



FIRST INTERNATIONAL BANK OF ISRAEL
Financial Statements as of September 30, 2021

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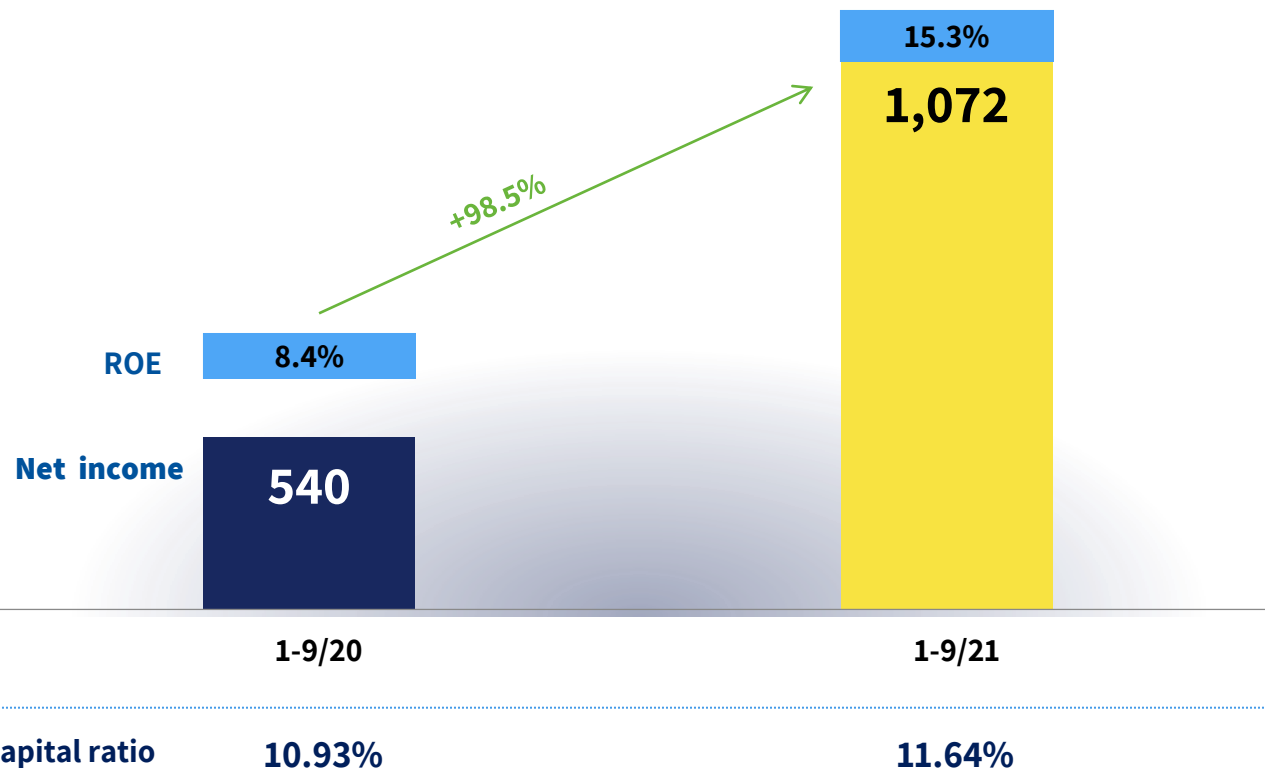
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Net Income and ROE

(NIS millions)



1-9.2021 Principal information



Credit growth

(End of period)

* 1-9.2021

+5.1%

** Last Year

+6.8%



Growth in the client assets portfolio

(End of period)

+11%

+22.6%



Growth in deposits

(End of period)

+4.7%

+9.1%



Tier 1 capital ratio

11.64%

10.93%



ROE

1-9.2021
1-9.2020

15.3%

8.4%



Improvement in the efficiency ratio

57.9%

61%



(Income)/expenses from credit losses

(0.30%)

0.62%



98.5% net income growth

1,072

540



8.5% revenue growth

3,371

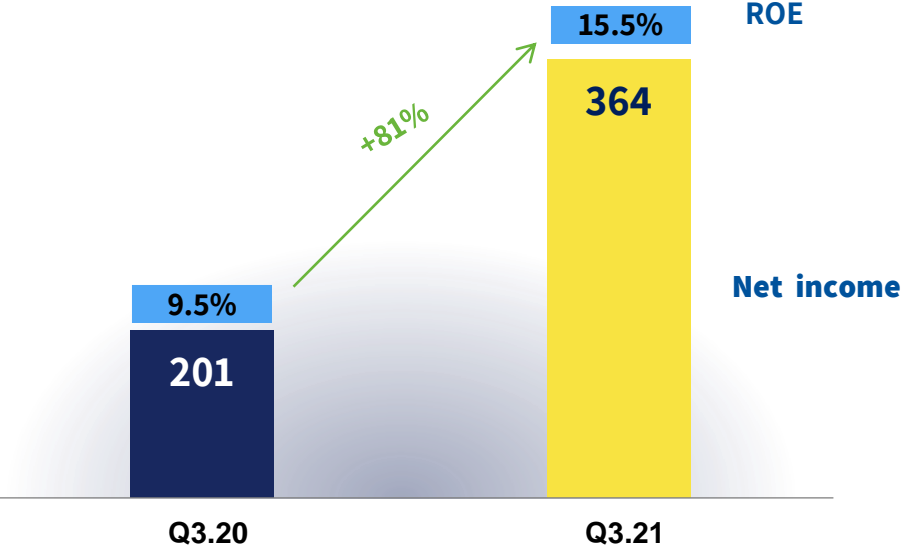
3,105

* Compared to 31.12.20

** Compared to 30.9.20

Net Income and ROE (Q3.21 vs Q3.20)

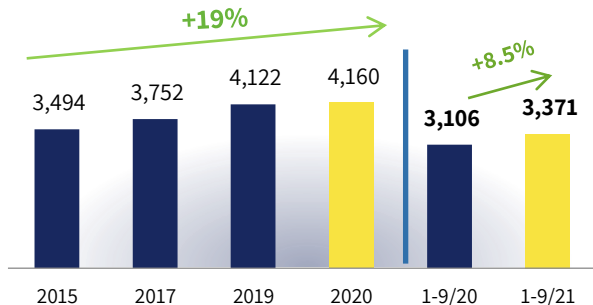
(NIS millions)



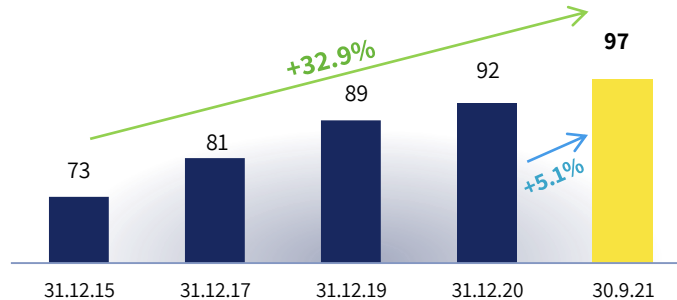
	<u>Q3.21</u>	<u>Q3.20</u>
Improvement in the efficiency ratio	57.3%	61.9%
(Income)/expenses from credit losses	(0.29%)	0.41%
Tier 1 capital ratio	11.64%	10.93%
Total revenue growth	+8.8%	-

Continuous growth

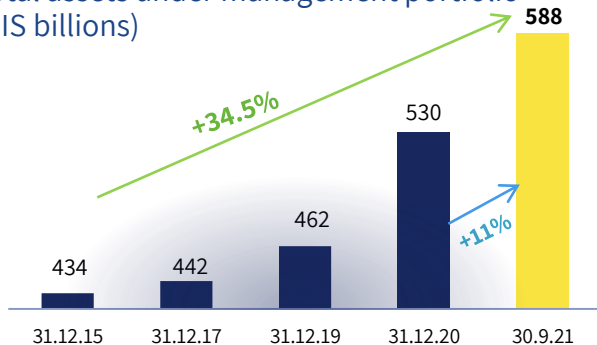
Total revenues before credit losses (NIS millions)



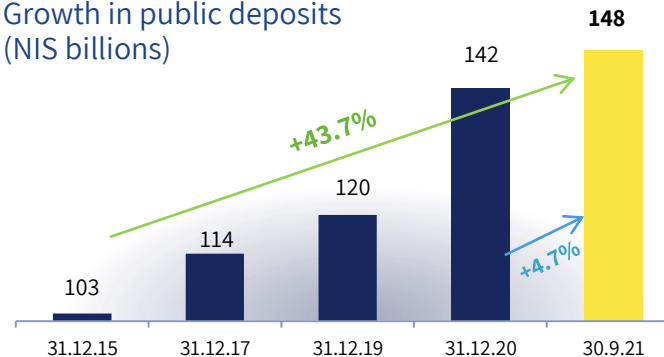
Growth in public credit (NIS billions)



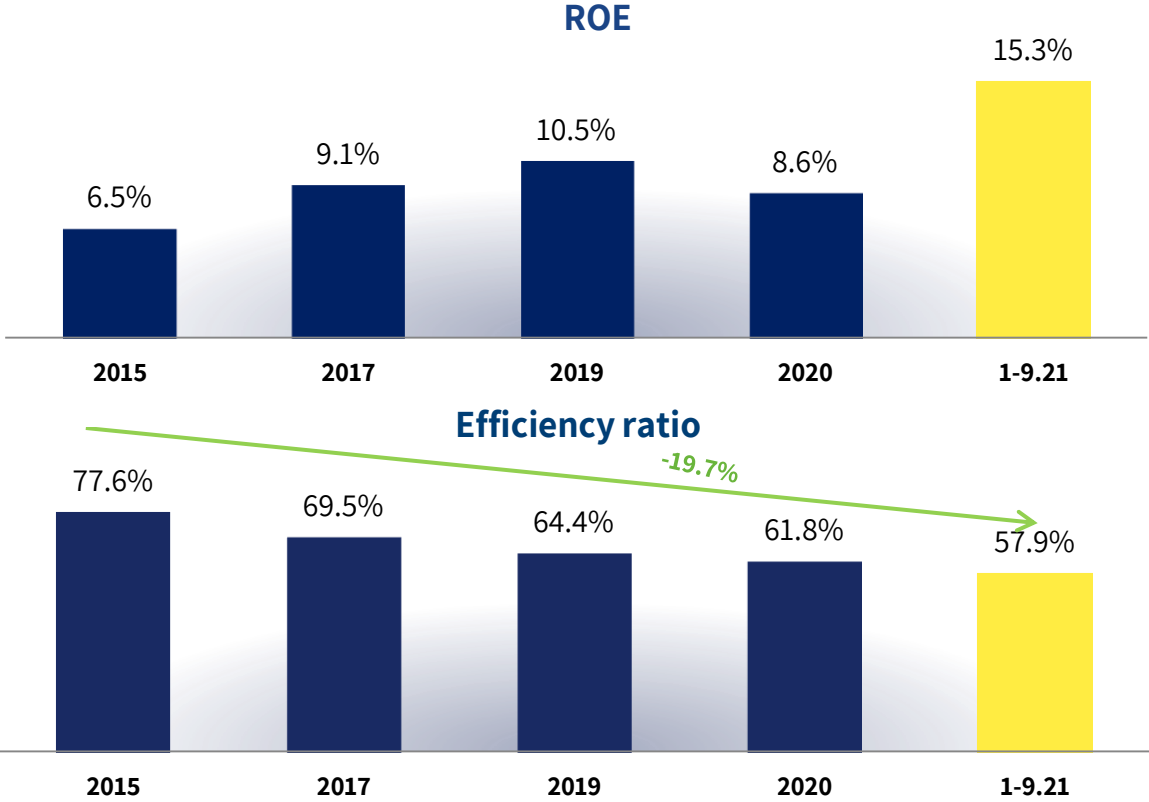
Total assets under management portfolio (NIS billions)



Growth in public deposits (NIS billions)



ROE & Efficiency ratio



Condensed income statement 1-9.2021

(NIS millions)

NIS millions	1-9.21	1-9.20	Change (before taxes)	% Change
Interest income	2,090	1,980	110	5.6%
Non-interest financing income	214	97	117	121%
Interest income, net	2,304	2,077	227	11%
Expenses of (income from) credit losses (0.30% - income, compared to a loss of 0.62%)	(206)	413	(619)	-
Commission income	1,057	1,026	31	3%
<u>Of which:</u> Commissions from client capital market transactions	560	527	33	6.3%
Total interest and non-interest income (before provision for credit losses)	3,371	3,106	265	8.5%



Condensed income statement 1-9.2021 (cont.)

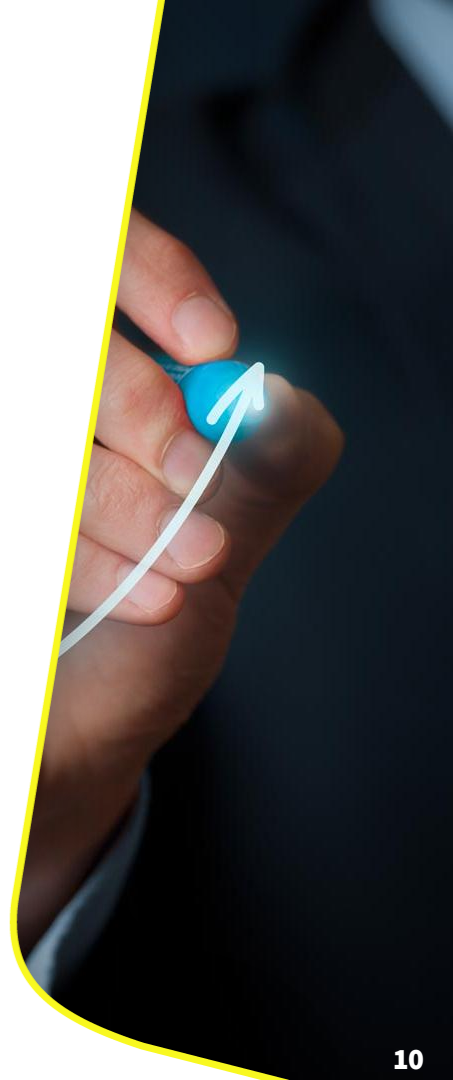
(NIS millions)

NIS millions	1-9.21	1-9.20	Change (before taxes)	% Change
Total operating and other expenses	*1,953	1,894	59	3.1%
Salaries and related expenses	*1,199	1,138	61	5.4%
Depreciation and maintenance of buildings and equipment	255	261	(6)	(2.2%)
Amortization and impairment of intangible assets	78	71	7	9.8%
Other expenses	421	424	(3)	(0.7%)
Income from operating activities before taxes	1,624	799	825	103%
Provision for income tax (corresponding period includes NIS 37 million in income from income tax in respect of prior years)	570	254	316	124%
Share of profit (loss) of Cal. (Israel Credit Cards)	57	24	33	138%
Attributable to non-controlling interests in Bank Massad	(39)	(29)	(10)	34%
Net profit	1,072	540	532	98.5%

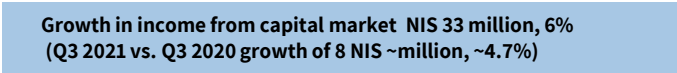
(*)Growth is mainly due to the adjustment of variable compensation components to profitability

Income from financing activities (NIS millions)

NIS millions	1-9.21	1-9.20	Change (before taxes)	% Change
Total interest income	2,090	1,980	110	5.6%
Total non-interest financing income	214	97	117	
Reported financial earnings	2,304	2,077	227	10.9%
Excluding effects that do not arise from operating activities:				
Reconciliations to fair value of derivatives instruments	(3)	3	(6)	
Income from realization and reconciliations to fair value of bond	21	16	5	
Earnings (losses) from investments in shares	156	(27)	183	
Financial earnings from operating activities	2,130	2,085	45	2.2%
Change in CPI in the period (%)	2.2%	(0.6%)		
Income (expenses) in respect of changes in CPI	83	(20)	103	
Financial earnings from operating activities Excluding CPI	2,047	2,105	(58)	(2.7%)
Average shekel interest rate for the period	0.10%	0.15%	(0.05%)	
Average dollar interest rate for the period	0.25%	0.63%	(0.38%)	
NIS millions	Q3.21	Q3.20	Change (before taxes)	% Change
Financial earnings from operating activities	724	676	48	7.1%
Financial earnings from operating activities Excluding CPI	691	673	18	2.7%
Average shekel interest rate for the period	0.10%	0.10%		
Average dollar interest rate for the period	0.25%	0.25%		

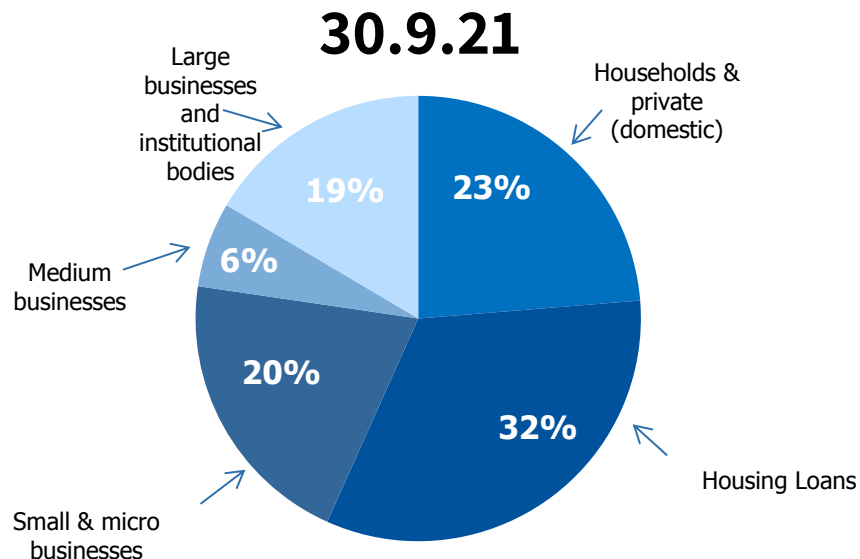


(NIS millions)



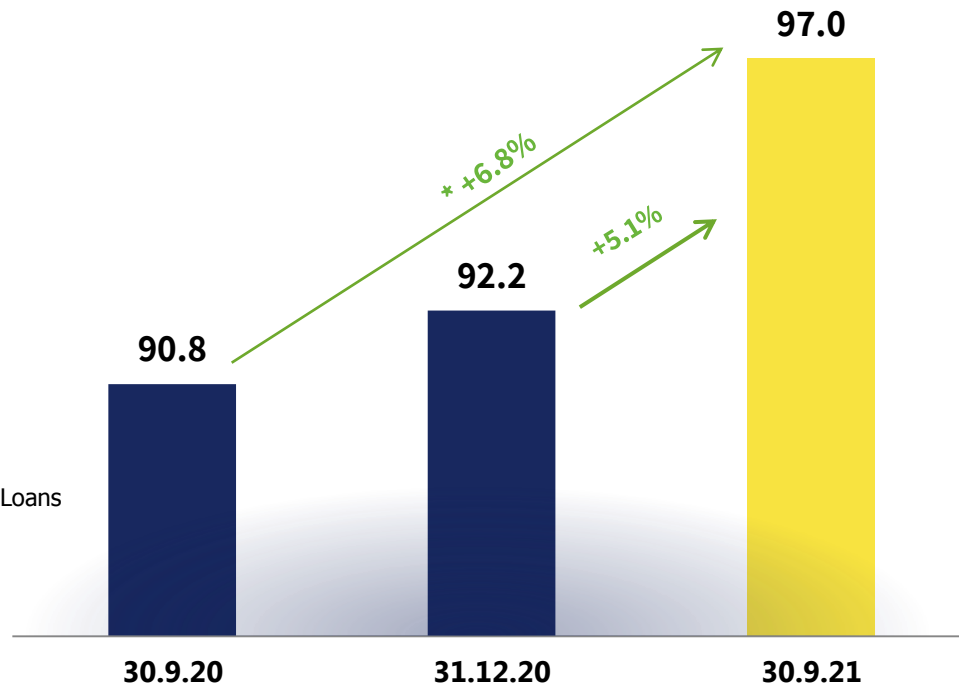
Credit portfolio

(NIS billions)



Strong, diversified credit mix

Households & private: ~55% of credit portfolio



*4.0% (3.6 billion) growth according to Average balances

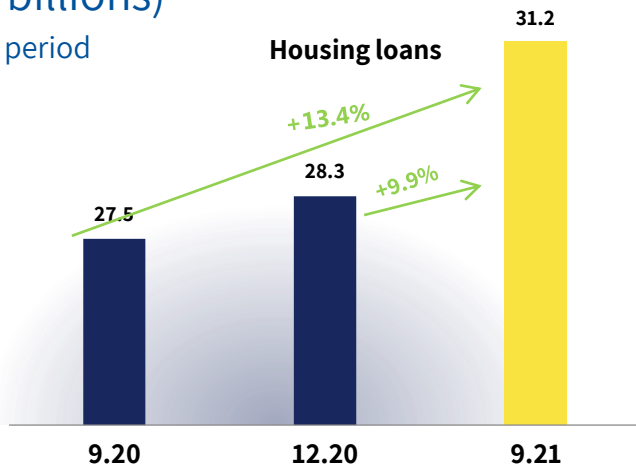
**Continuing growth in off-balance-sheet credit balances – guarantees and other liabilities
~17.3% growth since the beginning of the year.

Credit portfolio

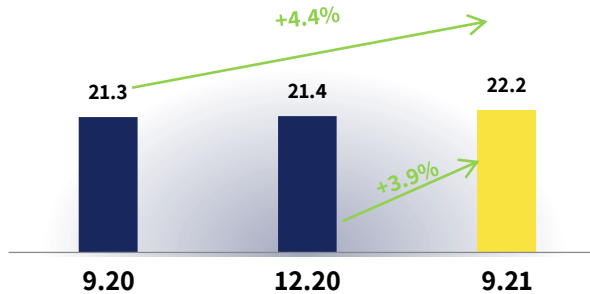
(NIS billions)

End of period

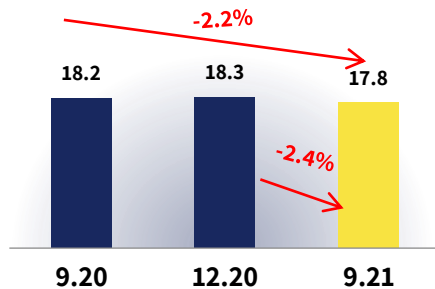
Housing loans



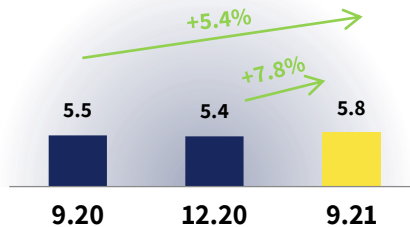
Households & private (domestic)



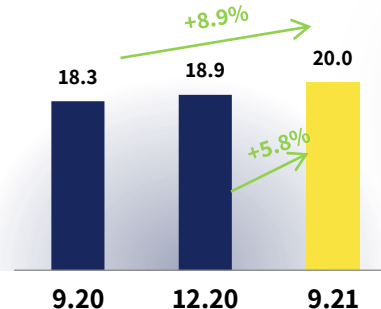
Large businesses



Medium businesses

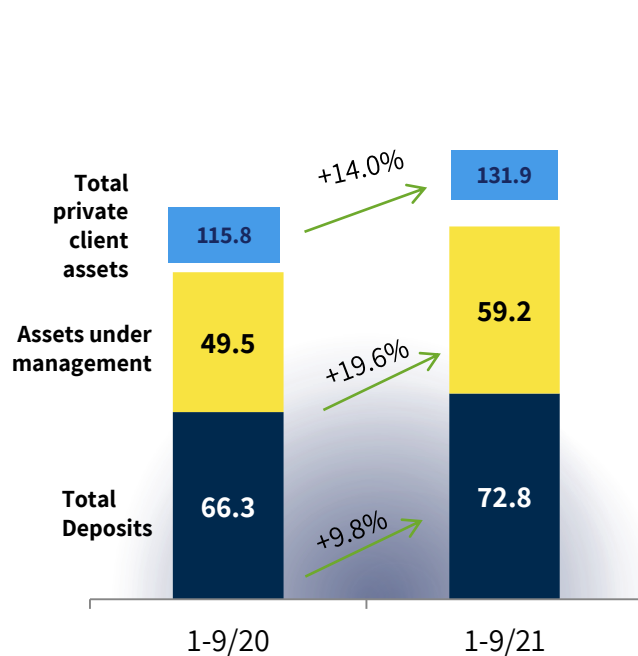


Small businesses

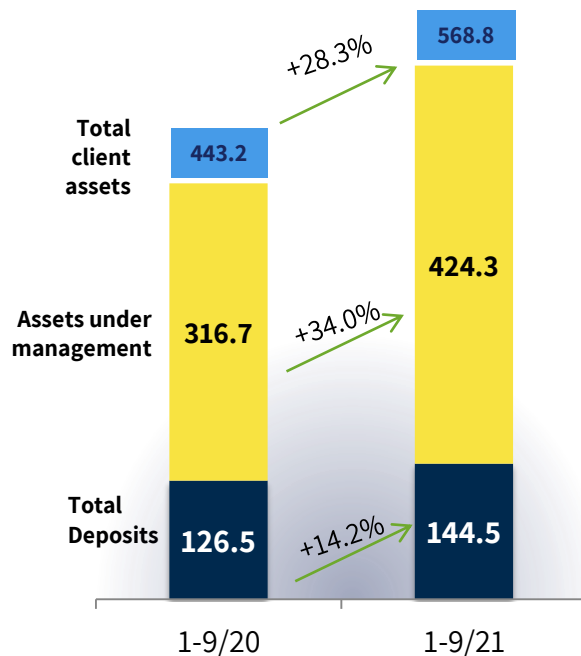


Total client assets portfolio growth (NIS billions)

Average Balances



**Total private client
assets portfolio growth**



**Total client assets
portfolio growth**

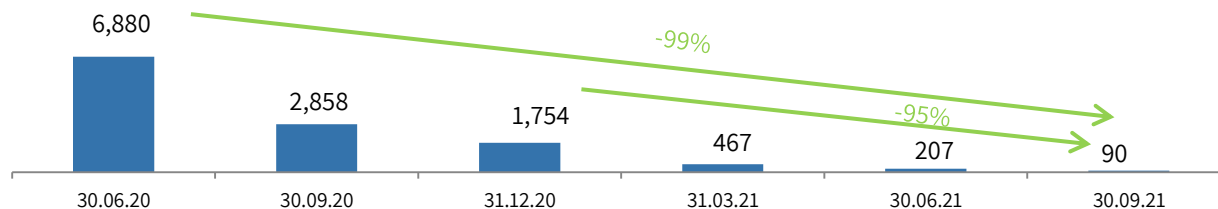


Loan Repayment Deferrals Due to COVID-19, September 30, 2021 (NIS Millions)

Reflects the Bank's strong credit portfolio

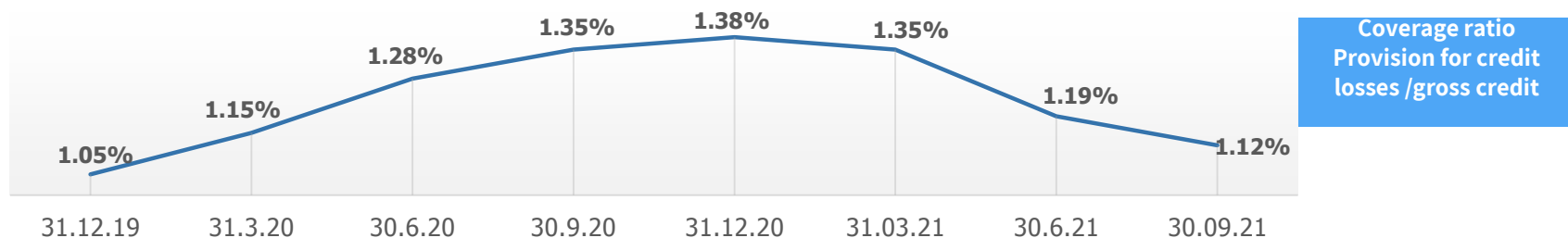
NIS millions as of 30.9.20	House- holds	Housing loans	Small businesses	Medium businesses	Large businesses	Total
Balance of deferred payments - FIBI	-	5	4	-	1	10
Balance of deferred credit (payments not yet resumed) - as of September 30, 2021 - FIBI	-	57	29	-	4	90
Ratio of deferred credit to total credit (payments not yet resumed) - FIBI, September 30, 2021	-	0.19%	0.10%	-	0.02%	0.09%
Ratio of deferred credit to total credit (payments not yet resumed) - FIBI, June 30, 2021	-	0.30%	0.56%	-	0.02%	0.2%
Ratio of deferred credit to total credit - Israeli banks (excluding FIBI) (According to the financial statements as of September 30, 2021)	0.08%	2.33%	0.73%	0.88%	0.63%	1.28%

Development of Deferred Credit (NIS Millions)



Expenses of (Income from) credit losses

	1-9.21	1-9.20	2020	Change compared to 1-9/20
Collective provision	(183)	366	464	(549)
Individual provision	(23)	47	-	(70)
Total	(206)	413	464	(619)
Collective provision (%)	(0.27%)	0.55%	0.52%	
Individual provision (%)	(0.03%)	0.07%	0%	
Provision for credit losses (%)	(0.30%)	0.62%	0.52%	



During the COVID-19 pandemic the Bank maintained a solid safety cushion for credit losses. Loan loss provision ratio (coverage ratio) of 1.12% on 30.9.21, compared to 1.05% on December 31, 2019 (pre-COVID).

Sustained Robust Financial Strength

Principal financial ratios – period end

	30.9.21	2020	2019	2018	2017
Tier 1 capital ratio	*11.64%	11.18%	10.81%	10.51%	10.38%
Total capital ratio (total capital to risk-weighted assets)	**13.79%	14.46%	13.70%	13.94%	13.94%
LCR	133%	150%	128%	122%	123%
Credit-deposit ratio	154%	156%	137%	133%	141%

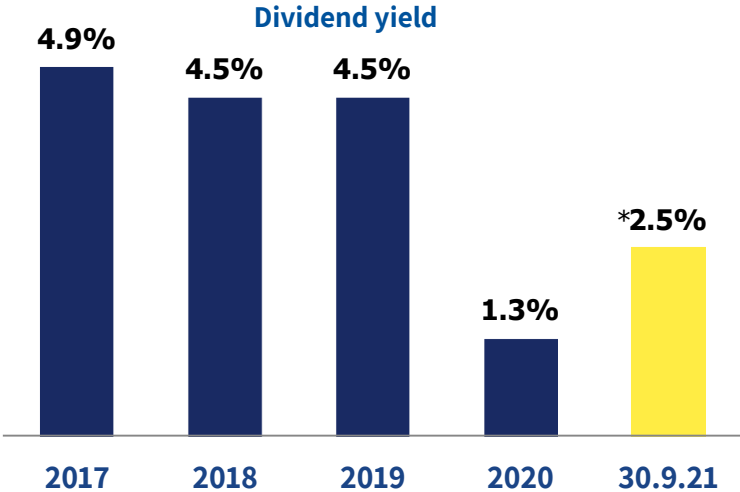
*3.4% above the required regulatory Tier 1 capital ratio (8.25%) and 2.4% above the mandatory minimum capital ratio with no reductions: NIS 2.1 billion.

The Bank has the strongest capital adequacy ratio in relation to the mandatory minimum in the Israeli banking industry.

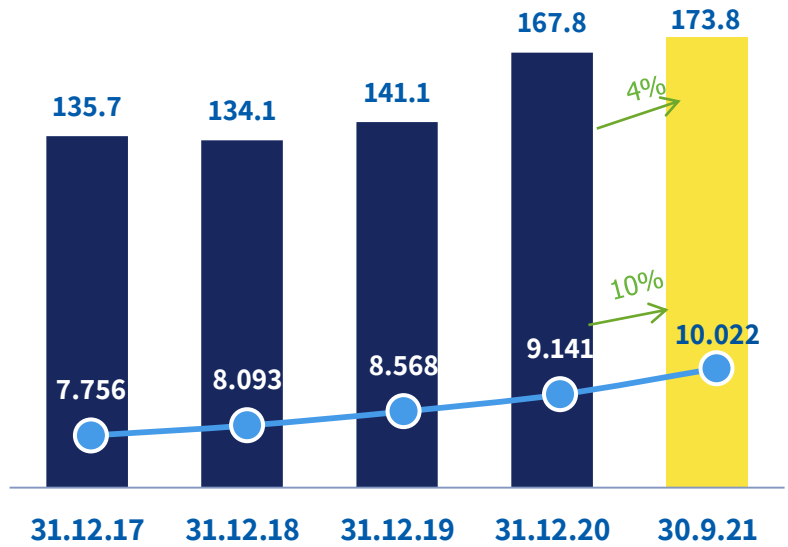
**The total capital ratio decreased following the early redemption of Series 22 deferred bonds (CoCo).

Sustained robust financial strength

Equity attributable to shareholders of the Bank and financial ratios at period end
(NIS billions)



*On November 23, 2021, the Board of Directors of the Bank approved a **dividend distribution of NIS 320 million (gross)**, constituting 30% of net profit for the period (the estimated dividend yield after said payout is 6%) in accordance with the BOI's position, further to a dividend of NIS 225 million paid on September 1, 2021. In this respect, there has been no change in the Bank's dividend policy, pursuant to which the Bank distributes up to 50% of net profit for the year. Implementation of the policy will continue to be reviewed according to its terms, developments and regulation, and subject to the guidelines of the Supervisor of Banks.



Leverage ratio	5.50%	5.76%	5.81%	5.29%	5.54%
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Leverage ratio excluding deposits at the BOI	7.3%	7.2%	7.6%	7.7%	7.8%
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In recent years, the volume of cash and deposits at the BOI has been on a growth trend:
Sept. 30, 2021 – NIS 53.6 billion; Dec. 31, 2018 – NIS 28.4 billion, an increase of ~90%.



Equity attributable to shareholders

Total balance



1-9.21 Business growth

- **Net profit** amounted to NIS 1,072 million – **an increase** of 98.5%.
- **15.3% ROE** compared to 8.4% in the corresponding period.
- **Total revenue growth: 8.5%.**
- **Growth in credit balances** amounted to ~**6.8%** (NIS 6 billion) in the past year: in **housing loans (13.4%)**, the small business sector (8.9%), the medium-sized business sector (5.4%) and the retail sector (4.4%). Since the beginning of the year, growth amounted to **5.1%** (NIS 4.7 billion). Growth was achieved across all of the Bank's major activity sectors.
- **Growth in public deposit balances** in all sectors. In the past year, growth amounted to ~ **9%** (NIS 12 billion). Since the beginning of the year, growth amounted to **4.7%** (NIS 6 billion).

FIBI has a leading position and a competitive advantage in the capital market

- **The client asset portfolio grew ~23%** (NIS 108 billion) over the past year. Since the beginning of the year, growth was ~**11%**.
- **Growth in income from the capital market:** ~6.3% (NIS 33 billion) compared to the corresponding period.



1-9.21 Efficiency enhancement

- **Continuing improvement in the operational efficiency ratio: 57.9%** compared to 61.0% last year and 61.8% for the year 2020 as a whole.
- On June 29, 2021, an early retirement plan was approved, allowing for the early retirement of 2%-3% of the Group's employees. In the estimation of Bank Management, the employees will retire by the end of 2021.

1-9.21 Robust financial strength

- **High capital ratios, above the minimum regulatory requirement: 11.64%** compared to 8.25% mandatory minimum, a difference of **3.4%- the highest in the Israeli banking industry.**
- **10% growth in equity** (NIS 0.9 billion) compared to December 31, 2020, and **12% growth** (NIS 1 billion) compared to September 30, 2020.
- **High LCR – 133%** and credit-deposit ratio of **~154%.**
- **Decrease in the provision for credit losses** – provision (income) ratio of (0.30%) compared to a provision expense ratio of 0.62% in the corresponding period.
- **Negligible loan repayment deferral rate.**



1-9.21 – Innovation and digitalization

Innovation and digitalization in the first nine months of 2021:

- **Launch of MultiBank** as a first multi-bank account aggregation service in open banking. We are the first bank in Israel to have launched the service, which enables clients to view their current account information at other banks via the FIBI app, as well as in comparison to their accounts at FIBI.
- **The FIBI Wise planning tool** allows clients to view their complete portfolio of financial assets, add other assets, and run simulations of changes in their portfolio.
- **Entry into the digital wallet category.** FIBI launched the **FIBI Pay** app, a digital wallet for the Bank's clients who own Android devices, and the **Apply Pay** service for iPhone owners. In the near future, the Bank will enable registration of its credit/debit cards with **Google Pay** (when the service is launched in Israel).
- **Click-to-Switch. Switching banks online and via the app.**
- **The Bank continues to upgrade its digital capabilities to provide clients with optimal service.** Services include opening an account online (personal and **joint**), advanced online investment advisory services, online pension advice, advanced stock market services for online investing (**including the News Sentiment service**, which predicts stock trends using news sentiment analysis), launch of open-banking-based services, online application for housing loans, Robotic Process Automation (RPA), and others.