

**THE FIRST INTERNATIONAL BANK OF ISRAEL LTD.**  
**("The Bank")**

September 12, 2023

To  
**Israel Securities Authority**  
www.isa.gov.il

To  
**Tel Aviv Stock Exchange Ltd.**  
www.tase.co.il

**IMMEDIATE REPORT ON A TRANSACTION WITH A CONTROLLING  
SHAREHOLDER OR WITH A DIRECTOR THAT DOES NOT REQUIRE THE  
APPROVAL OF A GENERAL MEETING**

Regulation 37a(5) of the Securities Regulations (Periodic and Immediate Reports), 5766-2006

**Approval for continued payment of remuneration to directors who are controlling  
shareholders at the Bank**

a. **Summary of the key elements of the transaction**

1. On September 15, 2020, the Bank's Board of Directors approved, following approval of the Bank's Remuneration Committee, the continued payment of remuneration to directors who are controlling shareholders at the Bank, the venerable Mr. Zadik Bino and Mr. Gil Bino. The remuneration approved for said directors was identical to the remuneration paid at the time to the other directors serving at the Bank (save a director who has separate remuneration for serving as Chairman of the Board of Directors) and said remuneration includes an annual remuneration component that is currently set at a sum of about NIS 126,565 and a meeting attendance remuneration component that is currently set at a sum of about NIS 4,630 (these amounts are linked to the consumer price index pursuant to Regulation 8 of the Companies Regulations (Rules Regarding Remuneration and Expenses for an Outside Director), 5760-2000 (hereinafter – "**the Remuneration Regulations**")). VAT by law shall be added to the foregoing amounts. For resolutions without convening and for resolutions via means of communication, attendance remuneration is paid at the rate prescribed in the Remuneration Regulations. In addition, said directors are entitled to reimbursement of expenses as stated in Regulation 6 of the Remuneration Regulations. Such terms of remuneration shall hereinafter be called – "**the proposed remuneration**".
2. In accordance with Sections 270(4) and 275(a1) of the Companies Law, 5759-1999 (hereinafter – "**the Companies Law**"), transactions with a controlling shareholder or with a relative of the controlling shareholder with regard to the terms of his service require reapproval once every three years.
3. Accordingly, following the Remuneration Committee's approval of September 10, 2023, on September 12, 2023, the Board of Directors approved to continue paying the proposed remuneration to the controlling directors.
4. The proposed remuneration to be paid to the controlling directors is identical to the remuneration paid to them on the eve of the resolution.
5. In addition, the proposed remuneration is lower than the remuneration paid to the other directors serving at the Bank (including the remuneration paid to the Chairman of the Board of Directors) and is in accordance with the remuneration policy for the Bank's officers. For details regarding the officer remuneration policy, see the Bank's immediate report of January 24, 2023

(reference no.: 2023-01-009553). It should be noted that in accordance with the resolution of the Bank's Remuneration Committee and Board of Directors of May 2021 (which at the request of the venerable Mr. Zadik Bino and Mr. Gil Bino was not applied to their case), the remuneration paid to the other directors at the Bank (save the Chairman of the Bank's Board of Directors for whom separate remuneration has been approved) is higher than the proposed remuneration and is 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. For further details, see the Bank's immediate report of May 4, 2021 (reference no.: 2021-01-077961).

6. The proposed remuneration shall be paid to the controlling directors for an additional three years so long as they continue to serve as directors at the Bank.

b. **Summary of the reasons given by the Bank's Remuneration Committee and Board of Directors for approving the transaction:**

1. The remuneration to the controlling directors detailed above does not exceed the lowest remuneration paid to any other director in the corporation and does not exceed the maximum amount pursuant to Regulations 4, 5 and 7 of the Remuneration Regulations with regard to the remuneration that may be paid to expert outside directors in a corporation of the corporation's type (and is even lower). As has already been previously determined by the Bank's Audit Committee and Board of Directors, the venerable Mr. Zadik Bino and Mr. Gil Bino have accounting and financial expertise.
2. The remuneration specified in the Remuneration Regulations is set in relation to a company's equity. The Bank is a company that in terms of its equity is ranked at Classification 'E' (the highest classification) pursuant to the Remuneration Regulations and is a banking corporation, with respect to which there are many stringent regulatory requirements.
3. The Bank pays all the directors serving at the Bank (save a director who has separate remuneration for serving as Chairman of the Board of Directors) remuneration pursuant to the Remuneration Regulations that is higher than the proposed remuneration. The proposed remuneration is in accordance with the remuneration policy for the Bank's officers.
4. Given the above reasons, and *inter alia*, given that the proposed remuneration does not exceed the maximum amount that may be paid to an expert outside director pursuant to the Remuneration Regulations, is consistent with the remuneration policy for the Bank's officers and does not exceed the lowest remuneration paid to any other director at the Bank (and is even lower) – the proposed remuneration does not comprise a "distribution" as construed under the Companies Law.
5. In light of the scope of the Bank's business, the Bank's field of activity and what is required of the directors serving at the Bank, as well as the totality of considerations described above, the proposed remuneration is reasonable and appropriate.

Respectfully,

The First International Bank of Israel Ltd.

Aviad Biller, Adv.

Bank Secretary