



FIRST INTERNATIONAL BANK OF ISRAEL
Financial Results 31.12.20

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2020 Main data, Income and Revenue



ROE
8.6%
(10.5%)



Net income
750
-13%



Growth in private deposits
(End of Period) **+18%**
(In private deposits 22%+)



Growth in credit
(End of Period) **+3.8%**
(Average) **+5%**



Growth in total income
4,160
+1%



Tier 1 capital Ratio
11.18%
(10.81%)



Decline in total operating expenses
2,569
-3%



Improvement in efficiency Ratio
61.8%
(64.4%)



Losses to doubtful debt
0.52%
(0.16%)



Total positions
3,791
-5.3%

() Change from parallel period last year

Growth in 2020 Despite Corona Crisis

- **Growth in credit** of 3.8% in 2020 (5% average balance).
- **Capital market - leading market position and competitive advantage**
- **Growth in the client assets portfolio** - 14.7%
- **Growth in Total Public Deposits**-18.0 %
Growth in Private Client Deposits- 22%
- **Growth in commissions from capital market** : 16% ; conversion differences of 17%.



Growth in 2020 Despite Corona Crisis

Business continuity, technology and financial strength

- **High financial strength ratios** and strong capital base
- **Business continuity while providing optimal and efficient service to clients** – service in branches and telephone response (capsule and remote work); direct digital channels; high satisfaction among the Bank clients.
- **Clients assistance and support** – via government funds, payment relief, investment consulting via video and more.
- **Technological innovation and expansion of digital activity** : digital pension consulting, online account opening, consulting and investment management systems, determine queues using app.

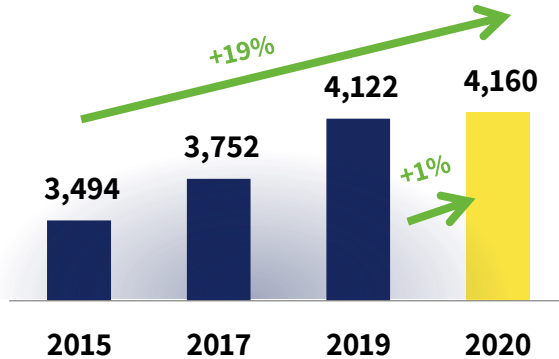
The closures and technological innovation led to high rates of use of digital use and high satisfaction among clients.

Growth in 2020 Despite Corona Crisis

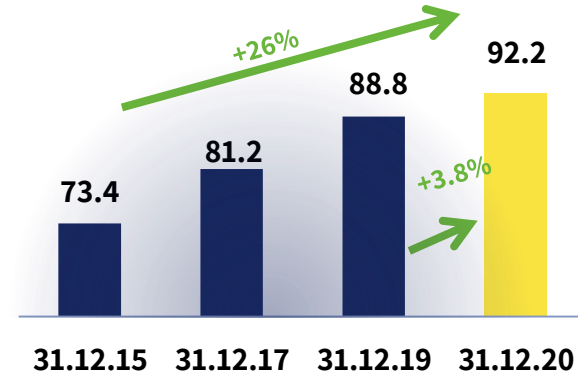
- **High quality credit portfolio - low rate of bad debt relative to the Israeli banking system.**
Sharp decline in credit with payment rejections: From June 30, 2020 to year-end, decline of 75%; To end of January 21' decreased by 86%;
Payment rejections at year-end: 1.9% of total credit, while at January-end 1%.
- **Low ratio of total expense to total credit to the public vs banking system**
Due to economic uncertainty, Bank has increased the group provision.
The provision for credit losses increased by 38% (NIS 376 million).
- **Significant improvement in efficiency ratio** : 61.8% vs 64.4% last year.
- **5.3% reduction in employee positions** vs year-end 2019.

Growth through efficiency

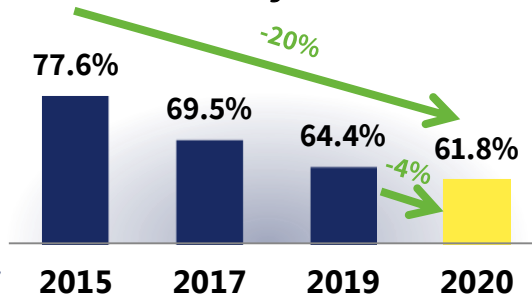
Total income before expenses for credit losses (NIS Million)



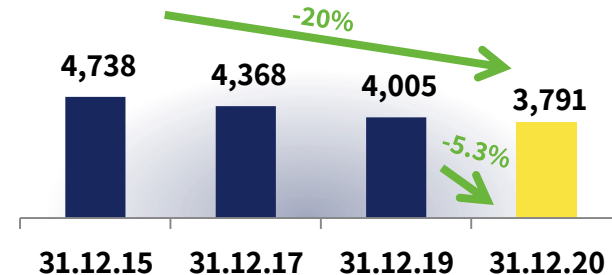
Growth in credit to the public (NIS Billion)



Continued improvement in the efficiency ratio



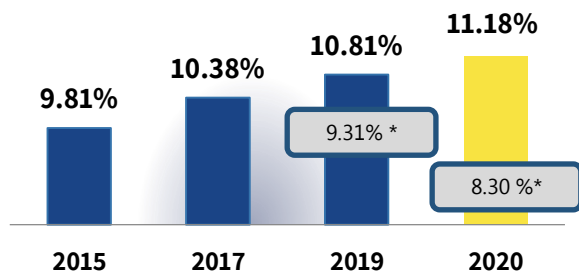
Decrease of 20% in employee positions since 31.12.15



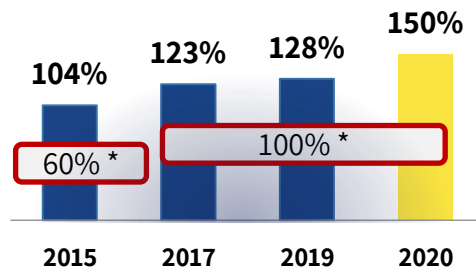
Maintaining high financial strength

(Billion NIS)

Capital adequacy Ratio (tier-1)

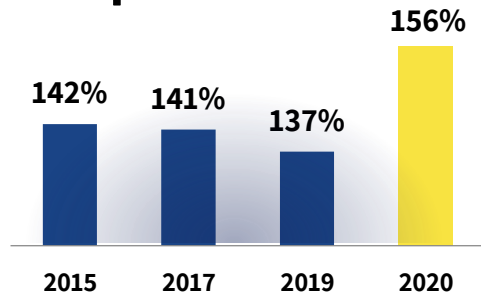


Liquidity Ratio



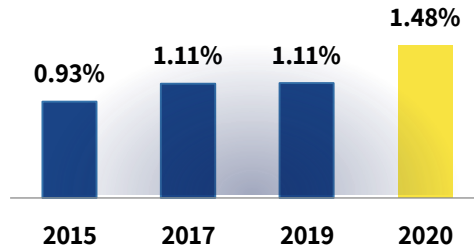
(*) Regulatory

Deposit to Credit Ratio



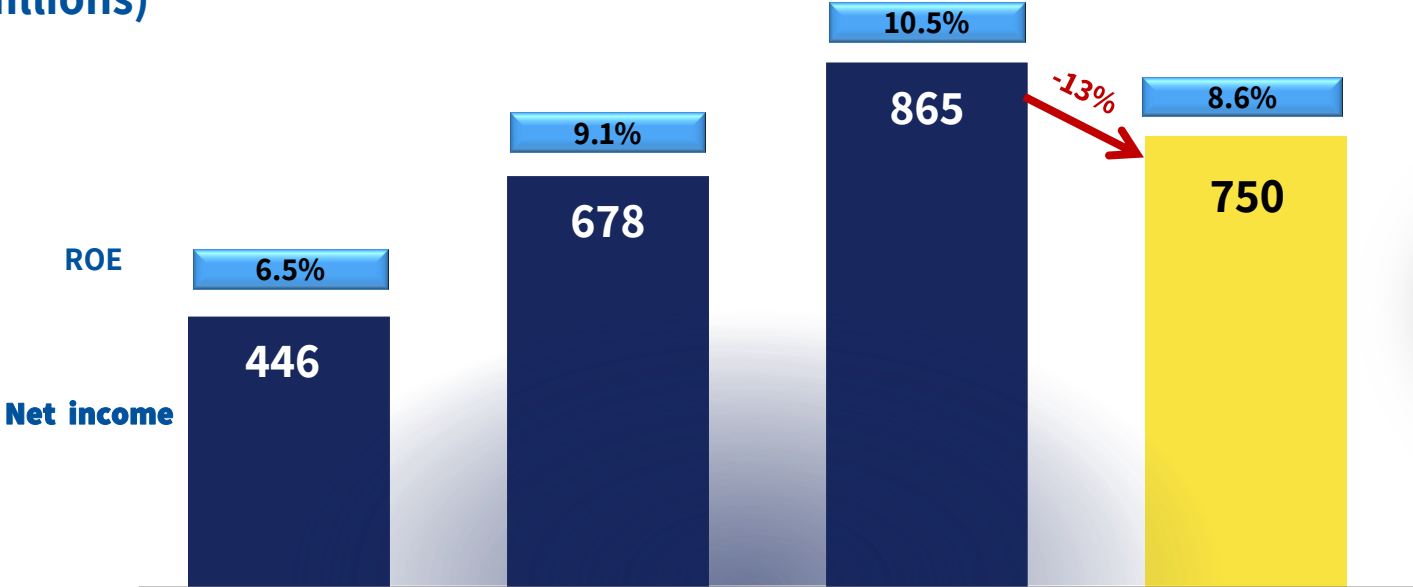
Coverage Ratio

Provision of credit losses to gross credit balance
(including off-balance sheet)



Net income and ROE

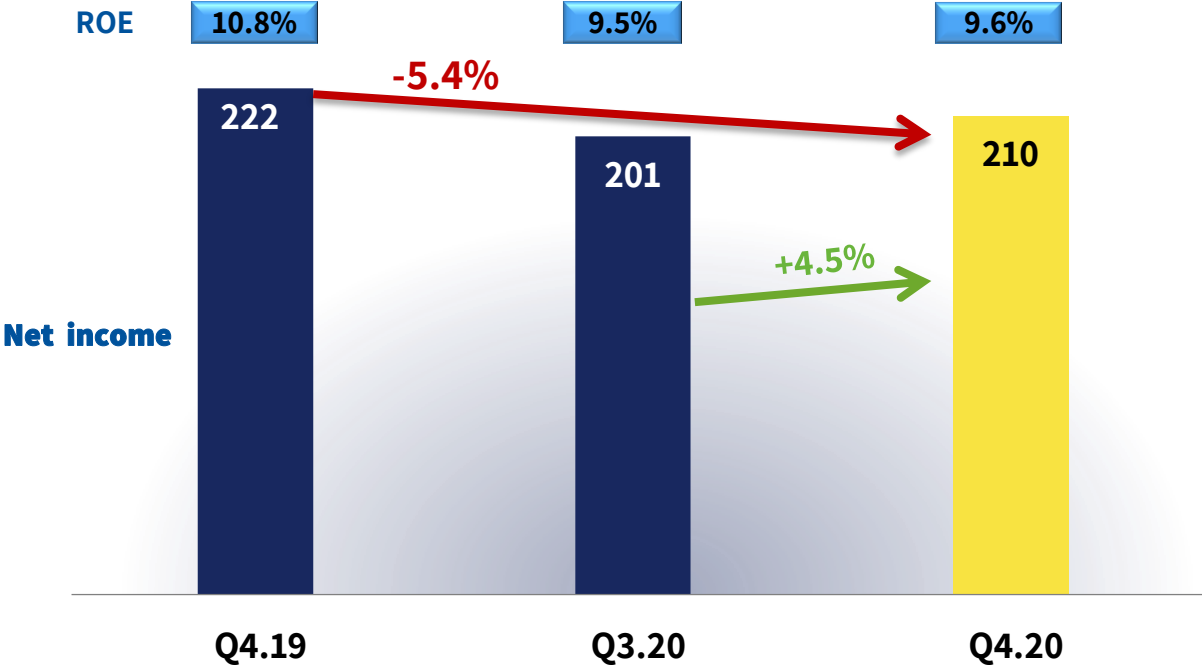
(NIS Millions)



Tier 1 capital Ratio

2015	2017	2019	2020
9.81%	10.38%	10.81%	11.18%

Net income and ROE



Income Statement 2020 (NIS Millions)

(NIS Millions)	2020	2019	Change before tax	% Change
Interest income	2,637	2,602	35	1%
Non-interest financing income	148	225	(77)	(34%)
Interest income, net	2,785	2,827	(42)	(1%)
Expenses from credit losses (Provision of 0.52% or ~NIS 436 million, due to crisis)	464	138	326	236%
Income from commissions	1,371	1,286	85	7%
<u>of which:</u> commissions from capital market	708	610	98	16%
<u>of which:</u> conversion differences	173	148	25	17%
Total income (before expenses related to credit losses)	4,160	4,122	38	1%



Income Statement 2020 (NIS Millions)

(NIS Millions)	2020	2019	Change before tax	% Change
Total operating and other expenses	2,569	2,654	(85)	(3.2%)
Salaries and related expenses	1,532	1,601	(69)	(4.3%)
Maintenance of buildings and equipment & Depreciation	344	353	(9)	(3.0%)
Amortization of intangible assets	96	92	4	4.0%
commissions to the capital market	155	112	43	38.0%
Dismissal expenses and provision for merger expenses of Otsar Hahayal	26	50	(24)	(48.0%)
Other expenses	416	446	(30)	(6.7%)
Profit before taxes	1,127	1,330	(204)	(15.0%)
Tax expenditures (2020 includes income taxes in respect of previous years totaling NIS 40 million vs NIS 26 million in 2019)	365	478	(113)	(23.6%)
The bank share in CAL profit	29	51	(22)	(43.0%)
Net profit	750	865	(115)	(13.0%)

Profit from Current Financing Activities

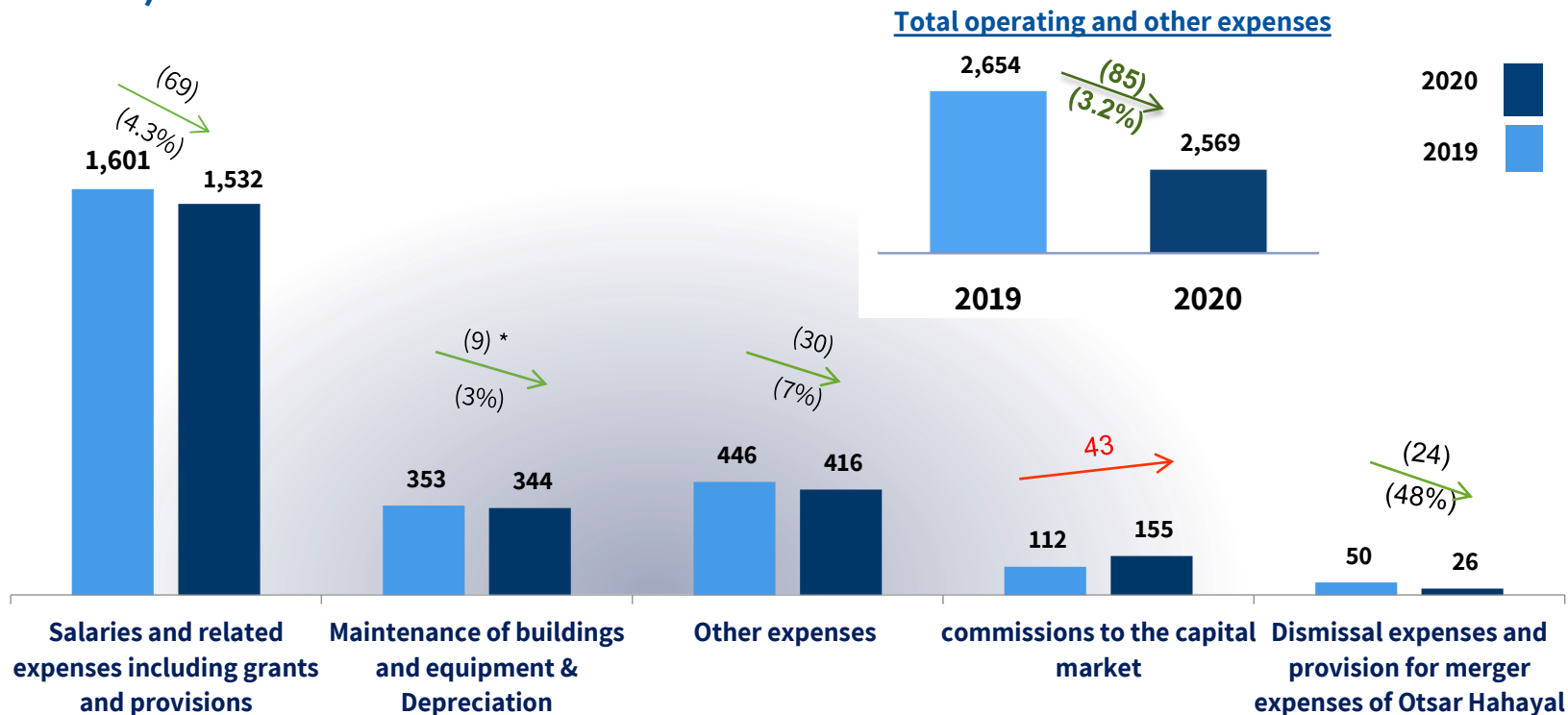
2020 (NIS Millions)

(NIS Millions)	2020	2019	Change before tax	% Change
Interest Income, net	2,637	2,602	35	1.3%
Non-interest financing income	148	225	(77)	
Net financial earnings	2,785	2,827	(42)	(1.5%)
neutralizing financial earnings that are not from current activities:				
Reconciliation to fair value of derivative instruments	(3)	(6)	3	
Income from realization and reconciliations to fair value bonds	28	12	16	
Earnings / (losses) from investments in shares	(2)	71	(73)	
Net financial earnings from operating activities	2,762	2,750	12	0.4%
Impact of change in the index (Neutralizing the effect of the index - an increase of 2.5%)	(20)	2	(22)	
Net financial earnings from current operation (Neutralizing the effect of the index)	2,782	2,748	34	1.2%
Bank of Israel average interest rate for the period	0.14%	0.25%	(0.11%)	
Average dollar interest rate for the period	0.54%	2.28%	(1.74%)	



Continued decrease in operating expenses of the Group

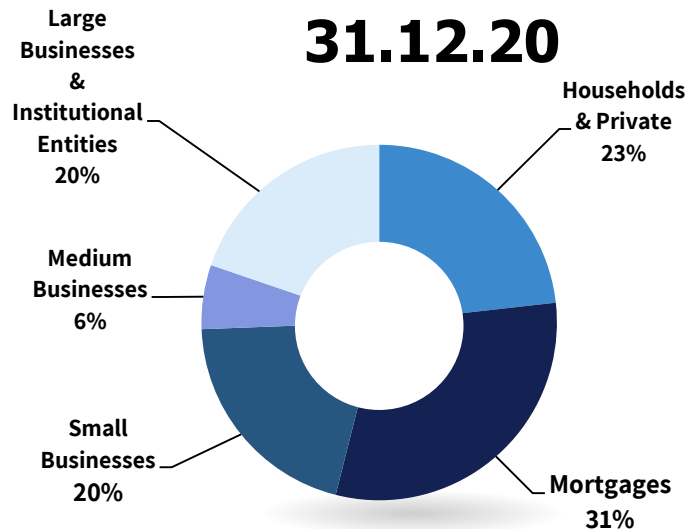
(NIS Millions)



*Including Corona expenses

Growth in Credit Balances

End of period (NIS billions)



A diverse and quality mix of Credit

**Households & Private:
54% of Credit Portfolio**

Growth in Credit Balances (last year)



+3.8%
(average 5%)

Growth in the mortgage portfolio (last year)



+10.8%

Credit provided by the state of Israel guarantee as part of dealing with the corona crisis

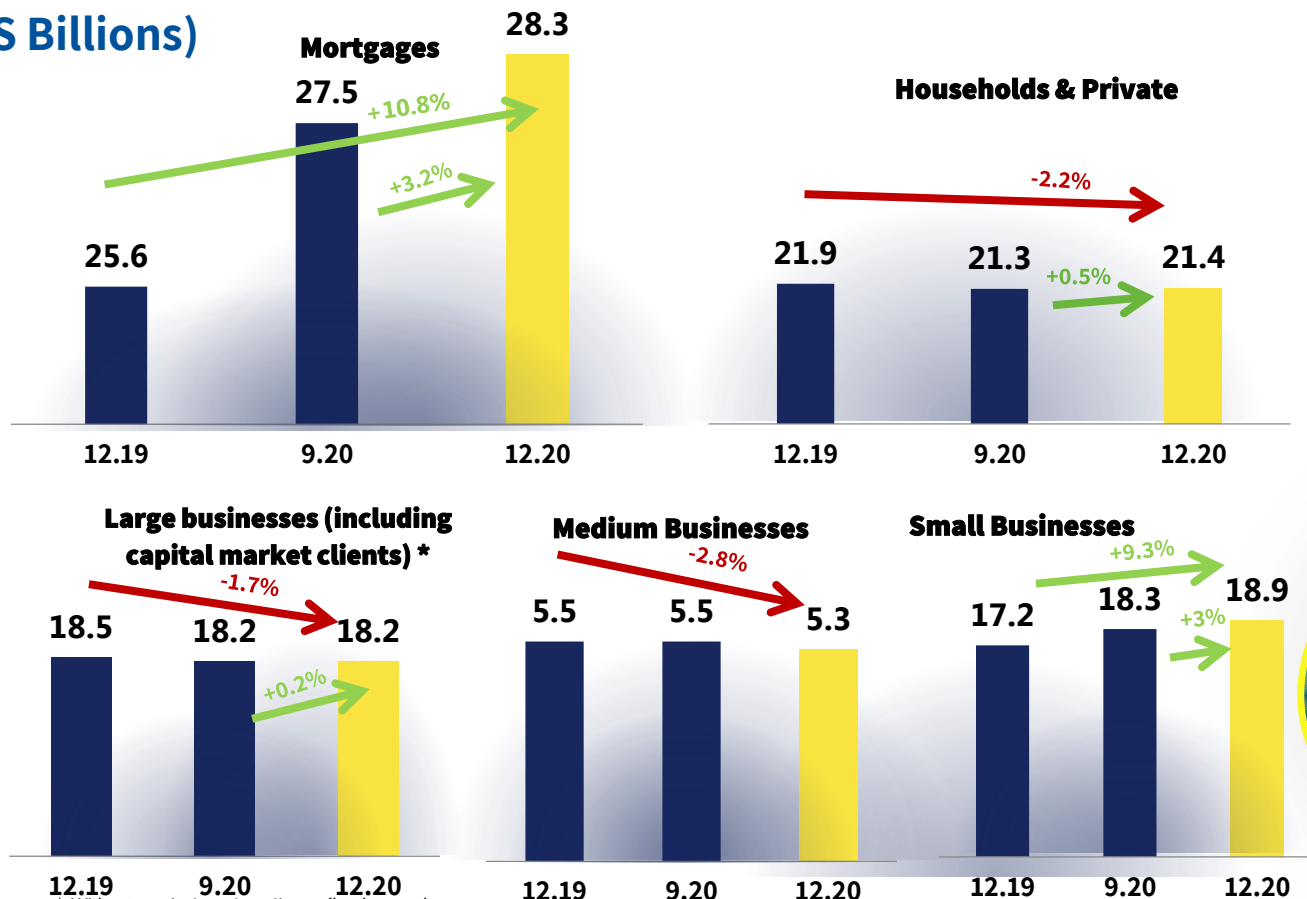


NIS +1.9 billion

Controlled growth in credit in a challenging period

Credit to the public as of 31.12.20

(NIS Billions)



12.19 9.20 12.20
 * Without capital market clients (leaders and institutions) increase of 4.6% of 12/19



Deferral of credit payments due to corona – 31.12.20

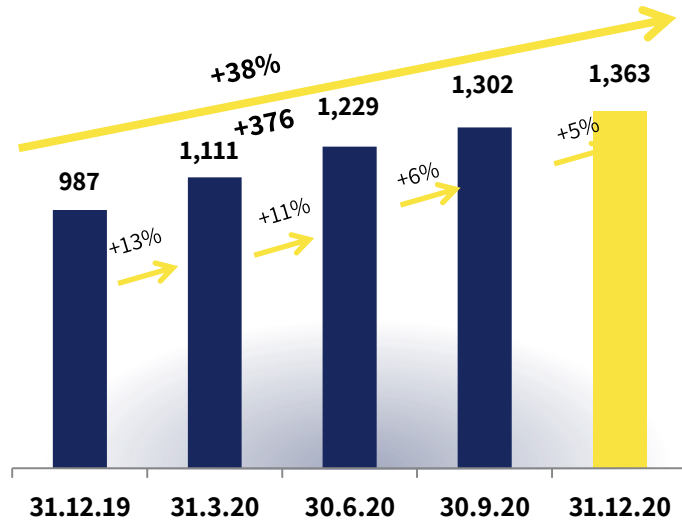
Compared to other big Israeli Banks

(NIS Millions) as of 31.12.20	Households & Private	Mortgage	Small Businesses	Median Businesses	Large Businesses	Total
The balance of payments actually deferred - FIBI	21	40	39	4	21	125
The balance of the credit for which the payments were deferred (Not yet paid) - as of 31.12.20- FIBI	208	986	401	12	147	1,754
The balance of the credit balance for which payments have been deferred out of the total credit - FIBI 31.12.20	1.0%	3.5%	2.1%	0.2%	0.9%	1.9%
The balance of the credit balance for which payments were deferred from the total credit (have not yet returned to pay) – FIBI 31.01.21	0.6%	1.4%	1.4%	0.1%	0.8%	1.0%
The balance of the credit balance for which payments were deferred from the total credit - Israeli banking system (According to financial statements for the day - 31.12.20)	3.9%	10.6%	4.4%	1.6%	1.2%	5.8%

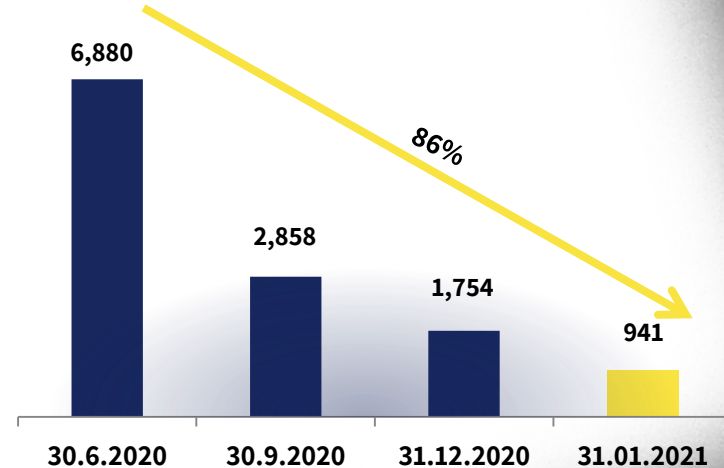


Due to Corona crisis impact on expected credit losses, the bank increased, its credit loss reserves

The balance of the provision for credit losses (including foreign balance sheets) ■



Development of credit balances Payments that were rejected



Expenses from credit losses

An increase of NIS 326 million in 2020

	2020	Q4.20	Q3.20	Q2.20	Q1.20	2019	Change compared to 2019
Collective provision	464	98	101	135	130	119	345
Individual provision	-	(47)	(10)	30	27	19	(19)
Total	464	51	91	165	157	138	326
Of which: provisions for the Corona crisis (most of them in collective provision)	436	84	93	130	129	-	436
Collective provision rate	0.52%	0.43%	0.46%	0.60%	0.59%	0.14%	
Individual provision rate	0%	(0.20%)	(0.05%)	0.14%	0.12%	0.02%	
Expense to total credit to the public ratio	0.52%	0.23%	0.41%	0.74%	0.71%	0.16%	

← **3.25x** →

Due to uncertainty regarding the effects of the Corona crisis on the economy, the Group provision increased.

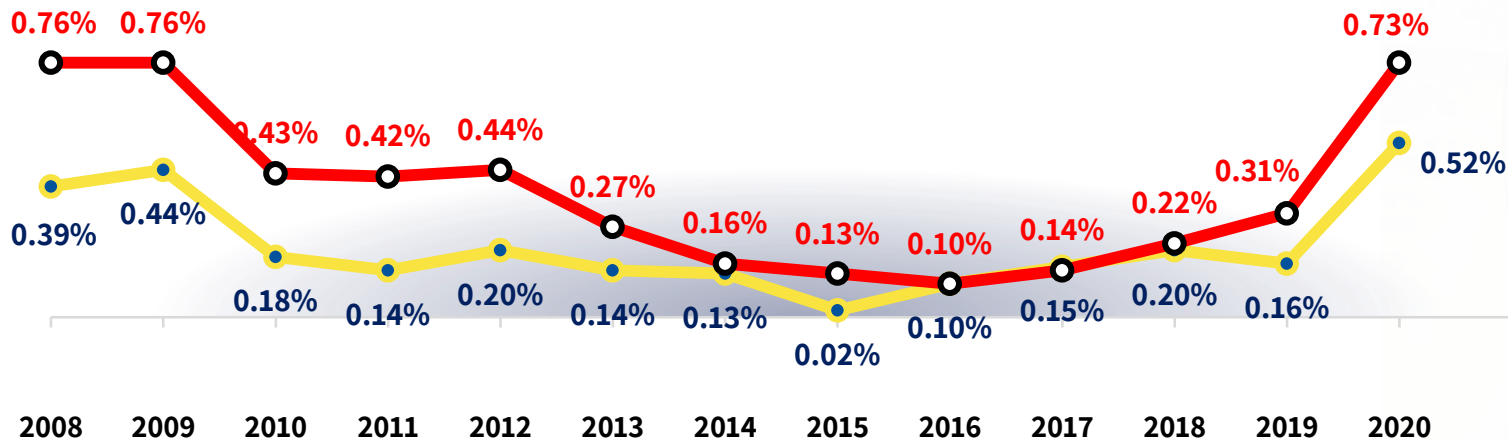
Total Expense to total credit to the public Ratio

Compared to other Israeli Banks

Due to Fibi's proportionate credit policy, Fibi's provision rates are lower than the rest of the banking system

FIBI  

Other 4 big banks 

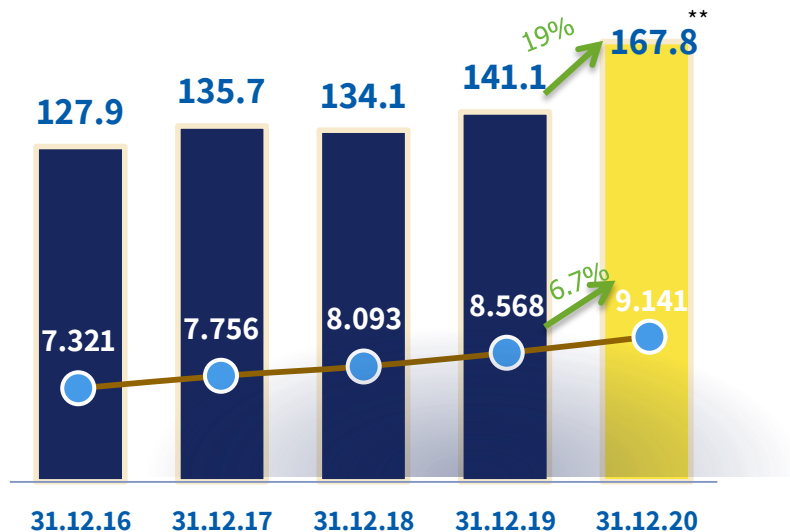


Credit Risk due to Problematic Debt

Decline in Impaired and Inferior credit risk (NIS millions)

	Gross Change			
	31.12.20	31.12.19	30.9.20	31.12.19
Impaired credit risk	695	833	(172)	(138)
Inferior credit risk	120	170	(4)	(50)
Credit under special supervision risk	1,433	852	147	581
Defective nostro bonds Credit risk	47	4	(15)	43
Total problematic credit risk	2,295	1,859	(44)	436
Ratio of provision for credit losses in respect of credit public to total impaired credit to the public to the (Including mortgages) NPL coverage ratio	↑ 221%	131%		
Ratio of allowance for credit losses includes off-balance sheet credit to the public	↑ 1.48%	1.11%		

Maintained high financial strength



leverage ratio
5.52% 5.50% 5.76% 5.81% **5.29%**

Leverage ratio neutralize cash and deposits in the BOL
6.9% 7.3% 7.2% 7.6% **7.7%**

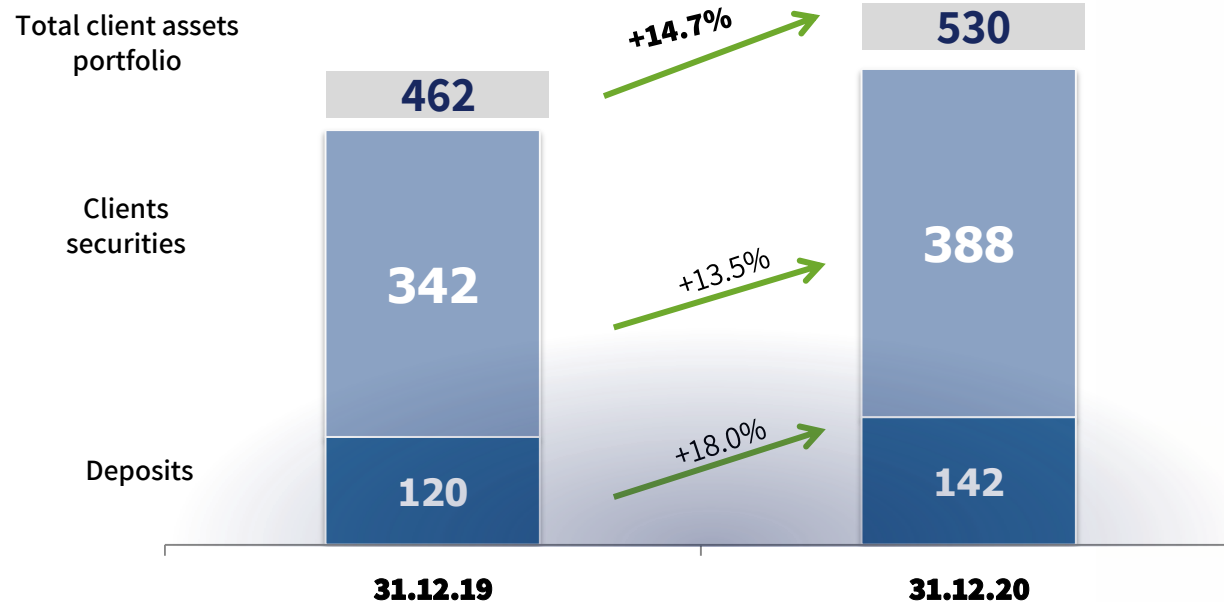
	2020	2019	2018	2017	2016
Tier 1 capital ratio	*11.18%	10.81%	10.51%	10.38%	10.09%
comprehensive capital ratio	14.46%	13.70%	13.94%	13.94%	13.79%
LCR	150%	128%	122%	123%	123%

* +2.9% above the required Tier 1 capital Ratio (8.3%)

**** The balance of cash in the Bank of Israel as at 31.12.20 amounted to NIS 55 billion , an increase of NIS 19 billion (+55%), mainly due to the increase in deposits from the public.**

Growth in client assets portfolio

End of Period
(NIS Billions)



Banks Proprietary Portfolio

(NIS Millions)

	31.12.20		31.12.19		Change
Government bonds and government guarantees	11,875	91%	9,739	89%	2,136
of which: Israeli Government bonds	10,519	80%	6,424	58%	4,095
Bank bonds	288	2%	33	0%	255
Corporate bonds	634	5%	883	8%	(249)
Stocks and investments in funds	307	2%	339	3%	(32)
Total Stocks and Investments Portfolio	13,105	100%	10,994	100%	2,111

The net capital fund for the end of 2020 was NIS 49.6 m a decrease (6.4%) in relation to the end of 2019

Digital and technological Innovations – during 2020

Technological leadership in capital market activity

- ✓ FIBI Wise - For the first time in Israel - digital pension consulting
- ✓ Smartrade - Unique tool in the capital market
- ✓ Advise.me - Digital Investment
- ✓ Consulting Investment consulting in video conversation

Opening a quick account in the app

Using facial recognition technology

Digital wallet fibiPay

Launch of the Digital Wallet allows clients to pay directly from their mobile when making a purchase without need for credit card.

Requesting mortgages digitally

Top in digital satisfaction surveys

In the first place for private clients and small businesses (Marktest and the BOI)



Digital and technological Innovations – continued

Launching open banking-based services

Aggregation - concentration of all accounts at a glance



Making payments directly through the client's ERP system



Automation of processes - RPA

Using RPA-based robots to improve business and operational processes



Innovation in foreign trade - GPI

An innovative system-based swift monitoring and visual transfers for foreign exchange



Information Information Information and Cyber

Advanced services such as Fibiguard and Mobile Approve provide increased protection layer

