



Central Management

The Bank House, 42 Rothschild, Tel-Aviv, Tel: 03-5196223, Fax: 03-5100316

March 12, 2024

To
Israel Security Authority
www.isa.gov.il

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

Re: Immediate report regarding dividend distribution

In accordance with the dividend distribution policy of the First International Bank of Israel Ltd. ("**the Bank**"), and further to what was stated in the "Capital and Capital Adequacy" chapter of the Bank's Board of Directors' report as of December 31, 2023, and noting the letters of the Supervisor of Banks dated November 12, 2023 and March 5, 2024, regarding "capital planning and distribution of profits policy", in which the banking system was requested to re-examine the dividend distribution policy for the coming period, and this against the background of the continuation of the war and the extent of its impact on the economy, which require renewed caution in the matter, the Bank is honored to update that on March 12, 2024, the Bank's board of directors decided to approve the distribution of a cash dividend to the Bank's shareholders in a total amount of NIS **269** million (gross), which, together with previous distributions, reflects 50% of the profits of the first half of 2023 and 20% of the profits of the second half of 2023.

Below is a breakdown of the examination conducted by the Bank's board of directors when approving the distribution of the dividend and the board's main reasons for the distribution:

1. The distribution meets the tests for distribution established in the Companies Law, 5759 - 1999 (the profit test and the solvency test).
2. The distribution meets the conditions of the control permit given to the controlling owners of the Bank by the Bank of Israel on August 27, 2003, in which it was determined that no dividend will be distributed from profits accumulated in the Bank before March 31, 2003.
As of December 31, 2023, the Bank has a surplus balance according to the Companies Law in the amount of NIS **11,299** million.
In light of the aforementioned limitation in the control permit, the Bank has a surplus balance that is permitted for distribution in the amount of NIS **8,908** million.
3. The board of directors found that the distribution complies with the regulatory limits established by the supervision of banks, including proper banking management order No. 331 regarding the limits on distribution as well as the capital, leverage and other limitations.
4. Dividend distribution in accordance with the policy on the subject, was incorporated as part of the quantitative work assumptions in the Bank's multi-year strategy and as derived from it in the Bank's work plan. Accordingly, the distribution of the dividend is not expected to affect the capital structure, or compliance with the capital adequacy requirements, leverage and liquidity ratios 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 anticipated 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's decision was based on forward-looking information as defined in the Securities Law, 5728-1968. The Bank's estimates may not materialize, in whole or in part, or materialize in a substantially different way than expected, among other things due to changes in market conditions, geopolitical changes, and the realization of one of the risks listed in the Bank's reports published to the public for 2023.

Sincerely,

The First International Bank of Israel Ltd

Nachman Nitzan, VP
Head of the Chief Accounting Division

Aviad Biller, Adv.
Company Secretary