



FIRST INTERNATIONAL BANK OF ISRAEL

Financial Results 31.3.21





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# Q1 2021 Main Data, Income and Revenue



**Growth in credit** 

(Quarter)

+1.4%\*

2.8%



Growth in client assets portfolio (Quarter)

+5.6%\*

38.2%



Growth in deposits (Quarter)

+3.5%\*

**15.5**%



**Growth** in total income

1,086

(+6%)



**ROE** 

**13.0%** (8.2%)



**Net income** 

287 (+68%)



**Improvement** in efficiency Ratio

**60.4%** (62.2%)



Income from doubtful debt (last year an expense)

(0.04%) (-0.71%) ••••

Tier 1 capital Ratio

11.55% (10.28%)

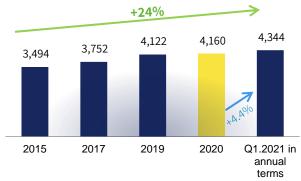
() Change from parallel period last year/ parallel period last year \* Relative to the 31.12.20

**Growth Since 31.3.20** 

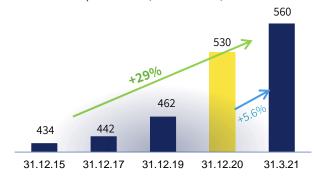


# **Growth Through Efficiency**

Total income before expenses for credit losses (NIS Million)

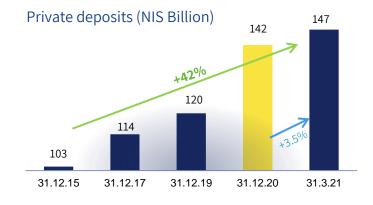


Client assets portfolio (NIS Billion)

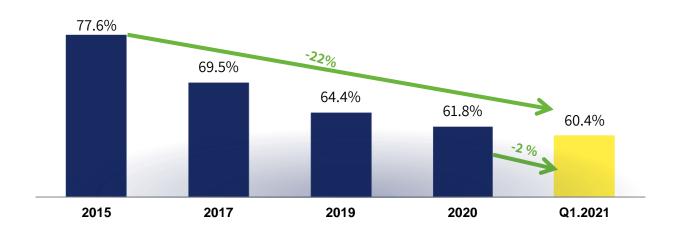


#### Growth in credit to the public (NIS Billion)





## **Continued Improvement in Efficiency Ratio**



The Bank continued implementing its multi-year efficiency plan



### **Net Income and ROE**





# **Income Statement Q1.2021**

(NIS Millions)

(NIS Millions)	Q1.21	Q1.20	Change before tax	% Change
Interest income	670	658	12	2%
Non-interest financing income	51	(3)	54	-
Interest income, net	721	655	66	10%
Expenses / (income) from credit losses (0.04% - income compared to 0.71%- loss)	(9)	157	(166)	(106%)
Income from commissions	361	368	(7)	(2%)
of which: commissions from capital market	198	184	14	8%
Total income (before expenses related to credit losses)	1,086	1,024	62	6%





# **Income Statement Q1.2021** (NIS Millions) continued

(NIS Millions)	Q1.21	Q1.20	Change before tax	% Change
Total operating and other expenses	656	637	19	3%
Salaries and related expenses	398	379	19	5%
Maintenance of buildings and equipment & depreciation	85	86	(1)	-
Amortization of intangible assets	26	24	2	8%
Other expenses	144	146	(2)	(1%)
Dismissals expenses	3	2	1	50%
Profit before taxes	439	230	209	91%
Tax expenditures (Q1.20 includes income taxes in respect of previous years totaling NIS 35 million)	153	48	105	219%
The bank share in CAL profit	13	(2)	15	
Attributed to non-controlling interests in MASAD	(12)	(9)	(3)	33%
Net profit	287	171	116	68%



# **Profit from Current Financing Activities**

(NIS Millions)

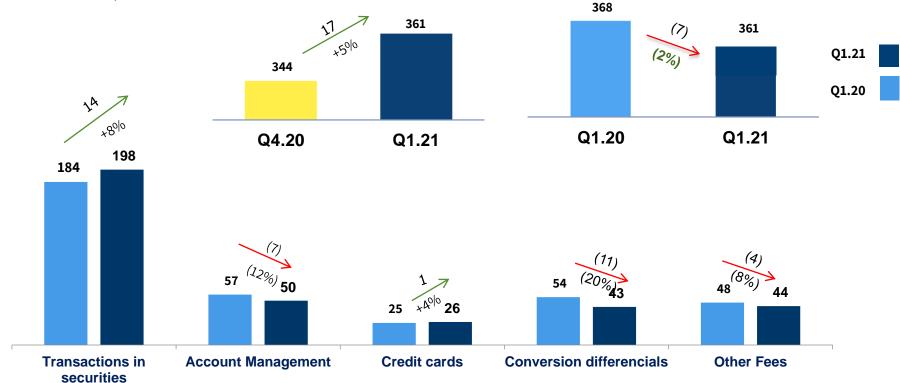
(NIS Millions)	Q1.21	Q1.20	Change (before tax)	% Change
Interest Income, net	670	658	12	1.8%
Non-interest financing income	<u>51</u>	<u>(3)</u>	<u>54</u>	
Net financial earnings	721	655	66	10.1%
Neutralizing financial earnings that are not from curre	ent activities:			
Reconciliation to fair value of derivative instruments	(3)	-	(3)	
Income from realization and reconciliations to fair value bonds	3	(9)	12	
Earnings / (losses ) from investments in shares	40	(48)	88	
Net financial earnings from operating activities	681	712	(31)	(4.4%)
CPI Change (%)	0.1%	(0.5%)		
Total Income/(expense) in respect of changes in CPI	2	(16)	18	
Bank of Israel average interest rate for the period	0.10%	0.25%	(0.15%)	
Average dollar interest rate for the period	0.25%	1.39%	(1.14%)	





#### **Income From Commissions**

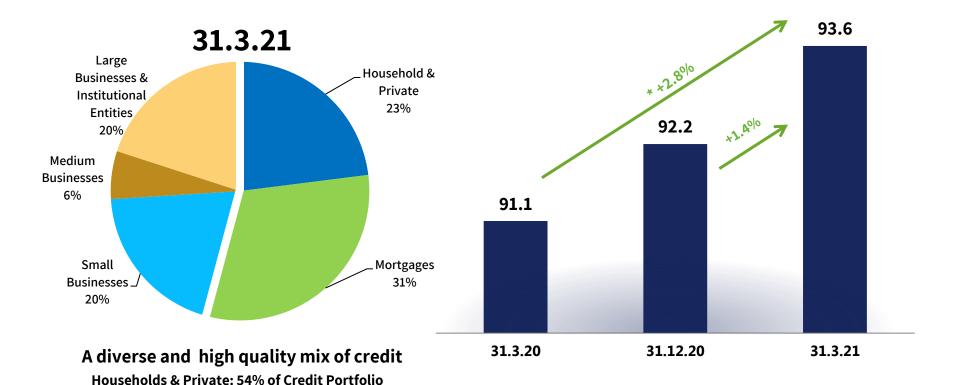
(NIS Millions)





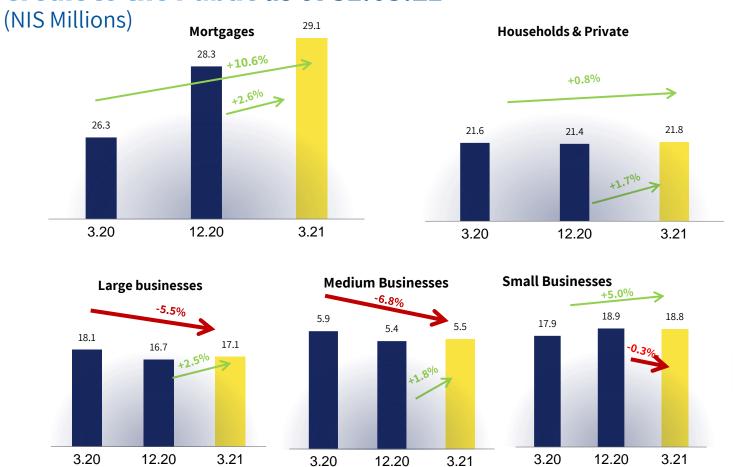
### **Credit Portfolio**

End of period (NIS billions)





#### Credit to the Public as of 31.03.21





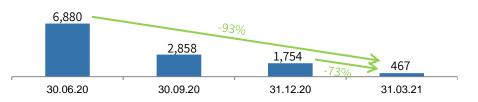
### **Deferral of Credit Payments due to Corona - 31.3.21**

#### Compared to other big Israeli banks

(NIS Millions) as of 31.12.20	Househol ds & Private	Mortgage	Small Businesses	Median Businesses	Large Businesses	Total
The balance of payments actually deferred - FIBI	7	11	19	3	4	44
The balance of the credit for which the payments were deferred (Not yet paid) - as of 31.3.21- FIBI	49	252	155	4	7	*467
The balance of the credit balance for which payments have been deferred out of the total credit - FIBI 31.3.21	0.22%	0.87%	0.82%	0.07%	0.04%	0.5%
The balance of the credit balance for which payments were deferred from the total credit (have not yet returned to pay) – 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 – Banking System (Other 3 banks)** (According to financial statements for the day – 31.3.21)	0.7%	4.3%	1.6%	1.0%	1.3%	2.5%

<sup>\*</sup>As of 30.4.21 total deferred credit continued to decrease to 355 (NIS Millions) -0.4% of total credit balance

#### **Development in in deferred credit balance (NIS Millions)**

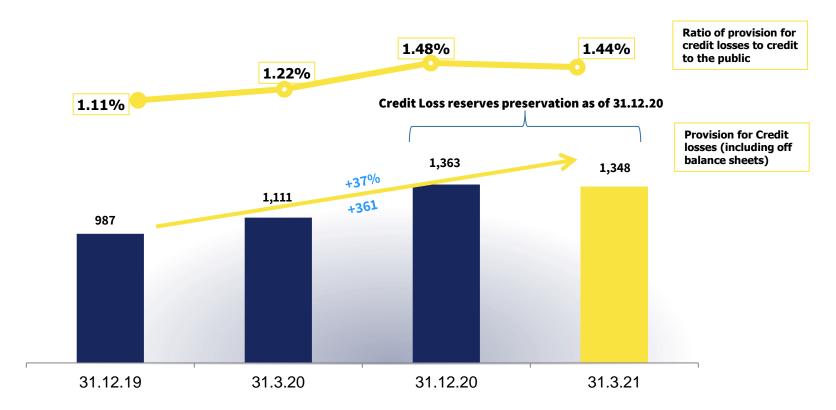




<sup>\*\*</sup>Excluding Leumi Bank (31.3.21)

#### **Due to Corona Impact on Credit Losses: Bank Increased its Credit Loss Reserves**

The Bank has preserved credit loss reserves during the corona crisis



# **Expenses/(Income) from Credit Losses**

	Q1.21	2020	Q1.20	Change compared to Q1.20
Collective provision	(12)	464	130	(142)
Individual provision	3	-	27	24
Total	(9)	464	157	(166)
Total provision for Corona crisis	(9)	436	129	(141)
Collective provision rate	(0.05%)	0.52%	0.59%	
Individual provision rate	0.01%	0%	0.12%	
Expense to total credit to the public ratio	(0.04%)	0.52%	0.71%	



# **Maintained Strong Financial Strength**

	Q1.21	2020	2019	2018	2017
Tier 1 capital ratio	*11.55%	11.18%	10.81%	10.51%	10.38%
Total ratio of capital to risk assets	**13.74%	14.46%	13.70%	13.94%	13.94%
LCR	140%	150%	128%	122%	123%
Total ratio of deposits to credit balance	159%	156%	137%	133%	141%

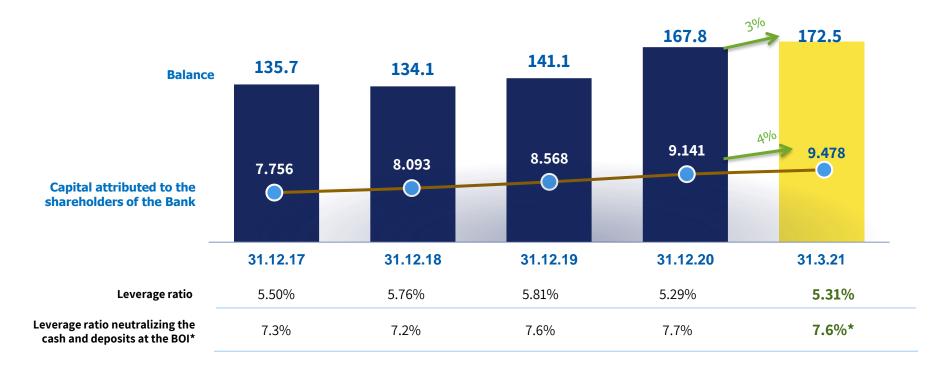


<sup>\*3.3%</sup> above the required Tier 1 capital Ratio (8.3%) and 2.3% above minimal required Tier 1 capital ratio without reductions - NIS 2 billion

<sup>\*\*</sup> Decrease in the total capital ratio due to the decision of the Board of Directors on 4.5.21 to redeem in full early redemption (NIS 0.9 billion) of deferred Liabilities Series (COCO), which were issued to the public in June 2016. Accordingly, on June 26, 2021, Deferred Bond Series (COCO) will be redeemed and therefore were not recognized as supervisory capital of the Bank as of March 31, 2021.

## **Maintained Strong Financial Strength**

Capital attributed to the shareholders of the Bank



<sup>\*</sup>Total deposits in BOI as of 31.3.21 –NIS 57 billion. NIS 2 billion growth (+4%) since 31.12.20.



#### Q1-21 Growth

- Increase in credit balances growth in Q1 2021 of ~1.4% (NIS 1.3 billion)
  Growth in retail (1.7%), housing loans (2.6%), medium-sized businesses (1.8%) and large businesses (2.5%).
  In past year, growth of ~2.8% (NIS 2.5 billion), mainly mortgages (10.6%) and small business sector (5%).
- Increase in balance of public deposits growth in Q1 2021 of ~3.5% (~ NIS 5 billion). In past year, growth of ~ 16% (~ NIS 20 billion).
- Capital markets a leading and competitive advantage of FIBI Growth in the customer assets portfolio - growth in Q1 2021 of ~ 5.6% (NIS 30 billion). In the past year, growth of ~ 38% (~ NIS 155 billion).

**Increase in capital market income** - an increase of ~ 8% (NIS 14 million) year-over-year and an increase of 10% (NIS 18 m) versus prior quarter

• Increase in total revenues (before expenses for credit losses) of ~ NIS 62 million (~ 6%)



# **Q1-21 Streamlining and Innovation**

- Continued improvement in operating efficiency ratio at 60.4% compared to 62.2% in Q1 last year and 61.8% for 2020 as a whole.
- Entering world of "digital wallets" launched FIBI Pay app a digital wallet for customers with an Android device and Apple Pay for iPhone owners.
- Over past year, bank has continued making extensive digital improvements to improve its service to customers:
  - Open digital account
  - Advanced online investment and financial advisory
  - Advanced capital market and investment services digitally
  - Digital banking-based services including open banking
  - Digital mortgage applications
  - Process Automation RPA
  - and others...



## **Q1-21 Strength**

#### Bank maintained a high level of financial strength

• Capital ratios higher than the required regulatory minimum (11.55% compared to 8.28% required minimum) a high capital security cushion vs other banks in the system\* (~3.3% above the required regulatory tier 1 capital ratio (8.3%); and 2.3% beyond minimum regulatory capital ratio without relief - NIS 2 billion)

\*As of March 31, 2021, the gap above the required minimum is the higher compared to other banks that have published financial statements so far.

- High liquidity coverage ratio of 140% and deposit-to-credit ratio of close to 160%
- Maintaining safety cushion for credit losses due to the corona crisis.

Balance provision for credit losses (including off-balance sheet) of NIS 1.3 billion, NIS 361 growth compared to 31.12.19 (+37%).

Ratio of provision for credit losses to credit to the public of 1.44% as of 31.3.21 compared to 1.48% on 31.12.20 (almost without a change).

