



Central Management

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To
The Stock Exchange
Via MAGNA

To
The Securities Authority
Via MAGNA

July 13, 2023

**Re: Principles of a Collective Agreement with the Clerks' Committee
for the years 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 the immediate report published on April 24, 2023 (reference no. 2023-01-038551) regarding 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**"), the Bank is pleased to update that on July 13, 2023, an agreement was signed between the Bank and the Histadrut, New General Federation of Labor and the clerks' committee at the Bank for the years 2023-2026 (hereafter – "**the agreement**"; "**the agreement period**") concerning the manner of applying the Leumi agreement to the relations between the Bank and the workers represented by the clerks' committee (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 381.- (hereafter – the minimum budget) by the number of clerks; the minimum budget can increase to the maximum budget of NIS 500.- (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 determined 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).

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 / temporary employment period and tenure:

In order to increase the managerial flexibility of the Bank, the Bank shall be allowed to employ workers for a probationary / temporary period (i.e., no tenure) of up to 10 years. With respect to those employed in a probationary / temporary period at the time the agreement is signed, the period shall be extended progressively, in accordance with the worker's seniority and not more than 6 additional years.

3. 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.

It should be noted that negotiations are still underway with respect to the manner of applying the Leumi agreement to the workers represented by the authorized signatories and managers' committee at the Bank.

The Bank's financial statements for March 31, 2023 include the cumulative effect of the agreement to date. 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, Executive Vice President
Head of Chief Accountant Division

Ella Golan, Executive Vice President
Head of Resources and Financial
Management Division