



Press release

March 7, 2022

First International Bank of Israel Presents Fourth Quarter and Full Year 2021 Results

Tel Aviv, Israel – March 7, 2022. First International Bank of Israel (TASE: FIBI) one of Israel's major banking groups, today announced its results for the fourth quarter and full year 2021.

Financial Highlights

Net profit of the First International Bank in 2021 was NIS 1,405 million, an increase of 87.3% compared to 2020, and return on equity of 14.7%;

Net profit of NIS 333 million in the fourth quarter of 2021, an increase of 58.6% year over year and return on equity: 14%;

Growth in credit to the public of 10.8% in 2021 and 5.4% in the fourth quarter;

The Bank continued to increase efficiencies and the efficiency ratio improved in 2021 to 58.3%;

Ratio of Tier I equity capital to risk assets of 11.46%;

Profitability

Record profit for the First International Bank: 2021 net profit for the Group was NIS 1,405 million, as compared to NIS 750 million in 2020, representing growth of 87.3%. Return on equity was 14.7%, as compared to return on equity of 8.6% in 2020.

In the fourth quarter, net profit amounted to NIS 333 million, as compared to NIS 210 million in the corresponding quarter of 2020, representing growth of 58.6% and return on equity of 14.0%.

Growth and Efficiency

The First International Bank continued its consistent growth trend, which is reflected across all areas of operations.

Bank revenues increased by 9.4% in 2021 year over year and amounted to NIS 4,550 million. **Net financing** income increased by 11.2% year over year, and amounted to NIS 3,097 million. **Commission income** showed growth of 5.3%, and amounted to NIS 1,444 million, commission income from capital market operations grew at a rate of 7.3%.

Credit to the public increased by 10.8% over the past year, and reached NIS 102,240 million. The growth in credit was characterized by the diverse distribution of credit and the maintenance of the Group's balanced risk management policy. **The residential loan** portfolio grew by 13.8%, the **small business** segment grew by 11.5%, the **middle market** segment by 13.3%, the **large businesses** segment by 11.0%, and credit to the **household** segment grew by 6.0%.

In the fourth quarter, credit to the public grew by 5.4% compared with the fourth quarter of last year.

Growth was also reflected in the capital market and investment consulting fields: **The customer asset portfolio (deposits and securities)** increased in the past year by 13.5%, and amounted to NIS 601 billion.

The First International Bank continued to improve its efficiencies – the **efficiency ratio** amounted to 58.3% in 2021, an improvement when compared with 61.8% in 2020.

Operating and other expenses increased by 3.2% in 2021, as compared to the corresponding period last year. The growth was due to an increase in salary expenses due to the adjustment of the variable compensation component related to the profitability of the Bank. Likewise, salary expenses for the year included settlement expenses due to the early retirement plan that had mostly been implemented in the fourth quarter of 2021. The efficiency measures applied by the Bank and the early retirement plan implemented towards the end of 2021, led to a reduction of 4.6% in the average number of positions at the Bank versus that at year-end 2020.

Financial Stability

The growth trend related to the **capital attributed to the shareholders of the Bank** continued, growing by 9.4% in 2021 (a growth of NIS 862 million), and as of December 31, 2021, amounted to NIS 10,003 million. The **Tier I equity capital ratio** reached 11.46% as compared to the required regulatory ratio of 8.25%, a difference of 3.2% (or 2.2% when excluding the easing of regulatory capital requirements). This is the highest difference in the Israeli banking system.

The Board of Directors of the Bank today approved a **dividend distribution**, amounting to NIS 165 million, comprising 50% of net earnings for the fourth quarter of 2021. This in addition to a dividend of NIS 215 million distributed in January 2022. Over the year 2021, the Bank distributed dividends, totaling NIS 545 million. The **dividend annual return** as at December 31, 2021, was 6.07%.

Quality of the Credit Portfolio

Income in respect of credit losses in 2021 amounted to NIS 216 million (a reversed provision of 0.23%), as compared to expenses of NIS 464 million (a provision of 0.52%) in 2020.

The income in respect of credit losses recorded in 2021 was mostly due to the reduction in the collective provision, which itself was due to improvements in macro-economic indices and indicators pointing at the risk level inherent in the credit portfolio of the Bank and from the continued reduction in the volume of debts, the repayment of which had been deferred (which comprised of 0.08% of total credit to the public).

In 2020, expenses in respect of credit losses was mostly due to the growth in the collective allowance following the continued changes in the macro-economic environment due to the Corona pandemic and the prevailing uncertainty and its impact on the economy and condition of borrowers.

Innovation and Digital

The First International Bank continues to develop innovative products and services on its mobile application and website, resulting in high usage rates and high customer satisfaction.

2021 was the year in which the First International Bank entered the world of digital wallets: at the beginning of the year, the digital wallet **FibiPay** was developed, and in addition, the Bank offered its customers **Apple Pay** and **Google Pay** services.

With the introduction of open banking and "Transfer at a click", the First International Bank was the first to introduce **MultiBank**, a multi-banking aggregation allowing service comparison, and increased ability to compete. In addition, the Bank introduced a variety of innovations and upgrades in its digital activity in investment fields on which the Bank is focused and is leading: the consulting system *Advise.Me*, pension consultation, mortgage consultation (including a digital application for applying for a mortgage and obtaining an approval in principle), as well as innovations for business customers with respect to foreign currency and guarantees.

The First International Bank continues to invest in the development of innovative digital services that bring about improved and a more efficient service to customers.

Management Comment

Ms. Smadar Barber-Tsadik, President and CEO of the First International Bank Group stated, "The results we have presented for 2021 reflect the growth of the Bank across all its strategic focus areas: it reflects accelerated growth across both credit and customer assets. It is important to emphasize the high level of profitability of The First International Bank over time, with a low level of volatility while maintaining a high level of stability.

"These days, I note the two years of the global health crisis which has affected the whole world in both social and economic aspects. All throughout this period, the First International Bank strictly continued to provide customers with assistance and support, which has been characterized by the deferral of loan repayments, extension of credit to businesses and households, and we initiated investment consultation services during the periods of volatility and uncertainty in financial markets. Furthermore, the Bank developed diverse innovative digital tools across all areas of operation, facilitating and enabling the obtaining of service more efficient, especially in a socially-distanced reality. The high stability of the Bank together with strong management, enabled us to overcome the crisis in the best possible form, with continued growth, efficiency and innovation.

"As the first Bank to introduce a comparative system on the basis of open banking - the *MultiBank* system - the First International Bank will continue to compete and grow in the fields in which are a leader – the investments market, as well as in our various fields of banking activity. The Bank, as a creator of competition, will continue to develop innovative digital offerings and bring our customers competitive offerings."

CONDENSED PRINCIPAL FINANCIAL INFORMATION AND PRINCIPAL EXECUTION INDICES

Principal financial ratios	2021	2020	2019	2018	2017
					percent
Execution indices					
Return on equity attributed to shareholders of the Bank	14.7%	8.6%	10.5%	9.3%	9.1%
Return on average assets	0.82%	0.49%	0.63%	0.54%	0.52%
Ratio of equity capital tier 1	11.46%	11.18%	10.81%	10.51%	10.38%
Leverage ratio	5.34%	5.29%	5.81%	5.76%	5.50%
Liquidity coverage ratio ⁽¹⁾	128%	150%	128%	122%	123%
Net stable funding ratio ⁽²⁾	147%				
Ratio of total income to average assets	2.6%	2.7%	3.0%	3.0%	2.9%
Ratio of interest income, net to average assets	1.6%	1.7%	1.9%	1.8%	1.8%
Ratio of fees to average assets	0.8%	0.9%	0.9%	1.0%	1.0%
Efficiency ratio	58.3%	61.8%	64.4%	68.4%	69.5%
Credit quality indices					
Ratio of provision for credit losses to credit to the public	1.05%	1.38%	1.05%	1.02%	1.03%
Ratio of impaired debts or in arrears of 90 days or more to credit to the public	0.73%	0.86%	1.08%	0.83%	0.92%
Ratio of provision for credit losses to total impaired credit to the public	197%	221%	131%	186%	155%
Ratio of net write-offs to average total credit to the public	(0.01%)	0.10%	0.10%	0.16%	0.18%
Ratio of expenses (income) for credit losses to average total credit to the public	(0.23%)	0.52%	0.16%	0.20%	0.15%
Principal data from the statement of income	2021	2020	2019	2018	2017
					NIS million
Net profit attributed to shareholders of the Bank	1,405	750	865	733	678
Interest Income, net	2,794	2,637	2,602	2,486	2,302
Expenses (income) from credit losses	(216)	464	138	166	121
Total non-interest income	1,756	1,523	1,520	1,637	1,450
Of which: Fees	1,444	1,371	1,286	1,325	1,305
Total operating and other expenses	2,652	2,569	2,654	2,819	2,607
Of which: Salaries and related expenses	1,601	1,532	1,601	1,696	1,579
Dismissal expenses	36	26	48	35	16
Primary net profit per share of NIS 0.05 par value (NIS)	14.00	7.48	8.62	7.31	6.76
Principal data from the balance sheet	2021	2020	2019	2018	2017
					NIS million
Total assets	180,470	167,778	141,110	134,120	135,717
of which: Cash and deposits with banks	57,370	57,802	37,530	31,303	39,186
Securities	15,091	13,105	10,995	12,595	10,238
Credit to the public, net	101,164	90,970	87,899	84,292	80,378
Total liabilities	170,033	158,243	132,186	125,707	127,333
of which: Deposits from the public	153,447	141,677	120,052	111,697	113,511
Deposits from banks	5,144	2,992	1,137	1,150	1,133
Bonds and subordinated capital notes	3,356	4,394	3,674	4,989	5,249
Capital attributed to the shareholders of the Bank	10,003	9,141	8,568	8,093	7,756
Additional data	2021	2020	2019	2018	2017
Share price (0.01 NIS)	12,950	8,514	9,989	7,860	7,202
Dividend per share (0.01 NIS)	543	125	410	355	310
Average number of positions ⁽³⁾	3,715	3,895	4,086	4,285	4,429

(1) The ratio is computed in respect of the three months ended at the end of the reporting period.


(2) According to instructions of the Bank of Israel the Net stable funding ratio was calculated since 2021, therefor no comparative data is stated.


(3) The number of positions includes conversion of overtime in terms of positions.

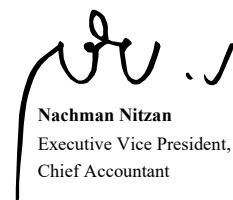
STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31
(NIS million)

	Consolidated			The Bank		
	2021	2020	2019	2021	2020	2019
Interest Income	3,150	2,878	3,085	2,907	2,647	2,847
Interest Expenses	356	241	483	358	253	491
Interest Income, net	2,794	2,637	2,602	2,549	2,394	2,356
Expenses (income) from credit losses	(216)	464	138	(213)	443	127
Net Interest Income after expenses from credit losses	3,010	2,173	2,464	2,762	1,951	2,229
Non-Interest Income						
Non-Interest Financing income	303	148	225	301	148	233
Fees	1,444	1,371	1,286	1,285	1,234	1,144
Other income	9	4	9	49	45	54
Total non-Interest income	1,756	1,523	1,520	1,635	1,427	1,431
Operating and other expenses						
Salaries and related expenses	1,601	1,532	1,601	1,491	1,429	1,487
Maintenance and depreciation of premises and equipment	340	344	353	313	316	326
Amortizations and impairment of intangible assets	105	96	92	103	94	89
Other expenses	606	597	608	584	570	583
Total operating and other expenses	2,652	2,569	2,654	2,491	2,409	2,485
Profit before taxes	2,114	1,127	1,330	1,906	969	1,175
Provision for taxes on profit	728	368	478	656	315	418
Profit after taxes	1,386	759	852	1,250	654	757
The bank's share in profit of equity-basis investee, after taxes	69	29	51	155	96	108
Net profit:						
Before attribution to non-controlling interests	1,455	788	903	1,405	750	865
Attributed to non-controlling interests	(50)	(38)	(38)	-	-	-
Attributed to shareholders of the Bank	1,405	750	865	1,405	750	865

Consolidated and The Bank	2021	2020	2019
Primary profit per share attributed to the shareholders of the Bank			NIS
Net profit per share of NIS 0.05 par value	14.00	7.48	8.62


Ron Levkovich
Chairman of the Board


Smadar Barber-Tsadik
Chief Executive Officer


Nachman Nitzan
Executive Vice President,
Chief Accountant

Tel-Aviv, March 7, 2022

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER

31

(NIS million)

			Consolidated
	2021	2020	2019
Net profit before attribution to non-controlling interests	1,455	788	903
Net profit attributed to non-controlling interests	(50)	(38)	(38)
Net profit attributed to the shareholders of the Bank	1,405	750	865
Other comprehensive income (loss) before taxes:			
Adjustments of available for sale bonds to fair value, net	27	(4)	101
Adjustments of liabilities in respect of employee benefits ⁽¹⁾	(24)	(74)	(74)
Other comprehensive income (loss) before taxes	3	(78)	27
Related tax effect	(1)	26	(9)
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	2	(52)	18
Less other comprehensive loss attributed to non-controlling interests	-	-	(2)
Other comprehensive income (loss) attributed to the shareholders of the Bank, after taxes	2	(52)	20
Comprehensive income before attribution to non-controlling interests	1,457	736	921
Comprehensive income attributed to non-controlling interests	(50)	(38)	(36)
Comprehensive income attributed to the shareholders of the Bank	1,407	698	885

- (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.

BALANCE SHEET AS AT DECEMBER 31
(NIS million)

	Consolidated		The Bank	
	2021	2020	2021	2020
Assets				
Cash and deposits with banks	57,370	57,802	56,601	56,757
Securities	15,091	13,105	14,348	12,480
Securities which were borrowed	845	11	845	11
Credit to the public	102,240	92,247	96,599	87,009
Provision for Credit losses	(1,076)	(1,277)	(1,010)	(1,204)
Credit to the public, net	101,164	90,970	95,589	85,805
Credit to the government	811	656	48	35
Investment in equity-basis investees	713	636	1,351	1,198
Premises and equipment	931	965	906	936
Intangible assets	300	272	294	264
Assets in respect of derivative instruments	1,709	1,897	1,712	1,904
Other assets ⁽²⁾	1,536	1,464	1,460	1,389
Total assets	180,470	167,778	173,154	160,779
Liabilities and Shareholders' Equity				
Deposits from the public	153,447	141,677	147,012	135,527
Deposits from banks	5,144	2,992	7,578	5,511
Deposits from the Government	960	459	960	459
Bonds and subordinated capital notes	3,356	4,394	962	2,086
Liabilities in respect of derivative instruments	2,038	2,314	2,038	2,314
Other liabilities ⁽¹⁾⁽³⁾	5,088	6,407	4,601	5,741
Total liabilities	170,033	158,243	163,151	151,638
Capital attributed to the shareholders of the Bank	10,003	9,141	10,003	9,141
Non-controlling interests	434	394	-	-
Total equity	10,437	9,535	10,003	9,141
Total liabilities and shareholders' equity	180,470	167,778	173,154	160,779

(1) Of which: provisions for credit losses in respect of off-balance sheet credit instruments in the amount of NIS 79 million and NIS 86 million (consolidated) and NIS 76 million and NIS 83 million (the Bank) as of December 31, 2021 and 2020, respectively.

(2) Of which: other assets measured at fair value in the amount of NIS 333 million consolidated and the Bank (31.12.20 - NIS 247 million consolidated and the Bank).

(3) Of which: other liabilities measured at fair value in the amount of NIS 641 million consolidated and the Bank (31.12.20 - NIS 258 million consolidated and the Bank).

STATEMENT OF CHANGES IN EQUITY
(NIS million)

	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 January 1, 2019	927	(151)	7,317	8,093	320	8,413
Changes during 2019						
Net profit for the year	-	-	865	865	38	903
Dividend	-	-	(410)	(410)	-	(410)
Other comprehensive income (loss), after tax effect	-	20	-	20	(2)	18
Balance as at December 31, 2019	927	(131)	7,772	8,568	356	8,924
Changes during 2020						
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
Changes during 2021						
Net profit for the year	-	-	1,405	1,405	50	1,455
Dividend	-	-	(545)	(545)	(10)	(555)
Other comprehensive income, after tax effect	-	2	-	2	-	2
Balance as at December 31, 2021	927	(181)	9,257	10,003	434	10,437

(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.