



Press release

November 23, 2021

First International Bank of Israel Presents Third Quarter and First Nine Months 2021 Results

Tel Aviv, Israel – November 23, 2021. First International Bank of Israel (TASE: FIBI) one of Israel's major banking groups, today announced its results for the third quarter and first nine months of 2021.

Financial Highlights

- Net profit of NIS 364 million in the third quarter of the year; Return on equity 15.5%;
- Net profit of NIS 1,072 million in the first nine months of the year, representing growth of 99%; Return on equity 15.3%;
- Growth of 8.5% in total income for the first nine months of the year in comparison with the corresponding period last year;
- Growth of 6.8% in credit to the public in the past year:
Residential loans increased by 13.4%, small businesses increased by 8.9%, middle-market businesses increased by 5.4% and credit to households increased by 4.2%;
- The Bank continued to expand its activities in the capital markets and investment consulting: growth of 22.6% in the past year in the customer assets portfolio (deposits and securities);
- Ratio of tier I equity capital to risk components of 11.64%;
- The Board of Directors of the Bank decided on a dividend distribution of NIS 320 million, comprising 30% of the net profit of the first nine months of the year;

Profitability

Record profit for the First International Bank: **the net profit in the first nine months of the year** amounted to NIS 1,072 million, an increase of 98.5% in comparison with the corresponding period of last year. **Return on equity** reached 15.3%.

In the third quarter of the year, net profit amounted to NIS 364 million, as compared to NIS 201 million in the corresponding quarter of last year. Return on equity for the third quarter reached 15.5%.

Growth and Efficiency

Total income of the Bank in the first nine months of the year increased by 8.5% compared to the corresponding period of last year. **Total financing income** in the first nine months of the year increased by 10.9% compared to the corresponding period of last year. **Commission income** in the first nine months of the year increased by 3% compared to the corresponding period of last year, including commission income from capital market operations, which increased by 6.3%.

Credit to the public in the past year increased by 6.8%, and amounted to NIS 96,965 million. The growth in credit was characterized by the continued diversity of the credit, while maintaining a balanced risk-management policy. The **residential loan portfolio** grew by 13.4%, **small businesses** grew by 8.9%, the **middle market businesses** grew by 5.4% and credit to **households** grew by 4.2%. Since the beginning of the year, credit to the public grew by 5.1%.

Growth was also evident in the capital markets field and investment consulting field: **the customer assets portfolio (deposits and securities)**, grew by 22.6% in the past year and amounted to NIS 588.3 billion. In the first nine months of the current year, the customer assets portfolio grew by 11%. **Deposits from the public** increased by 9.1% in the past year and amounted to NIS 148,273 million.

The First International Bank continued to improve efficiencies and the **efficiency ratio** improved to 57.9% in the first nine months of the year and 57.3% in the third quarter, as compared to 61.8% in 2020. **Operating and other expenses** in the first nine months of the year increased by NIS 59 million, representing a growth of 3.1% as compared to the corresponding period of last year. This growth was due to increased payroll expenses, mainly based on an adjustment of the variable compensation component which is related to the profitability of the Bank. The Bank introduced an **early retirement plan** and most of the retirees are expected to retire at the end of the year.

Financial Stability

The upward trend in the **capital attributable to the shareholders of the Bank** continued, and grew by 9.6% in the first nine months of the year (representing growth of NIS 881 million) and as of September 30, 2021, amounted to NIS 10,022 million. The **tier I equity capital ratio** increased to 11.64%, compared with the required regulatory ratio of 8.25%, a positive difference of 3.4% (or 2.4% when disregarding

the regulatory capital relief), which represents the highest positive difference in the Israeli banking system.

The Board of Directors of the Bank approved a **dividend** distribution of NIS 320 million, comprising 30% of net profit for the first nine months of the year. This is in addition to the dividend of NIS 225 million, which was distributed in September 2021 in respect of the profit of the Bank for 2020.

The Bank's policy for the distribution of 50% of net profit remains unchanged, and its implementation continues to be examined in accordance with developments and regulation, and subject to guidelines of the Supervisor of Banks in Israel.

Quality of the Credit Portfolio

The ratio of deferred debts to total credit to the public at the end of September 2021 amounted to a negligible ratio of 0.09%, compared to 0.2% at the end of the second quarter, and 1.9% at the end of December 2020. This is an indication of the quality of the credit portfolio and the quality of the Bank's borrowers. The Bank continues to maintain appropriate provision cushions.

Income in respect of credit losses amounted to NIS 206 million in the first nine months of the year, compared to expenses of NIS 413 million in the corresponding period of last year. During 2020, given the high uncertainty caused by the Corona crisis, the Bank increased the credit loss provision by NIS 436 million.

In the first nine months of 2021, the Bank recorded income in respect of credit losses, primarily because of the decline in the collective provision. This was due to an improvement in macro-economic indicators, indicators showing the level of risk inherent in the credit portfolio of the Bank, and the continued decline in the volume of deferred repayment of debts.

Management Comment

Ms. Smadar Barber-Tsadik, CEO of the First International Bank Group stated, "The First International Bank continued its growth trend, while maintaining its high financial stability. The growth in credit is clear – mostly in the Bank's focus areas: within the customer assets portfolio whose growth reflects our leadership in the capital markets, as well as in the volume of capital which for the first time crossed the NIS 10 billion milestone. We continued our consistent trend of improving our efficiency ratio, by advancing work and automation processes, developing digital channels and promoting innovation, as well as via other activities.

"The First International Bank, as a competition-generating bank, welcomes steps that encourages increased competition within our market, and stands at the forefront of the open banking reform, recently introduced by the Bank of Israel. We are the first bank to introduce *Multibank* - a service for the collection of financial data used by open banking. The Bank also promotes the service of *transfer-at-a-click* for the movement of bank accounts between different banks, and the transfer of customers within the framework of the service, which will support the continued growth of our Bank."

CONDENSED PRINCIPAL FINANCIAL INFORMATION AND PRINCIPAL EXECUTION INDICES

<i>Principal financial ratios</i>	<i>For the nine months ended September 30,</i>		<i>For the year ended December 31,</i>
	<i>2021</i>	<i>2020</i>	<i>2020</i>
			in %
<i>Execution indices</i>			
Return on equity attributed to shareholders of the Bank ⁽¹⁾	15.3%	8.4%	8.6%
Return on average assets ⁽¹⁾	0.84%	0.48%	0.49%
Ratio of equity capital tier 1	11.64%	10.93%	11.18%
Leverage ratio	5.54%	5.39%	5.29%
Liquidity coverage ratio	133%	145%	150%
Ratio of total income to average assets ⁽¹⁾	2.6%	2.8%	2.7%
Ratio of interest income, net to average assets ⁽¹⁾	1.6%	1.8%	1.7%
Ratio of fees to average assets ⁽¹⁾	0.8%	0.9%	0.9%
Efficiency ratio	57.9%	61.0%	61.8%
<i>Credit quality indices</i>			
Ratio of provision for credit losses to credit to the public	1.12%	1.35%	1.38%
Ratio of impaired debts or in arrears of 90 days or more to credit to the public	0.84%	1.10%	0.86%
Ratio of provision for credit losses to total impaired credit to the public	181%	168%	221%
Ratio of net write-offs to average total credit to the public ⁽¹⁾	(0.02%)	0.15%	0.10%
Ratio of expenses (income) for credit losses to average total credit to the public ⁽¹⁾	(0.30%)	0.62%	0.52%
<i>Principal data from the statement of income</i>			
		<i>For the nine months ended September 30,</i>	
		<i>2021</i>	<i>2020</i>
			NIS million
Net profit attributed to shareholders of the Bank		1,072	540
Interest Income, net		2,090	1,980
Expenses (income) from credit losses		(206)	413
Total non-Interest income		1,281	1,126
Of which: Fees		1,057	1,026
Total operating and other expenses		1,953	1,894
Of which: Salaries and related expenses		1,199	1,138
Dismissal expenses		8	5
Primary net profit per share of NIS 0.05 par value (NIS)		10.68	5.38
<i>Principal data from the balance sheet</i>			
	<i>30.9.21</i>	<i>30.9.20</i>	<i>31.12.20</i>
			NIS million
Total assets	173,758	159,370	167,778
of which: Cash and deposits with banks	57,083	52,366	57,802
Securities	14,803	12,174	13,105
Credit to the public, net	95,877	89,585	90,970
Total liabilities	163,301	150,042	158,243
of which: Deposits from the public	148,273	135,914	141,677
Deposits from banks	5,471	1,717	2,992
Bonds and subordinated capital notes	2,851	4,384	4,394
Capital attributed to the shareholders of the Bank	10,022	8,944	9,141
<i>Additional data</i>			
	<i>30.9.21</i>	<i>30.9.21</i>	<i>31.12.20</i>
Share price (0.01 NIS)	11,820	7,108	8,514
Dividend per share (0.01 NIS)	225	125	125

(1) Annualized.

CONSOLIDATED STATEMENT OF INCOME
(NIS million)

	For the three months ended September 30		For the nine months ended September 30		For the year Ended December 31
	2021	2020	2021	2020	2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
Interest Income	807	731	2,392	2,160	2,878
Interest Expenses	97	69	302	180	241
Interest Income, net	710	662	2,090	1,980	2,637
Expenses (income) from credit losses	(69)	91	(206)	413	464
Net Interest Income after expenses from credit losses	779	571	2,296	1,567	2,173
<i>Non- Interest Income</i>					
Non-Interest Financing income	63	36	214	97	148
Fees	346	336	1,057	1,026	1,371
Other income	6	-	10	3	4
Total non- Interest income	415	372	1,281	1,126	1,523
<i>Operating and other expenses</i>					
Salaries and related expenses	399	386	1,199	1,138	1,532
Maintenance and depreciation of premises and equipment	84	89	255	261	344
Amortizations and impairment of intangible assets	27	24	78	71	96
Other expenses	135	141	421	424	597
Total operating and other expenses	645	640	1,953	1,894	2,569
Profit before taxes	549	303	1,624	799	1,127
Provision for taxes on profit	193	109	570	254	368
Profit after taxes	356	194	1,054	545	759
The bank's share in profit of equity-basis investee, after taxes	21	19	57	24	29
<i>Net profit:</i>					
Before attribution to non-controlling interests	377	213	1,111	569	788
Attributed to non-controlling interests	(13)	(12)	(39)	(29)	(38)
Attributed to shareholders of the Bank	364	201	1,072	540	750
					NIS
<i>Primary profit per share attributed to the shareholders of the Bank</i>					
Net profit per share of NIS 0.05 par value	3.62	2.00	10.68	5.38	7.48


Ron Leikovich
Chairman of the Board


Smadar Barber-Tsadik
Chief Executive Officer


Nachman Nitzan
Executive Vice President,
Chief Accountant

Tel-Aviv, 23 November 2021

STATEMENT OF COMPREHENSIVE INCOME
(NIS million)

	For the three months ended September 30		For the nine months ended September 30		For the year Ended December 31
	2021	2020	2021	2020	2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
Net profit before attribution to non-controlling interests	377	213	1,111	569	788
Net profit attributed to non-controlling interests	(13)	(12)	(39)	(29)	(38)
Net profit attributed to the shareholders of the Bank	364	201	1,072	540	750
Other comprehensive income (loss) before taxes:					
Adjustments of available for sale bonds to fair value, net	(8)	60	(4)	(30)	(4)
Adjustments of liabilities in respect of employee benefits ⁽¹⁾	12	(16)	58	(31)	(74)
Other comprehensive income (loss) before taxes	4	44	54	(61)	(78)
Related tax effect	-	(14)	(18)	21	26
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	4	30	36	(40)	(52)
Less other comprehensive income (loss) attributed to non-controlling interests	1	(1)	2	(1)	-
Other comprehensive income (loss) attributed to the shareholders of the Bank, after taxes	3	31	34	(39)	(52)
Comprehensive income before attribution to non-controlling interests	381	243	1,147	529	736
Comprehensive income attributed to non-controlling interests	(14)	(11)	(41)	(28)	(38)
Comprehensive income attributed to the shareholders of the Bank	367	232	1,106	501	698

(1) Mostly reflects adjustments in respect of actuarial assessments as of the end of the period regarding defined benefits pension plans, of amounts recorded in the past in other comprehensive income.

The notes to the financial statements are an integral part thereof.

CONSOLIDATED BALANCE SHEET
(NIS million)

	September 30,		December
	2021	2020	31,
	(unaudited)	(unaudited)	2020
			(audited)
Assets			
Cash and deposits with banks	57,083	52,366	57,802
Securities	14,803	12,174	13,105
Securities which were borrowed	232	14	11
Credit to the public	96,965	90,810	92,247
Provision for Credit losses	(1,088)	(1,225)	(1,277)
Credit to the public, net	95,877	89,585	90,970
Credit to the government	859	651	656
Investment in investee company	699	629	636
Premises and equipment	929	970	965
Intangible assets	275	249	272
Assets in respect of derivative instruments	1,565	1,438	1,897
Other assets ⁽²⁾	1,436	1,294	1,464
Total assets	173,758	159,370	167,778
Liabilities and Shareholders' Equity			
Deposits from the public	148,273	135,914	141,677
Deposits from banks	5,471	1,717	2,992
Deposits from the Government	417	426	459
Bonds and subordinated capital notes	2,851	4,384	4,394
Liabilities in respect of derivative instruments	1,751	1,669	2,314
Other liabilities ⁽¹⁾⁽³⁾	4,538	5,932	6,407
Total liabilities	163,301	150,042	158,243
Capital attributed to the shareholders of the Bank	10,022	8,944	9,141
Non-controlling interests	435	384	394
Total equity	10,457	9,328	9,535
Total liabilities and shareholders' equity	173,758	159,370	167,778

(1) Of which: provision for credit losses in respect of off-balance sheet credit instruments in the amount of NIS 86 million and NIS 77 million and NIS 86 million at 30.9.21, 30.9.20 and 31.12.20, respectively.

(2) Of which: other assets measured at fair value in the amount of NIS 263 million and NIS 90 million and NIS 247 million at 30.9.21, 30.9.20 and 31.12.20, respectively.

(3) Of which: other liabilities measured at fair value in the amount of NIS 440 million and NIS 100 million and NIS 258 million at 30.9.21, 30.9.20 and 31.12.20, respectively.

The notes to the financial statements are an integral part thereof.

STATEMENT OF CHANGES IN EQUITY
(NIS million)

	<i>For the three months ended September 30, 2021 (unaudited)</i>					
	Share capital and premium (1)	Accumulated other comprehensive income (loss)	Retained earnings (2)	Total share-holders' equity	Non-controlling interests	Total equity
Balance as of June 30, 2021	927	(152)	*9,105	9,880	421	10,301
Net profit for the period	-	-	364	364	13	377
Dividend	-	-	(225)	(225)	-	(225)
Other comprehensive income, after tax effect	-	3	-	3	1	4
Balance as at September 30, 2021	927	(149)	9,244	10,022	435	10,457

	<i>For the three months ended September 30, 2020 (unaudited)</i>					
	Share capital and premium (1)	Accumulated other comprehensive income (loss)	Retained earnings (2)	Total share-holders' equity	Non-controlling interests	Total equity
Balance as of June 30, 2020	927	(201)	7,986	8,712	373	9,085
Net profit for the period	-	-	201	201	12	213
Other comprehensive income (loss), after tax effect	-	31	-	31	(1)	30
Balance as at September 30, 2020	927	(170)	8,187	8,944	384	9,328

	<i>For the nine months ended September 30, 2021 (unaudited)</i>					
	Share capital and premium (1)	Accumulated other comprehensive income (loss)	Retained earnings (2)	Total share-holders' equity	Non-controlling interests	Total equity
Balance as at December 31, 2020 (audited)	927	(183)	8,397	9,141	394	9,535
Net profit for the period	-	-	1,072	1,072	39	1,111
Dividend	-	-	(225)	(225)	-	(225)
Other comprehensive income, after tax effect	-	34	-	34	2	36
Balance as at September 30, 2021	927	(149)	9,244	10,022	435	10,457

	<i>For the nine months ended September 30, 2020 (unaudited)</i>					
	Share capital and premium (1)	Accumulated other comprehensive income (loss)	Retained earnings (2)	Total share-holders' equity	Non-controlling interests	Total equity
Balance as at December 31, 2019 (audited)	927	(131)	7,772	8,568	356	8,924
Net profit for the period	-	-	540	540	29	569
Dividend	-	-	(125)	(125)	-	(125)
Other comprehensive loss, after tax effect	-	(39)	-	(39)	(1)	(40)
Balance as at September 30, 2020	927	(170)	8,187	8,944	384	9,328

STATEMENT OF CHANGES IN EQUITY (CONT'D)
(NIS million)

	<i>For the year ended December 31, 2020 (audited)</i>					
	<i>Share capital and premium (1)</i>	<i>Accumulated other comprehensive loss</i>	<i>Retained earnings (2)</i>	<i>Total</i>	<i>Non- controlling interests</i>	<i>Total equity</i>
Balance as at December 31, 2019	927	(131)	7,772	8,568	356	8,924
Net profit for the year	-	-	750	750	38	788
Dividend	-	-	(125)	(125)	-	(125)
Other comprehensive loss, after tax effect	-	(52)	-	(52)	-	(52)
Balance as at December 31, 2020	927	(183)	8,397	9,141	394	9,535

* Immaterial adjustment of comparative data.

(1) Including share premium of NIS 313 million (as from 1992 onwards).

(2) Including an amount of NIS 2,391 million which cannot be distributed as dividend.