

THE INTERNATIONAL BANK OF ISRAEL LTD
CENTRAL MANAGEMENT

Bank's Home Office, 42 Rothschild St., Tel Aviv, Tel: 03-5196223 Fax: 03-5100316

November 28, 2023

To
Israel Security Authority
www.isa.gov.il

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

Re: Immediate Report Regarding a Dividend Distribution

In accordance with the dividend distribution policy of the First International Bank of Israel Ltd. ("**the Bank**"), and further to that stated in the "Capital and Capital Adequacy" section in the Report of the Board of Directors of the Bank as of September 30, 2023, considering that the dividend distribution policy refers to an annual distribution of 50% of the annual net income and taking into account the letter of the Supervisor of Banks, dated November 12, 2023, regarding "Capital Planning and Profit Distribution Policy" and against the background of the high level of uncertainty in the markets in Israel, in view of the war, as well as the ongoing uncertainty in the markets around the world, the Bank respectfully updates that on November 28, 2023, the Bank's Board of Directors resolved to approve a cash dividend distribution to shareholders of the Bank in the total amount of NIS **90** million (gross).

Following are details regarding the examination conducted by the Bank's Board of Directors when approving the distribution of the dividend and the main reasons of the Board of Directors for the distribution:

1. The distribution meets the tests for distribution set forth in the Companies Law, 5769-1999 (the Profit Test and the Solvency Test).
2. The distribution meets the conditions of the Control Permit issued by the Bank of Israel to the Bank's controlling shareholders on August 27, 2003, which stipulates that no dividend will be distributed from profits accumulated at the Bank before March 31, 2003. As of September 30, 2023, the Bank has a surplus balance under the Companies Law in the amount of NIS **10,890** million. In light of the said restriction in the Control Permit, the Bank has a surplus balance allowable for distribution in the amount of NIS **8,499** million.
3. The Board of Directors found that the distribution complies with regulatory restrictions set by the Supervisor of Banks, including Proper Conduct of Banking Business Directive No. 331 regarding restrictions on distribution as well as capital restrictions, leverage and other restrictions.

4. Dividend distribution, in accordance with the policy on the subject, was included as part of the quantitative working assumptions in the Bank's multi-year strategy and as a derivative of it in the Bank's work plan. Accordingly, the distribution of the dividend is not expected to affect the capital structure, or the compliance with the capital adequacy requirements, the leverage and liquidity ratios and the Bank's strategic plan.
5. There is no concern that distributing the dividend will prevent the Bank from meeting its existing and predicted liabilities.
6. The dividend distribution is a method to share the profits and positive results of the Bank's operations with the shareholders.

The resolution of the Board of Directors was based on forward-looking information as defined in the Securities Law, 5728-1968. The Bank's assessments may not materialize, in whole or in part, or materialize in a materially different manner than expected, among other things, due to changes in market conditions, geopolitical changes, and the realization of one of the risks listed in the Bank's reports published for the public for the year 2022 and the third quarter of the year 2023.

Sincerely yours,

The First International Bank of Israel Ltd.

Nachman Nitzan, VP
Head of Chief Accounting Division

Aviad Biller, Advocate
Bank Secretary