

**Central Management**

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To  
Tel Aviv Stock Exchange  
Via MAGNA

To  
Israel Securities Authority  
Via MAGNA

April 11, 2018

IN RE: **JUDGMENT OF THE REGIONAL LABOR COURT**

Further to what is described on pg. 266 of the financial statements of the First International Bank of Israel Ltd. (hereinafter: "**the Bank**") for 2017, as published on March 6, 2018 ( reference no. 2018-01-017832), in connection with an application of a party in a collective dispute that was filed by the board of directors and the authorized signatories with the Tel Aviv – Jaffa Regional Labor Court (hereinafter: "**the Court**"), which alleged that by virtue of the linkage to Bank Leumi le-Israel B.M. (hereinafter "**BLL**") the directors and the authorized signatories are entitled to a bonus at a level of one salary for each employee, in the wake of a commitment bonus that BLL had paid to its employees pursuant to its announcement of June 2, 2016 for the purpose of committing the employee community at BLL to implementation of the efficiency programs there (hereinafter: "**the bonus**"), the Bank updates that on April 10, 2018 the judgment of the Court was handed down, which accepted the application and ruled that the Bank must grant the foregoing bonus to the directors and the authorized signatories at the Bank .

In the Bank's assessment, the direct cost in respect of paying the bonus to the directors and the authorized signatories is expected to amount to a sum of about NIS 25 million (gross).

The Bank, through its legal advisers, is examining the implications of the judgment (including in connection with an application of a party in a collective dispute filed with the Court by the clerks' committee at the Bank alleging entitlement to the bonus on similar grounds, for which a judgment has not yet been received) and is considering its steps and including the filing of an appeal on the judgment.

Sincerely,

The First International Bank of Israel Ltd.

Yossi Levy, Executive Vice President  
Head of Resources Division

Aviad Biller, Adv.  
Bank Secretary