

September 12, 2023

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

**NOTICE OF SUMMONING AN ANNUAL GENERAL MEETING OF  
SHAREHOLDERS**

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

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

- 1.1. Item No. 1 – Report that in accordance with the Bank's articles of association, the following serving directors will continue to serve: The venerable Zadik Bino, Gil Bino and Jacob Sitt.

It is to be clarified that the following directors are continuing to serve until the end of the period of their appointment as directors, as stated: Ronen Harel (outside director), Ilan Ayash (independent director), Hanoach Dov Goldfriend (independent director), Zvi Abba Levron and Orna Dov.

No resolution is required on this matter.

- 1.2. Item No. 2 – Discussion of the financial statements as at December 31, 2022, including the report of the Board of Directors, the management review and the auditors' report to the shareholders.

No resolution is required on this matter.

- 1.3. Item No. 3 – Report on the auditor's remuneration for 2022.

No resolution is required on this matter.

- 1.4. Item No. 4 – Appointing the accounting firm, KPMG Somekh Chaikin & Co. as the Bank's auditor and authorizing the Board of Directors to determine its remuneration in accordance with the scope of services to be rendered by said firm.

The Bank abides by Proper Conduct of Banking Business Directives No. 302 regarding "The Auditor of a Banking Corporation" and No. 303 regarding "Communication of an Auditor with those Charged with Governance in the Banking Corporation", *inter alia* in connection with the Audit Committee's deliberations with regard to the possibility of replacing the auditor, and has also adopted procedures in connection with the Basel Committee guidelines concerning external audits in banking corporations in regard to the Audit

Committee and its relationship with the auditor (as adopted in proper conduct of banking business directives in effect from 2023).

- 1.5. Item No. 5 – Appointing Ms. Pnina Bitterman-Cohen for a second term of office of three years as an outside director at the Bank, pursuant to the Companies Law, commencing from November 15, 2023.

Item summary:

Ms. Bitterman-Cohen's candidacy for an additional term of office as an outside director pursuant to Companies Law is being put forward by the Bank's Board of Directors and has been approved by the Bank of Israel. [The Bank – for your approval]

The Bank's Board of Directors has classified Ms. Bitterman-Cohen as having accounting and financial expertise as defined in the Companies Regulations (Conditions and Tests for a Director having Accounting and Financial Expertise and for a Director having Professional Qualification), 5766-2005 (hereinafter - "**the Expertise Regulations**").

On May 4, 2021, the Bank's Board of Directors approved, following approval of the Bank's Remuneration Committee, in accordance with Regulation 1A of the Companies Regulations (Reliefs in Transactions with Interested Parties), 5760-2000 (hereinafter – "**the Relief Regulations**"), an update to the annual remuneration and the meeting attendance remuneration for outside directors and other directors who serve and shall serve from time to time at the Bank and who are expert directors according to the definition of an "expert outside director" in the Companies Regulations (Rules Regarding Remuneration and Expenses for an Outside Director), 5760-2000 (hereinafter – "**the Remuneration Regulations**" and "**Expert Director**"), excluding the venerable Mr. Zadik Bino and Mr. Gil Bino, who are controlling directors at the Bank and the Chairman of the Board of Directors, in such manner that subsequent to the update the remuneration shall be set at "the maximum amount for an expert outside director" prescribed in the Fourth Schedule to the Remuneration Regulations (annual and per meeting), according to the Bank's ranking (where said amount is to be rounded to the nearest amount that is a multiple of five NIS and index-linked in accordance with the Remuneration Regulations). VAT by law shall be added to the foregoing amounts. For resolutions without convening and for resolutions via means of communication, the attendance remuneration shall continue to be paid at the rate prescribed in the Remuneration Regulations. In addition, the directors shall continue to be entitled to reimbursement of expenses as stated in Regulation 6 of the Remuneration Regulations. For further details, see the Bank's immediate report of May 4, 2021 (reference no.: 2021-01-077961).

For further details with regard to the terms of service of directors at the Bank, see page 244 of the Bank's periodic report for 2022, which was published on March 21, 2023 (reference no.: 2023-01-025027) (hereinafter: "**the Bank's periodic report for 2022**").

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

For further details with regard to Ms. Bitterman-Cohen, see Article 26 of the Bank's periodic report for 2022. In accordance with Regulation 7(a)(5)(b) of the Voting Regulations, the requisite details with regard to the candidate for the office of director and each one of the details required pursuant to Regulation 26

of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (hereinafter – "**the Reporting Regulations**") are provided below, to the extent there has been any change in said details since the Bank's periodic report for 2022, according to the best of the Bank's knowledge:

Name:	<u>Pnina Bitterman-Cohen</u>
Membership on board committees:	Chairwoman of the Audit Committee; Remuneration Committee; Risk Management Committee
The year in which she commenced her tenure as director:	2020
Each one of the details required pursuant to Regulation 26 of the Reporting Regulations, if there has been any change in said details since the submission of the Bank's periodic report for 2022:	

- 1.6. Item No. 6 - Appointing Mr. Ron Levkovitz as a director at the Bank, pursuant to Article 86 of the Bank's articles of association, for a term of up to three years, commencing from November 5, 2023.

Mr. Ron Levkovitz was appointed as Chairman of the Bank's Board of Directors on September 8, 2020. After being appointed as a director and Chairman by the Board of Directors on November 5, 2020, the general meeting approved the appointment of Mr. Ron Levkovitz as a director at the Bank for a term of up to three years, commencing from the date of the general meeting's resolution on the appointment.

In accordance with Article 86 of the Bank's articles of association, the appointment of Mr. Ron Levkovitz as a director at the Bank for an additional term of up to three years is brought for the approval of the meeting. The Bank's Board of Directors confirmed that Mr. Ron Levkovitz has accounting and financial expertise as defined in the Expertise Regulations. Updated terms of service and employment of Mr. Ron Levkovitz as Chairman of the Bank's Board of Directors, commencing from the date of approval of this meeting, are presented in Section 1.7 below.

Mr. Levkovitz's candidacy for an additional term of office has been approved by the Bank of Israel .

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

For further details with regard to Mr. Levkovitz, see Article 26 of the Bank's periodic report for 2022. In accordance with Regulation 7(a)(5)(b) of the Voting Regulations, the requisite details with regard to the candidate for the office of director and each one of the details required pursuant to Regulation 26 of the Reporting Regulations are provided below, to the extent there has been any change in said details since the Bank's periodic report for 2022, according to the best of the Bank's knowledge:

Name:	<u>Ron Levkovitz</u>
Membership on board committees:	Chairman of the Loan Committee; Chairman of the Technology, Innovation and Governance Committee; Chairman of the Risk Management Committee
The year in which he commenced his tenure as director:	2020
Each one of the details required pursuant to Regulation 26 of the Reporting Regulations, if there has been any change in said details since the submission of the Bank's periodic report for 2022:	

1.7 Item No. 7 – Updating the terms of service and employment of the Chairman of the Bank's Board of Directors, Mr. Ron Levkovitz, commencing from the date of approval of the meeting.

It is proposed to update the terms of service and employment of the Chairman of the Bank's Board of Directors, Mr. Ron Levkovitz. For further details, see Part B to this report below.

**2. The required majority**

2.1. The majority required to approve items on the agenda detailed in Sections 1.4, 1.6 and 1.7 above, is a simple majority of all the shareholders present at the meeting, either in person or by proxy, or who sent the Bank a voting ballot indicating the manner of their vote, who are entitled to vote, and did vote, at the meeting, without taking abstaining votes into account.

2.2. The majority required to approve the item on the agenda detailed in Section 1.5 above, is a simple majority of all the votes of shareholders present at the meeting, either in person or by proxy, or who sent the Bank a voting ballot indicating the manner of their vote, who are entitled to vote, and did vote, at the meeting, without taking abstaining votes into account, provided that one of the following holds true:

2.2.1 The count of the majority votes shall include, at a minimum, the majority of all the votes of shareholders participating in the vote, other than the controlling shareholders at the Bank and those having a personal interest in the approval of the appointment, save a personal interest that is not a result of ties with the controlling shareholder. Abstaining votes shall not be taken into account when counting all the votes of said shareholders.

2.2.2 The total dissenting votes among the shareholders set forth in Section 2.2.1 above did not exceed the rate of two percent of the total voting rights at the Bank.

**3. The date of record**

The date of record for the purpose of a Bank shareholder's eligibility to participate and vote at the general meeting and at any adjourned meeting, as set forth in Section 182(b) of the Companies Law and in Regulation 3 of the Voting Regulations, is the end of the trading day at the Tel Aviv Stock Exchange Ltd. that falls on Wednesday, October 4,

2023 ("**the date of record**"). If no trading is held on the date of record, then the date of record shall be the last trading day preceding this date.

#### 4. **The voting method**

- 4.1. The Bank's shareholders on the date of record are entitled to vote on an item on the agenda as detailed in Section 1 above, either in person or by proxy or by means of a voting ballot (as detailed in Section 5 below). A letter of appointment of a voting proxy or a power of attorney must be deposited at the Bank's offices at 42 Rothschild Blvd. Tel Aviv, at least 48 hours prior to the date of record for the meeting or the adjourned meeting, as applicable. A shareholder who is not registered in the register of shareholders and whose shares are listed with a stock exchange member (hereinafter - "**an unregistered shareholder**") is entitled to vote also via the electronic voting system, as detailed in Section 6 below.
- 4.2. In accordance with the Companies Regulations (Proof of Ownership of a Share for the Purpose of Voting at a General Meeting), 5760-2000 (hereinafter - "**Proof of Ownership Regulations**"), an unregistered shareholder who wishes to vote at the general meeting shall furnish to the Bank a certificate from the stock exchange member with whom his right to the share is listed, with regard to his ownership of the share on the date of record, as required pursuant to the Proof of Ownership Regulations (hereinafter - "**certificate of ownership**"). Under the foregoing regulations, an approved electronic message pursuant to Section 44K5 of the Securities Law concerning the electronic voting system's user data – has the same legal standing as a certificate of ownership with respect to each shareholder included therein.
- 4.3. Please note that Section 34(A1) of the Banking (Licensing) Law, 5741-1981, prescribes as follows – "A person shall not enter an agreement with another person in regard to their vote to appoint a director in a banking corporation or in a bank holding corporation, including in regard to their vote to terminate the term of office of said director, except pursuant to a permit issued by the Governor following consultation with the Licensing Committee; this provision shall not apply to a group of holders as construed under Section 11D(a)(3)(b) of the Ordinance, in regard to a vote to appoint a director proposed by them as a candidate under said section, or to a holder of means of control who agrees with another person that the other person will vote in his name and on his behalf without any discretion, as the holder of means of control instructs him, provided that if the other person holds, on his own, means of control in the banking corporation or in the bank holding corporation, as applicable, he shall not vote in the name of and on behalf of more than one holder". Therefore, for the purpose of the resolutions on the items of the agenda detailed in Sections 1.5 and 1.6 above, an agent who is also a shareholder in the Bank may vote in the name of and on behalf of one additional shareholder only.

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

- 5.1. In accordance with the Voting Regulations, the Bank's shareholders may vote with regard to an item on the agenda as detailed in Section 1 above by means of voting ballots. The text of the voting ballot and position statements (if any) pertaining to said resolution may be found on the distribution website of the Israel Securities Authority at: [www.magna.isa.gov.il](http://www.magna.isa.gov.il) ("**the distribution website**") and on the website of the Tel Aviv Stock Exchange Ltd. at [www.tase.co.il](http://www.tase.co.il) ("**the TASE website**"). The shareholders shall be entitled to contact the Bank directly and receive from it the text of the voting ballot and the position statements (if any).

- 5.2. The stock exchange member shall send by e-mail, free of charge, a link to the text of the voting ballot and the position statements (if any), on the distribution website, to each unregistered shareholder, unless said shareholder has notified that he does not want to receive such link, provided that the notice is given with respect to a particular securities account and on a date preceding the date of record. His notice with regard to voting ballots shall also apply with regard to receiving position statements (if any). The vote shall be cast on Part II of the voting ballot, as posted on the distribution website.
- 5.3. An unregistered shareholder is entitled to receive the certificate of ownership from the stock exchange member through which he holds his shares, at the branch of the stock exchange member or by mail to his address in consideration of postage fees only, if he so requested and a request for this purpose is to be given in advance with respect to a particular securities account.
- 5.4. A shareholder participating in a vote with regard to the resolution on the agenda as detailed in Section 1.5 above, shall notify the Bank prior to his vote, and if the vote is by means of a voting ballot – shall mark in Part II of the voting ballot in the designated place, whether or not he is deemed a controlling shareholder, an interested party, a person having a personal interest in the approval of the resolution, a senior officer or an institutional investor, with a description of the relevant connection. If a shareholder fails to give notice or no mark is made, as stated, his vote shall not be taken into account in the votes.
- 5.5. In accordance with Regulation 36D(d) of the Reporting Regulations, the Voting Regulations and the directive of the Israel Securities Authority of November 30, 2011 on the topic of disclosure regarding the manner of voting of interested parties, senior officers and institutional bodies at meetings (hereinafter – "**the directive**"), an interested party, senior officer and institutional investor (hereinafter – "**the voters**"), as defined in the directive, voting at a meeting on a resolution concerning the item in Section 1.5 of the agenda as detailed above, shall furnish to the Bank within the framework of their vote the details required in accordance with Regulation 36D(d) of the Reporting Regulations and Section 2(b) of the directive and if they voted by means of an agent, the voter or the agent shall also furnish the details with regard to the agent. In addition, details are to be given regarding any relationship (excluding a negligible relationship) between the voter or the agent (who does not have a personal interest) and the Bank or any of its controlling shareholders, including employer-employee relationships, business relationships, etc. and/or a senior officer at the Bank and details of their nature.
- 5.6. A voting ballot of an unregistered shareholder is to be delivered to the Bank together with the certificate of ownership, so that the voting ballot reaches the Bank's offices **no later than four (4) hours prior to the time the meeting is to be convened.**
- 5.7. A shareholder who is registered in the register of shareholders shall deliver the voting ballot to the Bank, together with a photocopy of an identity card or a photocopy of his passport or a photocopy of a certificate of incorporation, so that the voting ballot reaches the registered office of the Bank **no later than six (6) hours prior to the time the meeting is to be convened.**
- 5.8. A shareholder may contact the registered office of the Bank and after having proved his identity, withdraw his voting ballot and certificate of ownership **up to 24 hours prior to the time the meeting is to be convened.**

5.9. The deadline for furnishing position statements to the Bank is **up to ten (10) days prior to the date the meeting is to be convened**.

5.10. The deadline for furnishing a position statement on the Bank's behalf that includes the response of the Bank's Board of Directors to position statements on behalf of the shareholders is **no later than five (5) days prior to the date the meeting is to be convened**.

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

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

6.2. The electronic voting ballot is opened for voting at the end of the date of record. Voting via the electronic voting system **shall end six (6) hours prior to the time of the meeting**, when the electronic voting system shall be closed.

6.3. The electronic vote can be changed or cancelled until the time the electronic voting system is locked and it cannot be changed via the electronic voting system after this time. Where a shareholder has voted using more than one method, his later vote shall be counted. For this purpose, a vote of a shareholder in person or by proxy shall be deemed later to a vote via the electronic voting ballot.

#### 7. **Lawful quorum and adjourned meeting**

7.1. A lawful quorum for a shareholders' meeting is one or more shareholders present, either in person or by proxy (including by means of a voting ballot), who hold or represent more than 25% of the voting power at the Bank.

7.2. If a lawful quorum is not present at the meeting at the end of half an hour from the time set for the meeting, the meeting shall be adjourned automatically by one week, to the same time and to the same place, without there being an obligation to give notice to this effect to the shareholders, or to such other day, time and place as shall be determined by the Board of Directors. At the adjourned meeting, matters for which the meeting was called shall be discussed and the shareholders who are present, either in person or by proxy, shall constitute a lawful quorum.

#### 8. **Controlling shareholders at the Bank**

8.1. To date, to the best of the Bank's knowledge, FIBI Holdings Ltd. (hereinafter - "**FIBI**") holds 48.34 of the capital and voting rights at the Bank. FIBI is a public company, whose shares are traded on the Tel Aviv Stock Exchange Ltd.

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

8.3. As at the date of this report, to the best of the Bank's knowledge, Instanz No. 2 Ltd. (hereinafter - "**Instanz**") holds approximately 11.68 of the capital and

voting rights at FIBI and Dolphin Energy Ltd. (hereinafter – "**Dolphin**") holds approximately 11.68 of the capital and voting rights at FIBI.

- 8.4. Instanz is a company wholly owned by Sing Acquisitions Pte. Ltd., a corporation that was incorporated in Singapore, controlled (through Australian entities) by Mr. and Mrs. Michael and Helen Abeles. All FIBI shares owned by Instanz (constituting control core shares according to a permit from the Bank of Israel) are held in trust by Guy Trust and Management Company Ltd.
- 8.5. Dolphin is a company controlled (through a chain of Australian entities) by Ms. Lee Lieberman, Mr. Joshua Lieberman, Ms. Casey Lieberman Harris and Ms. Berry Lieberman. All FIBI shares owned by Dolphin (constituting control core shares according to a permit from the Bank of Israel) are held in trust by Guy Trust and Management Company Ltd.
- 8.6. To the best of the Bank's knowledge, there is a voting and collaboration agreement between Binohon, Instanz, Instanz Holdings Ltd. (which previously held FIBI shares that are currently held by Instanz) and Dolphin with regard to their holdings in FIBI and indirectly in the Bank.

9. **Changes in the agenda and the deadline for furnishing a shareholder's request to include an item on the agenda**

- 9.1. Subsequent to the publication of this summons report, changes may occur in the agenda of the general meeting, including the addition of an item to the agenda, and position statements may be posted. It shall be possible to inspect the updated agenda and position statements insofar as they are posted, on the distribution website and on the TASE website.
- 9.2. A shareholder's request pursuant to Section 66(b) of the Companies Law to include an item on the meeting's agenda is to be furnished to the Bank at the time set for this purpose in the Notice Regulations, up to seven days after the meeting is summoned. Where such request has been submitted, the item may be added to the agenda and the details of the same shall appear on the distribution website. In such case, the Company shall post an amended summons and this no later than seven days subsequent to the deadline for furnishing a shareholder's request to include an item on the agenda, as stated.

10. **Inspection of documents and details of the bank representatives**

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

**PART B – ADDITIONAL DETAILS IN CONNECTION WITH THE APPROVAL OF  
AN UPDATE TO THE TERMS OF SERVICE AND EMPLOYMENT OF THE  
CHAIRMAN OF THE BOARD OF DIRECTORS**

**11. Procedure for approving an update to the terms of service and employment of the Chairman of the Board of Directors**

- 11.1. Mr. Ron Levkovitz (hereinafter – "**the Chairman**") has been serving as a director and Chairman of the Bank's Board of Directors as of September 15, 2020. On November 5, 2020, the appointment of the Chairman as a director at the Bank was approved by the general meeting for a period of three years, terminating on November 5, 2023, and the general meeting approved his terms of service and employment as Board Chairman commencing from the date of his appointment as Chairman (hereinafter – "**current terms of service**"). The extension of the Chairman's term of office as director by an additional term of up to three years is presented as Section 1.6 on the agenda of this meeting.
- 11.2. The current terms of service of the Chairman of the Board of Directors have been attached as Appendix 'A' to the Company's general meeting summons report, which was published on September 30, 2020 (reference no.: 2020-01-097624). Since the terms of service were approved, there has been no change in said terms.
- 11.3. On September 12, 2023, the Bank's Board of Directors approved, following the Remuneration Committee's approval of September 10, 2023, an update to the Chairman's current terms of service, commencing from the date of approval of the general meeting summoned in this report (hereinafter – "**the proposed update to the terms of service**"), as detailed in Section 11.7 below.
- 11.4. The Remuneration Committee members who participated in the Committee's hearing of September 10, 2023, at which the proposed update to the terms of service of the Chairman of the Board of Directors was approved, are: Ronen Harel (Chairman, outside director pursuant to the Companies Law), Pnina Bitterman-Cohen (outside director pursuant to the Companies Law) and Ilan Ayash (outside director pursuant to the proper conduct of banking business procedure).
- 11.5. The board members who participated in the meeting of September 12, 2023, at which the proposed update to the terms of service of the Chairman of the Board of Directors was approved, are: Zadik Bino, Gil Bino, Jacob Sitt, Zvi Abba Levron, Pnina Bitterman-Cohen (outside director pursuant to the Companies Law), Ronen Harel (outside director pursuant to the Companies Law), Ilan Ayash (outside director pursuant to the proper conduct of banking business procedure), Orna Dov (outside director pursuant to the proper conduct of banking business procedure) and Hanoch Dov Goldfriend (outside director pursuant to the proper conduct of banking business procedure).  
The Chairman of the Board of Directors has a personal interest in the approval of his own terms of service and employment.
- 11.6. Within the framework of the meetings of the Remuneration Committee and the Board of Directors, the proposed update to the terms of service was examined in accordance with the following data: The remuneration policy for the Bank's officers that was recently approved by the general meeting on March 1, 2023

(hereinafter – "**the remuneration policy**")<sup>1</sup>; Proper Conduct of Banking Business Directive 301A (hereinafter – "**the PCBB**") in regard to the remuneration of a board chairman with core control in a banking corporation. In addition, the proposed update to the terms of service was also examined in accordance with the restrictions set forth in the Remuneration of Officers in Financial Corporations (Special Approval and Disallowance of an Expense for Tax Purposes due to Exceptional Remuneration) Law, 5776-2016 (hereinafter – "**the Remuneration Law**") and for comparative purposes, data with regard to the terms of service and employment of board chairmen in the banking system was also examined.

11.7. **The proposed update to the terms of service follows:**

11.7.1. Monthly salary update: His monthly salary shall be set at NIS 220,346, in lieu of about NIS 199 thousand (salary data as of the known index for July 2023).

The Chairman's monthly salary shall continue to be linked to the increase in the consumer price index, commencing from the July 2023 index.

Amendment to paid non-compete period: The current terms of service comprise a three month non-compete period, during which the Chairman shall be entitled to monthly payments in the amount of the value of the monthly salaries that would have been paid to him during this period (without fringe benefits, save the vehicle and its maintenance expenses). As part of the proposed update to the terms of service, it is proposed to establish that the monthly payment for said three months to which the Chairman shall be entitled in respect of such aforesaid non-compete period shall be based on the monthly salary that shall be approved by the general meeting as part of the updated terms of service and employment of the Chairman, as proposed in Section 11.7.1 above (including CPI-linkage differentials up to the date of the meeting) and not on the monthly salary that is to be paid to him at the end of his tenure (in other words, updates to the monthly salary in accordance with prospective index changes subsequent to the meeting date shall not be included). The non-compete period remains the same at three months.

11.8. The following is a summary of the expected remuneration to the Chairman of the Board of Directors for 2024, in accordance with the data known at this time, insofar as the terms of service and employment of the Chairman are approved by the general meeting (in terms of cost in NIS thousands, excluding payroll tax, and in terms of the known index for July 2023):

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<sup>1</sup> For details regarding the remuneration policy, see the Bank's immediate report of January 24, 2023 (2023-01-009553).

Details of the remuneration recipient (in 2024, in NIS thousands)				Remuneration for services in terms of cost					
Name	Office	Appointment percentage	Rate of holding of corporation's capital ( )	Salary (1)	Advanced study fund and National Insurance	Benefit (2)	Total pursuant to Remuneration Law (4)	Social contributions pursuant to law (3)	Total remuneration cost (4)
Ron Levkovitz	Chairman, Board of Directors	100	0.02	2,649	54	116	2,819	418	3,237

- (1) Salary and convalescence pay.
- (2) Value of miscellaneous benefits (including value of vehicle, value of mobile phone and value of holiday gift)
- (3) Contributions and deposits to severance pay and provident funds (including loss of working capacity) not included in the definition of "remuneration" for the purpose of calculating the projected expense for the purpose of Section 2(a) of the Remuneration Law.
- (4) Not including social contributions pursuant to law.

11.9. The cost of the proposed terms of service and employment for the Chairman (in annual terms) shall be about 8.66 times the average cost and about 10.55 times the median cost of the remuneration paid to the rest of the Bank's employees and the contractor employees.<sup>2</sup>

11.10. The projected expense between the terms of service and employment of the Chairman, following the proposed update to the terms of service, as stated in Section 11.8 above, does not exceed the engagement amount set forth in Section 2(a) of the Remuneration Law (which is set as of the known index for July 2023 at NIS 2.819 million). In view of this, the proposed update to the terms of service, which is also consistent with the Bank's remuneration policy, is brought for the approval of the Bank's general meeting by a simple majority of the shareholders.

11.11. Apart from the proposed update to the terms of service, the rest of the Chairmans' current terms of service shall remain unchanged.

12. **Reasons of the Remuneration Committee and the Board of Directors for approving the proposed update to the terms of service of the Chairman of the Board of Directors**

12.1. The proposed update to the Chairman's terms of service is consistent with the remuneration policy and Proper Conduct of Banking Business Directive 310A and it does not exceed the cap pursuant to Section 2(a) of the Remuneration Law.

12.2. The update to the terms of service and employment takes into consideration, *inter alia*, the size of the Bank, the complexity of its operations, after also giving consideration to the manner of remuneration of the board members and the differences between the roles assigned to the Chairman of the Board of Directors and the roles assigned to a regular director and it was found that the distinction in the scope of remuneration reasonably reflects the difference in the full time equivalent required and the resources invested by the Chairman in his office.

<sup>2</sup> The said ratios were calculated in the following manner:

In the numerator, the projected remuneration expenses of the Chairman in 2024 were taken.

In the denominator, the remuneration expenses paid to the rest of the Bank's employees and the contractor employees (excluding officers) in 2022, who worked full-time for a whole year were taken.

- 12.3. In accordance with the directives of the Bank of Israel, the remuneration for the Chairman does not include remuneration stipulated on performance, but only fixed remuneration.
- 12.4. The process of approving the update to the terms of service and employment of the Chairman included examining and addressing the relation vis-à-vis the remuneration paid to the Bank's employees (including contractor employees) and a representation of the examination is included above. The Remuneration Committee and the Board of Directors are of the opinion that the foregoing discrepancies do not have a material effect on the labor relations at the Bank.
- 12.5. An examination of the terms of service and employment of board chairmen at comparable banks in the banking system shows that the update to the Chairman's terms of service and employment is reasonable, bearing in mind the customary terms of service for board chairmen and bearing in mind the size of the Bank and the complexity of its operations.
- 12.6. Within the framework of approving the proposed terms of service and employment of the incoming Chairman, consideration was given to disallowing an expense for tax purposes due to part of the proposed remuneration of the incoming Chairman, however it was found that the amount in question is insignificant from the Bank's perspective.
- 12.7. In light of all the aforesaid and in light of the totality of the above data, the proposed update to the terms of service of the Chairman is appropriate and reasonable, in the particular circumstances.

**Respectfully,**

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

**Appendices:**

Appendix 'A' – Voting Ballot