

[Press release](#)

[Aug 16, 2022](#)

First International Bank of Israel Reports Second Quarter 2022 Results

Tel Aviv, Israel – Aug 16, 2022. First International Bank of Israel (TASE: FIBI) one of Israel's major banking groups, today announced its results for the second quarter and first half of 2022, ended June 30, 2022.

Second Quarter Financial Highlights:

- **Net income of NIS 342 million**
- **Return on Equity – 13.8%**
- **BoD approved dividend distribution of 50% of net income**
- **YoY growth of 24% in financing income from ongoing operations**
- **Cost/Income ratio continues to improve reaching 54.8%**

Management Comment

Ms. Smadar Barber-Tsadik, CEO of the First International Bank Group, stated: "The profitability of the First International Bank in the second quarter of 2022 reflects growth that comes from increase in the ongoing operations of the Bank, in a variety of areas, with an emphasis on customer wealth management and credit growth, while maintaining the stability of the Bank and an adequate risk profile. This, together with the continuation of efficiency measures, which allows consistent and gradual improvement in the efficiency ratio. The first International Bank provides optimal service to customers by means of both, its wide branch network, which is twice as large as the Bank's proportionate share in the banking system, and by means of the Bank's advanced and innovative digital capabilities".

Growth

The growth trend is evident in all core areas of activities of the Bank:

interest income grew in the second quarter of the year by 21% year over year, **financing income from ongoing operations** grew in the second quarter of the year by 24%, year over year. **Commission income** increased by 6% year over year, due to growth of the Bank activities.

Credit to the public grew by 18.3% in the past twelve months (as compared with the corresponding period last year) and by 11.4% since the beginning of the current year, amounting to NIS 113,932 million. Growth in credit is seen in all fields of operation: **the large business** segment grew in the past twelve months by 39%, **the middle market business** segment grew by 33.4%, **the small business** segment by 13.8%, credit to **households** grew by 6.6%, and **housing related loans** grew by 15%. Credit to the public grew in the **second quarter** of the year by 6.1%.

Deposits by the public grew by 6.8% in the second quarter of the year compared with the first quarter, amounting to NIS 164,539 million. Since the beginning of the year, deposits by the public grew by 7.2%.

Profitability

Net earning of the First International Bank Group in **the second quarter of 2022** amounted to NIS 342 million, as compared to earnings of NIS 322 million in the first quarter of the year, and earnings of NIS 404 million in the corresponding quarter last year, in which the Bank recorded exceptional credit loss income, on background of the exit from the Corona crisis. Return on equity reached 13.8%. **In the first half of the year**, net earnings amounted to NIS 664 million, as compared to NIS 708 million in the corresponding first half of last year, with return on equity reaching 13.3%.

Credit loss expenses amounted in the second quarter of the year to NIS 31 million, as compared to income of NIS 128 million in the corresponding quarter last year, representing growth of NIS 159 million. This growth stems ,mostly, from exceptional

income that was recorded last year in respect of credit losses in the amount of NIS 114 million, representing the decline in the collective credit loss allowance, explained by improvement in the economic indicators upon exit from the Corona crisis. An increase in the collective allowance was recorded in the second quarter of the year following the growth in volume of performing credit.

The volume of **problematic credit** declined by approximately 21%, as compared to the corresponding period last year, and by 15% as compared to the end of 2021.

Efficiency

Cost/income ratio continues to improve reaching 54.8% in the second quarter of the year, as compared with 57.5% in the corresponding period last year. The Bank continues to implement efficiency measures, which include, inter alia, improvement and automation of work procedures, innovation in digital and the advanced use of data. All these allow consistent and gradual improvement in the cost/income ratio.

Operating and other expenses amounted in the second quarter of the year to NIS 662 million, a reduction of 3.2% as compared to the first quarter of 2022, and a rise of 1.5% as compared to the second quarter of last year. **Maintenance and depreciation of building and equipment expenses** decreased by 4.7% in the second quarter of the year in relation to the corresponding period last year, following efficiency measures employed with respect to the real estate assets of the Group.

Financial stability

Equity attributed to the shareholders of the Bank reached an amount of NIS 9,973 million. **The Tier I equity capital ratio** reached 10.15%, which is higher by 0.9% than the required regulatory ratio.

In accordance with the profit distribution policy adopted by the Board of Directors of the Bank, the Bank distributes a dividend at the rate of up to 50% of the annual net earnings. The Board of Directors of the Bank, approved today a **dividend distribution** of NIS 170 million, representing 50% of net earnings for the second quarter of 2022, this in addition to dividends of NIS 540 million distributed so far in the current year. **The annual dividend yield** as of July 31, 2022, amounted to 8.6%, the highest dividend yield in the banking system.

CONDENSED PRINCIPAL FINANCIAL INFORMATION AND PRINCIPAL EXECUTION INDICES

Principal financial ratios	For the six months ended June 30,		For the year ended December 31,
	2022	2021	2021
			percent
Execution indices			
Return on equity attributed to shareholders of the Bank ⁽¹⁾⁽³⁾	13.3%	*15.1%	14.7%
Return on average assets ⁽¹⁾	0.73%	*0.83%	0.82%
Ratio of equity capital tier 1	10.15%	*11.70%	11.46%
Leverage ratio	5.02%	*5.51%	5.34%
Liquidity coverage ratio	125%	137%	128%
Net stable funding ratio ⁽²⁾	134%		**139%
Ratio of total income to average assets ⁽¹⁾	2.6%	2.6%	2.6%
Ratio of interest income, net to average assets ⁽¹⁾	1.8%	1.6%	1.6%
Ratio of fees to average assets ⁽¹⁾	0.8%	0.8%	0.8%
Efficiency ratio	56.6%	*58.2%	58.3%
Credit quality indices			
Ratio of provision for credit losses to credit to the public	0.98%	1.19%	1.05%
Ratio of impaired debts or in arrears of 90 days or more to credit to the public	0.55%	***0.71%	***0.62%
Ratio of provision for credit losses to total impaired credit to the public	185%	***239%	***244%
Ratio of net write-offs to average total credit to the public ⁽¹⁾	0.04%	-	(0.01%)
Ratio of expenses (income) for credit losses to average total credit to the public ⁽¹⁾	0.06%	(0.30%)	(0.23%)
Principal data from the statement of income			
		For the six months ended June 30,	
		2022	2021
		NIS million	
Net profit attributed to shareholders of the Bank		664	*708
Interest Income, net		1,603	1,380
Expenses (income) from credit losses		31	(137)
Total non-Interest income		775	*866
Of which: Fees		755	711
Total operating and other expenses		1,346	1,308
Of which: Salaries and related expenses		815	800
Primary net profit per share of NIS 0.05 par value (NIS)		6.62	*7.06
Principal data from the balance sheet			
		30.6.22	30.6.21
		31.12.21	
		NIS million	
Total assets		192,026	*173,075
of which: Cash and deposits with banks		56,305	56,673
Securities		15,349	*16,291
Credit to the public, net		112,811	95,191
Total liabilities		181,606	*162,774
of which: Deposits from the public		164,539	146,276
Deposits from banks		5,429	5,035
Bonds and subordinated capital notes		4,187	2,833
Capital attributed to the shareholders of the Bank		9,973	*9,880
Additional data			
		30.6.22	30.6.21
		31.12.21	
Share price (0.01 NIS)		13,010	10,440
Dividend per share (0.01 NIS)		538	-
		543	

* Immaterial adjustment of comparative data.

** Restated.

*** Restated in respect of the new disclosure format on nonaccrual debts instead of impaired debts.

(1) Annualized.

(2) According to instructions of the Bank of Israel the Net stable funding ratio was calculated since 2021. Therefore no comparative data for the six months ended June 30, 2021 is stated.

(3) According to instructions of the Bank of Israel, beginning in 2022, the method for the conversion of return per period into annualized terms was changed, from exponential calculation to linear calculation. Comparative data have been restated.

CONSOLIDATED STATEMENT OF INCOME

(NIS million)

	For the three months ended June 30		For the six months ended June 30		For the year Ended December 31
	2022	2021	2022	2021	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
Interest Income	1,104	856	1,975	1,585	3,150
Interest Expenses	245	146	372	205	356
Interest Income, net	859	710	1,603	1,380	2,794
Expenses (income) from credit losses	31	(128)	31	(137)	(216)
Net Interest Income after expenses from credit losses	828	838	1,572	1,517	3,010
Non- Interest Income					
Non-Interest Financing income (expenses)	(22)	*75	12	*151	303
Fees	371	350	755	711	1,444
Other income	-	-	8	4	9
Total non- Interest income	349	425	775	866	1,756
Operating and other expenses					
Salaries and related expenses	401	402	815	800	1,601
Maintenance and depreciation of premises and equipment	82	86	163	171	340
Amortizations and impairment of intangible assets	28	25	55	51	105
Other expenses	151	139	313	286	606
Total operating and other expenses	662	652	1,346	1,308	2,652
Profit before taxes	515	611	1,001	1,075	2,114
Provision for taxes on profit	179	*216	348	*377	728
Profit after taxes	336	395	653	698	1,386
The bank's share in profit of equity-basis investee, after taxes	20	23	37	36	69
Net profit:					
Before attribution to non-controlling interests	356	418	690	734	1,455
Attributed to non-controlling interests	(14)	(14)	(26)	(26)	(50)
Attributed to shareholders of the Bank	342	404	664	708	1,405
					NIS
Primary profit per share attributed to the shareholders of the Bank					
Net profit per share of NIS 0.05 par value	3.41	4.03	6.62	7.06	14.00

* Immaterial adjustment of comparative data.


Ron Levkovich
 Chairman of the Board


Smadar Barber-Tsadik
 Chief Executive Officer


Nachman Nitzan
 Executive Vice President,
 Chief Accountant

Tel-Aviv, August 16, 2022

STATEMENT OF COMPREHENSIVE INCOME

(NIS million)

	For the three months ended June 30		For the six months ended June 30		For the year Ended December 31
	2022	2021	2022	2021	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
Net profit before attribution to non-controlling interests	356	*418	690	*734	1,455
Net profit attributed to non-controlling interests	(14)	(14)	(26)	(26)	(50)
Net profit attributed to the shareholders of the Bank	342	404	664	708	1,405
Other comprehensive income (loss) before taxes:					
Adjustments of available for sale bonds to fair value, net	(161)	(7)	(377)	4	27
Adjustments of liabilities in respect of employee benefits ⁽¹⁾	65	(20)	196	46	(24)
Other comprehensive income (loss) before taxes	(96)	(27)	(181)	50	3
Related tax effect	32	8	62	(18)	(1)
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	(64)	(19)	(119)	32	2
Less other comprehensive income (loss) attributed to non-controlling interests	(4)	-	(9)	1	-
Other comprehensive income (loss) attributed to the shareholders of the Bank, after taxes	(60)	(19)	(110)	31	2
Comprehensive income before attribution to non-controlling interests	292	399	571	766	1,457
Comprehensive income attributed to non-controlling interests	(10)	(14)	(17)	(27)	(50)
Comprehensive income attributed to the shareholders of the Bank	282	385	554	739	1,407

* Immaterial adjustment of comparative data.

(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.

CONSOLIDATED BALANCE SHEET

(NIS million)

		June 30,	December 31,
	2022	2021	2021
	(unaudited)	(unaudited)	(audited)
Assets			
Cash and deposits with banks	56,305	56,673	57,370
Securities	15,349	*16,291	15,091
Securities which were borrowed	289	32	845
Credit to the public	113,932	96,340	102,240
Provision for Credit losses	(1,121)	(1,149)	(1,076)
Credit to the public, net	112,811	95,191	101,164
Credit to the government	939	101	811
Investments in investee company	669	675	713
Premises and equipment	904	945	931
Intangible assets	300	279	300
Assets in respect of derivative instruments	2,880	1,307	1,709
Other assets ⁽²⁾	1,580	1,581	1,536
Total assets	192,026	173,075	180,470
Liabilities and Shareholders' Equity			
Deposits from the public	164,539	146,276	153,447
Deposits from banks	5,429	5,035	5,144
Deposits from the Government	570	435	960
Bonds and subordinated capital notes	4,187	2,833	3,356
Liabilities in respect of derivative instruments	2,412	1,440	2,038
Other liabilities ⁽¹⁾⁽³⁾	4,469	*6,755	5,088
Total liabilities	181,606	162,774	170,033
Capital attributed to the shareholders of the Bank	9,973	*9,880	10,003
Non-controlling interests	447	421	434
Total equity	10,420	10,301	10,437
Total liabilities and shareholders' equity	192,026	173,075	180,470

* Immaterial adjustment of comparative data.

- (1) Of which: provision for credit losses in respect of off-balance sheet credit instruments in the amount of NIS 109 million and NIS 79 million and NIS 79 million at 30.6.22, 30.6.21 and 31.12.21, respectively.
- (2) Of which: other assets measured at fair value in the amount of NIS 283 million and NIS 353 million and NIS 333 million at 30.6.22, 30.6.21 and 31.12.21, respectively.
- (3) Of which: other liabilities measured at fair value in the amount of NIS 337 million and NIS 382 million and NIS 641 million at 30.6.22, 30.6.21 and 31.12.21, respectively.

STATEMENT OF CHANGES IN EQUITY

(NIS million)

	For the three months ended June 30, 2022 (unaudited)					
	Share capital and premium ⁽¹⁾	Accumulated other comprehensive loss	Retained earnings ⁽²⁾	Total share-holders' equity	Non-controlling interests	Total equity
Balance as of March 31, 2022	927	(231)	9,155	9,851	437	10,288
Net profit for the period	-	-	342	342	14	356
Dividend	-	-	(160)	(160)	-	(160)
Other comprehensive loss, after tax effect	-	(60)	-	(60)	(4)	(64)
Balance as at June 30, 2022	927	(291)	9,337	9,973	447	10,420

	For the three months ended June 30, 2021 (unaudited)					
	Share capital and premium ⁽¹⁾	Accumulated other comprehensive loss	Retained earnings ⁽²⁾	Total share-holders' equity	Non-controlling interests	Total equity
Balance as of March 31, 2021	927	(133)	**8,701	9,495	407	9,902
Net profit for the period	-	-	**404	404	14	418
Other comprehensive loss, after tax effect	-	(19)	-	(19)	-	(19)
Balance as at June 30, 2021	927	(152)	9,105	9,880	421	10,301

	For the six months ended June 30, 2022 (unaudited)					
	Share capital and premium ⁽¹⁾	Accumulated other comprehensive loss	Retained earnings ⁽²⁾	Total share-holders' equity	Non-controlling interests	Total equity
Balance as at December 31, 2021 (audited)	927	(181)	9,257	10,003	434	10,437
Adjustment of the opening balance, net of tax, due to the effect of initial implementation*	-	-	(44)	(44)	(4)	(48)
Adjusted balance at January 1, 2022, following initial implementation	927	(181)	9,213	9,959	430	10,389
Net profit for the period	-	-	664	664	26	690
Dividend	-	-	(540)	(540)	-	(540)
Other comprehensive loss, after tax effect	-	(110)	-	(110)	(9)	(119)
Balance as at June 30, 2022	927	(291)	9,337	9,973	447	10,420

	For the six months ended June 30, 2021 (unaudited)					
	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	-	-	**708	708	26	734
Other comprehensive income, after tax effect	-	31	-	31	1	32
Balance as at June 30, 2021	927	(152)	9,105	9,880	421	10,301

STATEMENT OF CHANGES IN EQUITY (CONT'D)

(NIS million)

	For the year ended December 31, 2021 (audited)					
	Share capital and premium ⁽¹⁾	Accumulated other comprehensive income (loss)	Retained earnings ⁽²⁾	Total	Non- controlling interests	Total equity
Balance as at December 31, 2020	927	(183)	8,397	9,141	394	9,535
Net profit for the year	-	-	1,405	1,405	50	1,455
Dividend	-	-	(545)	(545)	(10)	(555)
Other comprehensive loss, after tax effect	-	2	-	2	-	2
Balance as at December 31, 2021	927	(181)	9,257	10,003	434	10,437

* Cumulative effect of the initial implementation of US accounting principles in the matter of financial instruments – credit losses (ASC-326).

** 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.