

[Press release](#)

[November 26, 2019](#)

## First International Bank of Israel Presents Third Quarter 2019 Results

Tel Aviv, Israel – November 26, 2019. **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 2019.

### Third Quarter 2019 Highlights

- **Q3 net earnings of NIS 236 million, growth of 11.3% year-over-year;**
- **Return on Equity: 11.7%;**

### First Nine Months of 2019 Highlights

- **Net earnings increased by 13.2% to NIS 643 million year-over-year;**
- **Return on Equity: 10.6%;**
- **Efficiency ratio improved to 64.9% versus 67.7% last year;**
- **Growth of 3.6% in credit to the public as from beginning of 2019;**
- **Ratio of Tier I equity capital to risk assets: 10.79%**

### Profitability

First International Bank Group's third quarter **net earnings** amounted to NIS 236 million, an increase of 11.3% over the third quarter of last year representing a **return on equity** – 11.7%.

**In the first nine months of the year**, net earnings increased by 13.2% to NIS 643 million, while return on equity reached 10.6%.

### Growth

**Credit to the public, net**, increased by 3.6% as of the start of 2019 (i.e. as compared with the end of 2018) and amounted to NIS 87,310 million. The growth in credit is highlighted across all the segments of operation: private customers – 3.9%, small and middle market businesses – 2.1%, and large businesses – 4%.

**The ratio of credit loss expenses** to average balance of credit to the public, amounted to 0.14%, compared with a ratio of 0.21% in the corresponding period of last year.

**Financing profit, net**, increased in the first nine months of the year by 4.4% and amounted to NIS 2,117 million. Financing profit from current operations increased by 6.9% and amounted to NIS 2,060 million.

## **Efficiency**

The Bank continues to improve its efficiency: **the efficiency ratio** improved to 64.9% compared with 67.7% in the corresponding period last year and compared to 68.4% in 2018. **Operating and other expenses** decreased in the first nine months of the year by 4.4% versus the corresponding period last year, and amounted to NIS 2 billion. The reduction in expenses can be seen across the various expense items: payroll and related benefits – a reduction of 2%, depreciation and maintenance of buildings and equipment – a reduction of 5%.

## **Financial stability and dividend distribution**

**The Tier I equity capital ratio** amounted to 10.79%, and **the comprehensive capital ratio** amounted to 13.71%.

The First International Bank has a dividend distribution policy of up to 50% of net earnings, and accordingly, since the beginning of the year, the Bank has distributed total dividends amounting to NIS 300 million. This represents a dividend yield of 4.6%.

Subsequent to the date of the financial statements, the Board of Directors of the Bank has resolved to distribute a further dividend in the amount of NIS 110 million.

## **Management Comment**

**Ms. Smadar Barber-Tsadik, CEO of the First International Bank** stated that: "The financial results of the Bank reflect the continuation of the process we have led at the Bank, a process of which the essence is growth and efficiency. The results of our merger with Otzar Hachayal Bank, which is one of the key moves that we have recently taken has begun to show its effect both with respect to cost savings and to growth across our areas of operations. Additional significant moves we have made at the Bank are the intensification of capital market operations, a continuation of the consistent and continuing growth trends in credit, as well as developments in the digital field. This has enabled us to offer our customers with a personal and professional service, alongside an innovative and advanced digital service. We have implemented improvements to our digital strategy and IT infrastructure to improve our competitiveness, enabling us to provide an efficient service and continuing growth."

## 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
	2019	2018	2019	2018	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
Interest Income	699	756	2,337	2,229	3,001
Interest Expenses	57	122	395	396	515
Interest Income, net	642	634	1,942	1,833	2,486
Expenses from credit losses	33	49	92	130	166
Net Interest Income after expenses from credit losses	609	585	1,850	1,703	2,320
<b>Non- Interest Income</b>					
Non-Interest Financing income	63	108	175	195	231
Fees	325	322	960	985	1,325
Other income	3	2	5	77	81
Total non- Interest income	391	432	1,140	1,257	1,637
<b>Operating and other expenses</b>					
Salaries and related expenses	394	406	1,215	1,241	1,696
Maintenance and depreciation of premises and equipment	90	95	270	285	376
Amortizations and impairment of intangible assets	22	22	68	67	91
Other expenses	143	178	447	500	656
Total operating and other expenses	649	701	2,000	2,093	2,819
Profit before taxes	351	316	990	867	1,138
Provision for taxes on profit	119	103	357	302	408
Profit after taxes	232	213	633	565	730
The bank's share in profit of equity-basis investee, after taxes	15	9	39	28	37
<b>Net profit:</b>					
Before attribution to non-controlling interests	247	222	672	593	767
Attributed to non-controlling interests	(11)	(10)	(29)	(25)	(34)
Attributed to shareholders of the Bank	236	212	643	568	733
					NIS
<b>Primary profit per share attributed to the shareholders of the Bank</b>					
Net profit per share of NIS 0.05 par value	2.35	2.11	6.41	5.66	7.31



Irit Izakson  
Chairperson of the Board of Directors



Smadar Barber-Tsadik  
Chief Executive Officer



Nachman Nitzan  
Executive Vice President,  
Chief Accountant

Tel-Aviv, November 26, 2019

## 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
	2019	2018	2019	2018	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
Net profit before attribution to non-controlling interests	247	222	672	593	767
Net profit attributed to non-controlling interests	(11)	(10)	(29)	(25)	(34)
Net profit attributed to the shareholders of the Bank	236	212	643	568	733
Other comprehensive income (loss) before taxes:					
Adjustments of available for sale bonds (2018 - securities) to fair value, net	8	22	84	(48)	(102)
Adjustments of liabilities in respect of employee benefits <sup>(1)</sup>	(57)	13	(45)	91	37
Other comprehensive income (loss) before taxes	(49)	35	39	43	(65)
Related tax effect	17	(12)	(14)	(15)	22
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	(32)	23	25	28	(43)
Less other comprehensive loss attributed to non-controlling interests	(1)	-	-	(1)	(4)
Other comprehensive income (loss) attributed to the shareholders of the Bank, after taxes	(31)	23	25	29	(39)
Comprehensive income before attribution to non-controlling interests	215	245	697	621	724
Comprehensive income attributed to non-controlling interests	(10)	(10)	(29)	(24)	(30)
Comprehensive income attributed to the shareholders of the Bank	205	235	668	597	694

(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 profit.

## CONSOLIDATED BALANCE SHEET

(NIS million)

		September 30,	December 31,
	2019	2018	2018
	(unaudited)	(unaudited)	(audited)
<b>Assets</b>			
Cash and deposits with banks	34,516	32,835	31,303
Securities	10,453	11,880	12,595
Securities which were borrowed	126	904	863
Credit to the public	88,218	86,367	85,160
Provision for Credit losses	(908)	(883)	(868)
Credit to the public, net	87,310	85,484	84,292
Credit to the government	680	672	700
Investments in investee company	607	596	606
Premises and equipment	988	1,025	1,023
Intangible assets	227	223	239
Assets in respect of derivative instruments	1,078	1,009	1,399
Other assets <sup>(2)</sup>	1,003	1,223	1,100
<b>Total assets</b>	<b>136,988</b>	<b>135,851</b>	<b>134,120</b>
<b>Liabilities Shareholders' Equity</b>			
Deposits from the public	116,292	113,804	111,697
Deposits from banks	464	857	1,150
Deposits from the Government	368	948	982
Bonds and subordinated capital notes	3,690	5,155	4,989
Liabilities in respect of derivative instruments	1,298	942	1,294
Other liabilities <sup>(1)(3)</sup>	6,066	5,735	5,595
<b>Total liabilities</b>	<b>128,178</b>	<b>127,441</b>	<b>125,707</b>
Capital attributed to the shareholders of the Bank	8,461	8,096	8,093
Non-controlling interests	349	314	320
<b>Total equity</b>	<b>8,810</b>	<b>8,410</b>	<b>8,413</b>
<b>Total liabilities and shareholders' equity</b>	<b>136,988</b>	<b>135,851</b>	<b>134,120</b>

(1) Of which: provision for credit losses in respect of off-balance sheet credit instruments in the amount of NIS 60 million and NIS 68 million and NIS 64 million at 30.9.19, 30.9.18 and 31.12.18, respectively.

(2) Of which: other assets measured at fair value in the amount of NIS 49 million and NIS 392 million and NIS 426 million at 30.9.19, 30.9.18 and 31.12.18, respectively.

(3) Of which: other liabilities measured at fair value in the amount of NIS 170 million and NIS 720 million and NIS 586 million at 30.9.19, 30.9.18 and 31.12.18, respectively.

## STATEMENT OF CHANGES IN EQUITY

(NIS million)

	For the three months ended September 30, 2019 (unaudited)					
	Share capital and premium <sup>(1)</sup>	Accumulated other comprehensive income (loss)	Retained earnings <sup>(2)</sup>	Total shareholders' equity	Non-controlling interests	Total equity
Balance as of June 30, 2019	927	(95)	7,534	8,366	339	8,705
Net profit for the period	-	-	236	236	11	247
Dividend	-	-	(110)	(110)	-	(110)
Other comprehensive loss, after tax effect	-	(31)	-	(31)	(1)	(32)
Balance as at September 30, 2019	927	(126)	7,660	8,461	349	8,810

  

	For the three months ended September 30, 2018 (unaudited)					
	Share capital and premium <sup>(1)</sup>	Accumulated other comprehensive income (loss)	Retained earnings <sup>(2)</sup>	Total shareholders' equity	Non-controlling interests	Total equity
Balance as of June 30, 2018	927	(114)	7,148	7,961	304	8,265
Net profit for the period	-	-	212	212	10	222
Dividend	-	-	(100)	(100)	-	(100)
Other comprehensive income, after tax effect	-	23	-	23	-	23
Balance as at September 30, 2018	927	(91)	7,260	8,096	314	8,410

  

	For the nine months ended September 30, 2019 (unaudited)					
	Share capital and premium <sup>(1)</sup>	Accumulated other comprehensive income (loss)	Retained earnings <sup>(2)</sup>	Total shareholders' equity	Non-controlling interests	Total equity
Balance as at December 31, 2018 (audited)	927	(159)	7,325	8,093	320	8,413
Cumulative effect of the initial implementation of US accepted accounting principals <sup>(3)</sup>	-	8	(8)	-	-	-
Adjusted balance as at January 1, 2019 after the initial implementation	927	(151)	7,317	8,093	320	8,413
Net profit for the period	-	-	643	643	29	672
Dividend	-	-	(300)	(300)	-	(300)
Other comprehensive income, after tax effect	-	25	-	25	-	25
Balance as at September 30, 2019	927	(126)	7,660	8,461	349	8,810

  

	For the nine months ended September 30, 2018 (unaudited)					
	Share capital and premium <sup>(1)</sup>	Accumulated other comprehensive income (loss)	Retained earnings <sup>(2)</sup>	Total shareholders' equity	Non-controlling interests	Total equity
Balance as at December 31, 2017 (audited)	927	(120)	6,949	7,756	290	8,046
Net profit for the period	-	-	568	568	25	593
Dividend	-	-	(255)	(255)	-	(255)
Other comprehensive income (loss), after tax effect	-	29	-	29	(1)	28
Temporary equity – non-controlling interest	-	-	(2)	(2)	-	(2)
Balance as at September 30, 2018	927	(91)	7,260	8,096	314	8,410

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

	<b>For the year ended December 31, 2018 (audited)</b>					
	Share capital and premium (1)	Accumulated other comprehensive loss	Retained earnings (2)	Total	Non- controlling interests	Total equity
Balance as at December 31, 2017	927	(120)	6,949	7,756	290	8,046
Net profit for the year	-	-	733	733	34	767
Dividend	-	-	(355)	(355)	-	(355)
Other comprehensive loss, after tax effect	-	(39)	-	(39)	(4)	(43)
Temporary equity – non-controlling interest	-	-	(2)	(2)	-	(2)
Balance as at December 31, 2018	927	(159)	7,325	8,093	320	8,413

(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.

(3) Cumulative effect of the initial implementation regarding financial instruments of US accepted accounting standards at banks in respect of financial instruments (ASU 2016-01).