



Head Office

The Bank Headquarters, 24 Rothschild Blvd., Tel Aviv, Tel: 03-5196223, Fax: 03-5100316

To:
Tel Aviv Stock Exchange
Via Magna

To:
Israel Securities Authority
Via Magna

5 September 2018

Re: Agreements with the Managers & Authorized Signatories Professional Union of the Bank

The First International Bank of Israel Ltd. (hereinafter: "**the Bank**") hereby announces that on the 5th of September 2018, agreements were reached between the Bank, the Managers & Authorized Signatories Professional Union of the Bank (hereinafter "**the Union**") and the New Histadrut Labor Federation, whose main content is as follow:

1. The Bank will offer a voluntary retirement plan (hereinafter: "**the Plan**"), which will allow the early retirement of dozens of managers and authorized signatories (hereinafter jointly: "**Authorized Signatories**" and "**Quota of Retirees**"). The benefits offered in the Plan, depending on employee seniority, shall be limited to increased severance pay in a rate not exceeding 170%, subject to the parameters to be specified in the Plan (in addition to their full rights as terminated employees and subject to any law).
2. The parties will negotiate on various matters relating to labor relations at the Bank. As long as such negotiations are conducted, the hearing of the Bank's appeal against the decision of the Regional Labor Court in Tel Aviv-Yafo regarding the payment of a bonus of one salary to each authorized signatory (hereinafter: "**the Decision**") and the **Union** claim pending in the court in connection with the efficiency measures at the Bank¹ will be suspended. Similarly, in the course of the negotiations, the **Union** shall not file claims in respect of bonus(es) paid or to be paid by Bank Leumi during that period.
3. The Bank will pay the Authorized Signatories a bonus paid in several payments, of up to an average of one monthly salary, under the terms set out in the agreements, according to which, inter alia, part of the payment is contingent on the progress of the early retirement in line with the Quota of Retirees according to the above Plan.
4. A bonus paid in accordance with the above shall not be returned to the Bank even if the Bank's appeal against the Decision is accepted and shall be considered an exhaustion of payment pursuant to the Decision.

No material accounting effect is expected due to the above- described agreements.

Respectfully,

The First International Bank of Israel LTD

**Yossi Levy, VP
Head of Resources Division**

**Nachman Nitzan, VP
Chief Accountant**

¹ 1 as described on page 160 of the financial statements of the Bank as of 30th of June 2018, as published on the 5th of August 2018 (reference no. :2018-01-075494) and in the immediate report of the Bank dated the 10th of April 2018 (reference no. : 2018-01-030096).