

Press release

May 24, 2022

## **First International Bank of Israel Presents First Quarter 2022 Results**

**Tel Aviv, Israel – May 24, 2022.** First International Bank of Israel (TASE: FIBI) one of Israel's major banking groups, today announced its results for the first quarter of 2022, ended March 31, 2022.

### **Financial Highlights for the First Quarter of 2022**

- Net profit of NIS 322 million- Growth of 5.9% compared to the corresponding quarter last year;
- Return on equity of 13%;
- Growth of 5% in credit to the public and growth of 14.7% in the past year;
- Ratio of tier I equity capital to risk components of 10.79%, 1.54% higher than the required regulatory ratio - the highest gap among the banks in Israel ; the excess capital enables growth in credit and for ongoing business development;
- The Board of Directors approved a dividend distribution amounting to 50% of net income.

### **Profitability**

**Net profit** of the First International Bank Group in the first quarter of 2022, amounted to NIS 322 million, as compared to NIS 304 million in the corresponding first quarter of 2021, an increase of 5.9%. Return on equity reached 13%.

### **Growth and Efficiency**

**The First International Bank continues its consistent trend of growth, which is demonstrated across all core areas of the Bank's operations.**

**Revenue** in the first quarter increased by 5.3%, compared to the first quarter of last year. **Net interest income** increased by 11% **and commission income** increased by 6.4%.

**Credit to the public** increased by 14.7% compared with that of the first quarter of last year, amounting to a total of NIS 107,342 million. In the first quarter of 2022, credit to the public grew by 5%. The growth in credit was across all fields of operation: compared with that of the first quarter of last year, the **middle market business** segment grew by 22.5%, the **small business** segment grew by 16.7%, the **large business** segment grew by 20.5%, credit to **households** grew by 6%, and the residential loan segment grew by 14.7%.

**The customer's assets portfolio** (average) increase by NIS 47 billion, representing growth of 8.5% compared with that of the first quarter of last year and amounted to NIS 596 billion.

No **credit loss expense** was recorded in the first quarter of 2022. This compares to an credit loss income of NIS 9 million, in the first quarter of last year. The total value of problematic credit declined by 22% compared with that of the first quarter of last year and it declined by 12.4% as compared to that of year-end 2021.

The **efficiency ratio** amounted to 58.5% in the first quarter of 2022. This demonstrates an improvement compared with 59.0% as of the corresponding period last year.

**Operating and other expenses** in the first quarter of 2022 amounted to NIS 684 million, a growth of 4.3% as compared to first quarter of last year. This growth is due to the rise in payroll expenses due to timing differences in the components payroll which are of a fluctuating nature, among others impacts. **Maintenance and depreciation of building and equipment expenses** decreased by 4.7% compared with the first quarter of last year, mainly due to the decrease in the overall scope of real estate assets of the Group, due to efficiency measures taken.

### **Financial stability**

**The equity attributed to the shareholders of the Bank** grew by 3.7% year-over-year, (representing an absolute growth of NIS 356 million) and amounted to NIS 9,851 million as of March 31, 2022. **The Tier I equity capital ratio** reached 10.79% with a positive excess of 1.54% over the required regulatory ratio - the highest gap among the banks in Israel. This capital surplus allows for growth in credit and for the continuation of business development activities.

The Bank continued its **dividend policy**, by which it distributes dividends of up to 50% of net income. Accordingly, the Board of Directors today approved a **dividend**

**distribution** of NIS 160 million, which comprises 50% of net income for the first quarter of 2022 - the highest among the banks in Israel. This is in addition to dividends of NIS 380 million distributed during the first quarter of the year. **The annual divided return** as of May 5, 2022, amounted to 7.33%, which is the highest among the banks in Israel.

## **Innovation**

The First International Bank continues to strengthen its connection with its customers, offering unique and competition generating products, such as its *Multibank* system which shows the customer the details of all their accounts at the different banks, thus encouraging competition. The First International Bank was the first of all banks to introduce a system of this kind.

Additional innovations are: the loyalty program, *Beyond*, providing for a customer experience in the world of aviation and tourism, the launch of an academic school for capital markets education, which is a professional digital course for the Bank's customers, the *Life Plan* program which is a holistic digital tool for investment management, and more. The Bank continues to invest in digital and innovation across all fields of its operations, and recently, the innovation and digital group at the Bank was expanded to a full department, which also includes strategy, digital and innovation

## **Management Comment**

**Ms. Smadar Barber-Tsadik, CEO of the First International Bank Group**, stated: "The results for the first quarter of 2022, are due to continued growth in the current core operations of the Bank across the various fields of activity. We achieved all this while maintaining a high level of capital adequacy enabling growth, as well as financial stability and asset quality. The Bank continues to continuously innovate and develop investment and savings products which are tailored to current market conditions and economic trends."



## CONDENSED PRINCIPAL FINANCIAL INFORMATION AND PRINCIPAL EXECUTION INDICES

Principal financial ratios	For the three months ended March 31		For the year ended December 31
	2022	2021	2021
			in %
<b>Execution indices</b>			
Return on equity attributed to shareholders of the Bank <sup>(1)</sup>	13.0%	*13.1%	14.7%
Return on average assets <sup>(1)</sup>	0.71%	*0.72%	0.82%
Ratio of equity capital tier 1	10.79%	11.57%	11.46%
Leverage ratio	5.26%	*5.32%	5.34%
Liquidity coverage ratio <sup>(2)</sup>	126%	140%	128%
Net stable funding ratio <sup>(3)</sup>	137%		**139%
Ratio of total income to average assets <sup>(1)</sup>	2.6%	2.6%	2.6%
Ratio of interest income, net to average assets <sup>(1)</sup>	1.6%	1.6%	1.6%
Ratio of fees to average assets <sup>(1)</sup>	0.8%	0.9%	0.8%
Efficiency ratio	58.5%	*59.0%	58.3%
<b>Credit quality indices</b>			
Ratio of provision for credit losses to credit to the public	1.01%	1.35%	1.05%
Ratio of non-accurring debts or in arrears of 90 days or more to credit to the public	0.59%	0.73%	0.62%
Ratio of provision for credit losses to total non-accurring credit to the public	175%	259%	244%
Ratio of net write-offs to average total credit to the public <sup>(1)</sup>	(0.02%)	0.03%	(0.01%)
Ratio of income for credit losses to average total credit to the public <sup>(1)</sup>	-	(0.04%)	(0.23%)
<b>Principal data from the statement of income</b>			
	For the three months ended March 31		
	2022	2021	
			NIS million
Net profit attributed to shareholders of the Bank	322	*304	
Interest Income, net	744	670	
Income from credit losses	-	9	
Total non-Interest income	426	*441	
Of which: Fees	384	361	
Total operating and other expenses	684	656	
Of which: Salaries and related expenses	414	398	
Dismissal expenses	2	3	
Primary net profit per share of NIS 0.05 par value (NIS)	3.21	*3.03	
<b>Principal data from the balance sheet</b>			
	31.3.22	31.3.21	31.12.21
			NIS million
Total assets	182,013	*172,500	180,470
of which: Cash and deposits with banks	53,979	59,471	57,370
Securities	14,850	*14,730	15,091
Credit to the public, net	106,254	92,321	101,164
Total liabilities	171,725	*162,598	170,033
of which: Deposits from the public	154,038	146,600	153,447
Deposits from banks	6,504	3,326	5,144
Bonds and subordinated capital notes	3,675	3,716	3,356
Capital attributed to the shareholders of the Bank	9,851	*9,495	10,003
<b>Additional data</b>			
	31.3.22	31.3.21	31.12.21
Share price (0.01 NIS)	13,810	9,313	12,950
Dividend per share (0.01 NIS)	379	-	543

\* Immaterial adjustment of comparative data.

\*\* Reclassified.

(1) Annualized.

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

(3) According to instructions of the Bank of Israel the Net stable funding ratio was calculated since 2021, Therefore no comparative data for the three months ended March 31, 2021 is stated.

## CONSOLIDATED STATEMENT OF INCOME

(NIS million)

	For the three months ended March 31		For the year ended December 31
	2022 (unaudited)	2021 (unaudited)	2021 (audited)
Interest Income	871	729	3,150
Interest Expenses	127	59	356
Interest Income, net	744	670	2,794
Income from credit losses	-	(9)	(216)
Net Interest Income after expenses from credit losses	744	679	3,010
<b>Non- Interest Income</b>			
Non-Interest Financing income	34	*76	303
Fees	384	361	1,444
Other income	8	4	9
Total non- Interest income	426	441	1,756
<b>Operating and other expenses</b>			
Salaries and related expenses	414	398	1,601
Maintenance and depreciation of premises and equipment	81	85	340
Amortizations and impairment of intangible assets	27	26	105
Other expenses	162	147	606
Total operating and other expenses	684	656	2,652
Profit before taxes	486	464	2,114
Provision for taxes on profit	169	*161	728
Profit after taxes	317	303	1,386
The bank's share in profit (loss) of equity-basis investee, after taxes	17	13	69
<b>Net profit:</b>			
Before attribution to non-controlling interests	334	316	1,455
Attributed to non-controlling interests	(12)	(12)	(50)
Attributed to shareholders of the Bank	322	304	1,405
			NIS
<b>Primary profit per share attributed to the shareholders of the Bank</b>			
Net profit per share of NIS 0.05 par value	3.21	3.03	14.00

\* Immaterial adjustment of comparative data.

  
**Ron Levkovich**  
 Chairman of the Board

Tel-Aviv, 24 May, 2022

  
**Smadar Barber-Tsadik**  
 Chief Executive Officer

  
**Nachman Nitzan**  
 Executive Vice President,  
 Chief Accountant

**STATEMENT OF COMPREHENSIVE INCOME**

(NIS million)

	For the three months ended March 31		For the year ended December 31
	2022	2021	2021
	(unaudited)	(unaudited)	(audited)
Net profit before attribution to non-controlling interests	334	*316	1,455
Net profit attributed to non-controlling interests	(12)	(12)	(50)
Net profit attributed to the shareholders of the Bank	322	304	1,405
Other comprehensive income (loss) before taxes:			
Adjustments of available for sale bonds to fair value, net	(216)	11	27
Adjustments of liabilities in respect of employee benefits <sup>(1)</sup>	131	66	(24)
Other comprehensive income (loss) before taxes	(85)	77	3
Related tax effect	30	(26)	(1)
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	(55)	51	2
Less other comprehensive income (loss) attributed to non-controlling interests	(5)	1	-
Other comprehensive income (loss) attributed to the shareholders of the Bank, after taxes	(50)	50	2
Comprehensive income before attribution to non-controlling interests	279	367	1,457
Comprehensive income attributed to non-controlling interests	(7)	(13)	(50)
Comprehensive income attributed to the shareholders of the Bank	272	354	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)

	<b>31.3.22</b>	<b>31.3.21</b>	<b>31.12.21</b>
	(unaudited)	(unaudited)	(audited)
<b>Assets</b>			
Cash and deposits with banks	<b>53,979</b>	59,471	57,370
Securities	<b>14,850</b>	*14,730	15,091
Securities which were borrowed	<b>322</b>	244	845
Credit to the public	<b>107,342</b>	93,581	102,240
Provision for Credit losses	<b>(1,088)</b>	(1,260)	(1,076)
Credit to the public, net	<b>106,254</b>	92,321	101,164
Credit to the government	<b>843</b>	659	811
Investments in investee company	<b>740</b>	648	713
Premises and equipment	<b>912</b>	954	931
Intangible assets	<b>297</b>	265	300
Assets in respect of derivative instruments	<b>2,332</b>	1,603	1,709
Other assets <sup>(2)</sup>	<b>1,484</b>	1,605	1,536
<b>Total assets</b>	<b>182,013</b>	172,500	180,470
<b>Liabilities and Shareholders' Equity</b>			
Deposits from the public	<b>154,038</b>	146,600	153,447
Deposits from banks	<b>6,504</b>	3,326	5,144
Deposits from the Government	<b>476</b>	694	960
Bonds and subordinated capital notes	<b>3,675</b>	3,716	3,356
Liabilities in respect of derivative instruments	<b>2,360</b>	1,554	2,038
Other liabilities <sup>(1)(3)</sup>	<b>4,672</b>	*6,708	5,088
<b>Total liabilities</b>	<b>171,725</b>	162,598	170,033
Capital attributed to the shareholders of the Bank	<b>9,851</b>	*9,495	10,003
Non-controlling interests	<b>437</b>	407	434
<b>Total equity</b>	<b>10,288</b>	9,902	10,437
<b>Total liabilities and shareholders' equity</b>	<b>182,013</b>	172,500	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 134 million and NIS 88 million and NIS 79 million at 31.3.22, 31.3.21 and 31.12.21, respectively.
- (2) Of which: other assets measured at fair value in the amount of NIS 261 million and NIS 375 million and NIS 333 million at 31.3.22, 31.3.21 and 31.12.21, respectively.
- (3) Of which: other liabilities measured at fair value in the amount of NIS 435 million and NIS 375 million and NIS 641 million at 31.3.22, 31.3.21 and 31.12.21, respectively.

## STATEMENT OF CHANGES IN EQUITY

(NIS million)

For the three months ended March 31, 2022 (unaudited)						
	Share capital and premium <sup>(1)</sup>	Accumulated other comprehensive loss	Retained earnings <sup>(2)</sup>	Total	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	-	-	322	322	12	334
Dividend	-	-	(380)	(380)	-	(380)
Other comprehensive loss, net after tax effect	-	(50)	-	(50)	(5)	(55)
Balance as at March 31, 2022	927	(231)	9,155	9,851	437	10,288

For the three months ended March 31, 2021 (unaudited)						
	Share capital and premium <sup>(1)</sup>	Accumulated other comprehensive income (loss)	Retained earnings <sup>(2)</sup>	Total	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	-	-	**304	304	12	316
Other comprehensive income, net after tax effect	-	50	-	50	1	51
Balance as at March 31, 2021	927	(133)	8,701	9,495	407	9,902

For the year ended December 31, 2021 (audited)						
	Share capital and premium <sup>(1)</sup>	Accumulated other comprehensive income (loss)	Retained earnings <sup>(2)</sup>	Total	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 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

\* 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.