

## Central Management

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January 6, 2021

To  
The Securities Authority  
[www.isa.gov.il](http://www.isa.gov.il)

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

### **Re: Immediate Report Concerning 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 the "Capital - Capital Adequacy" section of the report of the Bank's Board of Directors for September 30, 2021 and given the position of the Banking Supervision Department, as published on December 27, 2021, in regard to the temporary directive (PCBB 250), the Bank is pleased to update that on January 6, 2022 the Bank's Board of Directors decided to approve the distribution of a cash dividend to the shareholders of the Bank totaling NIS **215** million (gross), which reflects about 20% of the net profit according to the Bank's financial statements for the nine months ended on September 30, 2021. The aforementioned distribution, together with the previous distribution, reflects a dividend distribution at a rate of about 50% of the current profits for 2021, in accordance with the Bank's dividend distribution policy.

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 totaling NIS 2,391 million. As at September 30, 2021, the retained earnings pursuant to the Companies Law, less the dividend paid in the month of December 2021, totaled NIS 8,924 million. Subsequent to the distribution the retained earnings pursuant to the Companies Law will stand at a sum of NIS **8,709** 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 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 Bank exercises extra caution when distributing the dividend, with a long-term view and commensurate with its condition, the capital targets, the extreme scenarios and also bearing in mind that there continues to be a certain level of uncertainty in the markets due to the coronavirus.

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 and the materialization of one of the risks detailed in the Bank's reports, in the report of the Board of Directors for September 30, 2021 and in the Bank's periodic report for 2020.

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