



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

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H1.2021 Principal Information



Credit growth

(End of period)

* 1-6/2021

+4.4%

** Last Year

+6.6%



Growth in the client assets portfolio

(End of period)

+9.5%

+32.7%



Growth in deposits

(End of period)

+3.2%

+13.3%



ROE

15.0%

8.1%(H1 20)



Net income

677

339 (99.7% compared to H1 20)



Improvement in the efficiency ratio

1-6/2021

59.5%

1-6/2020

60.5%

%



(Income)/expenses from credit losses

(0.30%)

0.72%



Tier 1 capital ratio

11.67%

10.71%



Total revenue growth

2,199

2,072

+6%



Total Commission growth

711

691

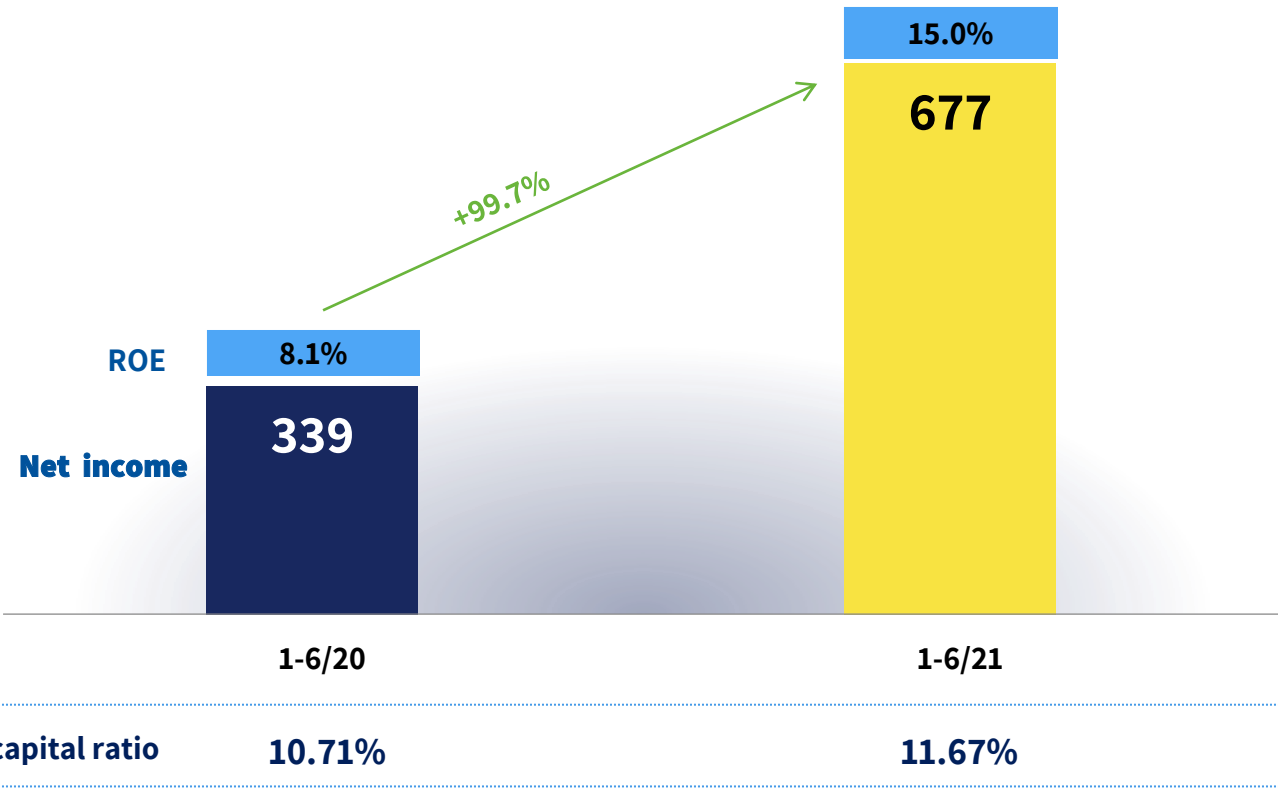
+2.9%

* Compared to 31.12.20

** Change compared to 30.6.20

Net Income and ROE

(NIS millions)



Q2.2021 compared to Q2.2020 Principal Information



Credit growth

(End of period)

+6.6%

+2.9%

Compared to
corresponding period
Compared to prior period



Growth in the client assets portfolio

(End of period)

+32.7%

+3.7%



Growth in deposits

(End of period)

13.3%

(0.2%)



ROE

17.2%

8.0%



Net income growth

390

+132%

+36%



Improvement in the efficiency ratio

58.7%

58.9%

Q2/21
Q2/20
%



Income from credit losses

0.55%

(0.74%)



Tier 1 capital ratio

11.67%

10.71%



Total revenue growth

1,113

1,048

+6.2%



Total Commission growth

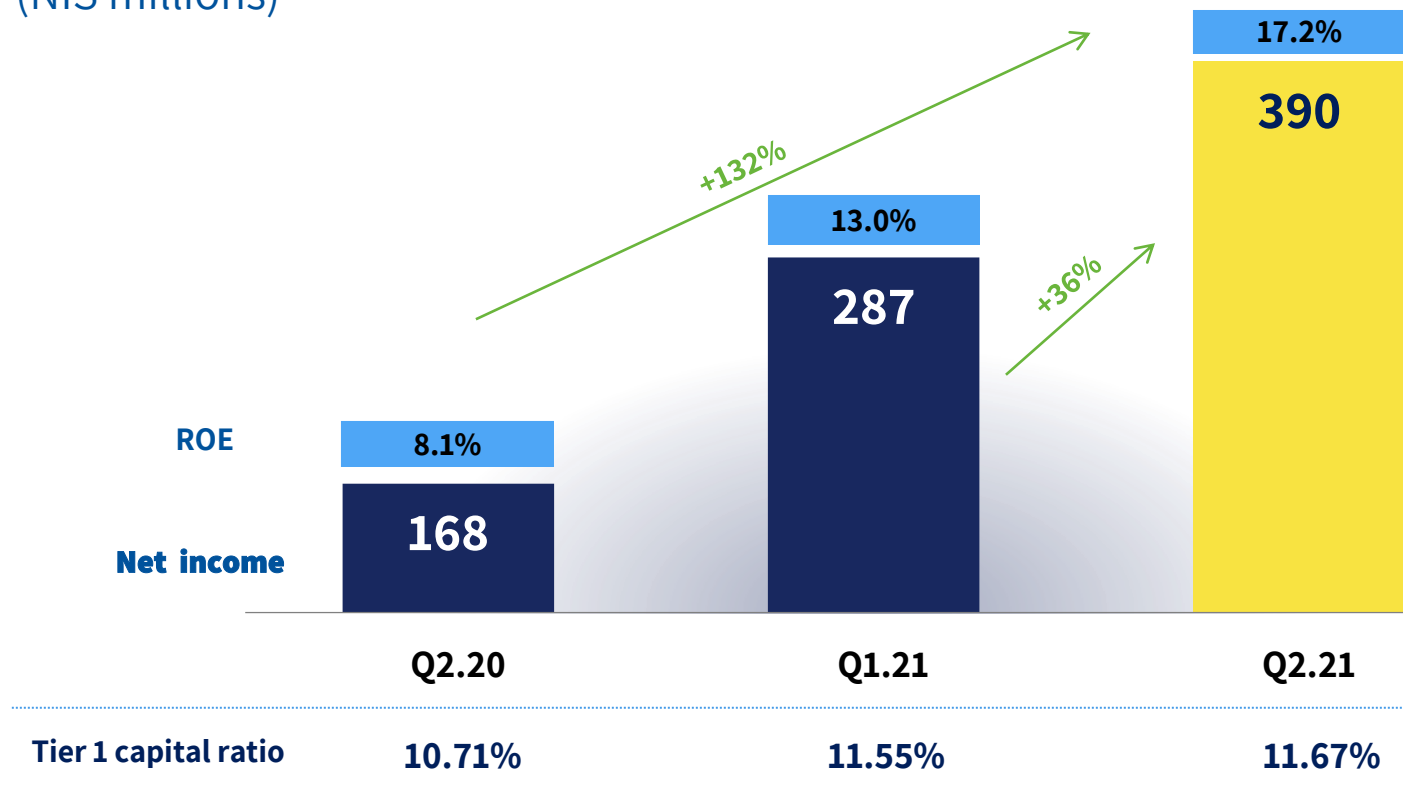
350

323

+8.4%

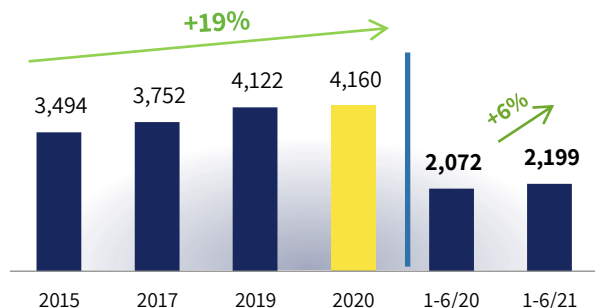
Net Income and ROE

(NIS millions)

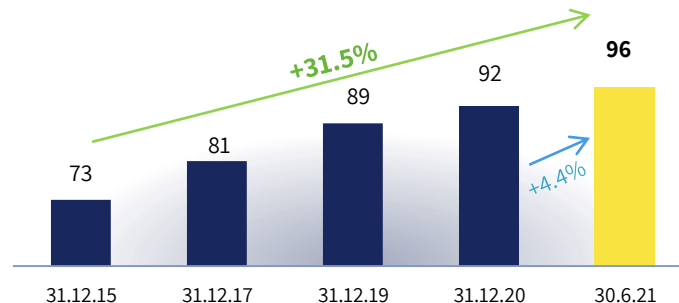


Continuous Growth

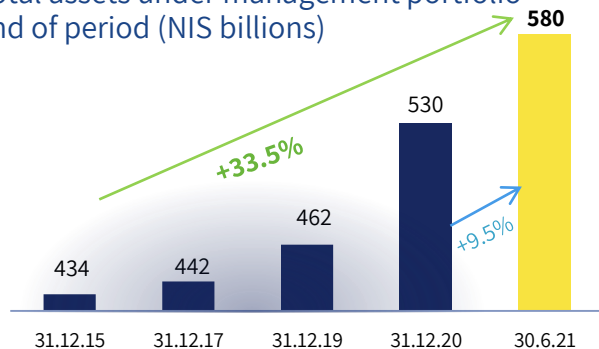
Total revenues before credit losses (NIS millions)



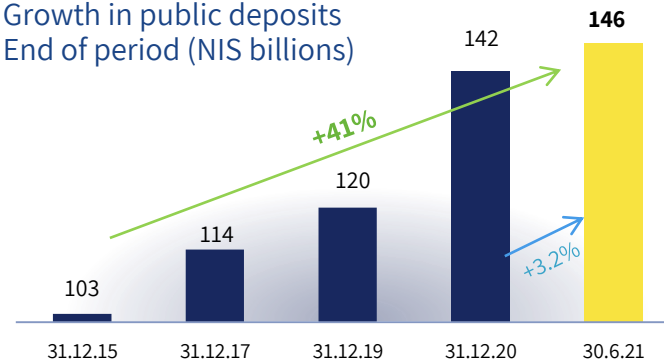
Growth in public credit
End of period (NIS billions)



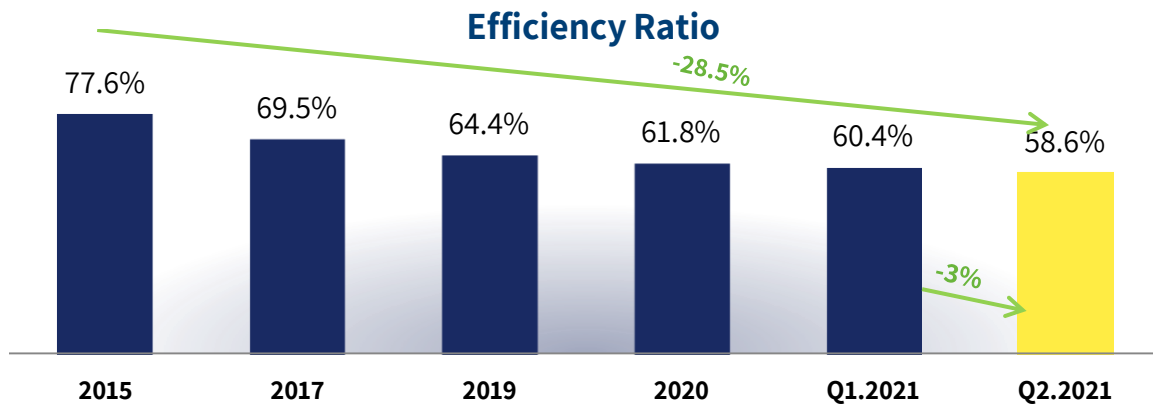
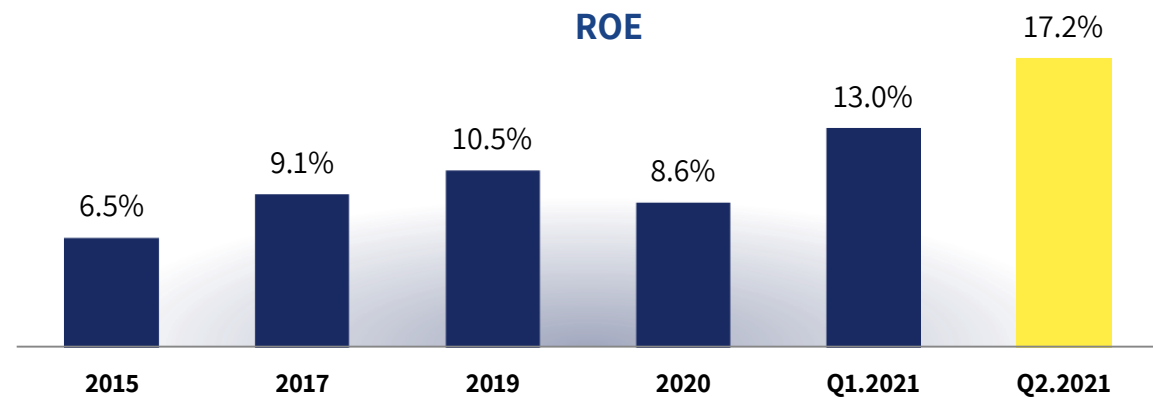
Total assets under management portfolio
End of period (NIS billions)



Growth in public deposits
End of period (NIS billions)



ROE & Efficiency Ratio



The Bank has continued to implement its multi-year efficiency enhancement program

Condensed Income Statement H1 2021

(NIS millions)

NIS millions	H1 2021	H1 2020	Change (before taxes)	% Change
Interest income	1,380	1,318	62	5%
Non-interest financing income	104	61	43	-
Interest income, net	1,484	1,379	105	8%
Expenses of (income from) credit losses (0.30% - income, compared to a loss of 0.72%)	(137)	322	(459)	-
Commission income	711	691	20	3%
<u>Of which:</u> Commissions from client capital market transactions	380	357	23	6%
Total interest and non-interest income (before provision for credit losses)	2,199	2,072	127	6%



Condensed Income Statement H1 2021 (cont.)

(NIS millions)

NIS millions	H1 2021	H1 2020	Change (before taxes)	% Change
Total operating and other expenses	1,308	1,254	54	4%
Salaries and related expenses	*800	752	48	6%
Depreciation and maintenance of buildings and equipment	171	172	(1)	-1%
Amortization and impairment of intangible assets	51	47	4	9%
Other expenses	281	279	2	1%
Income from operating activities before taxes	1,028	495	533	83%
Provision for income tax (corresponding period includes NIS 37 million in income from income tax in respect of prior years)	361	145	216	96%
Share of profit (loss) of Cal. (Israel Credit Cards)	36	5	31	
Attributable to non-controlling interests in Bank Massad	(26)	(17)	(9)	52%
Net profit	677	339	338	100%

(*) Including variable compensation components in respect of ROE and the Bank's profit

Income from Financing Activities

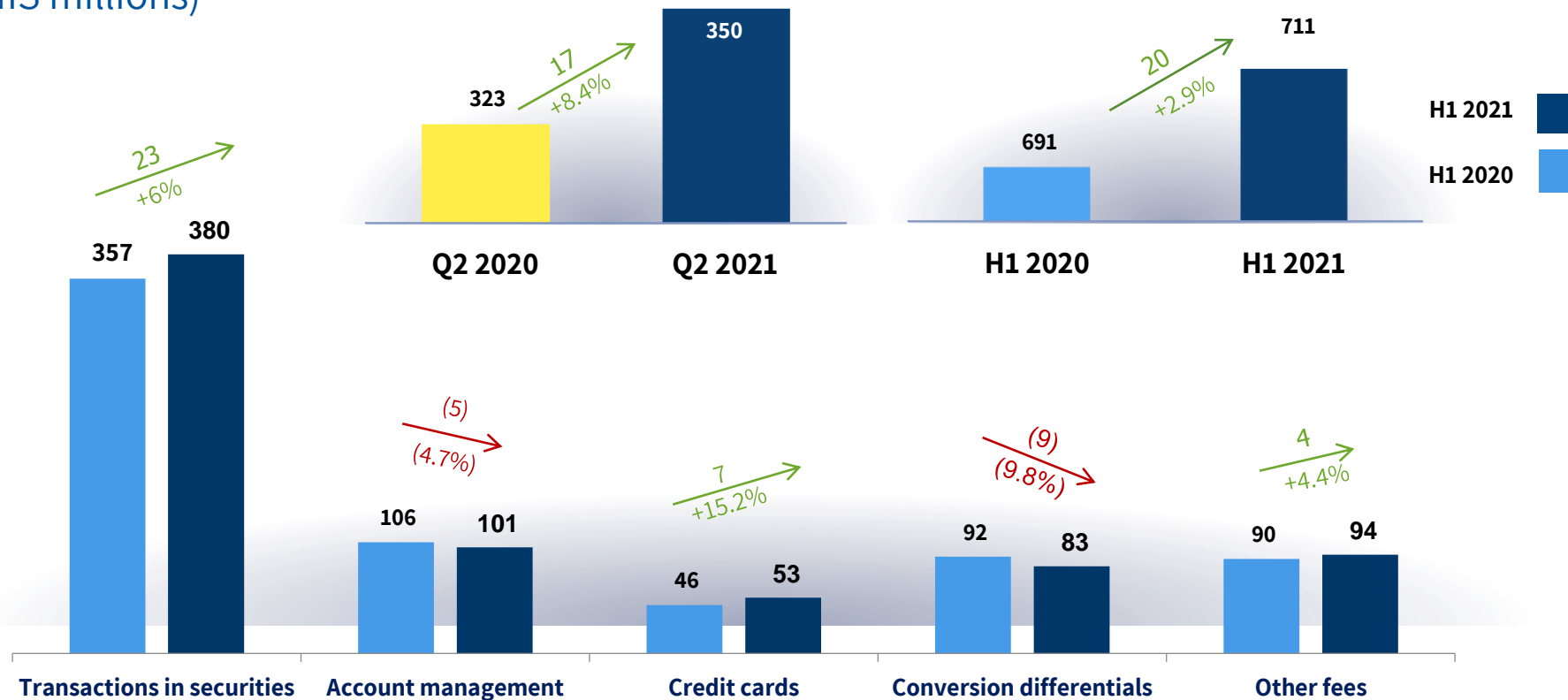
(NIS millions)

NIS millions	H1 2021	H1 2020	Change (before taxes)	% Change
Total interest income	1,380	1,318	62	4.8%
Total non-interest financing income	104	61	43	
Reported financial earnings	1,484	1,379	105	7.6%
Excluding effects that do not arise from operating activities:				
Income (loss) from redemption and fair value adjustments of bonds and derivatives	15	14	1	
Earnings (losses) from investments in shares	63	(44)	107	
Financial earnings from operating activities	1,406	1,409	(3)	(0.2%)*
Change in CPI in the period (%)	1.4%	(0.7%)		
Income (expenses) in respect of changes in CPI	50	(23)	73	
Average shekel interest rate for the period	0.10%	0.18%	(0.08%)	
Average dollar interest rate for the period	0.25%	0.82%	(0.57%)	

*A decrease of 0.2% in income from financing activities due to the impact of margin erosion, as a result of a reduction in BOI interest rates and a drop in dollar interest compared to the corresponding period last year. The decrease was offset by the effects of changes in the CPI and the impact of business growth.

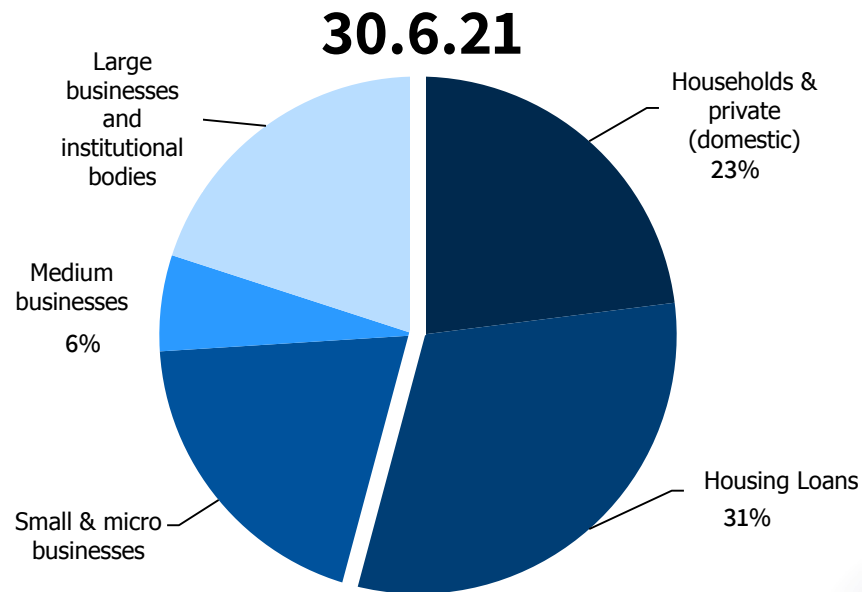
Commissions and Charges for Banking Operations

(NIS millions)



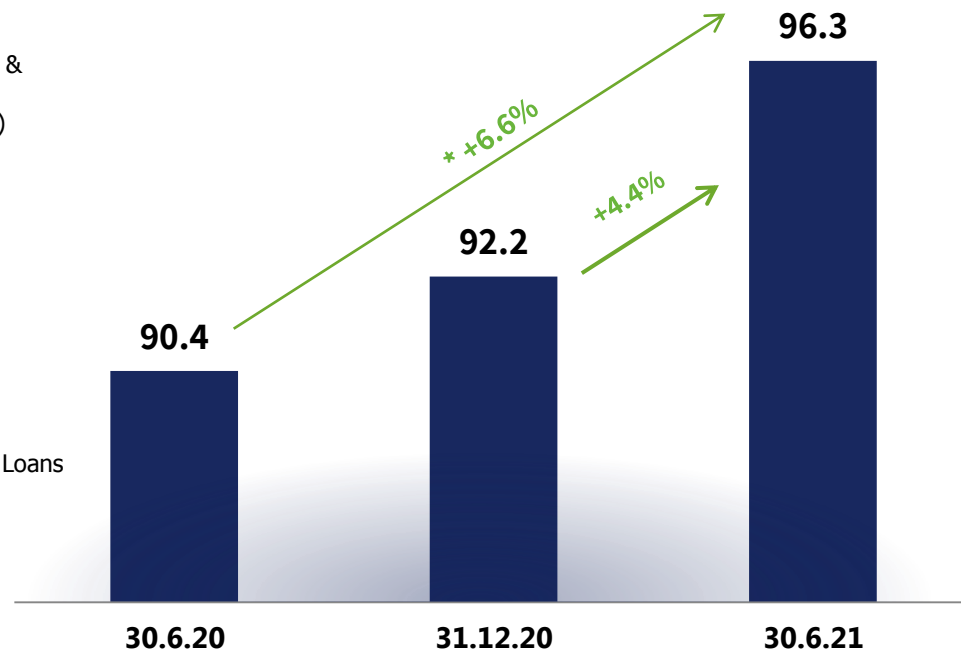
Credit Portfolio growth

(NIS billions)



Strong, diversified credit mix

Households & private: ~54% of credit portfolio

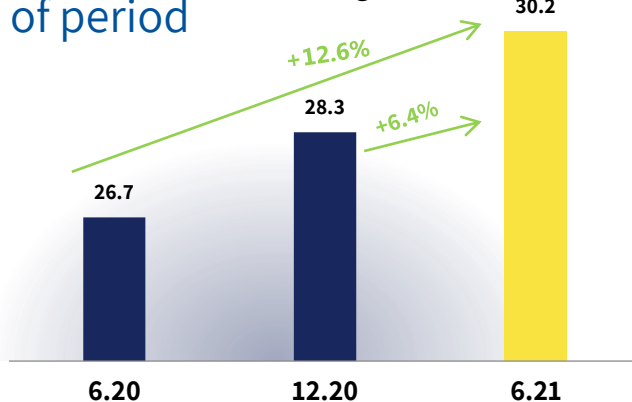


*3% (2.6 billion) growth according to Average balances

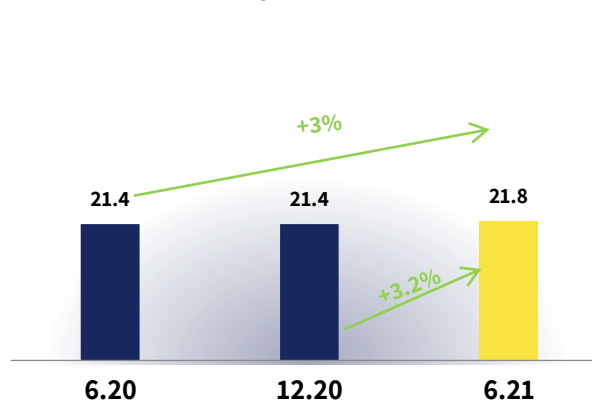
Credit Portfolio

(NIS billions)
End of period

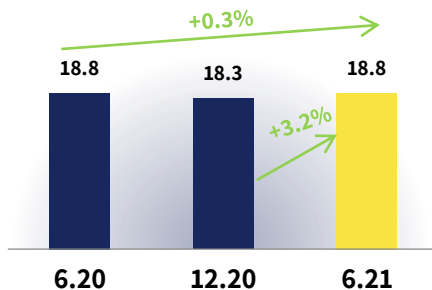
Housing loans



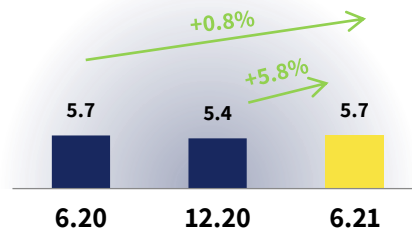
Households & private (domestic)



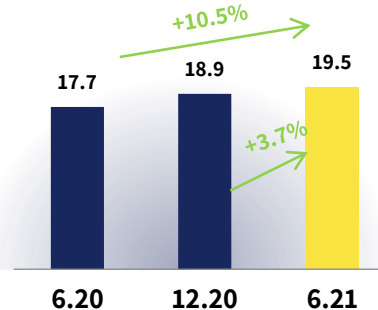
Large businesses



Medium businesses

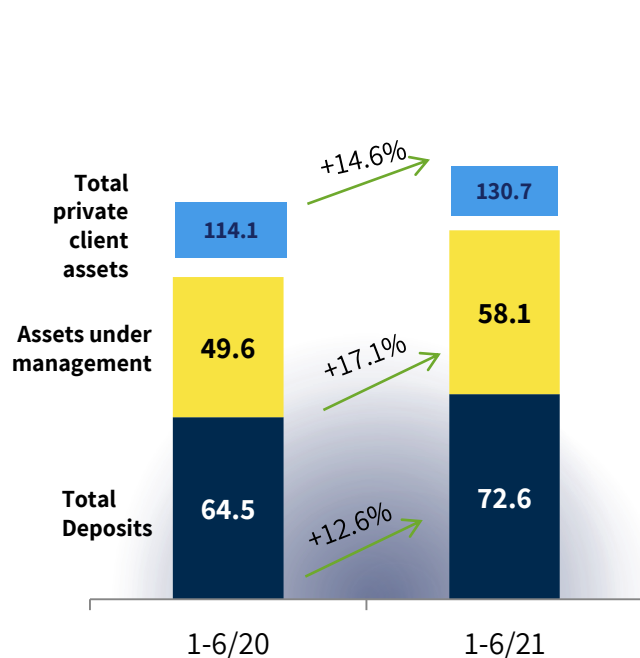


Small businesses

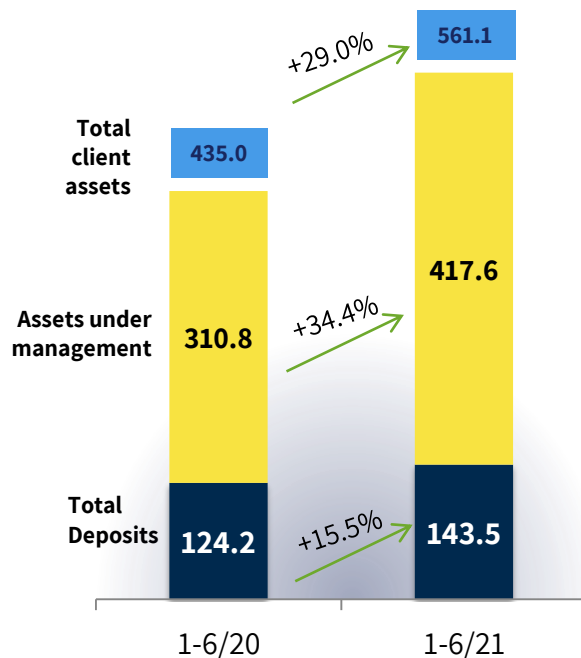


Total client assets portfolio growth (NIS billions)

Average Balances



**Total private client
assets portfolio growth**



**Total client assets
portfolio growth**

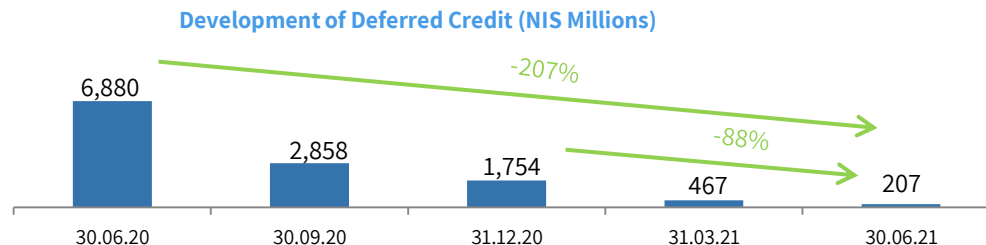


Loan Repayment Deferrals Due to COVID-19, June 30, 2021 (NIS Millions)

Reflects the Bank's strong credit portfolio

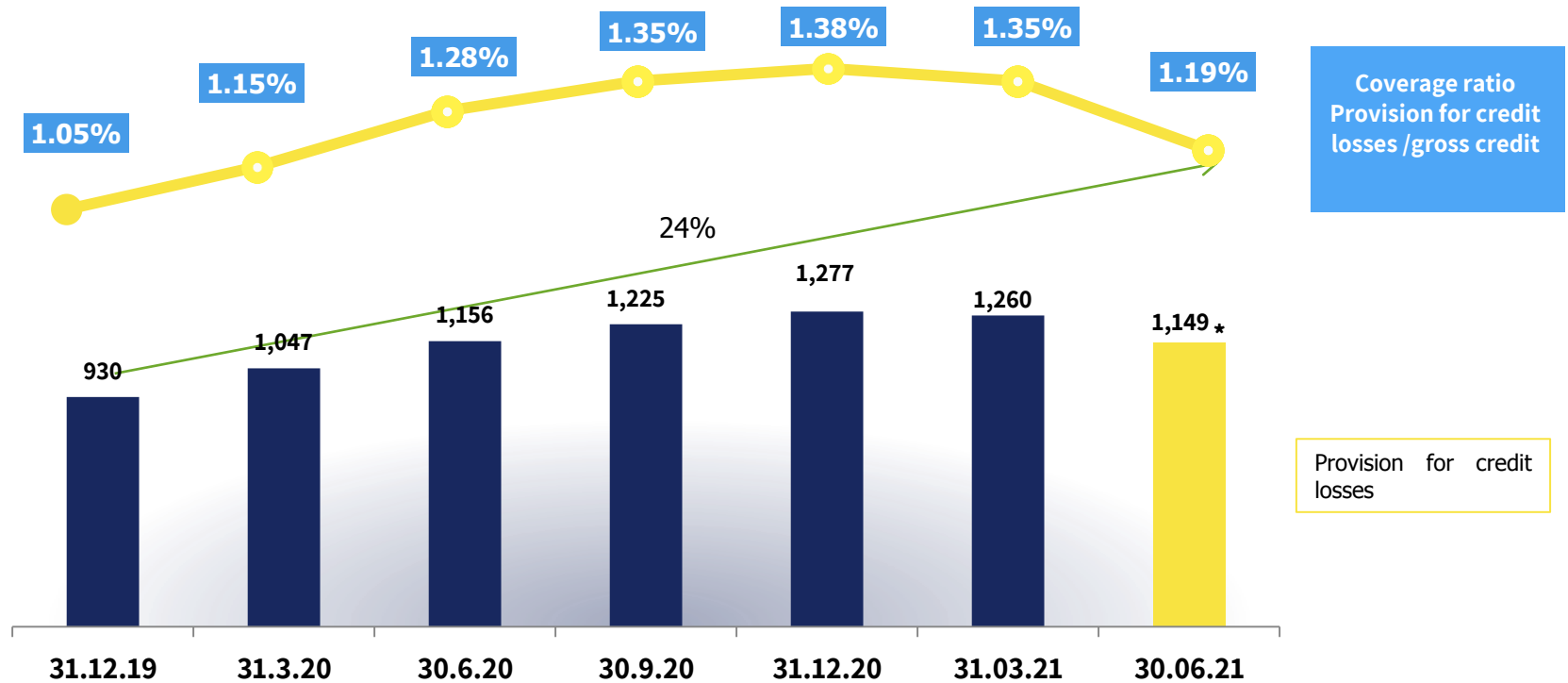
NIS millions as of 30.6.20	House- holds	Housing loans	Small businesses	Medium businesses	Large businesses	Total
Balance of deferred payments - FIBI	-	6	12	-	1	19
Balance of deferred credit (payments not yet resumed) - as of June 30, 2021 - FIBI	2	91	110	-	4	207
Ratio of deferred credit to total credit (payments not yet resumed) - FIBI, June 30, 2021	-	0.30%	0.56%	-	0.02%	0.2%*
Ratio of deferred credit to total credit (payments not yet resumed) - FIBI, March 31, 2021	0.22%	0.87%	0.82%	0.07%	0.04%	0.5%
Ratio of deferred credit to total credit - Israeli banks (4 major banks)** (According to the financial statements as of June 30, 2021)	0.12%	3.01%	1.04%	1.07%	1.08%	1.72%

*On July 31, 2021 total deferred credit continued to decrease and is currently 0.2% of the bank's total outstanding credit.



Increased Provisioning for Potential Credit Losses in the Wake of COVID-19

Provision for credit losses, NIS millions



*24% growth since the beginning of 2020

Expenses of (Income from) Credit Losses

	H1 2021	H1 2020	2020	Change H1/2021 compared to H1 2020
Collective provision	(126)	265	464	(391)
Individual provision	(11)	57	=	(68)
Total	(137)	322	464	(459)
Of which: Provisions for (income from) COVID-19 crisis (generally collective)	(124)	259	436	(383)
Collective provision (%)	(0.28%)	0.59%	0.52%	
Individual provision (%)	(0.02%)	0.13%	0%	
Provision for credit losses (%)	(0.30%)	0.72%	0.52%	



Sustained Robust Financial Strength

Principal financial ratios – period end

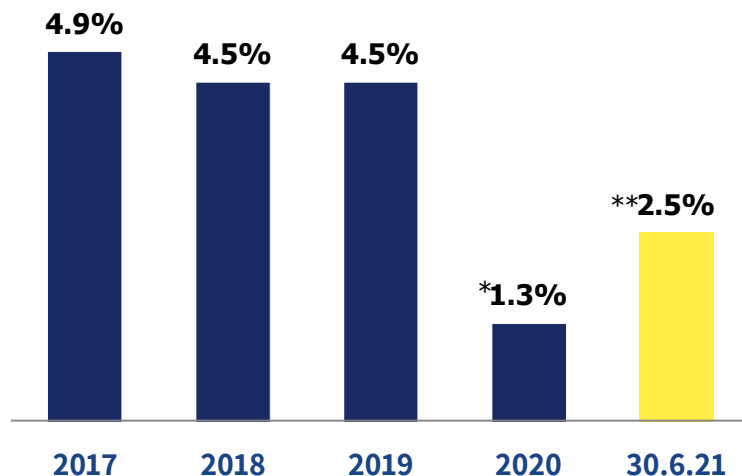
	30.6.21	2020	2019	2018	2017
Tier 1 capital ratio	*11.67%	11.18%	10.81%	10.51%	10.38%
Total capital ratio (total capital to risk-weighted assets)	**13.85%	14.46%	13.70%	13.94%	13.94%
LCR	137%	150%	128%	122%	123%
Credit-deposit ratio	154%	156%	137%	133%	141%

* ~3.4% above the regulatory Tier 1 capital ratio (8.3%) and 2.4% above the minimal required capital ratio, with no reductions - NIS 2 billion .

** Decrease in the total capital ratio following the early redemption of deferred bonds (CoCo).

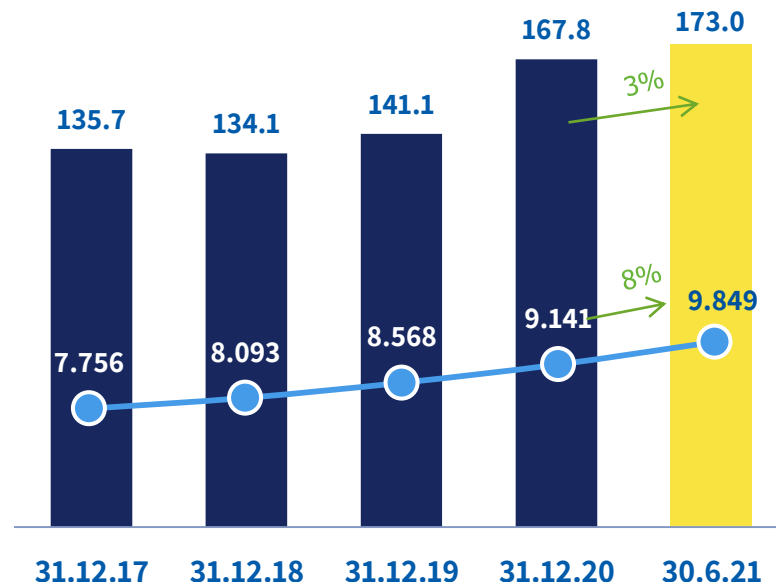
Sustained Robust Financial Strength

Dividend yield, Equity attributable to shareholders of the Bank and financial ratios at period end, NIS billions



* Against the backdrop of the COVID-19 crisis and in light of the temporary order published by the BOI in March 2020, the Bank has decided to refrain from distributing dividends to shareholders in the period covered by the temporary order (originally planned to expire on September 30, 2020 and extended until September 30, 2021).

** On August 17, 2021 the Board of Directors of the Bank approved a dividend distribution of NIS 225 million, constituting 30% of the net profit for 2020. There has been no change in the Bank's dividend policy, pursuant to which the Bank distributes up to 50% of the net profit. The policy remains in effect, and its implementation will continue to be reviewed according to developments and regulation.

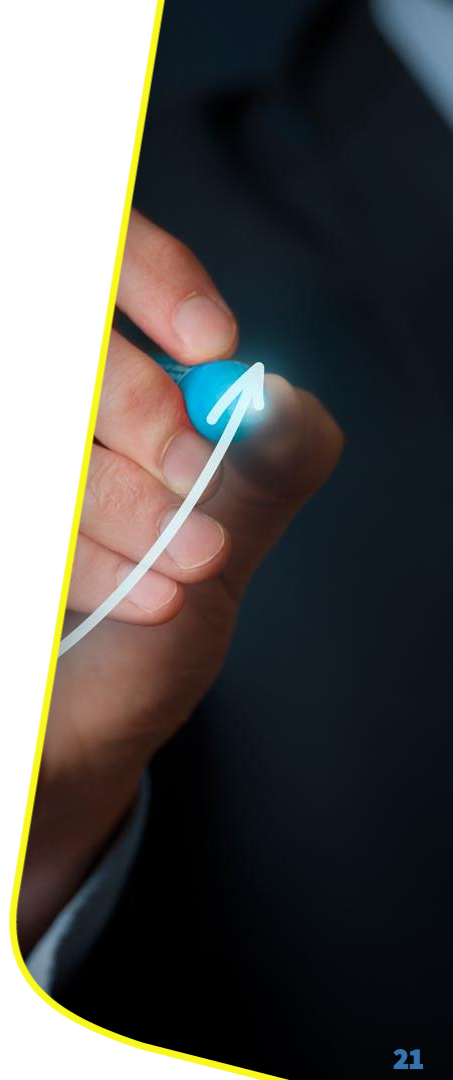


Equity attributable to shareholders

Total balance

H1 2021 Growth

- **The Group's net profit in the first half of 2021 amounted to NIS ~677 million**, reflecting NIS 338 million growth (99.7%) compared to the corresponding period last year.
- **15%** ROE compared to 8.1% in the corresponding period.
- **Total revenue growth** (before credit losses) amounted to NIS ~127 million (~6%).
- **Growth in credit balances** in the past year amounted to **~6.6%** (NIS 6.0 billion), largely in housing loans (12.6%), the small business sector (10.5%) and the retail sector (3%). First half of 2021 growth amounted to **4.4%** (NIS 4.1 billion). Growth was achieved across all sectors.
- **Growth in public deposits** In the past year amounted to **~13%** (NIS 17 billion), and was achieved across all sectors . In the first half of 2021 growth amounted to **3.2%** (NIS 5 billion).
- **FIBI has a leading position and a competitive advantage in capital market**
Growth in total assets under management portfolio – in the past year amounted to **~ 33%** (NIS 143 billion). In the first half of 2021 growth amounted to **9.5%**.



H1 2021 Strength and Stability

- On August 17, 2021 the Board of Directors of the Bank approved a dividend distribution of NIS 225 million, constituting 30% of the net profit for 2020, in accordance with a recently published update to the temporary order
- **High initial capital adequacy ratios** (11.67% compared to a mandatory minimum of 8.26%) with a strong capital security buffer, even compared to other banks in Israel: ~3.4% higher than the required regulatory Tier 1 capital ratio and 2.4% higher than the minimum regulatory capital ratio, with no reductions (NIS ~2.0billion).
- **High LCR - 137%** and credit-deposit ratio of close to **160%**.
- **Maintaining safety cushion for credit losses**— total credit balance increased by 24% since the beginning of 2020. Loan loss provision ratio of 1.19% compared to 1.05% on December 31, 2019 (balance of provision to total credit).
- **Continued improvement in the operating efficiency ratio: 59.5% (58.6% in Q2 2021)**, compared to 60.5% last year and 61.8% for 2020 as a whole



H1 2021 Efficiency Enhancement and Innovation

Digitalization and innovation in H1 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 using the FIBI app, and in comparison their accounts at FIBI.
- **The FIBI Wise financial planning tool** allows customers to view their complete portfolio of financial assets, add other assets, and run simulations of changes in their portfolio.
- **Entry into digital wallets** – launch of the **FIBI Pay** app – a digital wallet for the Bank's customers owning an Android device, and **Apply Pay** for iPhone owners.
- Additionally, **in the past year the Bank has continued to upgrade its digital capabilities to deliver optimal customer service.** Services include opening accounts online, advanced online investment advisory services, online pension advice, advanced stock market services for investing online, the launch of open-banking-based services, online application for housing loans, Robotic Process Automation (RPA) and others...

