

Central Management

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To

The Stock Exchange
Via MAGNA

The Securities Authority
Via MAGNA

August 16, 2023

Re: Principles of Collective Agreement with the Authorized Signatories and Managers' Committee for the years for 2023 – 2026

Further to the immediate report published by the First International Bank of Israel Ltd. (hereafter - "**the Bank**") on March 20, 2023 (reference no. 2023-01-024526) and to the immediate report published on April 24, 2023 (reference no. 2023-01-038551) concerning the implications for the employment conditions at the Bank of the agreement signed between Bank Leumi le-Israel Ltd. and its workers on March 30, 2023 (hereafter - "**Leumi agreement**") and further to the immediate report published on July 13, 2023 concerning the signing of a collective agreement with the clerk's committee at the Bank for the years 2023 – 2026 (reference no. 2023-01-066424), the Bank is pleased to update that on August 16, 2023 an agreement was signed between the Bank and the Histadrut – the New General Federation of Labor and the authorized signatories and managers' committee at the Bank for the years 2023 – 2026 (hereafter – "**the agreement**"; "**the agreement period**") with regard to the manner of applying the Leumi agreement to the relations between the Bank and the workers represented by the authorized signatories and managers' committee at the Bank (hereafter – "**the workers**") and in regard to additional issues, the key points of which are detailed below:

1. Wage promotion:

- 1.1. The annual wage promotion budget for each one of the years 2023-2026 shall be the amount resulting from multiplying NIS 723 (hereafter – the minimum budget) by the number of authorized signatories and managers; the minimum budget can increase to a maximum budget of NIS 950 (hereafter – the maximum budget), and this subject to attaining a return on capital of at least 15%.

A mechanism was established for determining the budget amount between the minimum budget and the maximum budget in the event that the return on capital is higher than 10% and lower than 15%.

In addition, a compensation mechanism by means of a one-time bonus (and not a wage supplement) was established with respect to the years 2025-2026, in the event that there is no eligibility for the maximum budget, but the annual inflation is above 3%.

The wage promotion budget shall be divided differentially between those eligible, based on the worker's contribution to achieving the Bank's objectives (excellence metrics), subject to certain minimum rules.

- 1.2. In view of the return attained in 2022 and the expected return for 2023, a wage supplement shall be paid for 2023 (shortly after signing the agreement) and for 2024 (at the beginning of the year), in accordance with the maximum budget.

2. Probationary period

In order to increase the managerial flexibility, the probationary period for new authorized persons and managers, who were hired from outside the Bank, shall be extended up to a period of six years, under the prescribed conditions.

For clerks under probation who were granted a signature right, the probationary period shall continue for at least another year, taking into account their seniority at the Bank.

3. Mechanism in the case of position redundancy

A framework was established for regulating the treatment of workers whose positions have become redundant, in a manner that will increase the managerial flexibility of the Bank.

4. Miscellaneous conditions:

- It was agreed to improve certain fringe and social benefits.
- Employment of workers in technology professions – the number of workers in technology profession who can be employed without tenure was increased.
- Signing bonus – shortly after signing the agreement, workers with a defined seniority or higher shall receive a signing bonus in the sum of NIS 7,000 per worker.

The Bank's financial statements for June 30, 2023 include the cumulative effect of the agreement up to the date of their publication. The agreement is not expected to have a material accounting effect on the Bank's financial statements in 2023 or in subsequent years.

It is clarified that the data specified above is in accordance with the assessments of the Bank's management, which constitute forward looking information. The assessments of the Bank's management take into account the information in its possession and the existing plans on the date of this report.

Respectfully,

The First International Bank of Israel Ltd.

Nachman Nitzan,
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Head of Chief Accountant Division

Ella Golan,
Executive Vice President
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