

Central Management

Bank House, 42 Rothschild, Tel-Aviv, tel. 03-5196223, fax. 03-5100316

May 28, 2024

To
The Securities Authority
www.isa.gov.il

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

Re: Immediate Report Concerning the Distribution of a Dividend

Further to the "Capital - Capital Adequacy" section of the report of the Board of Directors of the First International Bank of Israel Ltd. ("**the Bank**") for March 31, 2024, and bearing in mind the letters of the Supervisor of Banks of November 12, 2023, March 5, 2024 and May 16, 2024, concerning "Capital Plans and Profit Distribution Policy", and also taking into consideration the continuing period of uncertainty amid the war, the Bank is pleased to update that on May 28, 2024 the Bank's Board of Directors decided to approve the distribution of a cash dividend to the shareholders of the Bank totaling NIS **228** million (gross).

The following is a description of the examination conducted by the Bank's Board of Directors at the time of approving the distribution of the dividend, as well as the Board of Directors' main reasons for the distribution:

1. The distribution satisfies the tests for distribution established in the Companies Law, 5759-1999 (the profit test and the solvency test).
2. The distribution complies with the conditions of the control permit granted to the controlling shareholders in the Bank by the Bank of Israel on August 27, 2003, whereby the Bank is not allowed to distribute dividends from profits accumulated by the Bank prior to March 31, 2003. As at March 31, 2024, the Bank has retained earnings pursuant to the Companies Law in the sum of NIS **11,599** million. In light of the foregoing restriction in the control permit, the Bank has distributable retained earnings in the sum of NIS **9,208** million.
3. The Board of Directors has found that the distribution complies with the regulatory restrictions established by the Banking Supervision Department, including Proper Conduct of Banking Business Directive No. 331 with regard to distribution restrictions, as well as with the capital restrictions, the leverage restrictions and other restrictions.
4. The distribution of a dividend in accordance with the policy in this regard is incorporated as part of the quantitative working assumptions within the Bank's multi-year strategy and consequently it is also incorporated within the Bank's work plan. Accordingly, the dividend distribution is not expected to have an effect on the capital structure, or on the compliance with the capital adequacy, leverage ratio and liquidity requirements and the Bank's strategic plan.

5. There is no concern that the dividend distribution would prevent the Bank from meeting its existing and anticipated commitments.
6. The distribution of the dividend is a way to allow the shareholders to participate in the profits and in the positive results of the Bank's operations.

The decision of the Board of Directors relies 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 may materialize in a materially different manner than foreseen, *inter alia* as a result of changes in the market conditions, geopolitical changes and the materialization of one of the risks detailed in the Bank's reports that were released to the public for the first quarter of 2024.

Sincerely,

The First International Bank of Israel Ltd.

Nachman Nitzan, Executive Vice President
Head of Chief Accountant Division

Aviad Biller, Adv.
Secretary of the Bank