



## Central Management

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August 10, 2025

To:

Israel Securities Authority

Tel Aviv Stock Exchange Ltd.

[www.isa.gov.il](http://www.isa.gov.il)

[www.tase.co.il](http://www.tase.co.il)

## Subject: Immediate Report Regarding Dividend Distribution

Further to the section "Capital and Capital Adequacy" in the Board of Directors' report of FIRST INTERNATIONAL BANK OF ISRAEL LTD. ("the Bank") as of June 30, 2025, and in light of the letters from the Supervisor of Banks dated November 12, 2023, March 5, 2024, and May 16, 2024, regarding "Capital Planning and Profit Distribution Policy," and also considering the ongoing period of uncertainty due to the war, the Bank is honored to update that on August 10, 2025, the Bank's Board of Directors decided to approve a cash dividend distribution to the Bank's shareholders in a total amount of NIS 319 million (gross), reflecting a distribution of approximately 50% of the profits for the second quarter of 2025. Together with the dividend distribution that was approved and executed for the first quarter of 2025, the total accumulated dividend constitutes about 46% of the net profit for the first half of 2025, taking into account the Bank's policy, the ongoing period of uncertainty due to the war, and the letters from the Supervisor of Banks.

Below is a detailed review of the examination conducted by the Bank's Board of Directors at the time of approving the dividend distribution and the main reasons for the Board's decision:

**1.** The distribution meets the distribution tests set forth in the Companies Law, 1999 (the profit test and the solvency test).

- 2.** The distribution complies with the conditions of the control permit granted to the Bank's controlling shareholders by the Bank of Israel on August 27, 2003, which stipulates that no dividend shall be distributed from profits accumulated by the Bank before March 31, 2003. As of June 30, 2025, the Bank has a surplus balance according to the Companies Law of NIS 13,408 million. In light of the limitation stated in the control permit, the Bank has a distributable surplus balance of NIS 11,017 million.
- 3.** The Board of Directors found that the distribution complies with the regulatory restrictions set by the Banking Supervision Department, including Proper Conduct of Banking Business Directive No. 331 regarding restrictions on distribution, as well as capital, leverage, and other limitations.
- 4.** Dividend distribution in accordance with the policy on the matter was integrated as part of the quantitative working assumptions in the Bank's multi-year strategy and, as a derivative, in the Bank's work plan. Accordingly, the dividend distribution is not expected to affect the capital structure, or compliance with capital adequacy requirements, leverage and liquidity ratios, and the Bank's strategic plan.
- 5.** There is no concern that the dividend distribution will prevent the Bank from meeting its existing and expected obligations.
- 6.** The dividend distribution is a way to share the Bank's profits and positive results with its shareholders.

The Board of Directors' decision was based on forward-looking information as defined in the Securities Law, 1968.

The Bank's assessments may not materialize, in whole or in part, or may materialize in a manner materially different from what was anticipated, among other things, due to:

- Changes in market conditions,
- Geopolitical changes,
- And the realization of any of the risks detailed in the Bank's reports for the second quarter of 2025 published to the public.

Respectfully,

FIRST INTERNATIONAL BANK OF ISRAEL LTD.

Nachman Nitzan, CFO Head of Chief Accounting Division

Aviad Biller, Adv. Bank Secretary