

**THE FIRST INTERNATIONAL BANK OF ISRAEL LTD.**

June 27, 2023

To  
**Israel Securities Authority**  
www.isa.gov.il

To  
**Tel Aviv Stock Exchange Ltd.**  
[www.tase.co.il](http://www.tase.co.il)

**IMMEDIATE REPORT ON A TRANSACTION WITH A CONTROLLING SHAREHOLDER  
OR WITH A DIRECTOR THAT DOES NOT REQUIRE THE APPROVAL  
OF A GENERAL MEETING**

Regulation 37a(5) of the Securities Regulations (Periodic and Immediate Reports), 5766-2006

**Renewal of directors' and officers' liability insurance policy – summary of the key elements of the transaction**

In accordance with a framework transaction approved by the general meeting of the First International Bank of Israel Ltd. (hereinafter: "**the Bank**") on December 20, 2018, in regard to the Bank's engagement, for itself and for the companies in the Bank Group, as well as for FIBI Holdings Ltd., the holder of controlling interest in the Bank (hereinafter, collectively: "**the Group**" and "**FIBI**", respectively), in a directors' and officers' liability insurance policy for a period of 6 years (as of January 1, 2019 and until December 31, 2024),<sup>1</sup> and in accordance with the Bank's officer remuneration policy as updated by the Bank's general meeting on March 1, 2023,<sup>2</sup> the remuneration committee, the audit committee and the board of directors approved, on June 27, 2023, in accordance with Regulations 1(3), 1A1, 1B(5) and 1B1 of the Companies Regulations (Reliefs in Transactions with Interested Parties), 5760-2000, the renewal of the directors' and officers' liability insurance policy for an additional period, for the Group companies (which include, *inter alia*, the holder of controlling interest in the Bank).

The key elements of the updated policy are: An insurance period of 12 months from July 1, 2023 to June 30, 2024; the liability limits for the entire Group – USD 120 million per claim or in the aggregate (plus reasonable legal defense expenses above the liability limit); the insurance premiums for the policy for the entire Group shall not exceed USD 1,100 thousand for a period of 12 months; a deductible for the Bank in the sum of USD 350 thousand or USD 500 thousand in respect of derivative claims or claims filed in the U.S. and Canada (the directors and the officers do not bear a deductible).

The policy, in accordance with the framework transaction, shall apply with respect to the officers, as they have served and/or shall serve in the Bank and in the Group from time to time, including the CEO

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<sup>1</sup> As updated on July 15, 2020 and on June 10, 2021. For further details see the immediate reports that the Bank published on November 6, 2018 (reference no. 2018-01-104847); June 30, 2020 (reference no. 2020-01-061465); and on May 4, 2021 (reference no. 2021-01-077976).

<sup>2</sup> See the immediate report that the Bank published on January 24, 2023 (reference no. 2023-01-009553).

of the Bank and officers who are holders of controlling interest and/or their relatives and/or who the holders of controlling interest may have a personal interest in including in the insurance policy

The division of the insurance premium allocation between the Group companies shall be made according to the parameters prescribed in the framework transaction.

**Summary of the reasons of the remuneration committee, the audit committee and the board of directors for approving the engagement:**

1. Directors' and officers' liability insurance is a common practice in companies of a size similar to that of the Bank and is necessary for the Bank's activity in order to allow the officers and the directors to operate freely in the best interests of the Bank, and this considering the risk involved with the activity of the officers within the fields of activity of the Bank Group, the scope of said activity, the Bank being a banking corporation and a publicly traded company.
2. The engagement under a group policy allows each company in the Group to expand the coverage limits while reducing the costs of the insurance premiums.
3. In light of the scope of activity of the Group, the insurance premiums and the deductible are reasonable in the specific circumstances for an insurance policy of the type in question and are consistent with the market conditions on the date of renewal of the policy. The policy is under market conditions as prevailing on the date of renewal of the policy and the policy is not likely to have a material effect on the profitability, assets or liabilities of the Bank.
4. The manner of dividing the insurance premiums between the Group companies, and including FIBI's share of the insurance premiums, is reasonable and equitable and reflects the approximate scope of the relative risk that said company imposes on the Group insurance, while giving weight to additional relevant parameters.
5. The terms of engagement with respect to the CEO and with respect to holders of controlling interest and/or their relatives and/or those whom the holders of controlling interest may have a personal interest in including in the insurance policy who are officers at the Bank, are identical to the terms of engagement in relation to the rest of the officers at the Bank, under market conditions, and they are not likely to have a material effect on the profitability, assets or liabilities of the Bank.
6. There is no reasonable concern that the engagement would prevent the Bank from meeting its existing and expected liabilities, when the time for fulfilling the same arrives.
7. In light of all the aforesaid, the engagement is in the best interests of the Bank and does not constitute a "distribution" as construed under the Companies Law.

Respectfully,

The First International Bank of Israel Ltd.

Adv. Aviad Biller

Bank Secretary