducting digital surveys to examine customer satisfaction. Similar to its FIBI's activity, and following the implementation of the Bank of Israel's directives, every Bank Massad customer who performed a banking transaction through one of the three channels (in-person/telephone/online) received a notification to complete an online survey. In addition, in September 2024, a telephone survey was conducted to validate the survey findings using

Public inquiries
The FIBI Group strives to provide a response to each customer while maintaining professionalism, care and responsibility. The public inquiry units in the group, led by the public complaint ombudsmen, receive inquiries from a variety of media (including an online form on the bank's website, email, post and fax), and conduct an unbiased in-depth investigation into each complaint received by the units in accordance with regulation and Banking Supervision Department guidelines, while emphasizing the value of fairness and conducting an objective investigation.

The findings of the inquiry clarifications are reviewed in depth and any deficiencies found are rectified systemically, as needed, while strictly adhering to the Group's purpose and mission, which is to provide fair, responsible, high-quality and accountable responses to customers. When the handling of a complaint is completed, findings are determined, including

the new methodology, and both surveys revealed that the level of customer satisfaction with Bank Massad was very high. Throughout the year, more than 5,000 Bank Massad customers responded to the telephone and digital surveys that were distributed. In addition, this year Bank Massad continued the process of implementing routines based on customer experience, and service training was conducted in branches.

remedies if necessary, and a detailed and reasoned response addressing the claims raised in the complaint is sent to the complainant within a reasonable timeframe. Regarding complaints not referring to the banks' business discretion (complaints not addressed in provisions of laws and the Bank of Israel's directives) we inform customers that they have a right to appeal our response to the Supervisor of Banks Commission.

To support lessons learning and goal-setting, the Public Inquiry Unit performs a systematic semi-annual and annual process for learning and drawing conclusions from the inquiries received according to prominent topics or events, and maps the essential points in terms of customer expectations of the level and type of service. An annual lessons learned report is presented to the bank's management and board of directors, and in addition, a material deficiencies report is issued to the Bank of Israel on a semi-annual and annual basis.

Public queries to FIBI Group 2023-2024

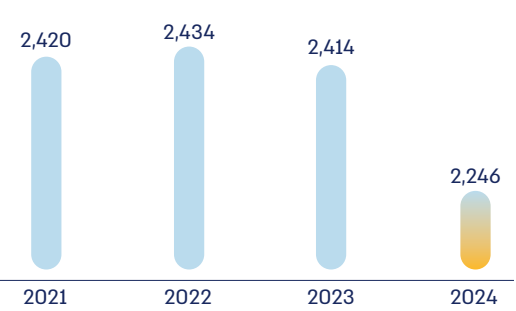
Public inquiries 2023					Public inquiries 2024				
Type	Received	Handled	Ratio of queries/ complaints handled	Justified complaints	Received	Handled	Ratio of queries/ complaints handled ²⁰	Justified complaints	
Query	1,742	1,741	99.9%	—	1,659	1,660	100.1%	—	
Complaint	2,335	2,414	103.4%	334	2,272	2,246	98.9%	354	
Total	4,077	4,155	101.9%	—	3,931	3,906	99.4%	—	

Complaint response time²¹

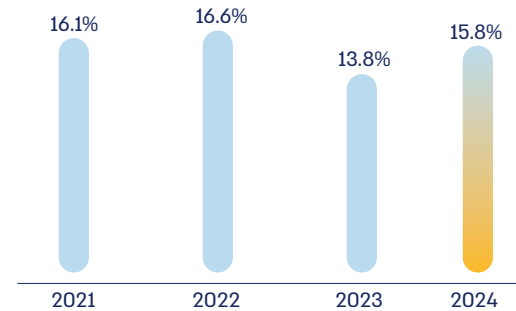
Group	Year	15-1 days	30-16 days	45-31 days	46 or more days
	2023	30%	29%	40%	0.7%
	2024	45%	24%	31%	0.4%

20. The percentage of queries exceeds 100% because it includes complaints received at the end of 2023 and handled in 2024.
21. a) The 2024 data include complaints handled by Bank Massad and FIBI.
b) The report reflects averages of the handling time categories defined by the Bank of Israel rather than the actual number of required to complete the handling process.
c) Complaints in respect of reporting to the credit data company are not included in the report to the Bank of Israel in conformity with the provisions of PCBB Directive 308A (handling of customer complaints), apart from customers who contacted our public complaints units directly.
d) In relation to the category of 46 or more handling days: a letter was issued to the customer regarding the delay in issuing a response.

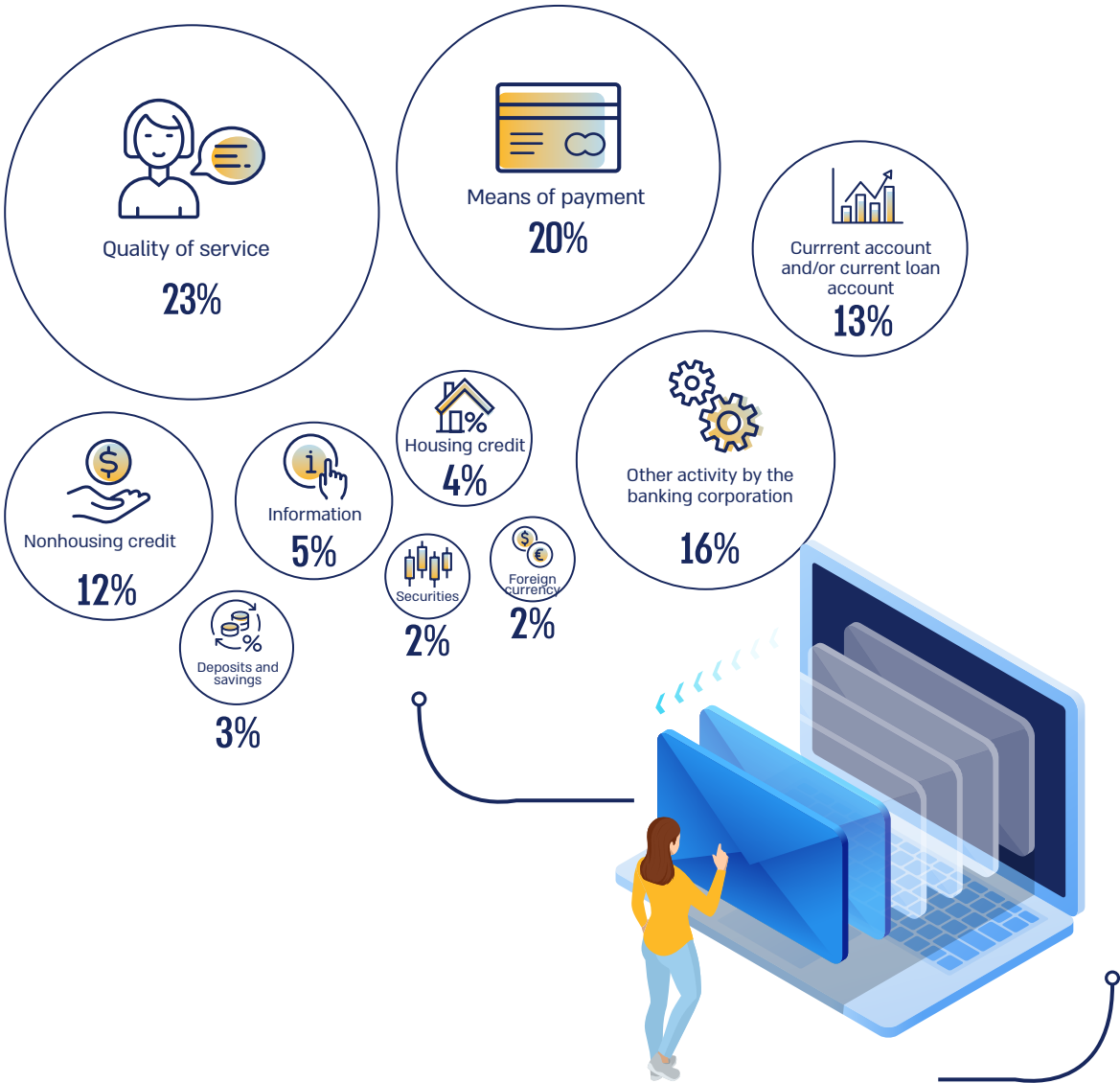
Total complaints handled by FIBI and Bank Massad during the report period that must be reported to the Bank of Israel, 2024-2021



Rate of justified complaints in FIBI Group 2024-2021 out of complaints handled



Queries by subject matter 2024



the Group works to identify and maximize employees' potential, map knowledge gaps and impart key core competencies, customize career paths



Investing in our employees

Targets for 2025

1

Target: By 2025, 10% of employee hires will be from diverse populations

Target achievement status: 163%

During 2022-2024, at least 16% of the new employees hired in FIBI came from underrepresented and diverse populations in the labor market.

2

Target: By 2025, at least 75% of our managers will participate in at least one power-skills training course over two years

Target achievement status: 100%

During 2023-2024, approx. 90% of FIBI managers participated in at least one power skills training course.

3

Target: By 2025, training in at least one power skill will be included in all continuing courses in core subjects (credit, mortgages and the capital market)

Target achievement status: Completed

During 2023 and 2024, training in at least one power skill was integrated into all continuing courses in core subjects (credit, mortgages and the capital market).

Human capital is one of the Group's most significant and important growth engines and our employees are full partners in the Group's success. In order to enable employees to realize their full potential, FIBI strives to provide favorable employment conditions that include a pleasant work environment, professional and personal development, and a response to welfare needs, while maintaining fairness and transparency.

Human resource management includes several key principles aiming for improvement in all areas of activity:

- Human capital development as part of the long-term workforce planning: In this context, the Group works to identify and maximize employees' potential, map knowledge gaps and impart key core competencies, customize career paths, hire and train succession management and succession professionals, and conduct professional and managerial training.

- Development of advanced tools for human capital management: Improving our employee hiring, onboarding and retention processes; measures for demonstrating our appreciation for employees; streamlining organizational processes, designing performance control and evaluation tools, supporting the Group's units, etc.
- A holistic approach to employee onboarding: Developing integrated onboarding processes that include imparting professional knowledge, organizational onboarding that helps in the assimilation and understanding of the bank's rules, norms and values, as well as social integration processes for forming work teams.
- Open and ongoing dialogue: Managing intra-organizational communication through various means with the aim of maintaining ongoing, open and transparent communication.
- Organizational culture: FIBI cultivates a culture that strengthens the Group's values and goals with emphasis on excellence in all activities, ethics, corporate social responsibility and community outreach.

Profile of the Group's employees²²

3,605

At the end of 2024, FIBI Group employed 3,605 employees²³

48

The average age of the Group's employees is 48, and the average seniority of the Group's employees is 18.9 years

95.9%

of the Group's employees are unionized and employed under a collective bargaining agreement

97.6%

of the employees are employed directly by FIBI. The remaining employees are outsourced workers. The bank makes efforts to absorb external employees as bank employees according to need and suitability

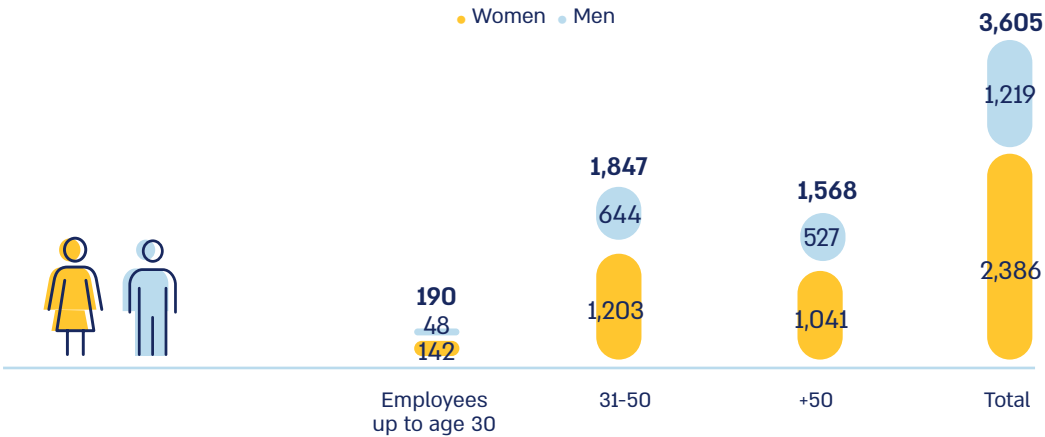
Approx. 83%

of the Group's employees are permanent employees and 17% are temporary.

Approx. 7%

In 2024, the employee turnover rate²⁴ is approx. 7%

FIBI Group's employees by age and gender – 2024²⁵:



22. The methodology for collecting HR data is based on the data on human resources as of 31.12.24, as extracted from FIBI's control systems, such as attendance-recording systems, employee data systems, etc. All data are aggregate data, unless specified otherwise.

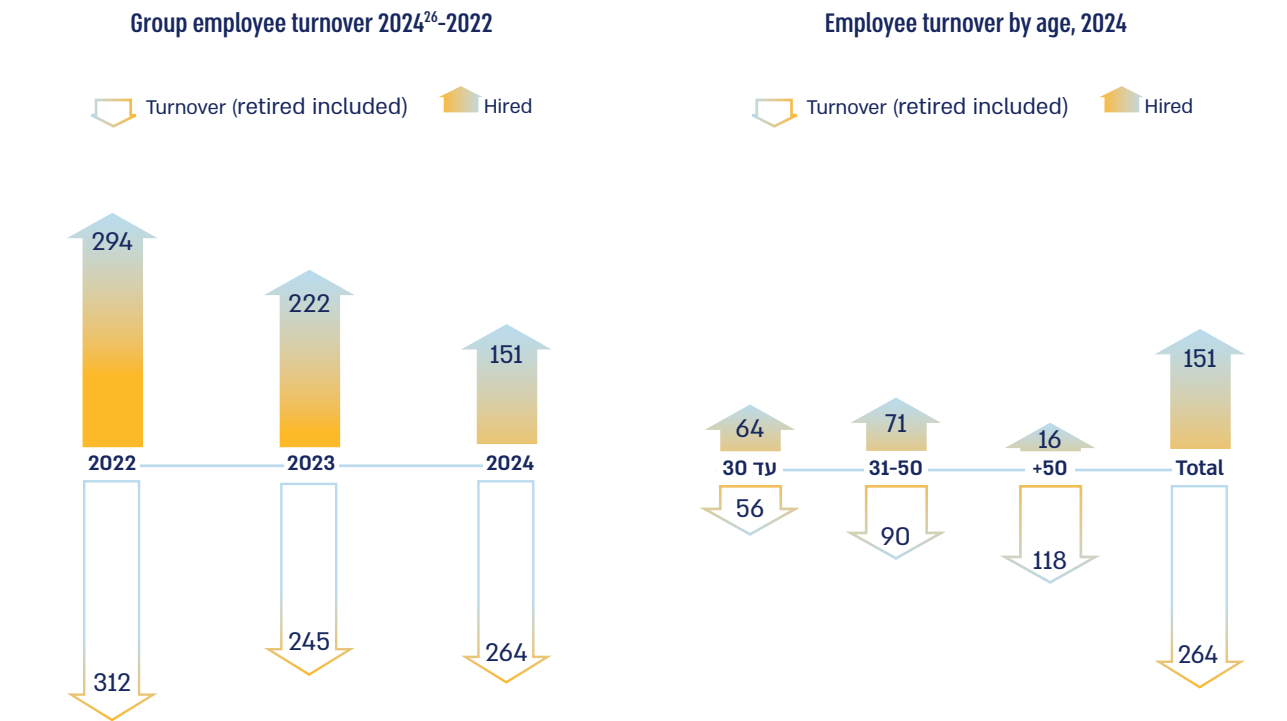
23. Including external employees.

24. Including retirement and external employees.

25. Including external employees

Recruitment of new employees and employee turnover:

Of the 264 employees who left the FIBI Group in 2024, 115 employees retired at retirement age or earlier.



Employee turnover 2024

Age	Recruitment (new Hires) ²⁷				Turnover (Exits)			
	Women	Men	Total	Ratio	Women	Men	Total	Ratio
Up to 30	45	19	64	42%	41	15	56	21%
50-31	29	42	71	47%	56	34	90	34%
+50	10	6	16	11%	71	47	118	45%
Total	84	67	151		168	96	264	

Employee absenteeism in 2024

	Number of days of absence: Women	Number of days of absence: Men
Number of sick days ²⁸	37,932	12,301
Number of days due to work-related injuries ²⁹	618	45
Number of vacation days ³⁰	64,002	30,108
Number of days of reserve duty	648	7,463

26. The data includes employees who retired
27. Including external employees hired by direct employment.
28. Including sick days taken to care for a family member, not including sick days from a loss of work capacity
29. Sick days as a result of work accidents. In 2024, 32 work accidents occurred in the Group.
30. Including vacation deals and holiday vacations for non-Jewish employees.

FIBI Group employees by gender and rank



	2023			2024		
	Women	Men	Total	Women	Men	Total
Executive management / senior management	48	80	128	47	69	116
Middle management	426	285	711	421	280	701
Junior management	123	90	213	132	90	222
Employees ³¹	1,847	796	2,643	1,786	780	2,566
Total	2,444	1,251	3,695	2,386	1,219	3,605

Employee mobility and organizational changes:

As part of the Group's development of human capital, we encourage employee mobility between the various units, which enables employees to develop professionally and maintain high motivation throughout their years of work at the Bank. New positions that open up at the Bank are made available to employees through internal tenders that appear in the relevant organizational systems. When employee mobility is required for organizational reasons, this is carried out taking into consideration the employees' needs, in accordance with the law and collective agreements.

During 2024, at least 75 of the Group's employees were promoted to more senior positions.

During 2024,
at least 75
of the Group's employees
were promoted to more
senior positions



Employee promotion - Number of positions filled by internal candidates

Level	Women	Men	Total
Promotion to Non-Managerial Positions	1	6	7
Promotion to Junior Management	25	22	47
Promotion to Middle Management	8	9	17
Promotion to Senior Management	2	2	4
Total	36	39	75

31. Not including external employees.



The Bank Group encourages continuous and open dialogue between the various units and departments, and between employees and management in order to encourage the transfer and exchange of professional knowledge, promote collaboration and enhance cooperation and strengthen the pride of the unit and the sense of belonging to the organization

Dialogues with our employees

The Bank Group encourages continuous and open dialogue between the various units and departments, and between employees and management in order to encourage the transfer and exchange of professional knowledge, promote collaboration and enhance cooperation and strengthen the pride of the unit and the sense of belonging to the organization. For this purpose, various channels have been developed for effective intra-organizational communication.

The organizational portal has a concentration of useful information for employees and includes a system for contacting human resources. Employees also have anonymous contact channels for issues such as auditing, compliance and ethics.

Internal organizational surveys: During 2024, a survey was conducted to assess employee satisfaction with the services provided to them by other departments in the bank. This year, the parameters "innovation" and "partnership" were incorporated for the first time in addition to the parameters "professionalism", "overall satisfaction" and "response time" that were also examined in the past, as part of the bank's desire to promote these values in internal organizational conduct. Among the services that were rated as excellent are the consulting center service, PAGI, trading rooms for Israeli and foreign securities, registration for welfare activities in the welfare section, and more.

The "Open Door" program allows employees to participate in periodic open meetings with the manager of the Human Resources Department and the organizational development team at the bank, at which various topics can be raised at the organizational and personal levels. During 2024, approx. 100 "Open Door" meetings were held.

Roundtables, the 100 Program: Direct discourse and ongoing dialogue between management and employees. Representatives of management participate in "roundtable" meetings with employees and enable acquaintance and strengthening of the

connection and partnership between employees of the various organizational units, as well as increasing the employees' familiarity with the bank's goals, its vision and the work plan. During 2024, roundtables were held in environments outside the office for the purpose of illustrating and assimilating organizational values through practical experience and meaningful dialogue.

Recognition of outstanding employees: The FIBI Group believes in the importance of recognizing and expressing gratitude to employees in general and to outstanding employees in particular. Each year, the bank holds a festive recognition ceremony in the presence of all employees to mark the achievements of outstanding employees. Beyond the positive impact on the outstanding employees themselves, the recognition of outstanding employees contributes to promoting the value of excellence and creating an organizational culture that supports the Group's values. During 2024, 38 FIBI employees were awarded the title of "Outstanding Employee" for 2023.

Establishment of cross-organizational communities: During 2024, FIBI's Organizational Development Unit's activities were expanded, and, among other things, established and managed cross-organizational communities. These activities are carried out to strengthen organizational connectivity through roundtables, joint brainstorming sessions, etc. In 2024, the Talent Community was established as the first step towards several additional communities that are and will be established during 2025 and thereafter. For additional information on the topic of the Organizational Development Unit, please see page 58.

Performance evaluations and feedback In order to enable open dialogue between employees and managers, coordinate expectations, and provide employees with ongoing guidance to improve their performance, the Group holds feedback conversations for permanent employees once a year, and for employees who have not yet received

tenure, at more frequent intervals. At key points such as recruitment, acceptance of tenure, and promotions, an external institute assessment is also added. The annual employee performance review process at FIBI begins at the end of the year and culminates towards the end of the first quarter of the following year. At the end of 2024 and in the first quarter of 2025, approx. 93% of the bank's employees underwent an assessment process.

In order to create an open and relaxed atmosphere, and to adapt the feedback process to the needs and preferences of the employees, it was decided to hold some of the feedback conversations outside the bank's offices. This move was made possible thanks to an employee initiative that arose at the Values Conference to instill the code of ethics among the bank's employees. This initiative was intended to express and enhance the value of "partnership" while reducing the formality of the conversation, strengthening trust between employees and managers, encouraging open dialogue, and creating a sense of comfort that helps employees express their thoughts and opinions freely.



93% of the bank's employees underwent an assessment process



38 Outstanding Employees



~ 100 "Open Door" meetings

Dialogue with employee committees

The labor relations at the Bank are principally based on collective labor agreements and complementing arrangements carried out with the New General Federation of Labor ("Histadrut"), the Union of Clerks and the Union of Managers and Signatories, as the case may be, and do not apply in case of employees engaged under a personal employment agreement.

Five labor committees operate in the FIBI Group – three in FIBI (the Managers' and Authorized Signatories' Committee, the National clerk's Committee of FIBI and the Committee of the Collective Agreement Employees of Otsar Ha-Hayal), one at Bank Massad and one at MATAF. The labor agreements ensure the rights and obligations of the employees they represent and carry out welfare, cultural and employee support activities when necessary. FIBI's management maintains ongoing and open dialogues with the labor organization and the committees as part of the work relationship based on mutual respect and attentiveness.

In 2024, approx. 96% of FIBI Group employees were part of collective labor agreements. The terms and conditions of non-unionized employees are determined through direct negotiations between the FIBI and the employee.

On November 19, 2024, the Bank signed a collective agreement with the Otzar Ha-Hayal Employees' Committee. The agreement established principles regarding wages, the settlement of

disputes regarding recipients of management fees, an update of the job description and branch management model, and determined a mechanism for dealing with cases of redundancy of positions for recipients of management fees.

In 2024, there were no labor disputes in the Group.

Work environment

The FIBI Group strives to provide all of its employees with a professional, warm and inclusive work environment, which provides each employee with support and care. All employees in the banks, both permanent and temporary, are entitled to the social conditions stipulated by law and various benefits offered by the banks. The FIBI Group also attributes considerable importance to developing employees' health, leisure and maintaining work-life balance. Health, welfare and development of leisure culture.

The FIBI Group attributes considerable importance to the wellbeing of its employees and their development of a leisure culture. As part of this concept, the Group's human resources departments hold social activities throughout the year at the various banks and at MATAF, including family fun days, trips, classes, workshops, and the participation of representative teams in sports, alongside wellbeing events for employees and family members.

The FIBI Group encourages its employees to lead a healthy lifestyle. In this context, the Group provides a healthcare package that includes periodic physical examinations, immunizations at the workplace and ergonomic workplace adaptations as needed. The Group also supports employees psychologically and provides solutions for dealing with emotional challenges.

The working conditions in the Group also include a series of additional benefits, including discounts on commissions, favorable terms in selected banking activities, health insurance, subscriptions to cultural institutions, holiday gifts, and participation in financing family expenses such as summer camps, kindergartens, and academic tuition.

The Group recognizes the great importance of a balance between all components of life at home and at work. FIBI's workweek is shorter than is customary in the economy (39 hours per week on average), while the quota of vacation and sick days is higher than required by law. The Group provides its employees with optimal conditions for accumulating and utilizing sick days and manages work processes to minimize the need for employees to work overtime.

In 2022, FIBI began preparing a pilot project in various departments to examine one day of work from home per week in order to improve its employees' ability to maintain work-life balance. The pilot was launched in the following units in 2023: the Chief Accountant Division, the Legal Department and the Internal Audit Department, and as of the end of 2024, it is still being reviewed.

Retirement:

The Group's commitment to its employees continues even after their employment ends. In order to ease the complex process of retirement for employees, the Group holds an annual preparatory workshop for employees and their spouses that deals with personal, family and financial aspects of retirement. The workshop is three days long and is offered free of charge. In 2024, 64 employees and their spouses participated in a preparatory workshop for retirement that included preparation and empowerment content, pension planning, family finances, insurance at retirement age, introduction to the FIBI Retirees Club, and more. Even after retirement, the Group continues to support its retirees by operating retiree clubs nationwide that offer their members social activities, leisure activities and broadening of horizons, as well as various benefits in bank account management and activities or benefits on holidays.



64

employees and their spouses participated in a preparatory workshop for retirement

The FIBI Group's occupational safety policy is reviewed on a regular basis and adjustments are made if necessary

A safe work environment:

FIBI Group takes all possible measures necessary to maintain comfortable physical work conditions and maintain the health and safety of all of our employees. These measures include strict compliance with all fire safety standards and periodic inspections to monitor air quality and detect radiation. In 2024, only a few insignificant safety incidents were recorded. The FIBI Group's occupational safety policy is reviewed on a regular basis and adjustments are made if necessary. In 2024, no updates or changes were made to this policy.

In addition, an occupational safety courseware is distributed annually to all Group employees. In 2024, 2,581 Group employees completed the courseware.

Supporting our employees during the Iron Swords War

The FIBI Group diligently supports its people and is there for them during crises, and is also taking action during the Iron Swords War. We provided various activities for our employees' welfare and well-being considering the challenges posed by the War, including activities via Zoom for our employees' children and supportive lectures dealing with the challenges of combat, including tips for dealing with stress, a healthy lifestyle including nutrition, mind and body, breathing, mindfulness, physical activity, and more. Concurrently, our welfare department and managers stayed in touch regularly with our employees during the War, including with evacuated employees, employees who were called up for reserve duty and employees with children serving in the IDF. We held a

populations as needed and awarded vouchers in appreciation of employees' special efforts during the war.

Bank Massad held activities for all of its employees, which were led by an external lecturer via Zoom, during which the employees received a toolbox for contending with stress and anxiety through breathing and mindfulness exercises.

Supporting and appreciating our reservists and their families:

The FIBI Group encourages its employees to take part in the reserves and assist in the national effort. During reserve service, bank employees are entitled to full salary supplements. Employees whose annual reserve service is 14 days or more receive a gift for a couple's outing. The Group also complies with the statutory obligation to shorten the workdays of employees whose spouses are on reserve duty. In 2024, 394 FIBI employees served in the reserves for a total of approx. 8,111 reserve days.

Since the outbreak of the War, FIBI has been regularly assisting its employees who were called up for reserve duty and their families. Within this framework, we called them regularly and sent gift parcels according to their needs during these difficult times.

The bank also supports the provision of psychological assistance through a company specializing in this area for the well-being of employees and their families who need to deal with emotional challenges. During the War, employees were invited to take part in orientation lectures for parents of soldiers and spouses of reserve service members.

394

FIBI employees served in the reserves for a total of approx.

8,111 reserve days



special meeting led by professionals to help our employees who are parents of soldiers in order to give them supportive tools. We sent parcels to help them remain encouraged, we provided specific assistance and support to particular employee



Employee training and development

In order to continue to provide high-level financial services, the Group works continuously to empower and nurture the human capital through a rich system of training, personal development, and encouragement for excellence programs, which include professional content alongside power skills in accordance with the Group's goals and the professional, organizational, and personal needs of the employees and teams.

The Group's training is led by a dedicated department at the FIBI headquarters, which also provides services to MATAF and Bank Massad, in coordination with the human resources departments of these subsidiaries. The training programs are developed based on processes involving needs mapping and examining knowledge gaps among employees, as well as in view of market developments and regulatory requirements.

The training programs are constantly evolving and updated. Every year, new training courses are implemented for employees and managers. During 2024, dozens of additional training courses, tutorials and seminars were added in various fields tailored to the bank's various areas of activity and include topics such as regulation, information security, management training and more. In September 2024, the "HIGHWAY 100 Program" was completed - a program to develop and retain managers and employees with exceptional contributions and influence at the bank.

In 2024, the bank launched an innovative organizational learning system that combines an improved user experience, access to extensive learning options, and internal control measures. The transition to this management system is designed to promote a culture of continuous learning, excellence, and improved performance through the personal development of employees and managers and through the provision of access to broad and diverse learning content in enriching worlds. During 2024, the bank's employees and managers consumed 4,746 hours of digital content to strengthen their skills with the help of this

In order to continue to provide high-level financial services, the Group works continuously to empower and nurture the human capital through a rich system of training, personal development, and encouragement for excellence programs

system. The organizational learning system project also won second place out of approx. 180 projects submitted at the Excellence Conference of the Human Resources Association, a member of the European Human Resources Organization, in the "Innovation in Learning" category.

In order to ensure the effectiveness of the training, the Training Department conducts ongoing tests through knowledge exams, anonymous feedback to participants, and summary conversations.

The training activity advances the knowledge of the Group's employees in various content areas:

- Basic banking
- Advanced professional training in areas such as credit, capital markets, mortgages, foreign currency and foreign trade; this framework also includes innovative training regarding climate and environmental risk management in credit risk and the promotion of green financing.
- Technological training and professional assistance in implementing operating systems
- Customer service and sales
- Power skills (personal, social and communication behaviors that improve job performance)
- Professional and personal ethics and prevention of corruption
- Topics in conformity with regulatory requirements.

Training in 2024



ILS 6.4 million

The group total financial investment in developing training courses, in employee training and instruction



5,679

digital learning days through electronic training courses and the new learning system



10,559

non-computerized training days

Understanding that our employees are multidisciplinary and strive to expand their knowledge and professionalism, in 2024 the activities of the bank's Organizational Development Unit were significantly expanded. The Unit's goal is to strengthen the organizational culture while developing human capital and adapting it to changes in the business environment, with an emphasis on the values of partnership, excellence, transparency, fairness, synergy and innovation. The Unit emphasizes the importance of the interrelationships between the various bank departments, which allow employees to increase their organizational understanding and be exposed to new development opportunities.

During the past year, the Organizational Development Unit refreshed the values of the code of ethics and integrated them into the organizational culture, with the full involvement and participation of the organization's employees, who took part in the practical implementation of the values in their daily routine. Among the Unit's initiatives, the following should be noted:

- "Colleague for a Moment" - An initiative that includes an employee's integration in another unit for a period of a week, with the aim of becoming acquainted with activities taking place in the various departments

- Establishing cross-organizational communities and bringing them together in a series of events throughout the year and ongoing communication through digital means
- Building a personal coaching program that brings together members of the organization who have the relevant skills and qualifications with employees who are interested in this support in order to strengthen their skills
- Segmentation of the employee population and providing a professional framework for their training and enrichment in collaboration with the Training Department
- Activities to strengthen organizational connectivity, organizational surveys, and more

In 2024, the group's employees completed 10,559 non-computerized training days, which constitutes an annual average of 3 annual training days per employee in addition to 5,679 digital learning days through electronic training courses and the new learning system. These training days amount to 16,238 learning days, which constitute an average of 4.6 learning days per employee.

Our total financial investment in developing training courses, in employee training and instruction in FIBI Group in 2024 totaled approx. ILS 6.4 million.

Special programs to prepare our employees for work in the future

In addition to addressing current needs, the Group also actively promotes the development of human capital in accordance with the evolving demands of the future world of work, and this is done in three areas:

Up-skilling – a training program enabling our employees to develop the skills needed for the changing world of work according to our strategic plan for our human capital.

Up-skilling

Re-skilling

Reskilling – strategic planning of the future workforce and adapting it to the changing competitive environment. In this context, FIBI makes adjustments by mapping skills that will be needed in the future world of banking.

Re-careering – Training employees with the aim of providing them with significant professional development that meets the professional capabilities required by the bank.

Re-careering

Power skills development (soft skills)

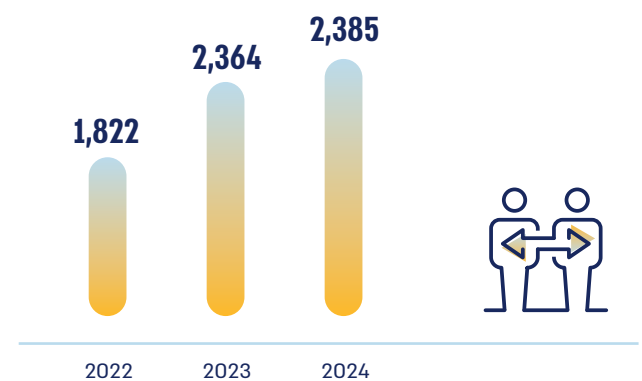
During 2024, the bank expanded the amount of training in the field of power skills in accordance with the bank's human capital strategy, and launched a new training area - innovation and digital literacy. In addition, the bank continued to expand the training and courses integrated within this program and added 20 new training programs that include dedicated workshops for recruiting and retaining customers, a business credit certification course, a workshop for business development in the capital market and foreign exchange, and more.

Employees participated in a range of training courses in these areas, including:

Topic	Types of training provided	Number of participants
Tools for conveying messages	4	169
360 perspective on customers	15	1,047
Understanding business environment characteristics	5	359
Business leadership	4	118
Personal leadership and social skills	9	574
Innovation	3	236

In 2024, a total of 2,385 employees and managers in the FIBI Group participated in power skills training, compared to 2,364 employees who underwent training in this area in 2023 and 1,822 employees in 2022.

FIBI Group participated in power skills training



The bank set itself a goal that by 2025, at least 75% of the managers will participate in at least one power-skills training course every two years. As of December 2024, 90% of managers had met this goal.

Management training courses:

The Group places special emphasis on the training and nurturing of managers at various management levels. Our managers training is designed to provide the necessary leadership and managerial skills aligned with the demands of the position. In 2024, approx. 804 managers completed 13,256 hours of training on a variety of topics, including: an advanced management course, the 100 Program – the Talent Program, Talk like TED, an innovation workshop, story-telling for managers, a course on managerial resilience and unit resilience, improving productivity using AI and more.

In 2023-2024, the first "100 Program" took place - an empowering and innovative employee and manager development program that brings together approx. 100 leading employees and managers with exceptional contributions and influence at the bank. In this context, discussion meetings were held between members of the management and the CEO, enriching content was learned to strengthen professional and managerial skills, and visits to branches and various units were incorporated. In addition, this program included the development and promotion of initiatives aimed at advancing products and processes within the bank. Five initiatives that were proposed were also approved and included in the bank's work plan for 2025.

The program was presented and won second place at the Human Resources Association's Excellence Conference in the "Personal Development and Career Management" category.



The "100 Program" was presented at the Human Resources Association's Excellence Conference in the "Personal Development and Career Management" category, and **won second place**

Promoting academic education among bank employees

The bank places great importance on the acquisition and expansion of academic knowledge among its employees and therefore provides benefits and incentives to employees pursuing higher education. Therefore, bank employees are entitled to an annual tuition refund of up to ILS 10,000 for undergraduate studies in the fields of economics, finance, business administration, and accounting. In order to encourage academic education at higher levels, managers are also entitled to a refund for a master's degree in these subjects. In addition, to support its employees during busy exam periods, the bank approves up to 26 days of vacation for bank employees to study for exams, and 24 days of vacation for managers.

During 2024, **9 of the bank's employees received funding for the acquisition of academic knowledge**, 6 of them for a bachelor's degree, and 3 for a master's degree.





Equal opportunities, diversity and inclusion

FIBI Group diligently ensures equal opportunities and opposes discrimination of any kind in any of the organizational processes taking place in the Group, including hiring and onboarding of new employees, employment terms and conditions, promotions and professional training. The Group believes that it is highly important to represent diverse populations and to maintain a work environment with an inclusive culture that provides an equal opportunity to all employees, regardless of gender, religion, race, ethnic origin, nationality, disability, age or sexual orientation. This approach provides and generates social value by providing equal access to employment opportunities for minority groups, and at the same time, it has business importance stemming from the bank's in-depth familiarity with the unique needs of customers from different population segments.

The Group's hiring policy includes the promotion of diversity and is implemented through engagements with recruitment and placement firms that have specific expertise in recruiting candidates from various and diverse segments.

Additionally, in 2024, no complaints of discrimination were reported by employees of the FIBI Group.

Approx. 14% of the new hires this year in the FIBI Group came from diverse populations traditionally underrepresented in the Israeli labor market. The integration of these employees in 2024 reflects a year over year increase of approx. 50% compared to 2023, during which 9.9% of the new hires came from diverse populations groups.

FIBI Group diligently ensures equal opportunities and opposes discrimination of any kind in any of the organizational processes taking place in the Group, including hiring and onboarding of new employees, employment terms and conditions, promotions and professional training

Promoting employment in Israel's ultra-orthodox Jewish society:

The bank promotes the employment of ultra-Orthodox workers in the PAGI system, which specializes in service to this population group, and in other frameworks. For this purpose, the recruitment systems emphasize adapting the hiring process for ultra-Orthodox workers while adapting the work environment, led by a designated officer at the Group headquarters who is responsible for this issue. As part of the Group's commitment to the issue, the bank supports financial donations and volunteering in projects that promote employment in the ultra-Orthodox community, such as "Movilot - Occupational Leadership for Haredi Women". For additional information, please see "Investing in the ultra-Orthodox and religious community" on page 40.

As of the end of 2024, the FIBI Group employed 207 employees from the ultra-Orthodox community who were not in management positions, constituting approx. 8.1% of all Group employees. In addition, the Group employed at least 59 managers from the ultra-Orthodox community, constituting approx. 5.7% of all Group managers.

Promoting employment in the Arab community at Bank Massad:

About one third of Bank Massad's branches and extensions operate in geographic areas where the majority of the customers are from the Arab segment. Accordingly, the bank is also working to recruit many employees from the Arab community, and in 2024, about a third of the new employees hired were from the Arab segment. This effort is supported by assistance of specialized placement agencies, dedicated and targeted advertisements in the Arabic language media, and through collaborations with the education system and the Teachers' Union. In order to provide an inclusive environment for employees from the Arab community, Bank Massad offers supportive and favorable employment conditions during the time of Ramadan for those who observe it. In addition, employees from the Arab community are given five additional vacation days to observe non-Jewish holidays, in addition to the standard holiday leave to which every employee is entitled.

As of the end of 2024, about 24% of Bank Massad's non-management employees are from Israel's Arab community, while Arab managers from accounted for about 11% of all of Bank Massad's managers.

Promoting employment for people with disabilities:

The Group places great importance on integrating people with disabilities into the workforce ensuring equal and respectful treatment, and providing an accessible and accommodating work environment. To that end, the Group collaborates with entities that specialize in recruiting employees with disabilities and, if necessary, makes adjustments to the organizational selection processes as needed to promote inclusivity and equal opportunity.

In order to ensure a fully accessible and accommodating work environment, dedicated team members have been appointed for the employment of people with disabilities, who undergo specialized training on this subject. In addition to adapting the entire work space for accessibility, the Group carefully adapts the work environment and conditions to the specific needs of employees with disabilities or employees whose health status has changed. To ensure an adequate and effective response is provided in this area, the bank conducts an annual survey on the awareness of the rights of employees with disabilities, including an employee's report of being a person with a disability. In addition, the Human Resources Department works



Parental leave data

	Men	Women	Total
Took parental leave	0	97	97
Returned after parental leave	3	96	99
Returned after parental leave and remained in the workplace for an additional 12 months	1	79	80

32. This estimate is based both on employees' declarations during hiring and on additional sources of information.

The Group places great importance on integrating people with disabilities into the workforce ensuring equal and respectful treatment, and providing an accessible and accommodating work environment

to increase awareness of the subject among all employees through training and lectures. Equal rights training is part of the new employee course, which is designed to help integrate people with disabilities into the work environment and to enhance all employees' awareness of the subject.

In order to promote and increase the employment of workers with disabilities, when advertising each new position, the Bank proactively engages with non-profit non-profit organizations that promote workers with disabilities ("Shavim", "Taasuka Shava" and "Eshnav"). These organizations help share the job opportunities within their communities to support the recruitment of suitable candidates. FIBI estimates that approx. 6% of its employees are individuals with disabilities.³²

Promoting employment for retirees

In an era where life expectancy is increasing, integrating retirees into employment is an opportunity to enrich the labor market with knowledge and experience. We believe that retirement age does not have to be the end of a career, but an opportunity to continue contributing and developing. At FIBI, we occasionally employ retirees for short periods.

Equal opportunities

All of FIBI Group's employees, regardless of gender, are entitled to parental leave by law. Parents returning to work are legally entitled to greater flexibility in working hours, an increase in the number of sick days and vacation days, and increased and enhanced convalescence benefits. In addition, the Group banks provide parents with additional favorable conditions, such as extending the duration of eligibility for parenting time up to one year from the date of birth. In 2024, 97 female and male employees took parental leave, and 99 female and male employees returned to work after parental leave.

Gender equality:

The FIBI Group promotes gender equality in the workplace. The Group maintains a high ratio of women at all levels of seniority and integrates them in key roles. Women account for 66% of all Group employees: 59% of the junior management, 60% of the middle management and 41% of the senior management. In total, women account for 58% of the Group's management, an increase of approx. 1% compared to 2023.

59%

of managers in revenue-generating functions are women.³³



Breakdown of management levels by gender - 2024

• Women • Men



Prevention of sexual harassment

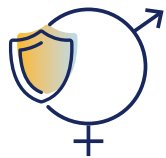
The FIBI Group is committed to upholding a safe and respectful workspace and addressess all cases of sexual harassment with the utmost seriousness in accordance with both our policies and legal obligations. Each of the Group companies that employs staff has a designated officer responsible for the prevention of sexual harassment. The regulations on the subject of sexual harassment are accessible in all Group units; they are published on the Group's website and are also distributed personally to each employee every year. New employees are required to undergo training on the prevention and manner of dealing with sexual harassment as part of the onboarding process into the position. In addition, all employees are required to undergo training on the prevention of sexual harassment every three years. In 2024, 3,211 employees underwent such training.

During 2024, the Group received only a few complaints of sexual harassment, all of which were investigated in accordance with the legal requirements, while ensuring the dignity and privacy of all those involved. Appropriate actions were taken based on the results of the investigation in order to prevent any recurrence and to raise awareness and sensitivity in this regard.



3,211 employees

underwent training on the prevention and manner of dealing with sexual harassment



Fair wages

Salaries for both employees and managers at the Bank are determined through a structured process based on role, rank, seniority, and educational background, ensuring that gender has no impact on compensation.

In 2024, the highest wage paid to a FIBI employee was 12.45 times higher than the bank's median wage (after deducting the highest wage, for the purpose of calculating the median). In 2023, this ratio stood at 11.66. As of 2024, the minimum wage paid to a FIBI Group employee is 41% higher than the minimum wage in the Israeli economy; in 2023, this ratio was 39%.

Average gender pay gaps by level at FIBI

* The calculation was performed in relation to the average gross monthly wage in each level (a positive disparity indicates a higher wage for men):

- Senior management: 11%
- Middle management: 10%
- Junior management: 12%
- Employees: 11%



Investing in the community

The FIBI Group is committed to active involvement in society and in the community, with an emphasis on the participation, involvement and contribution of the Group's employees. The Group holds diverse and wide-scale community activities in ongoing strategic collaborations with social organizations. These activities are in line with FIBI Group's vision, strategy and values, with its major role in the Israeli economy and its leadership in the business world.

The donation policy of the Group banks is approved annually by the bank's Board of Directors and is led by a dedicated steering committee for community investment, headed by the chairman of the bank's Board of Directors. The steering committee outlines the policy for investments in the community, guides and directs the Group's spheres of activities in this regard and monitors performance. New social outreach initiatives and proposals for social engagement are submitted to FIBI from our employees and from civil society and are examined from time to time by the steering committee and by professionals at the bank. The donation budget and its management are handled by the Resources and Financial Management Division.

The selection of collaborations and donations to non-profit organizations is carried out taking into consideration the bank's vision and while formulating a joint action plan with the aim of maximizing the impact of the investment of resources.

The FIBI Group is committed to active involvement in society and in the community, with an emphasis on the participation, involvement and contribution of the Group's employees. The Group holds diverse and wide-scale community activities in ongoing strategic collaborations with social organizations

Donations are approved only to NPOs that hold all certificates and confirmations needed for responsible governance. The FIBI Group does not make money, cash equivalents or in-kind donations to political parties, to politicians, political institutions, political campaigns, lobbies, trade associations, tax-exempt entities, or to any other group whose role is to influence political campaigns or public policy and legislation.

The Group's community investment is carried out on two levels: employees' social outreach and donations to social organizations. In 2024, FIBI continued to focus its community investment policy on two principal social causes: support for the IDF and the security forces, and support for the ultra-Orthodox Jewish society (for additional information on this

33. An income-generating position is a position in which the manager is directly involved in the product or service.

subject, please see the “Investing in Israel’s ultra-orthodox and religious Jewish communities” chapter. Within the framework of its social activities, among other things, FIBI also makes the unique professional knowledge of its employees available to the population groups that are the focus of the activities and to the organizations with whom the Group collaborates. For additional information regarding this activity, please see the chapter describing the bank’s financial empowerment and education activity.

Investing in the community

Following the attack on October 7th, 2023 and subsequent war in Israel, the bank significantly increased its donation budgets in 2023, and at the same time, invested itself in the promotion of unique projects, alongside the volunteering of hundreds of employees to assist in the war effort.

This trend was maintained also in 2024, during which the FIBI Group donated over ILS 12 million to various social causes, an increase of 50% compared to the Group’s donations in the preceding year. For additional information regarding the bank’s community involvement and the social projects it supports, please see the [Group’s website](#).

FIBI Donations in 2024, by purpose (ILS millions)

War effort	9.2
Security forces – annual programs	1.2
Support for ultra-Orthodox community	1.2
Medical centers	0.4
Total	12

The Swords of Iron War

In 2024, the Bank continued its donation and support policy, led by a dedicated forum that formulated the donation outline, while placing special emphasis on the support of residents of the Gaza Envelope and soldiers in the field.

FIBI’s community outreach in 2024 focused, among other things, on the following projects

- **Kibbutz Nir Oz** – Support for the kibbutz community, which was severely damaged in the October 7th attack, began in 2023 and continued into 2024. After the community rehabilitation campaign, which focused on preparing alternative housing, the community’s support and rehabilitation process continued in 2024, along with the transfer of financial donations for this purpose.
- **Kibbutz Erez** – The bank donated equipment to this community for an emergency health room.
- **Support for reservists businesses owners** – The bank made a designated contribution to a fund established to assist reservists aimed at strengthening the resilience and continuity of self-employed business owners who were affected as a result of reserve service.
- **Commemoration of October 7th** – The bank made a financial contribution to the establishment of the “October 7th” exhibition by photographer Ziv Koren and to the event commemorating the anniversary of the disaster, both of which took place at the Peres Center for Peace.
- **“Waves’ Tools” program** through the “HaGal Sheli (My Wave)” association – A contribution to a therapeutic program using surfing for physically and mentally injured and disabled IDF soldiers.
- **Contribution to the “Makers For Heroes” program** through the Restart association – This initiative focuses on developing innovative and unique technological solutions to address the daily challenges faced by wounded IDF soldiers.
- **Activity in the “Adi Negev” rehabilitation village** – A contribution to a post-traumatic stress disorder treatment project using horses for hundreds of security forces personnel.
- **Contribution to the wellbeing of soldiers** – The bank, in cooperation with the Soldiers’ Welfare Association, donated to refreshment facilities for soldiers in the north and south of the country, to “time out” evenings for soldiers and to scholarships for soldiers, in addition to the adoption and ongoing support of the 411th Battalion and the “Black Snake” Squadron.



These donations are in addition to the Bank’s ongoing support for programs focused on the security forces:

- **Greatness in Uniform** – A program that integrates youths with disabilities into army service.
- **Bayit Cham**³⁴ – Providing 30 apartments across the country for lone combat soldiers.
- **Mafteach Sol** – Donating scholarships to shell-shocked soldiers for music studies in a therapeutic setting at the Tel Aviv Conservatory of Music.
- **My Turn** – A training and personal growth program specifically for the wounded and disabled in the security forces.

In addition, this year FIBI and Mataf employees took part in various volunteer activities, such as cooking for lone soldiers, volunteering in agriculture, renovating youth centers and involvement in teaching mathematics and financial guidance to youth, along with involvement in additional financial education projects for the benefit of diverse populations in cooperation with the Bank of Israel, the Banks Association, and the banking system.

Involvement in the local community at Massad

As part of Bank Massad’s social commitment to assist teachers, teaching students, and the education sector in general, in 2024 the bank continued to participate and assist with national and local programs and projects. Due to the War, the bank chose, in addition to its ongoing community work, to assist those in the education sector who were affected during this complex period. As part of this activity, Massad donated 80 laptops to students and teaching staff from the Gaza Envelope, helped equip the temporary school of Kibbutz Saad, which was relocated to the Dead Sea region, and purchased hundreds of school bags and additional school supplies for the children of the Gaza Envelope who moved to live in the Dead Sea region during this period.

In 2024, the bank continued its collaborations with the **Alumot Or** association, which operates in 15 special education schools throughout the country, with the **SASA Setton** association, which supports about 40 schools operating within hospitals in Israel, and with the **Lines and Thoughts** association, which operates in the field of attention deficit disorders. In addition, Bank Massad’s employees also took part in enrichment activities for pupils within the framework of the NPO, **A Different Lesson**, which focuses on expanding students’ horizons.

34. Bayit Cham means in Hebrew “worm home”

ESG Corporate Governance



As a leading financial group in Israel, the corporate governance practices of FIBI Group and the Group's banks play an important role in the Group's ability to generate value for its customers, the Israeli economy and the stakeholders of the Group and its banks



Corporate Governance

As a leading financial group in Israel, the corporate governance practices of FIBI Group and the Group's banks play an important role in the Group's ability to generate value for its customers, the Israeli economy and the stakeholders of the Group and its banks. As a core activity of the Group, banking activity is considerably influenced by the Group's ability to apply its corporate governance practices effectively, in conformity with the law and with proper professional ethics.

In order to ensure compliance with provisions of the law, with proper ethics and with the desirable threshold of effectiveness defined by corporate governance bodies, we in FIBI Group take a broad range of measures to enhance our corporate governance practices. Among other things, we take measures to ensure that our relationships with our customers and other stakeholders are based on principles of fairness and professional ethics. We use innovation and various technological means to increase the efficiency of FIBI's activities and improve the services it provides to its customers. We exert efforts to ensure that the privacy of our customers' information is safeguarded and protected from any third parties. In this way, we take action to enhance the reputations of the Group's banks as banks that operate fairly, effectively and ethically.

Every year, the bank publishes its response to the Israel Securities Authority's corporate governance questionnaire. The questionnaire can be found in the [bank's public reports](#).

Corporate governance structure

As part of managing the corporate governance practices in FIBI Group, the corporate governance of each of the banks in the Group is headed by its board of directors, which is responsible for formulating the bank's policy and overseeing its implementation. In conformity with Proper Conduct of Banking Business Directive 301 – Board of Directors, the boards of directors of the banks in the Group are responsible for formulating the banks' business strategies, for defining their risk appetites, for approving a policy to guide their routine activities and for supervising the banks' managements and the extent that their activities are in line with policy. The board of directors of each bank also approves the bank's code of ethics, supervises the bank's compliance with the provisions of the law and regulations, and formulates professional and appropriate standards of conduct as part of the bank's organizational culture. The various boards of directors carry out their activities through subcommittees that focus on a specific issue under the purview of the board of directors.

The responsibility of each bank's board of directors for overseeing the management is also expressed by defining the powers and duties of the CEO. In this context, the boards of directors define the methods of reporting and transferring information between the CEO and management and the board of directors. It is the CEO's responsibility to guide, manage and coordinate the activities of the other members of management and, through them, the activities of all bank units.

The accounting firm Somekh Chaikin (KPMG) have been FIBI's independent auditors since 1972. The independent auditors are appointed annually by the general meeting, at the recommendation of the audit committee. In conformity with the Proper Conduct of Banking Business Directives, the audit committee discusses the option of replacing the independent auditor every three years.

The composition and activities of the Board of Directors

Two principal Boards of Directors operate in FIBI Group – the Board of Directors of FIBI and the Board of Directors of Bank Massad. The board of directors and committees of each bank in the Group direct and guide its management in relation to that bank's business strategy and policy, with Bank Massad operating consistently with the Group's policy as set by FIBI. Within this context, two members of FIBI's management serve as directors of Bank Massad, one of whom as the chairman of the board. Five of FIBI's board members are external directors (in conformity with the proper conduct of banking business directives, two of which are external directors in conformity with the Isreali Companies Law). The board of directors approves the goals, qualitative and quantitative targets, the bank's operating segments and the allocation of resources to the various units.

FIBI's and Bank Massad's boards of directors operate in accordance with the corporate governance guidelines prescribed by law, which guide the banks' management, including by setting the risk management policy and defining the risk appetite in all of the operating segments and the various risks to which the banks are exposed. The bank's management submits an annual work plan to the Board of Directors based on the bank's multi-year strategic plan. This plan includes the bank's budgets, including qualitative and quantitative details regarding the mix of income, expenses and investments as defined by the management for both long-term objectives and for specific targets for the current operating year.

Additional roles of the board of directors include supervising the effective implementation of the bank's risk management policy. Once a year, the boards of directors and/or board committees of FIBI and Bank Massad approve the annual work plan and the risk management policy in the various material risk categories, such as credit risks, market risks, liquidity risks, operational risks, including business continuity, cybersecurity and information security, compliance risks, including the prohibition of money laundering and the financing of terror, cross-border risks, and the internal enforcement program relating to securities and competition laws. The board of directors performs an annual review of the definition of the appetite and the tolerance for compliance risk, and oversees the effective handling of compliance findings by the bank's management and, once every two to four years, reviews the policies in other risk categories, including strategic risks, reputational risks, legal risks and model risks.

The work plans, policies and KPIs deriving from them, set standards for the management, measurement, control and reporting of exposures to the various risks, which include, among other things, the risk appetite, the risk frameworks and maximum permitted exposures in the various operating

FIBI's and Bank Massad's boards of directors operate in accordance with the corporate governance guidelines prescribed by law, which guide the banks' management, including by setting the risk management policy and defining the risk appetite in all of the operating segments and the various risks to which the banks are exposed

segments and sectors. Within this context, the board of directors adapts the various risk exposure policies to the changes in the bank's financial markets and operating environment. For example, the Board of Directors approves the compliance department's work plans and ensures that the plans are sound and risk-oriented and will provide an effective response commensurate with the bank's risk appetite.

The Board of Directors and its various committees regularly discuss ESG topics that are material to the Group. Within this framework, inter alia, the Head of the Resources and Financial Management Division presents FIBI's annual ESG Report to the Board of Directors. Various social and environmental topics that FIBI manages are supervised by the board of directors and discussed in several forums, during meetings of the board of directors and during meetings of the various committees. Topics discussed by the board of directors include responsible employment, control mechanisms in the bank, regulatory compliance aspects, providing credit for environmental projects and managing climate and environmental risks when providing credit, mitigating environmental impacts, the donations policy and the remuneration of officers, etc. In 2024, the board of directors of Bank Massad received a review regarding climate risks and their impact on the bank and financial risks in general.

The ESG policy document was discussed and approved by the Board of Directors in 2022 and is submitted for reapproval every three years, or earlier if necessary.

The Board of Directors also performs an important role in supervising the bank's senior managers to ensure that their activities are consistent with the Group's policies. The Board of Directors appoints the CEO and determines his work methods and duties towards the board of directors, and also approves the appointments of senior officers and other positions, as well as their remuneration. The board of directors also discusses these employees' performance.

The board of directors and the management of each bank in the Group is responsible for: defining the vision, values, strategy and goals in the bank's operating segments; outlining the organizational culture and standards of professional conduct and a plan for their implementation at all levels of seniority in the bank; ensuring that clear spheres of accountability and reporting in relation to compliance with laws and regulations are being maintained; and for discussing any irregular incident

The board of directors and the management of each bank in the Group is responsible for: defining the vision, values, strategy and goals in the bank’s operating segments; outlining the organizational culture and standards of professional conduct and a plan for their implementation at all levels of seniority in the bank; ensuring that clear spheres of accountability and reporting in relation to compliance with laws and regulations are being maintained; and for discussing any irregular incident and any matter of material importance to the bank’s activities or to the supervision and control of the bank’s management

and any matter of material importance to the bank’s activities or to the supervision and control of the bank’s management. The Board members approve the capital planning, periodically discuss the bank’s financial position and are also responsible for approving the financial statements. The Board of Directors’ spheres of responsibilities also include: appointing the internal and external auditing and control professionals; engagements and transactions that must be approved by law or by resolution of the board of directors; restructuring of the Group; raising capital and investments, including disposals of permanent investments; issues of securities; periodically reviewing the bank’s capital adequacy, etc.

The board of directors is responsible for approving the policy for handling public complaints and the SLA of the bank’s ombudsman. The board of directors holds at least annual discussions of the ombudsman’s periodic reports, as soon after they are received as possible. The board of directors ensures that the public complaints department is properly staffed and has the resources and authorities needed to carry out its role.

In conformity with the board of directors’ procedures in the Group’s banks, if and when it is necessary to submit an urgent matter to a meeting of the board of directors, an urgent meeting may be convened, including a meeting via means of communication or through a written resolution, in order to pass resolutions as needed, in conformity with the conditions prescribed in the board’s procedure and by law. The board of directors’ procedures in each of the Group’s banks prescribe provisions that regulate the directors’ right to receive the information they need in order to perform their duties as directors and, if necessary, to consult with various parties within the framework of performing their roles, pursuant to

the provisions of the law (including the Companies Law of 1999) and pursuant to Proper Conduct of Banking Business Directive 301 regarding the board of directors.

The Board of Directors performs a comprehensive annual evaluation of the management’s performance. In addition, the boards’ performance is evaluated once every two years (see elaboration below). Targets for improvement and actionable decisions are derived from these evaluations in order to strengthen the performance of these corporate organs and the Group’s corporate governance in general. Furthermore, in order to advance directors’ knowledge and understanding, a dedicated training program is compiled annually for the directors of FIBI Group.

The directors regularly participate in professional continuing education courses in business, regulatory, technological and other subjects in order to enhance the effectiveness of their supervisory roles and in order to ensure that they are kept abreast of new and significant developments and trends in the banking system and in the financial sector.

In 2024, FIBI’s Board of Directors completed several continuing education courses, some directly pertaining to ESG topics. These courses included, among other things, the following subjects:

- Courses on artificial intelligence (AI)
- Courses on cyber challenges and cyber fraud
- Courses on innovation
- Israel’s core socio-economic problems and long-term trends
- Privacy protection

In 2024, the Board of Directors of Massad Bank held training courses, including reviews on innovation and digital issues, training on environmental, social and corporate governance (ESG) risks, competition law, cyber challenges, and more.

FIBI’s secretariat assists the board of directors and coordinates its activities, including in relation to the following: scheduling meetings of the plenum and the various board committees; general meetings; recording of meeting minutes; following up on resolutions of the board of directors and of board committees; following up on the holding of periodic discussions of regulatory matters; forwarding various reports to regulatory authorities; managing the shareholders’ register; payments of remuneration to the directors; handling the subject of transactions with “related parties” and “stakeholders”; and dividend payments. The same is true for Massad.



The compositions of the boards of directors in FIBI Group at the end of 2024:

	FIBI	Massad
Total number of directors	10	10
Number of independent directors ³⁵	3	4
Directors with accounting and financial expertise	10	8
Directors possessing accounting and financial expertise in the audit committee	5	4
Number of women directors	3	4
Number of directors up to age 30	0	0
Directors between the ages of 31 and 50	1	0
Directors at the age of 51 +	9	10
Number of plenary meetings of the board of directors	27	13
Number of meetings of all board committees	56	22
Board meeting attendance rate	98%	95%
Is the chairman of the board an independent director? (yes/no)		No
Age of the youngest director	%95	53
Age of the oldest director	83	78
Average age of the directors	68.85	65
Average number of years serving on the board of directors	6.62	4
Year of appointment of the newest director	2024	2024
Year of appointment of the longest-serving director	2003	2013

For additional information regarding the composition of the board of directors, appointments, retirements, spheres of responsibility, remuneration, expertise, conflicts of interest and additional roles held by members of the board of directors, please refer to the corporate governance sections of FIBI’s and Bank Massad’s annual financial statements.



Board of Directors’ Committees

FIBI's board of directors and Bank Massad's board of directors each have several permanent and standing committees. Every board of directors in the Group also appoints additional committees as necessary, such as a CEO search committee or a strategy committee (which operates in Bank Massad once every five years). The roles and areas of responsibility of the various committees are determined in the board of directors' procedure and as prescribed by law. The committees' activities relate to most aspects of the board of directors' activities and, in many instances, the committees hold discussions in advance of discussions by the board of directors.

The audit committee is responsible for overseeing the activities of the bank's internal and independent auditors, and for ensuring the quality of their work. The committee discusses the bank's internal and external audit reports, as well as audit reports of regulatory authorities, and submits the reports that it deems appropriate for discussion during a meeting of the board of directors or by another board committee. The committee discusses deficiencies in the bank's activities that arise from audit reports and the ways proposed for contending with them. The audit committee discusses employee grievances about deficiencies, the policy regulating the manner by which grievances are submitted and handled, as well as the protection of employees who have submitted grievances.

The board of directors establishes procedures for disclosures of conflicts of interest in the bank. The audit committee discusses approvals of transactions with related parties in conformity with the provisions of the law and the Bank of Israel's directives. The committee discusses the financial statements and recommends their approval to the board of directors. The material risks facing the bank include compliance risks (including the prohibition of money laundering and the financing of terrorism). To maximize the board's ability to assess the effectiveness of compliance risk management

and to overcome the challenges and failures and maintain the quality of risk management in the bank and in the Group, the board of directors – through the audit committee – holds a personal meeting at least once a year with the compliance officer. The audit committee holds meetings with the rest of the “gatekeepers” (key control functions) according to their definitions by the various regulatory authorities. The remuneration committee discusses the remuneration policy and the severance terms of employees, managers and officers and recommends their approval to the board of directors. The committee's discussions take into account, among other things, the bank's business position, the impact of the remuneration policy on the corporation's risk profile, the provisions of Proper Conduct of Banking Business Directive 301A, the bank's corporate culture, its long-range strategy and its control environment. The remuneration committee is also responsible, among other things, for ensuring that the remuneration incentives do not encourage risk-taking beyond the defined risk appetite. The committee also recommends the principles of the bank's employees' remuneration agreements to the board of directors and discusses negotiation processes with the bank's labor committees in the bank in this regard and recommends the KPIs.

FIBI's IT, technological innovation and administration committee discusses, among other things, FIBI's innovation and technology issues, while considering the risks involved. The committee defines the bank's technological risk appetite. The committee oversees the implementation of the innovation and digital work plan and the appropriate allocation of resources to achieve these goals. The committee also engages in other issues relating to administration, including FIBI's management succession training programs, the organizational development plan and the training department's annual training program. The committee also discusses and approves general and exceptional issues concerning human resources, such as headcount, employee mobility, rotations, vacation leave continuity,

etc. Once every three years, the committee reviews FIBI's code of ethics, means of disseminating it, performs controls over actual compliance with the code and the mechanism for handling of instances of violations of the code of ethics. The committee also receives annual reports on donations to the community, and from time to time, there are requests for exceptional donations. At Massad, these roles are divided between a Credit and Risk Management Committee and an Audit and Remuneration Committee.

A steering committee has been operating for several years in FIBI Group comprised of two members of FIBI's board of directors, which is responsible for overseeing, closely monitoring and guiding the Group's community outreach activities on an ongoing basis, for initiating and setting a policy governing all of the Group's community outreach activities and submitting it to the board for approval.

The risk management committee coordinates the board of directors' activities relating to risk management and creates a basis for discussion of risk management for the board of directors. The committee discusses FIBI's overall risk strategy in the present and prospectively. The committee oversees the manner by which risks are being managed in FIBI and the risk management division's activities. Based on the committee's recommendations, the board of directors periodically reviews and approves the various policy documents and the risk management framework anchored in the policy document and

verifies – through discussions of the quarterly risk documents submitted for discussion by the risk management division and through discussions of additional reports submitted to the committee for discussion – that the risk management policy is being implemented effectively in FIBI, including supervision of the management's activities. Furthermore, the board of directors is also responsible for outlining an organizational culture of risk management as well standards of professional conduct and integrity and for ensuring that they are implemented at all levels in the bank.

The loans committee and the risk management committee hold joint discussions of FIBI's credit management and credit risk management policy and submit their recommendations for approving them to the board of directors. The loans committee supervises FIBI's compliance with the credit policy approved by the board of directors and discusses, as necessary, the need to revise the credit policy. The committee monitors the credit situation and developments in it according to reports and parameters defined by the committee from time to time. The committee also receives sectoral surveys and discusses them. In particular instances, the committee is delegated authorities to approve credit applications and to approve write-offs or waivers of debts, debt collection arrangements and any arrangement relating to credit-related claims, all in conformity with the terms of the credit policy document. At Bank Massad, these topics are discussed by the credit and risk management committee.

Composition of the board of directors' Committees

FIBI:					
	Remuneration Committee	The Audit Committee	IT, technological innovation and administration	Risk Management Committee	Loans Committee
Number of directors in the committee	3	5	6	6	6
Number of independent directors ³⁶	2	3	1	2	2
Ratio of independent directors to total directors	67%	60%	17%	33%	33%
Independent directors and external directors according to the Bank of Israel	2	4	3	3	2
Is the committee chairman an independent director	Yes	Yes	No	No	No
Number of committee meetings	6	26	5	10	9
Board committee meeting attendance rate:			100%		

Bank Massad:		
	Credit and Risk Management Committee	Audit, Balance Sheet and Remuneration Committee
Number of directors in the committee	5	4
Number of independent directors	4	4
Ratio of independent directors to total directors	80%	100%
Is the committee chairman an independent director	No	Yes
Number of committee meetings	10	12
Board committee meeting attendance rate:		98%

36. This group also includes external directors, according to the Companies Law and/or Bank of Israel directives

Board members' qualifications and experience

According to the Bank of Israel's Proper Conduct of Banking Business Directive 301 (hereinafter - "PCBB"), the board of directors must collectively possess knowledge, qualifications, expertise and experience commensurate with the bank's strategy and operating characteristics. The PCBB Directive also determines that at least one third of all directors must possess "banking experience," at least one fifth of all directors must possess "accounting and financial expertise," at least half of all directors must possess "professional qualifications," at least one director must have proven knowledge and experience in information technology and at least one director must have expertise and experience in risk management and control (as these terms are defined in the PCBB Directive).

Directors of FIBI Group are appointed in conformity with the provisions of law, with the provisions of the Bank of Israel's PCBB and with approval of the Bank of Israel. Appointments are also governed by:

- The Companies Law (Section 57) determines that the appointment of external directors must be approved by a special majority of the general meeting.
- Chapter D of FIBI's Articles of Association (hereinafter - "FIBI's Articles") determines provisions regarding the process of appointing directors. Accordingly, article 86 of FIBI's Articles prescribes that the general meeting has the authority to appoint directors. However, the Articles also allow the board of directors to appoint directors, subject to the provisions of the legislative arrangement and the criteria prescribed in Article 87 of FIBI's Articles. In such instance, the appointment is valid until the end of the first annual general meeting after the appointment. Pursuant to the provisions of the Banking Ordinance, the general meeting votes separately on the appointment of each candidate for office as director. Furthermore, prior to summoning a general meeting whose agenda includes the appointment of a director, advance notice of this must be issued (via immediate report through the Magna system) 21 days before the notice convening the general meeting is published. Sections 63, 64 and 66 of the Companies Law prescribe the rights to request the convening of a general meeting and to propose topics for discussion during the meeting, including nominating a candidate for appointment as director. For example, the board of directors may nominate a candidate for office on the board of directors, and any shareholder holding at least 1% of the voting rights may nominate a candidate. The composition of the board of directors is subject to the provisions of the Companies Law, to Proper Conduct of Banking Business Directive 301 and to FIBI's Articles.

Each of the banks in the Group implements all provisions in conformity with the law and the Bank of Israel's directives regarding the prevention of conflicts of interest in the board of directors. Accordingly, each of the banks has dedicated procedures in this regard, the purpose of which is to define guidelines for situations whereby a candidate for office as director may be in a constant state of conflict of interests between his businesses or routine business dealings and the candidate's future role in the bank, in a manner that could result in the candidate's disqualification to serve as a director, as well as guidelines for situations whereby a director may have

a personal interest. There are also dedicated procedures for disclosures and reporting of conflicts of interest or a personal interest, and for the process of approving transactions in which officers have a personal interest. None of the directors (including the chairman of the board of each of the banks in the Group) holds any other management position at the bank where they serve as directors or as chairman of the board.

Evaluating the Board's performance

Once every two years, the board of directors of each of the banks in the Group performs an internal self-evaluation process for the purpose of further improving the board of directors' performance. The evaluation process is regulated in a procedure drafted by the bank according to the requirements of Proper Conduct of Banking Business Directive 301. The purposes of the process are to evaluate the effectiveness of the board of directors' work, to identify weaknesses and to make changes and adjustments to its work and the work of its subcommittees, as needed. The evaluation process focuses on aspects of corporate governance, risk management and control and supervision being carried out by the board of directors.

Mechanisms for communicating with the board of directors:

The board of directors operates according to an accepted managerial hierarchy: issues, questions and grievances are forwarded from the employees of each bank to the management and, if necessary, are forwarded from the management to the board of directors. Queries to the board of directors are submitted to each bank's secretariat. Queries from shareholders are forwarded to the board by the shareholders through the mechanism of the general meeting of the shareholders. In 2024, FIBI held four general meetings and Bank Massad held one general meeting.

Independence of the Board of Directors

The FIBI Group adheres to the provisions of the law regarding the independence of the board of directors and acts in accordance with the Bank of Israel's guidelines on PCBB Directive 301 and the Companies Law. Upon appointment, the external directors sign a declaration that includes their familiarity with the aforementioned directives and laws and their compliance with them. In the declaration, the directors undertake that they themselves, or their relatives, partners or employers, or a corporation in which they have control, have no business or professional relationships with the company, the controlling shareholder of the company on the date of appointment, a relative of the controlling shareholder on the date of appointment, or another corporation, except for negligible relationships. Furthermore, the directors are not employees of the bank and declare that the bank will not employ them or their immediate relatives as officers or to provide professional services during their service on the board of directors or for one year after the end of their term.

The directors undertake that they do not receive any compensation, directly or indirectly, for their service as directors beyond the remuneration determined for their service. They also declare that their other occupations or positions do not constitute a conflict of interest with their position as an external director, and that they are not relatives of controlling shareholders in the bank.



These declarations are published as an appendix to the voting documents for the general meeting regarding the appointment of directors, which are published on the bank's website and are accessible to the public in other places such as the Tel Aviv Stock Exchange website.

Gender diversity on the Group's Board of Directors

As part of the bank's compliance with the regulator's directives, the bank ensures that the board of directors provides adequate representation for women and men. For this purpose, the board of directors adopted a policy in 2022 regarding the rate of gender diversity in its composition, which determined, among other things, that "the board of directors places importance on striving to promote gender equality and adequate representation of both sexes among the members of the board of directors," and that "the target rate of gender diversity in the composition of the board of directors will be: at least 30% for each of the sexes." As of the end of 2024, the bank's board of directors had three women and seven men, and therefore the board of directors met the gender diversity target. Bank Massad also has a similar gender diversity rate in the board of directors, and the bank met and even exceeded it as of the end of 2024 (the rate of representation for women was 40%).

Employee remuneration policy

According to Proper Conduct of Banking Business Directive 301A - "Remuneration Policy in a Banking Corporation" (hereinafter - the "Directive"), the board of directors approves an updated remuneration policy once every three years for all employees of the bank, including key employees, and the Group's remuneration policy principles, with the officers' remuneration policy constituting part of this policy. The bank's officers are entitled to remuneration according to the policy set by the board's remuneration committee and by the bank's board of directors, and with the approval of the bank's shareholders' meeting. The officers are entitled to fixed and

variable remuneration, subject, among other things, to their achieving business targets in conformity with the bank's remuneration policy.

The remuneration committee and the board of directors approve KPIs for remuneration at the beginning of each year, in conformity with the approved remuneration policy and, at the end of each year, the proposed remuneration is submitted for approval by the remuneration committee and the board of directors.

Directors' remuneration is based on annual remuneration and on remuneration per meeting, in conformity with the regulations, while referring to the size and nature of the bank. The bank's directors are only entitled to fixed remuneration. For additional information regarding the remuneration for various officers and for the directors, please see the bank's remuneration policy published on the websites of the TASE and the Israel Securities Authority³⁷.

Effective dialogue with stakeholders

The FIBI Group has many diverse stakeholders who affect and are affected by the Group's activities. The Group maintains contact and dialogues with all of its stakeholders about various topics that interest them through direct and indirect channels of dialogue. Within this context, the bank has professional staff who are responsible for maintaining contact and dialogues with each stakeholder group. FIBI Group exerts considerable efforts to be attentive to the needs of its stakeholders and to address them during the course of its business activities. FIBI Group's relevant professionals hold dialogues with each stakeholder at the frequency and in the manner deriving from the nature of the interface with that stakeholder. FIBI Group integrates its stakeholders' positions into its activities as part of its work routine, insofar as these positions help the Group avoid risks and create positive value for its stakeholders.

37. See page 11 in "NOTICE OF SUMMONING A SPECIAL GENERAL MEETING OF SHAREHOLDERS (January 28, 2025)", that was approved by the General Meeting

Stakeholder group	Key dialogue channels in 2024
Customers	Branches FIBI Group maintains direct contact with its customers through its many branches nationwide. The branches offer customers a wide range of high-quality banking services that are provided by the top professionals to all FIBI Group customers private banking, capital market and/or business customers. The Group strives to strengthen its relations with customers through its branches, while maintaining unique direct dialogues between its employees and customers.
	Direct channels FIBI Group take constant action to promote and integrate the use of online channels (including a website, a mobile app, the FIBI Call center, SMS and web-mail services, as well as a marketing website and a Facebook page), and to open extensive communications channels with its customers to the extent possible. To this end, among other things, we provide training to customers and bankers through various means and add a variety of channels for holding dialogues with customers and stakeholders, as the case may be (via webmail, SMS, push notification, correspondence with bankers, chat, video chat, our Facebook page, etc.).
	Conferences and workshops FIBI Group promotes dialogues with its customers by conducting dozens of training sessions, conferences and workshops each year. Professional conferences are held for business customers, capital market customers and for private customers. We also hold dedicated conferences for various populations, such as teachers and educational staffs, the ultra-orthodox Jewish society, members of the security forces and immigrants from CIS countries. These conferences, which include lectures on a variety of topics are presented by FIBI's experts and by external experts according to the needs arising during our ongoing dialogues with our stakeholders.
	Customer satisfaction surveys the various banks in FIBI Group conduct annual customer satisfaction surveys, tailored to each bank's unique activities and customers. In addition, the banks conduct ongoing satisfaction surveys through SMS messages sent to customers after they receive service through all channels, alongside surveys conducted by third parties.
Employees	Queries and requests the bank's customers have a variety of ways to communicate with the bank's public queries department and can send proposals, requests and complaints via the website, in writing or by fax. Customers may also communicate and reach out with the bank through the “your opinion” tab on the bank's website or through our Facebook page. The bank is committed to providing prompt and efficient responses with emphasis on customers' satisfaction.
	Business customers FIBI maintains direct contact with its business customers through regional business branches providing comprehensive financial support for every business need. FIBI also focused its business customers' existing potential by dividing them into three operating segments (according to their volumes of business): small businesses, medium-sized and large commercial businesses. We assigned a manager to each segment whose role is to adapt our relevant products and services to the nature of each population and to provide optimal solutions for their needs. We also maintain direct and ongoing contact with the segment of small and medium-sized businesses through dedicated business units at our branches and through teams in the credit units at our headquarters. Our various digital channels also offer services tailored to the needs of business customers, who can also avail themselves of our services offered through our various digital channels.
	Direct line to HR The Group's employees have a direct line for communicating any matter to the employee relations officer (and to the sexual harassment officer, if needed) and a hotline for internal audit issues. Employees may also communicate through both of these channels anonymously. The HR department is also responsible for ethics-related queries, which may also be submitted anonymously.
	Employee feedback and evaluations FIBI Group considers the employee evaluation process one of the key processes in human capital management. Therefore, it conducts an annual evaluation process for the Group's employees through feedback discussions between employees and their managers.

Shareholders and investors	Meetings between employees and the management all banks in FIBI Group hold management meetings with employees, which include visits by the CEO, members of management, senior managers in branches and in the various HQ units.
	Intraorganizational communication channels including the organization portal of each bank in the Group and other means of communications.
	Conferences and workshops for managers unique activities for manager development and for improving organizational performance. These conferences and workshops focus on enhancing management skills, on holding discussion teams to address core banking issues and on providing enrichment on banking topics and on the latest banking practices.
	Process improvement teams we hold annual discussions that serve as a key means for obtaining information, feedback and suggestions for improvement in a variety of strategic and procedural topics, which are attended by our entire population of managers and authorized signatories. These discussions facilitate fruitful dialogues between managers from the bank's various units, branches and HQ units.
Suppliers	Streamlining forum during which employees can propose ways to increase efficiency in relation to various topics.
	Reports to the TASE and to the Israel Securities Authority in accordance with legal requirements providing FIBI's investors and shareholders with timely and fully transparent updates.
	Financial statements.
	ESG Report.
Society and community	Risk report.
	Investor relations tab on our website providing full access to information.
	The mechanism of the general meeting of shareholders.
	Dialogues (frequent conference calls, meetings) with analysts and investors.
Environment	Contacting the bank's investor relations officer.
	Periodic meetings FIBI Group holds periodic meetings with its suppliers at a frequency that depends on the nature and volume of the activities. In 2024, such meetings were not held due to the Iron Swords War.
	Publishing newsletters In 2024, a magazine was distributed to key suppliers on the topic of raising awareness of information security and cyber protection.
	Direct contact person for complaints and queries by manpower agencies' employees The Group's procurement manager serves as a direct contact for manpower agencies' employees to submit queries and complaints about any issue.
Government authorities	Close ongoing relations with NPOs and social organizations FIBI Group maintains dialogues with various social organizations (for details, see the section “community outreach” in this report). We lead the various community outreach programs operated by the FIBI Group in conjunction with these organizations. The FIBI Group also holds periodic meetings with these organizations and forwards reports in this regard to the management and to the board of directors.
	Measuring the FIBI Group's main impacts on the environment The FIBI Group uses relevant professionals to assess its potential impact on the environment and to implement activities to reduce these impacts.
	Ongoing communications and cooperation FIBI Group cooperates with the relevant government authorities, maintains communications with them and is diligent about updating them about any relevant information. However, FIBI Group does not express support of public positions and does not participate in the setting of public and/or political policies.
	Lobbying FIBI's lobbying activities are carried out in conformity with Chapter 12 of the Knesset Law of 1994, and the bank's lobbying firm reports on the Knesset website that FIBI is its client.

Risk management

As in any business activity, the Group’s activities and operations are exposed to various risks, the primary ones being: credit risks (including the concentration risk of economic sectors and borrowers), market risks (primarily interest rate risk), liquidity risks, operational risks (including cybersecurity and information security risk and IT risk), compliance risk and money laundering and terror financing risk, strategy risk, legal risk, reputational risk, legislative and regulatory risk and model risk.

Effective risk management is an integral component of the Group’s responsible business conduct, and is carried out in accordance with Proper Conduct of Banking Business Directive 310 of the Supervisor of Banks at the Bank of Israel and additional directives. The guiding principle for risk management framework at the Bank states that for every banking activity that entails risk, there must be a clearly defined and characterized risk policy and appetite, exposure limits, control and audit circuits, reporting systems, and a framework for measuring and reporting on profit.

The bank’s risk management mechanisms

Each material risk is managed under a dedicated policy document that defines, among other things, the related risk appetite. The various risks in the Group are managed and controlled through three lines of defense:



FIBI’s chief risk officer (CRO) is a member of management who heads the Risk Management Division. She bears responsibility for the risk-management function and for the overall risk management across the entire organization. She also serves as the operational risks manager, the internal enforcement officer in relation to securities laws and as the business continuity manager. The banking subsidiary (Bank Massad) has its own CRO who is subordinate to the subsidiary’s CEO and is professionally guided by the Group’s CRO.

In each of the Group subsidiaries that has separate business activities, risk management is carried out according to a policy determined by the subsidiary’s board of directors in view of the nature of its activities and the policy of the entire Group. The bank’s employees undergo ongoing training on various risk management topics, including information security, money laundering, embezzlement and fraud, competition law, risk

The board of directors’ supervision and control

The board of directors outlines the overall risk strategy, including the risk appetite, the risk management policy, and also sets standards for managing, measuring, controlling and reporting the exposure to the various risks. The board of directors’ discussions of new significant activities also include the risk aspects of these activities.

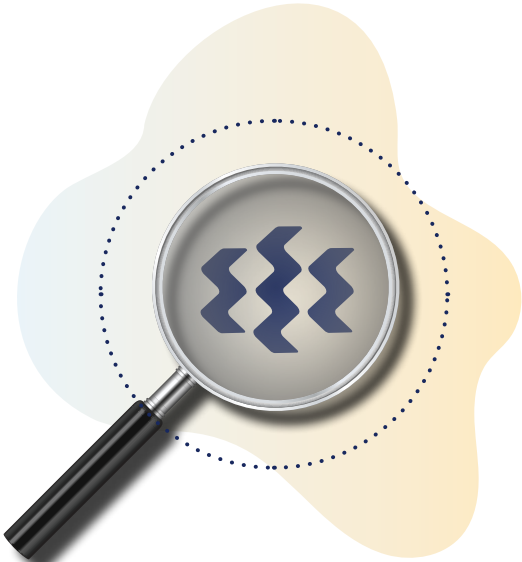
The Board of Directors’ Risk Management Committee regularly monitors the bank’s and the Group’s exposure to risks as well as the bank’s and the Group’s compliance with management restrictions imposed by regulatory authorities and by the board of directors. In addition, the committee oversees the bank’s risk management and control system at the bank to ensure their effectiveness and alignment with regulatory and strategic objectives.

management, business conduct, and FATCA and CRS risks. Another means for managing risks in the Group is the bank’s code of ethics and the provision of training on the subject among employees.

For additional information regarding risk management in the FIBI Group, please see the “Risk Review” chapter in the Financial Statements for 2024, as well as the bank Group’s Risk Report for 2024.

Internal audit

Within the framework of the audits being performed by FIBI’s internal audit department in branches and in the HQ units, the internal audit department assesses the risk management processes in the Group, the implementation of the policy and the actual execution of resolutions of the board of directors



pertaining to the various risk management aspects. It also assesses the adequacy, effectiveness and quality of the control processes in the Group. The internal audit department also performs the independent annual review of the ICAAP in FIBI, which challenges the process and assesses the reliability and completeness of the data presented therein and its compliance with the Banking Supervision Department’s requirements.

The internal audit department works according to a multiyear work plan for a period of four to five years and according to an annual work plan that derives from it, which encompasses all of FIBI’s activities and entities, including the subsidiaries. The work plan is based on a risk assessment methodology and takes into account, inter alia, the risk assessment as reflected in the ICAAP document and in the internal audit department’s assessments regarding the risk concentrations in FIBI’s activities, including the various risk concentrations and the findings of previous audits performed by it and by external entities. The work plan includes the allocation of inputs and the frequency of the audits according to the level of risk of the audited entity/activity.

The internal audit department carries out its function in conformity with the various statutory requirements, including the Internal Audit Law, the Banking Ordinance, banking rules, directives and guidelines of the Banking Supervision Department, including Proper Conduct of Banking Business Directive 307 (which regulates, inter alia, the roles of the internal audit function, the scope of its activities, its work methods and the reports that it is required to submit), guidance issued by other regulatory bodies, as well as in conformity with accepted professional standards set by the International Institute of Internal Auditors.

The periodic internal audit reports include a monthly report, a biannual report and an annual report, which are submitted to the CEO and to the members of FIBI’s management, to the members of the audit committee and to the chairman of the board of directors.

The biannual and annual internal audit reports include a report on the completion of audits compared to the work plan, a list of all audit reports issued during the reporting period, reporting on the findings of its monitoring of the rectification of deficiencies raised in the audit reports and a summary of material findings that arose in the audit reports and in the annual report, as well as an assessment of the effectiveness of the internal control.

The Group ensures comprehensive readiness in line with its commitment to all of its stakeholders, including customers, employees and investors, and in accordance with the provisions of Proper Conduct of Banking Business Directive 355



Business continuity

Preparedness for business continuity is a critical factor in maintaining the Group’s financial stability and its ability to operate effectively during emergencies and during various situations of disasters or failures. The Group ensures comprehensive readiness for such scenarios in line with its commitment to all of its stakeholders, including customers, employees and investors, and in accordance with the provisions of Proper Conduct of Banking Business Directive 355. The bank’s ongoing preparation for business continuity includes, among other things, updating the business continuity plan, a three-year business process analysis survey, analysis of emergency scenarios, conducting emergency drills, and providing training on the subject.

The head of the bank’s risk management division, which is a management company, is responsible for centralizing the operational risk management and preparing in order to ensure business continuity on a Group basis. The Risk Management Committee reports on a quarterly basis to the board of directors regarding business continuity and emergency preparedness.

During 2024, FIBI Group approved a policy document and work framework for business continuity management, which defined the targets and goals, the mode of their implementation, responsibility and authority, the Group’s actions to maintain the level of readiness, details of emergency scenarios and failures and the work and reporting framework for managing business continuity. The work framework and its implementation are reviewed annually by the management of each of the Group banks and by the board of directors or one of its committees.



Ethics, regulatory compliance and integrity

Ethics – FIBI’s moral compass

Our targets achievement for 2025

Target: In addition to the comprehensive processes to implement our code of ethics to be performed at a frequency of every two years, by 2025, at least 2,500 employees will receive quarterly updates about ethical issues through a dedicated memo in this regard, which will be disseminated to all of FIBI’s employees.

Target achievement status: In view of the in-depth process updating the code of ethics that took place over a significant portion of 2024, quarterly updates were not performed, although workshops and training were held. At the end of 2024, all bank employees received a refresher course on the code of ethics with the new emphases and values.

The FIBI Group operates and promotes a culture of ethics and corporate social responsibility that constitutes the infrastructure and foundation stone for all of the Group’s relationships and spheres of influence vis-à-vis employees, customers, suppliers, competitors, the community and the environment.

FIBI’s code of ethics constitutes a binding value framework that ensures responsible, fair and transparent management in all areas of the bank’s activity. The code serves as a moral compass for employees and managers and reinforces the commitment to providing quality service to customers, while

maintaining the principles of integrity, fairness and mutual respect. During 2024, the bank’s code of ethics was updated with the participation of the bank’s employees, while re-examining, selecting and implementing values that were defined as the values of the code of ethics. The process of updating the code of ethics was carried out with the aim of refining the values and organizational identity of the bank’s employees, creating a meaningful discourse regarding the bank’s values, strengthening the employees’ connection to the bank’s vision and goals and improving the infrastructure provided to employees to deal with their daily needs.

The determination of the core values that appear in the new code of ethics was carried out in several stages. First, sample interviews were conducted, and then compared to what is customary in the banking system. Based on the findings and insights, a number of values were selected and conveyed to employees for ranking and selecting the leading values. In order to provide an innovative experience that connects employees to action, each value was associated with a familiar personality characterized by this value (for example: the Rolling Stones band reflected the value of partnership and teamwork). With the help of artificial intelligence, the familiar characters, their values, and a QR code containing a link to the questionnaire were designed, which were embedded on signs in the bank’s lobby, screen saver magnets, and emails sent to every unit and branch in the bank. Over 90% of the bank’s employees scanned the code, and took part in the launch of a new value concept, based on experience and sharing.

During 2024 four core values were selected that constitute the foundations on which the activities and conduct of the bank’s employees and managers are based: Doing the right thing, Excellence, Partnershi and Innovation



In the second stage, the employee ratings were processed, and through the representation of the participants of the 100 Program, the “Talents,” a work plan was formulated for the implementation and assimilation of the values that would be selected as leaders. This plan was presented and approved by the members of management and the board of directors.

At the end of this process, four core values were selected that constitute the foundations on which the activities and conduct of the bank’s employees and managers are based: **Doing the right thing:** acting with integrity, transparency, fairness and responsibility in every interaction, while adhering to the law, procedures and regulations, maintaining respect and equality. **Excellence:** Constantly striving for improvement, constant learning and striving for the highest standards in service and quality. **Partnership:** Listening to the needs and desires of all stakeholders and committing to mutual success. **Innovation:** Encouraging creative thinking and finding new ways to improve work processes, platforms and services in order to create an exceptional customer experience.

FIBI’s code of ethics provides clear tools and mechanisms for dealing with ethical dilemmas that arise in the bank’s ongoing operations. Through clear guidelines, reporting channels, consultation, and an ethical decision-making model, the code ensures transparent and responsible conduct that is consistent with the bank’s values and the needs of stakeholders. For additional information regarding the company’s values, the conduct expected of employees, responsibility for implementing the code of ethics, and methods for reporting ethical violations, please see the code of ethics on the company’s website.

In addition to the Group code of ethics, each of the Group

subsidiaries - Mataf and Bank Massad - has a dedicated and customized code of ethics. Mataf’s code of ethics was last updated in 2021 and is based on a series of values that the company’s employees and managers must adhere to and strive to uphold, both within Mataf and with customers, the community, suppliers, and more. Massad’s code of ethics was updated during 2024 in accordance with the changes and update of the Group code of ethics. Additional details can be found in the Bank Massad [Code of Ethics](#).

Implementing the code of ethics

During 2024, FIBI led a large-scale process for the implementation of the revised code of ethics, which was a significant milestone in strengthening the values and organizational culture at the bank. As part of the implementation, various events and initiatives took place:

- 3 values conferences were held to which a total of approx. 300 employees and managers were invited who were selected to be ambassadors of the code of ethics values at the bank and to assist in the dissemination of the values and their practical implementation. At these conferences, employees and managers raised initiatives to assimilate the code of ethics values of the bank, that were implemented in the bank’s activities. Examples of these initiatives include holding feedback conversations outside the bank to promote the value of “partnership” and integrating professional training between employees in team meetings in order to promote the value of “excellence”.
- An Entrepreneurship for Innovation program was launched, which promotes creative thinking within the organization among employees.
- Cross-organizational project completion meetings were promoted focusing on the value of partnership and strengthening significant collaborations in the bank.
- Ethics officers were appointed on behalf of FIBI’s management, has been appointed in every bank, and they are responsible for the ongoing activities to implement the code of ethics.
- During 2023-2024, message sheets and short videos were distributed to employees presenting ethical dilemmas arising from the Iron Swords War and how to act in these situations.
- The bank’s values were embedded and communicated using various products present in the everyday items used by bank employees, such as mouse pads, notebooks, and calendars.

In addition, the organizational portal also contains a “book of dilemmas” that describes ways of contending with and resolving possible dilemmas during a banker’s work. The Group’s employees complete digital training in the code of ethics at least once every three years, as one of the means of refreshing their familiarity with the subject. Every new employee in the Group learns the code of ethics when he/she begins working and participates in an orientation day during which information about the code of ethics is provided, along with detailed explanations of the conduct expected of a FIBI employee. During 2024, 131 new employees completed the bank’s ethics courseware.

In 2025, an update to the courseware is expected in accordance with the new code of ethics values, and bank employees will be required to complete it.

Whistleblowing mechanism

Employees can regularly seek advice or report ethical issues through several channels. Employees can refer to one of the ethics officers (members of the ethics committee or the ethics officer) to seek advice or to report unethical conduct, orally or in writing, and through one of the following: the ethics portal on the HR website, dedicated phone number, in-house mail or via email to the ethics officer. During 2024, the Group's ethics officer was replaced, and her contact details were updated accordingly through the relevant channels. The ways to obtain advice or report ethical issues are regularly displayed and available to all of the Group's employees.

In order to ensure that their rights will not be violated as a result of filing a complaint, it is also possible to anonymously contact the ethics institutions and/or to an objective and independent party in instances of suspected significant irregularities relating to the management of FIBI's businesses, to integrity or to controls over financial reporting. To this end, FIBI's board of directors and Bank Massad's board of directors have appointed the manager of the finance and capital markets unit in the internal audit department to serve as the Group's employees' ombudsman, who works together with the Head of the resources division to provide protection to employees who have complained.

In 2024, one report was discussed by the FIBI ethics committee regarding a real estate transaction between an employee and a client, which was found to be proper and approved for execution. No further inquiries or reports were received by the Group's ethics institutions.

Compliance with the law and other regulations

Since FIBI Group is part of the banking system in Israel, it is subject to an extensive legislative and regulatory system that regulates the banking sector, as well as additional legislative systems that regulate the Group's activities in various capacities, such as a public company, in the capital market, in the mortgage sector, and more. Additional laws addressing specific matters impose specific obligations and provisions on the entire banking system; for example: the Prohibition of Money Laundering and the Financing of Terrorism Law, the Credit Data Law, legislation pertaining to privacy protection, etc.

The Group's compliance department, headed by the Group compliance officer and with the assistance of compliance trustees in the branches, is responsible for ensuring the implementation of the provisions of the law, including an internal enforcement system that includes, among other things, performing inspections and providing training in these areas on an ongoing basis. The Group's compliance department participates in the formulation of work processes by approving procedures and circulars, new products, systems and processes. Additionally, the department provides guidance on aspects related to due disclosure, proper business conduct, the prohibition of money laundering and the preventing of terrorism financing, etc.

In order to implement the bank's compliance policy and reduce risk, the bank invests in programs and training for employees and managers designed to maintain and improve

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their professionalism. During 2024, various types of training were carried out, such as:

- 10 types of professional training in various compliance topics, depending on the focus and development of risks in accordance with their role and responsibilities.
- 80 seminars and workshops on various compliance topics, such as: a seminar on the Cash Reduction Law, on virtual currencies, refresher training on internal enforcement in economic competition laws, on Proper Conduct of Banking Business service issues, on international sanctions, and more.

In addition, the compliance department holds a quarterly forum to monitor compliance provisions, alongside an annual forum for compliance risk managers who are not part of the compliance function and constitute a second line of defense for dealing with compliance risks in order to strengthen work interfaces.

All FIBI Group employees can contact the chief compliance officer and/or the compliance department directly by phone, email or through dedicated systems, for professional advice and/or to report deficiencies in compliance aspects. In 2024, to the best of the bank's knowledge, no fines or regulatory sanctions were imposed on the bank due to compliance violations.

For additional information regarding policy, risk appetite, exposure management and the impact of the Iron Swords War on the Group's compliance, please see the 2024 Risk Report.

Sanctions

For years, western countries, led by the United States, have been using sanctions programs to advance geopolitical goals, including deterring and punishing countries that violate the international order, preventing the financing of terrorism, reducing human and drug trafficking, protecting human rights, etc. The bank is committed to complying with a large part of the sanctions requirements, even when the State of Israel is not a party to their imposition or implementation. The bank's compliance unit operates in accordance with the compliance policy, which also relates, among other things, to sanctions, and is supported by external advice provided by a professional and leading entity in the field.

During 2024, the bank first faced the issue of declarations (sanctions) on the bank's customers, citizens of Israel, by western entities. The bank operates in accordance with the regulatory guidance, and in view of advice received from local and international experts.

In addition, following the Iron Swords War that broke out in 2023, the Bank added monitoring and control measures for activity with certain external entities against which greater suspicion had arisen than before. In some cases, activity with such entities was even blocked. At the same time, controls were tightened and procedures were refined in the bank's training and procedures on the prohibition of terror financing, and in particular in activity with the Gaza Strip. During 2024, a training series of on the prohibition of money laundering and terror financing, consisting of five study guides, was distributed. 2,635 employees completed the fifth and final chapter in the series, which concerns the prohibition of terror financing. In addition, courseware on international sanctions are planned for distribution and implementation by all relevant employees during 2025.

Tax policy

FIBI manages its tax policy at the Group level and pays taxes in compliance with the statutory requirements and all provisions, laws, rules and directives, while diligently cooperating with the relevant tax authorities and the law, and while implementing the compliance, disclosure and reporting provisions in full coordination with these authorities. For additional information, please see the bank's Annual Report.

Upholding integrity

FIBI Group recognizes the importance of upholding integrity and preventing incidents of corruption during the activities of the various banks in the Group – from the board of directors and the management to the employees. Accordingly, the Group advances mechanisms and work processes in order to prevent such incidents through risk assessment and control processes so as to ensure thorough and complete handling of such incidents.

These mechanisms are similar in nature to the Group's general risk management mechanisms: they include a first line of defense that every employee and manager in the Group performs; a second line of defense, which is managed by the risk management division; and a third line of defense, which is managed by the Group's internal audit function. For additional information, please see the Group's Risk Report.

Additional measures for upholding integrity:

- Tutorials and training: In 2024, a total of 3,112 employees completed the relevant ethics training module on the prevention of bribery and corruption.
- Incorporating a No Objection from the chief compliance officer and the internal audit before appointing a manager at any level, depending on the position.
- Fraud and embezzlement risk mapping is performed as part of an operational risk survey in all Group units with the support and guidance of the operational risk management unit, including monitoring the implementation of recommendations. Risk analysis is also performed for new products and new activities to identify significant risk areas, including fraud and embezzlement risks.

The bank has a mechanism that allows the general public, including customers, suppliers and employees, to report unusual activity by the bank and its employees, including cases in which there is concern about moral integrity (whistleblower mechanism). A complaint can be received by letter, by email, on the bank's website and by telephone on the anonymous line - as an anonymous or non-anonymous complaint. All information that reaches the internal audit, either as part of the audits and controls performed or as complaints received by the supervisor regarding employee inquiries, and complaints received by any other party in the bank, is reviewed and handled accordingly. If necessary, an audit report and a report on lessons learned from the incident are prepared. The examination of the need for measures is presented to a designated committee headed by the head of the resources and financial management division and with the participation of members of management and other senior managers. The committee recommends the manner of disciplinary treatment of employees found responsible for deficiencies in the audit reports on the subject.

The Bank takes various measures to manage, monitor and report exposure to risks of money laundering and terror financing, use of inside information, bribery and corruption. In 2024, no sanctions were imposed on the Bank for violating the provisions of the prohibition of money laundering and terror financing, use of inside information, bribery and corruption.

During 2024

2,635 employees

completed the prohibition of money laundering and terror financing training



3,112 employees

completed the training module on the prevention of bribery and corruption.



Preventing conflicts of interest

A key risk of integrity violations could derive from the existence of a conflict of interests. To address this risk, FIBI Group implements a procedure for preventing conflicts of interest, which specifies permitted and prohibited conduct during relations with customers and suppliers, which applies to all Group employees. The procedure emphasizes the prevention of personal transactions with customers and suppliers, except in exceptional cases that will be discussed by the bank's ethics committee, compliant management in the case of accounts of associates, as well as clear processes for preventing officers' conflicts of interest, which include detailed rules regarding disclosures of related parties and FIBI's handling of this matter.

In 2024, as far as the bank knows, no incidents occurred in which bank employees acted with a conflict of interest.

Regarding legal proceedings in which the bank is involved, please see Note 25 to the bank's 2024 Annual [Financial Statements](#).



Fair treatment of customers is a core value in FIBI Group. The Group is diligent about fairness and transparency in all banking products and services offered. FIBI Group believes that the key to forging long-term relationships with customers is to provide professional, fair, courteous and efficient service

Fairness

Fairness in products, services and marketing

The Banking Supervision Department works to instill a culture of fairness towards customers, and an optimal and inclusive level of service as part of the vision to promote the public good by maintaining the stability and fairness of the banking system, through professional, leading and transparent supervision.

In accordance with the Banking Supervision Department's view and considering out customers' best interests and maintaining long-term relations with them an integral part of our business considerations. Therefore, fair treatment of customers is a core value in FIBI Group. The Group is diligent about fairness and transparency in all banking products and services offered. FIBI Group believes that the key to forging long-term relationships with customers is to provide professional, fair, courteous and efficient service, while constantly ensuring that all customers of the various banks in the Group receive added value from the products and services that the Group offers.

As an inherent part of the FIBI's customer service and support policy, the bank has defined service values for itself and for all its employees and managers that include, among other things, adherence to integrity, fairness and reliability. In this context, the Bank has made these values its motto, alongside adherence to transparency with the customer.

The FIBI Group is subject to a set of laws and regulations regarding fairness in the provision of banking services and products and in the management of various operational and business processes. The FIBI Group's products and services are designed, developed and offered to the customers with constant awareness of the obligation to comply with the set of laws and regulations to which the Group is subject. For the control mechanisms employed to ensure compliance

with these obligations, please see the chapter on compliance with legal provisions, as well as the document of principles published on the Group's website. The Bank works to ensure that, in addition to the legal and regulatory requirements with which the Bank complies, the principles of fairness and ethics that it has made its motto are implemented from a deep value perception, and guide its business conduct in all channels of activity and communication with stakeholders. When developing products and providing services, the bank adheres to procedures and control mechanisms that take into consideration the best interests of customers, their characteristics and needs, in particular in financial advisory services, which aim to help customers make beneficial decisions in the long term.

The Bank also continues to apply this principle in marketing activities. The bank ensures that all marketing and advertising messages published on behalf of FIBI Group comply with the statutory requirements, include all the information required for decision making and are free of any deception or semblance of unfairness or inequity. This is also as a tool for managing reputational risk, and from a desire to manage and maintain the FIBI Group brand and positive reputation.

For the bank's guidelines on issues of fairness in the provision of service, please see the new FIBI Service Charter that appears on the bank's website.

As befitting a banking group renowned for its adherence to the statutory requirements and for its fairness to its customers, in 2024 too, no fines or other sanctions were imposed on FIBI Group in respect of noncompliance with marketing or marketing communications laws and regulations.

The Group operates on two technological axes at the same time: developing advanced technologies and IT infrastructures for high-quality digital banking services, alongside identifying innovative technologies and promoting collaborations with fintech companies



Innovation

Innovation in products and services

The FIBI Group invests significant resources in the implementation of advanced financial technologies aiming to create value for its customers, including improving customer experience and communication options with customers, capital market consulting services, customizing services according to customers' unique needs and providing information security at the highest possible standards.

For this purpose, alongside the ongoing and deep commitment to making all services accessible to all customers, including populations that do not use technological tools, the Group operates on two technological axes at the same time: developing advanced technologies and IT infrastructures for high-quality digital banking services, alongside identifying innovative technologies and promoting collaborations with fintech companies. In this way, the Group also contributes to the development of the high-tech industry in Israel, the "engine" that drives the Israeli economy.

One of the focal points in the Group's innovation efforts is to increase the availability of digital banking services, with the aim of enabling customers to carry out transactions quickly and efficiently through the bank's website and app, without the need to physically visit the branches. To assist customers in accessing digital services, there are representatives in selected branches of the bank to guide customers in their use, in addition to assistance by phone, written communication, and automated chat services. In addition, the bank operates an insight service ("FIBI") based on a Personetics platform, which assists customers in the day-to-day management of their finances, alongside the FIBI Wise system, which assists in the long-term management of customer assets while providing a holistic perspective regarding the customer's investments and savings.

As the leading bank in capital market trading, many of FIBI's innovative solutions relate to this content world. The bank provides decision-support tools in the capital market that include an alert and strategy system, a service for making investment advice accessible on mobile devices, presenting analyst analyses, ESG analyses, stakeholders, news sentiment, making quarterly reports of companies traded on the capital market accessible using AI, and a financial goal planning system, all through internal developments and collaborations with Israeli startups.

An illustration of the importance of innovation in the FIBI Group was received in 2025 with the appointment of Ms. Shirley Shoham Klein, Head of the Future Banking Division, as Deputy CEO and member of the bank's management.

Main activity in 2024:

In 2024, private customers' use of digital services continued to be high, with over 80% of operations being carried out on the website and app. The rate of subscriptions for the bank's digital services is over 90%. Also in 2024, FIBI continued developing, improving and expanding the digital services offered to its customers:

80%+ of operations being carried out on the website and app

90%+ The rate of subscriptions for the bank's digital services



- Improved digital service for private customers: Among the online operations added during the year are increasing the credit limit on the app and on the website; receiving R2P payment requests; canceling checks on the website and in the app; and receiving an OTP (one-time password) by push notification, which is mainly used by customers abroad.
- Improved digital service for business customers: Digital submission of a short-term loan application.
- This is the third consecutive year that the bank has held the “FIBI Fintech Day” conference on open banking and includes a fintech competition.
- FIBI’s “MultiBank” service, which presents a financial data aggregation for the use and benefit of customers, was expanded in 2024 to also receive credit card data from banks and credit card companies, and to receive securities data in the banking system.
- Improved digital service for capital market customers: Introducing ESG analysis and rating tools and upgrading the site’s capital market area, including advanced charts for technical analysis.

In 2024, FIBI focused on expanding its activities regarding ML (machine learning) and AI (artificial intelligence), based on the Bank’s perception of the great value inherent in making data and AI applications accessible to improve the customer experience, operational efficiency, risk management, and more. In this context, ML applications have already been implemented, among other things, in the realms of money laundering and tools for examining the degree of customer satisfaction. During 2024, the Bank also began experimenting with GenAI applications to improve the response and service to customers. In addition, in 2024, a roadmap for business implementation and assessments with technological infrastructures was defined.

Also in 2024, FIBI placed special emphasis on promoting innovation among all its employees and managers. The Board of Directors received reviews of developments and trends in innovation and digital and discussed innovation issues as part

In 2024, FIBI focused on expanding its activities regarding ML (machine learning) and AI (artificial intelligence), based on the Bank’s perception of the great value inherent in making data and AI applications accessible to improve the customer experience, operational efficiency, risk management, and more

of the annual work plans. The bank also incorporated extensive reference to innovation in the new code of ethics, and held an “Innovation Week” for employees, which included a competition for initiatives and ideas promoting innovation by the Bank’s employees and managers. Some of the ideas presented in this competition were even selected for implementation. As part of employee development, the Bank significantly expanded the range of training and education in the field of innovation and entrepreneurship provided to employees and managers, including, among others, workshops on AI in collaboration with Microsoft and a digital innovation workshop in collaboration with Amazon.

The bank also collaborated with the following Fintech companies engaged in financial innovation during 2024:



Investing with comfort – New channels for managing accounts

In 2024, FIBI is emphasized the establishment and expansion of the ME branch – the bank’s digital branch. The ME branch adapts itself to the customers and enables the receipt of service according to their needs and desires, while emphasizing high-quality, available, online and accessible service. The ME branch commenced operations in the last third of 2023.

When joining the ME branch, the customer is added to the Hi Digital benefits track, unless they choose another benefits track that suits them. The branch’s customers enjoy significant benefits in the current account and in securities and foreign currency trading, along with significantly longer response hours than in physical branches, a personal and permanent banking team, which responds to the customer on the same business day in accordance with the terms of service, and the option of arranging a telephone meeting with the banker via WhatsApp.

In addition, the ME digital branch provides courier services, including couriers on the bank account twice a year, and an EXTRA service that includes personal monitoring of events in the customer’s account, including important highlights and recommendations via SMS or in the app, for customers who choose it. This branch is in its early stages and is showing significant growth, with the number of customers who joined the branch in 2024 constituting approx. 80% of the branch’s total customers.



Privacy protection and information security

The FIBI Group places great importance to the protection of its customers’ information and maintains an information and cyber security policy defined and approved by the management and board of directors of the various banks and companies in the FIBI Group. The policy concerns, among other things, the availability, confidentiality, integrity and reliability of the Group’s and its customers’ information assets and systems, while addressing the preservation of customer privacy, banking confidentiality, banking resilience and functional continuity. The Group operates in this area in accordance with strict regulatory requirements of the Bank of Israel and other relevant authorities, including international bodies, regarding information security³⁸.

The issue of cybersecurity and privacy in the Group is led by the manager of the information security and cyber protection division, who is a member of the Mataf management. In addition, this area is supervised by the bank’s board of directors, and the technology, innovation and management committee in particular. During 2024, 5 director training courses, 3 discussions in the board of directors plenary session, and 3 meetings of the technology, innovation and management committee on cyber, information security and privacy issues were held. In order to ensure that the most up-to-date security protocols are being implemented, the Group collaborates with the stakeholders relevant to cybersecurity, keeps abreast with developments on a regular basis and is informed of all technological innovations in cybersecurity in Israel and abroad. In order to be at the vanguard of technological developments in cybersecurity, FIBI is operating, for the seventh year, a cybersecurity accelerator for start-ups engaging in improving cyber-defense capabilities. The program is aimed at startup companies engaged in information security and cyber protection and IT in order to experiment and make use of advanced technologies. For the implementation of the bank’s information-security policy, the Group combined a proactive strategy for safeguarding information, protecting IT infrastructures and protecting FIBI’s online presence. This strategy is implemented by the information security and cyber protection department, which is responsible for managing this issue on an ongoing basis, responding to information security events in real time, performing controls, implementing developments, and reporting to management and the board of directors. This department is certified under ISO 27017, ISO 27001 and ISO 27032 for information security, cybersecurity and cloud computing, which are largely requirements included in binding regulations.

Accelerated technological development presents challenges to the Group as well as opportunities, including in information security. Cyber attacks, which are increasing worldwide, especially in the financial sector, are posing more sophisticated threats that are increasing in magnitude and frequency. This fact obligates the Group to take action to ensure banking stability and protect its customers. To cope with the rapid changes in the field of information security, the department carries out many routine and emergency operations designed to reduce the Group’s exposure to risk, including an ongoing assessment

of cyber risks, maintaining competence and exercises to raise employee awareness for identifying suspicious events and how to act when they occur. In addition, each year, exercises and tests are performed to examine the defenses, including sensitivity tests and simulations in cooperation with third parties.

The bank conducts information security tests for systems throughout the year in accordance with regulatory obligations and the annual work plan on information security surveys. The bank implements an organized process for learning lessons from internal and external events. During 2024, under the influence of the Iron Swords War, there was an increase in attempted attacks, including denial of service attacks (DDOS). As a result, a work plan was implemented to improve the defense system, in addition to the bank’s ongoing activity to hedge risks. No significant events occurred in the areas of cyber protection, information security, and privacy protection.

The internal audit system includes audits of information security and cyber management in the work plan on an annual basis, which also include an examination of privacy protection in these aspects. As part of meeting the criteria of information security standards, and in accordance with the regulatory obligation, the bank also conducts external information security and cyber audits. For additional information regarding information security and cyber risk management, please see the Group’s [risk management report](#). Subject to the disclosure obligations applying to the Group pursuant to any law, the Group and its employees are bound to safeguard the confidentiality and privacy of all customers, whether individuals or corporations. The information that the bank maintains on its customers is used by the Group to provide various types of banking services to its customers, and for decision-making in all matters related to the relationship with them. The Group does not forward information in its possession to any other party unless it received the customer’s consent, or in instances when furnishing the information is mandatory by law and/or is necessary in order to uphold a vital public interest, or if it is necessary in order to protect a vital interest of the bank.

Empowering customers to conduct themselves safely online

In addition to FIBI’s activities to ensure the security of the information it holds, the bank provides its customers with tools for safe online banking in particular, and safe online conduct in general. The Bank’s website has a dedicated page with short explanations, in accessible and clear language, on a variety of relevant and important topics for online conduct, such as safe browsing, online shopping, general information on information security, protection from fraud, and the use of mobile phones and credit cards. This page supplements training and written information that is accessible to bank customers, with an emphasis on populations with a tendency to be less digitally literate.

Link to the page: [Open Banking](#)

38. Bank of Israel Directives 357, 362, 361, 363, 367 and 368, the Privacy Protection Law and the regulations thereunder, “Cyber Risk Management Regulations in Institutional Entities of the Capital Markets Commissioner”, etc.



The Group is diligent about working with suppliers and service-providers that conduct themselves responsibly and about working with suppliers with whom the cooperation can create added value for the Israeli economy. In addition, certain social aspects of the suppliers' conduct are also considered

Responsible supply chain

The FIBI Group manages its supply chain in conformity with the ESG principles and FIBI's values. This is reflected both in our fair and proper treatment of suppliers and in our process of selecting suppliers, services and products. Led by the procurement department, the Group manages long-term, fair and responsible relationships with its suppliers and service providers, and expects them to meet the highest managerial and social standards.

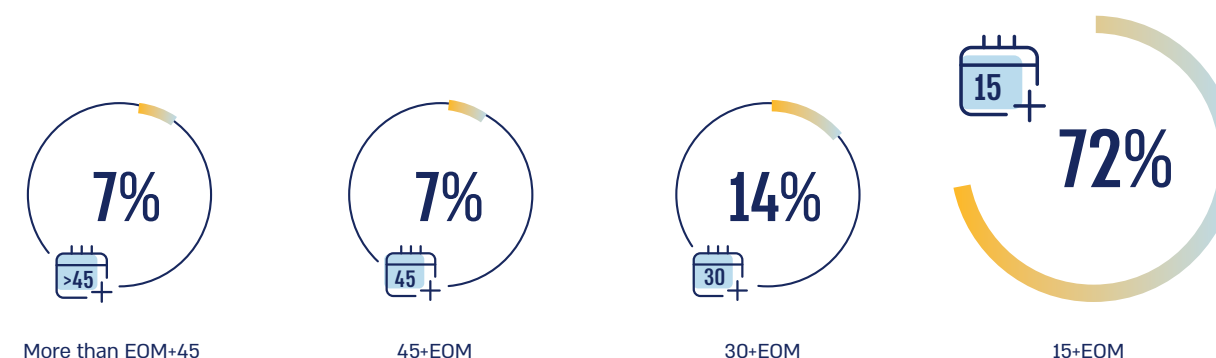
The Group's responsible procurement policy regulates the principles for managing and carrying out procurement processes and for maintaining the relationships with suppliers. It also stipulates that ESG considerations must be integrated into the procurement processes according to the Group's material issues. The Group is diligent about working with suppliers and service-providers that conduct themselves responsibly and about working with suppliers with whom the cooperation can create added value for the Israeli economy. Accordingly, when selecting suppliers and managing our engagement with them, the Group takes into account considerations of service-orientation, availability, compliance with quality and reliability standards, experience, fulfillment of requirements, and the quality of the service or product, in addition to cost considerations. In addition, certain social aspects of the suppliers' conduct are also considered, such as compliance with legal requirements, fair tax payment and appropriate employment terms.

The procurement process in the FIBI Group is carried out transparently, while informing suppliers of the bank's manner of dealing with them, in view of the principles of fairness, integrity, protection of employee rights and reciprocity. Suppliers are required to present to the Group, among other things, an affidavit stating that none of the bank's employees received payment for promoting the engagement and will not share in the profits resulting from it, alongside additional commitments and approvals relating to the maintaining of confidentiality and prohibition on the use of inside information.

As part of the bank's policy to encourage competition and efficiency, the maximum contract period with each supplier is limited to 7 consecutive years or 7 separate years within a 10-year period, except in exceptional cases. This policy encourages new suppliers to gain unique experience working with the banking sector and enables the Group to become familiar with new products, services and ideas.

With an awareness of the limited credit capabilities of small suppliers, the Bank strives to transfer payments to suppliers as quickly as possible from the moment of receipt of the payment request. Approx. 72% of the Group's payments to suppliers in 2024 were paid within a timeframe of up to EOM+15 from the invoice issue date.

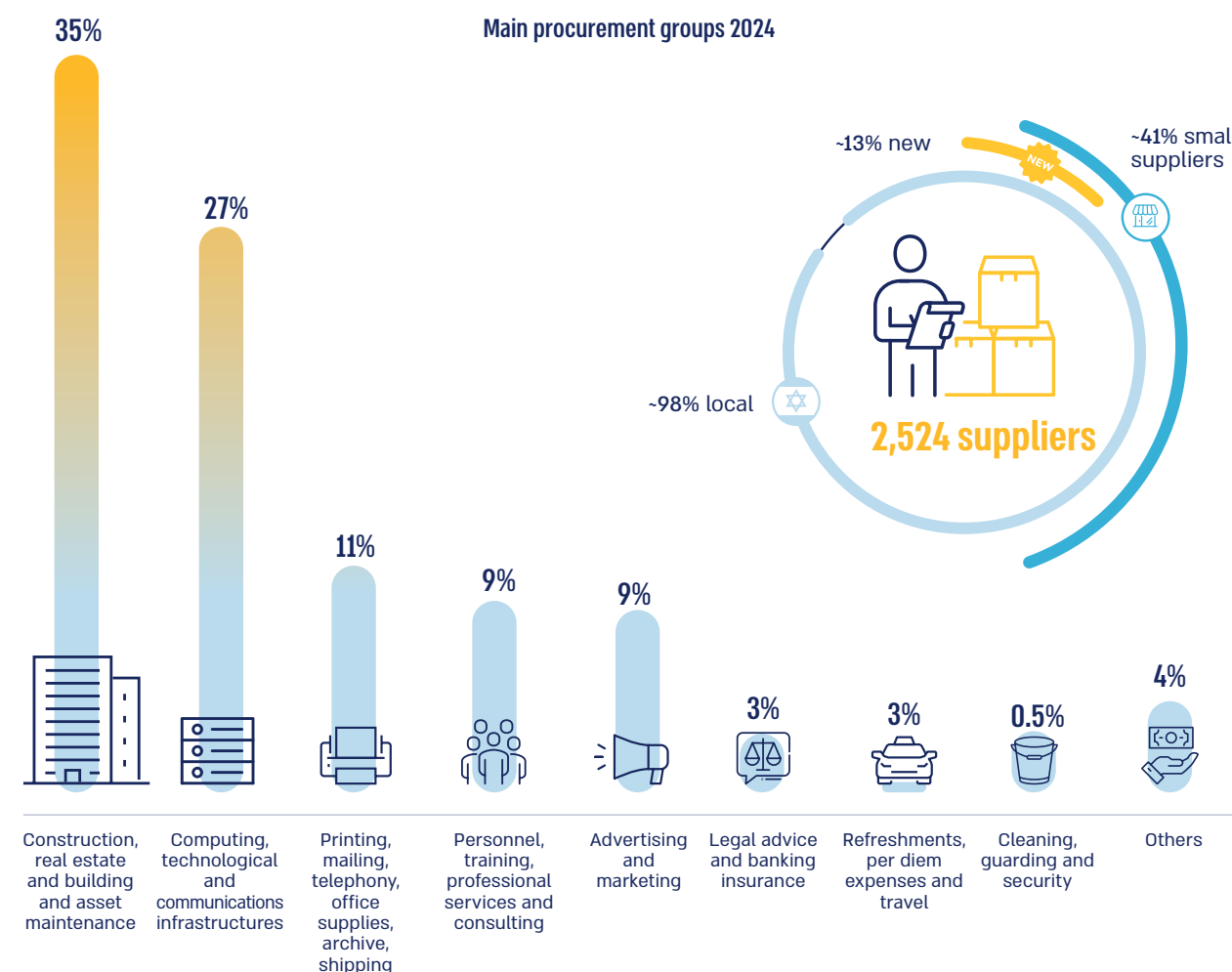
FIBI Group's payments of invoices by number of days (after the invoice is issued):



As part of the promotion and maintaining of ESG principles, the bank has added a qualitative scoring component for issues related to sustainability and social responsibility. The goal is to evaluate suppliers based on their compliance with environmental, social and governance standards in addition to price and business conditions. The qualitative scoring includes criteria such as: the supplier's location in the periphery, the supplier's score in their employee rights audit, use of electric vehicles, use of ecological products and employment of disadvantaged workers.

Profile of FIBI's suppliers

- In 2024, the bank had working relationships with 2,524 suppliers.
- 329 (approx. 13%) of the bank's suppliers in 2024 were new suppliers with whom the bank had not worked before.
- The bank is conscientiously carries out "blue-and-white" procurement, and therefore this year, most of our suppliers (approx. 98%) were local.
- As part of the bank's activities to encourage the small business sector, 1,029 (approx. 41%) of the suppliers who worked with the Bank in 2024 were small suppliers. Of the new suppliers with whom the bank began working in 2024, 203 (approx. 62%) were small suppliers.





Protecting the rights of employees of manpower agencies

In 2024, the Group engaged with 13 manpower agencies for cleaning, guarding and security services (9 agencies for cleaners and 4 agencies for guards and security personnel) for a total of 190 employees (excluding employees employed by property management companies at properties in which the Group's offices are located). FIBI does not engage with manpower agencies for other services. Manpower agencies account for approx. 0.5% of all FIBI Group's active suppliers.

In accordance with the law and in view of FIBI's commitment to fairness and the protection of employee rights, the bank has formulated a procedure for regulating the work process with manpower suppliers and with contractor employees, according to which the procurement department is responsible for ensuring that the employment of contractor employees is carried out in accordance with the law. As every year, in 2024, the bank conducted proactive inspections every 9 months of all its cleaning and security contractors in order to ensure the protection of the contractor employees' rights. In order to perform ongoing analyses and accurate assessments of the labor situation and the rights due to employees, these inspections are conducted by a certified wage inspector who specializes, among other things, in employee rights and labor law enforcement inspections, and include monitoring various working conditions such as: payment of wages, working hours,

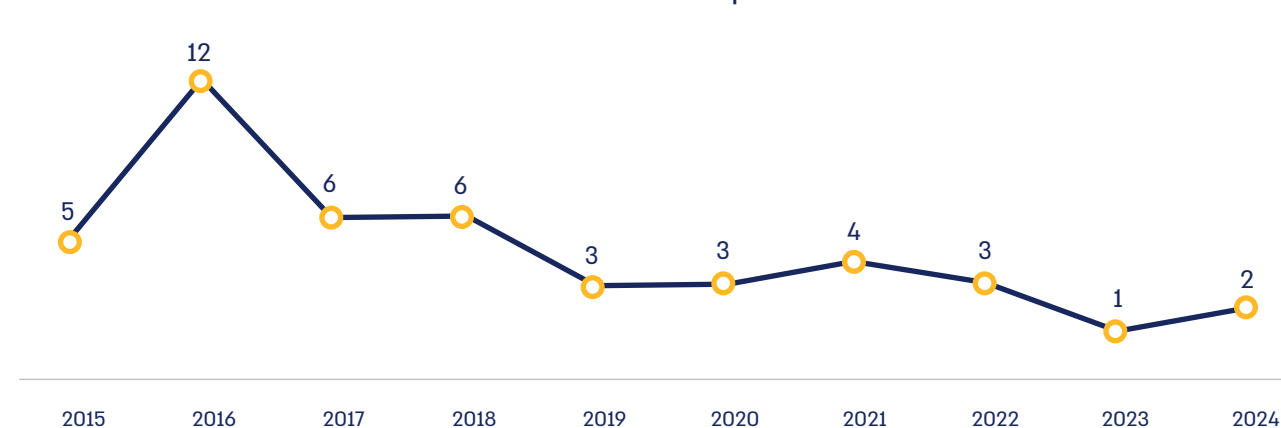
social rights and compensation. In addition, the inspector verifies that employees receive all the rights they are entitled to in accordance with the law. In any case of deviation or violation of employee rights, the bank ensures that employers make immediate and retroactive corrections to ensure that employee rights are preserved in full.

In addition, the Group's procurement manager serves as the address for manpower agencies' employees to submit queries and complaints regarding any issue. Manpower suppliers are obliged to inform all contractor employees employed by the bank regarding the channels for submitting complaints and inquiries at the bank. According to the law, the bank is obliged to document the inquiry, investigate it and report to the complainants on the investigation's findings within defined schedules.

During 2024, 2 complaints were received regarding manpower contractors, which were found to be justified.

Also, during 2024, over 50 of the bank's outsourced employees were hired for direct employment in various positions. Recruiting employees for direct employment contributes to the strengthening of human capital, protecting employee rights, providing stability and improving the employment conditions of these employees.

Number of documented complaints - 2024-2015



Appendices

GRI Index

The FIBI Group is reporting in accordance with the GRI Standard for the period January 1, 2024 to December 31, 2024. The report was approved by the management and the board of directors.

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	8-9
	2-2 Entities included in the organization's sustainability reporting	8-9
	2-3 Reporting period, frequency and contact point	9-11
	2-4 Restatements of information	11
	2-5 External assurance	11, 99-100
	2-6 Activities, value chain and other business relationships	8
	2-7 Employees	50-62
	2-8 Workers who are not employees	90
	2-9 Governance structure and composition	68-75
	2-10 Nomination and selection of the highest governance body	68-75
	2-11 Chair of the highest governance body	68-69
	2-12 Role of the highest governance body in overseeing the management of impacts	68-73, 78
	2-13 Delegation of responsibility for managing impacts	68-75, 78
	2-14 Role of the highest governance body in sustainability reporting	68-75, 16
	2-15 Conflicts of interest	80-83, 72-74
	2-16 Communication of critical concerns	68-70, 76-78, 82
	2-17 Collective knowledge of the highest governance body	70, 74
	2-18 Evaluation of the performance of the highest governance body	74
	2-19 Remuneration policies	69, 72-73, 75
	2-20 Process to determine remuneration	69, 72-73, 75
	2-21 Annual total compensation ratio	62
	2-22 Statement on sustainable development strategy	5
	2-23 Policy commitments	88-90, 80-83
	2-24 Embedding policy commitments	68-83, 88-90
	2-25 Processes to remediate negative impacts	46-49, 76-77, 90
	2-26 Mechanisms for seeking advice and raising concerns	46-49, 76-77, 80-82, 90
	2-27 Compliance with laws and regulations	82-83
	2-28 Membership associations	8
	2-29 Approach to stakeholder engagement	75-77
	2-30 Collective bargaining agreements	55
GRI 3: Material Topics 2021	3-1 Process to determine material topics	12
	3-2 List of material topics	12-13
	3-3 Management of material topics	12-13
Corporate Governance and Climate Risks		
GRI 3: Material Topics 2021	3-3 Management of material topics	4-5, 78-79
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	11
	201-2 Financial implications and other risks and opportunities due to climate change	17-27
	201-3 Defined benefit plan obligations and other retirement plans	56
	201-4 Financial assistance received from government	45
Financial Inclusion and Indirect Economic Impacts		

GRI STANDARD	DISCLOSURE	LOCATION
GRI 3: Material Topics 2021	3-3 Management of material topics	60-62
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	62
	202-2 Proportion of senior management hired from the local community	60-62
GRI 3: Material Topics 2021	3-3 Management of material topics	8-9
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	36-45
	203-2 Significant indirect economic impacts	8, 21, 39-46, 60-61
Ethics, Anti-corruption & Compliance		
GRI 3: Material Topics 2021	3-3 Management of material topics	82-83
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	82-83
	205-2 Communication and training about anti-corruption policies and procedures	82-83
	205-3 Confirmed incidents of corruption and actions taken	82-83
GRI 3: Material Topics 2021	3-3 Management of material topics	80-83
GRI 206 Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	82-83
GRI 415: Public Policy 2016	415-1 Political contributions	82-83, 63
Tax		
GRI 3: Material Topics 2021	3-3 Management of material topics	83
GRI 207: Tax 2019	207-1 Approach to tax	83
	207-2 Tax governance, control, and risk management	83
	207-3 Stakeholder engagement and management of concerns related to tax	83
	207-4 Country-by-country reporting	Not applicable - the bank is mainly operating in Israel and answers to Israeli tax authorities
Operational Efficiency		
GRI 3: Material Topics 2021	3-3 Management of material topics	30-33
GRI 301: Materials 2016	301-1 Materials used by weight or volume	32-33
	301-2 Recycled input materials used	32-33
	301-3 Reclaimed products and their packaging materials	Not applicable - due to the nature of the bank's activities
Energy		
GRI 3: Material Topics 2021	3-3 Management of material topics	30-31
GRI 302: Energy 2016	302-1 Energy consumption within the organization	30-31
	302-2 Energy consumption outside of the organization	29-31
	302-3 Energy intensity	30-31
	302-4 Reduction of energy consumption	30-31
	302-5 Reductions in energy requirements of products and services	30-31
Water and Effluents		
GRI 3: Material Topics 2021	3-3 Management of material topics	32

GRI STANDARD	DISCLOSURE	LOCATION
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	32
	303-2 Management of water discharge-related impacts	32
	303-3 Water withdrawal	32
	303-4 Water discharge	32
	303-5 Water consumption	32
Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	28
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	29
	305-2 Energy indirect (Scope 2) GHG emissions	29
	305-3 Other indirect (Scope 3) GHG emissions	29-31
	305-4 GHG emissions intensity	29 ,31
	305-5 Reduction of GHG emissions	28-29
	305-6 Emissions of ozone-depleting substances (ODS)	Not applicable - the bank does not emit significant amount of ODS, NOx or SOx
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	
Waste		
GRI 3: Material Topics 2021	3-3 Management of material topics	33
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	33
	306-2 Management of significant waste-related impacts	33
	306-3 Waste generated	33
	306-4 Waste diverted from disposal	33
	306-5 Waste directed to disposal	33
	308-2 Negative environmental impacts in the supply chain and actions taken	33, 88-89
Employment and Employees		
GRI 3: Material Topics 2021	3-3 Management of material topics	54
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	52
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	55-56
	401-3 Parental leave	61
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	54-56
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	56
	403-2 Hazard identification, risk assessment, and incident investigation	56
	403-3 Occupational health services	56
	403-4 Worker participation, consultation, and communication on occupational health and safety	Not applicable - the bank's workers are not exposed to material H&S risks
	403-5 Worker training on occupational health and safety	Not applicable - the bank's workers are not exposed to material H&S risks
	403-6 Promotion of worker health	55
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Not applicable - the bank's workers are not exposed to material H&S risks
	403-8 Workers covered by an occupational health and safety management system	56
	403-9 Work-related injuries	52
	403-10 Work-related ill health	52

GRI STANDARD	DISCLOSURE	LOCATION
Employee Training and Education		
GRI 3: Material Topics 2021	3-3 Management of material topics	57-59
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	58
	404-2 Programs for upgrading employee skills and transition assistance programs	57-59
	404-3 Percentage of employees receiving regular performance and career development reviews	55
Diversity and Equal Opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	60-62
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	60-62
	405-2 Ratio of basic salary and remuneration of women to men	62
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	82
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	55
Local Communities and Promoting Financial Literacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	63-65
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	63-65
	413-2 Operations with significant actual and potential negative impacts on local communities	Not applicable - due to the nature of the bank's activities
Responsible Supply Chain		
GRI 3: Material Topics 2021	3-3 Management of material topics	88-90
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	157-159
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	88-89
	414-2 Negative social impacts in the supply chain and actions taken	88-99
Marketing and Labeling		
GRI 3: Material Topics 2021	3-3 Management of material topics	84
GRI 417: Marketing and Labeling 2016	1-417 Requirements for product and service information and labeling	84
	417-2 Incidents of non-compliance concerning product and service information and labeling	84
	417-3 Incidents of non-compliance concerning marketing communications	84
Customer Privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	87
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	87

Index of material topics

Material topics	GRI Standard
ecnailpmoc yrotaluger dna noitpurroc-itna ,scihtE	GRI 2-27 Compliance with laws and regulations GRI 205: Anti- corruption
ecnanrevog etaroproc elbisnopseR	GRI 2-9: Governance structure and composition
Risk management	GRI 2-23: Policy commitments
Privacy protection and information security	GRI 418: Customer Privacy
Business continuity	GRI 2-23: Policy commitments
Transparency and fairness in products and services	GRI 417: Marketing and Labeling
Innovation in products and services	GRI 2-6 Activities, value chain and other business relationships
Financial inclusion and access to services	GRI 203-2 Significant indirect economic impacts GRI 406: Non-discrimination
Employee training and development	GRI 404: Training and Education
Quality of service	GRI 417: Marketing and labeling
sksir etamilc dna latnemnorivne fo tmemeganaM	201-2 Financial implications and other risks and opportunities due to climate change
tnemyolpme fo smret dna tmemnorivne kroW	GRI 401: Employment
dna gnicnanif ni snoitaredisnoc etamilc dna latnemnorivnE stnemtsevni	GRI 201-2: Financial implications and other risks and opportunities due to climate change
Equal opportunities, fairness and diversity in employment	GRI 405: Diversity and Equal Opportunity
Social considerations in financing and investments	GRI 203: Indirect Economic Impacts
Promoting knowledge and financial literacy	GRI 413: Local Communities
Improving operating and environmental efficiency	GRI 302: Energy GRI 303: Water & Effluents GRI 305: Emissions GRI 306: Waste 2020
Responsible supply chain	GRI 204: Procurement Practices
Investing in the community	GRI 413: Local Communities

SASB Index

Commercial Banks					
Sustainability Disclosure Topics & Accounting Metrics					
Topic	Metric	Category	Unit of Measure	Code	Reference
Data Security	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected	Quantitative	Number, Percentage (%)	FN-CB-230a.1	2024 ESG Report: Privacy protection and information security page 87
	Description of approach to identifying and addressing data security risks	Discussion and Analysis	n/a	FN-CB-230a.2	2024 ESG Report: Privacy protection and information security page 87
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding that qualify for programmes designed to promote small business and community development	Quantitative	Number, Presentation currency	FN-CB-240a.1	2024 ESG Report: Promoting the small and medium-sized business segment page 44
	(1) Number and (2) amount of past due and nonaccrual loans or loans subject to forbearance that qualify for programmes designed to promote small business and community development	Quantitative	Number, Presentation currency	FN-CB-240a.2	
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Quantitative	Number	FN-CB-240a.3	
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Quantitative	Number	FN-CB-240a.4	
					Financial education pages 36-34
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	Discussion and Analysis	n/a	FN-CB-410a.2	2024 ESG Report: Climate management in FIBI pages 16-17 Strategy pages 17-23 Promoting climate-related opportunities page 21 Promoting climate resilience – analysis of scenarios pages 24-23 Risk management pages 24-27 Identifying climate risks page 24 Assessing the various risks pages 25-27

Topic	Metric	Category	Unit of Measure	Code	Reference
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 2) ,1) Scope 2 and (3) Scope 3	Quantitative	Metric tons (t) CO ₂ -e	FN-CB-410b.1	2024 ESG Report: Indicators that FIBI uses to monitor and track climate-related risks and opportunities pages 27-28 Carbon footprint pages 28-29
	Gross exposure for each industry by asset class	Quantitative	Presentation currency	FN-CB-410b.2	2024 ESG Report: FIBI's exposure to emissions-intensive economic sectors pages 27-28
	Percentage of gross exposure included in the financed emissions calculation	Quantitative	Percentage %	FN-CB-410b.3	2024 ESG Report: Financed emissions page 29
	Description of the methodology used to calculate financed emissions	Discussion and Analysis	n/a	FN-CB-410b.4	2024 ESG Report: Financed emissions page 29
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anticompetitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	Presentation currency	FN-CB-510a.1	2024 ESG Report: pages 83-82
	Description of whistleblower policies and procedures	Discussion and Analysis	n/a	FN-CB-510a.2	2024 ESG Report: Reporting mechanisms and channels page 82
Systemic Risk Management	Global Systemically Important Bank (GSIB) score, by category	Quantitative	Basis points (bps)	FN-CB-550a.1	Irrelevant
	Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, longterm corporate strategy, and other business activities	Discussion and Analysis	n/a	FN-CB-550a.2	2024 ESG Report: Promoting climate resilience – analysis of scenarios page 23
ACTIVITY METRIC					
(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business		Quantitative	Number, Presentation currency	FN-CB-000.A	2023 Annual Financial Statement Note 28a pages 191-195
(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate		Quantitative	Number, Presentation currency	FN-CB-000.B	

TCFD Index

TCFD Index		
Clause no	Requested information	Location in the report
Governance		
G(a)	The board of directors' supervision of climate topics	16-17
G(b)	Senior management's management of climate topics	71
Strategy		
S(a)	Climate-related risks and opportunities in the short, medium and long term	18-22
S(b)	Impact of climate-related risks and opportunities	17-21
S(c)	The company's robustness when contending with the climate crisis	32
Risk management		
R(a)	Process of identifying and assessing climate risks	24-27
R(b)	Process of managing climate risks	24-29
R(c)	Integration of climate risks into overall risk management	25-27
Goals and indicators		
M(a)	Indicators for examining risks and opportunities	27-28
M(b)	Scopes of emissions and related risks	28-29
M(c)	Targets and performance	30-33



April 25

Statement of Adequacy

Background

GoodVision - Corporate Responsibility Consultants Ltd., a member of the Fahn Kanne Grant Thornton Group, was engaged by the FIBI Bank Group to assess the adequacy of its 2024 Sustainability Report. Established in 2022, GoodVision d has performed over 200 consulting projects across all areas of corporate responsibility, and is certified by the British Accountability organization to conduct due diligence on corporate responsibility reports.

This due diligence was conducted in March-April 2025 for a fee, and in anobjective and professional manner, , based on information provided by the FIBI Group. The company’s ESG consultants participated in the process. Good Visionis not affiliated with or dependent on the FIBI Group in its business.

Methodology

This due diligence was conducted in accordance with the Accountability AA1000AS V3 standard, at a Type 1 - Moderate level, for the purpose of qualitatively examining the Report’s compliance with the principles of the standard as detailed below.

Work process

The assessment of the adequacy of the FIBI Group’s Sustainability Report for 2024 was conducted through an extensive review of the report extensive review by the control team, including discussions with company officials about the information available to the Bank and the manner in which it is presented, in line with accepted principles. In this context, it is important to note that the work was carried out with cooperation and full transparency of the bank staff. In addition, some of the findings from the due diligence examination, which were submitted to the FIBI Group, were addressed and corrected during the drafting process and are reflected in the final Report.

The examination included the following principles:

- 1. **Inclusivity** – The report’s reference to all relevant stakeholders.
- 2. **Materiality** – Addressing issues identified as most material to the company’s stakeholders and in relation to its area of activity.
- 3. **Responsiveness** – Reporting on the organization’s response to issues and concerns raised by its stakeholders.
- 4. **Impact** – Setting performance indicators that enable monitoring of the environmental and social impacts of the FIBI Group.

Audit findings:

As part of the due diligence, we found that the Report addresses material issues as required by the GRI-Universal Standards. The Report presents data in a comprehensive and clear manner and broadly describes the company's activities regarding sustainability with reference to a wide range of stakeholders.

We found the report to be reliable, based relevant data and documents. It can be determined that the FIBI Group's 2024 Sustainability Report complies with the GRI's Corporate Responsibility Reporting Principles and the Accountability Principles. We also note the FIBI Group's comprehensive preparedness for the Supervisor of Banks' Proper Conduct of Banking Business Directive 345, which addresses the management of financial risks related to climate change.

At the conclusion of the process, a report was submitted to the company, summarizing the due diligence comments, and providing expanded findings and recommendations for future reporting.

Wishing you continued success in your sustainable activities,

Ivri Verbin, CEO

Good Vision - Corporate Responsibility Consultants
Of the Fahn Kanne Grant Thornton Group

