

BEINLEUMI

Central Management

Bank Home Office, 42 Rothchild Blvd., Tel-Aviv, Tel: 03-5196233, Fax: 03-5100316

March 21, 2023

To
The Stock Exchange
Via MAGNA

To
Securities Authority
Via MAGNA

Re: Immediate Report Regarding the Distribution of a Dividend

In accordance with the Dividend Distribution Policy of the First International Bank of Israel Ltd. ("**the Bank**"), and further to that set forth in the "Capital and Capital Adequacy" chapter of the Board of Directors' Report as of December 31, 2022, the Bank respectfully updates that on March 21, 2023, the Board of Directors resolved to approve a cash dividend distribution to the Bank's shareholders in the amount of NIS **268** million (gross), which reflects approximately 50% of the net profit of the Bank in accordance with the Financial Statements for the fourth quarter of 2022. The said distribution, together with the prior distributions, reflects a dividend distribution at the rate of approximately 50% of the current profits for the year 2022, in accordance with the Dividend Distribution Policy of the Bank.

Following are details of the examination conducted by the Bank's Board of Directors when approving the distribution of the dividend and the Board of Director's primary grounds for the distribution:

1. The distribution fulfills the tests for a distribution that were established in the Companies Law, 5759-1999 (Profit Test and Solvency Test).
2. The distribution complies with the terms of the control permit given to the controlling shareholders of the Bank by the Bank of Israel on August 27, 2003, in which it was fixed that no dividend shall be distributed from profits that accumulated in the Bank before March 31, 2003. As of December 31, 2022, the Bank has a surplus balance pursuant to the Companies Law in the amount of NIS 9,935 million. In light of the limitation stated in the control permit, the Bank has a surplus balance that is allowed to be distributed in the amount of NIS 7,544 million.
3. The Board of Directors found that the distribution complies with the regulatory limitations established by the Supervisor of Banks, including the provision of Proper Conduct of Banking Business Directive No. 313 regarding the limitations on a distribution and also limitations on capital, leverage and other limitations.
4. A distribution of a dividend in accordance with the subject policy was incorporated as part of the quantitative work 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 compliance with capital adequacy requirements, leverage ratios and liquidity and the Bank's strategic plan.
5. There is no fear that the distribution of the dividend will prevent the bank from meeting its existing and expected obligations.
6. The distribution of the dividend is a way of sharing the profits and the positive results of the Bank's activities with the shareholders.

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

Sincerely,

The First International Bank of Israel Ltd.

Nachman Nitzan, VP
Head of the Chief Accounting Division

Ella Golan, VP
Head of the Resources and
Financial Management Division