

Press release

November 29, 2023

On October 7, a murderous and cruel terror attack was launched against the State of Israel. Our hearts are with the families that have lost loved ones, and we wish to express our deep condolences to the families of those murdered and slain. We send our wishes for the speedy recovery of the injured and pray for the health and swift return of all those abducted. We wish to express our support of the soldiers of the Israeli Defence Forces and security forces that are fighting with strength and bravery, and pray for their safe return. Willpower and resilience are synonymous with the People of Israel. Together we shall prevail.

The First International Bank has been providing banking services since the beginning of the hostilities and throughout the war period in most of its branches in cities and at military bases, as well as sending mobile bank branches to evacuated areas and bases. The Bank has been mobilized to assist and alleviate a variety of populations impacted during the *Iron Swords* War, and has taken a series of steps to aid the local community by:

- Significantly increasing the donations' budget by millions of shekels, to support the residents in the area surrounding the Gaza Strip and the soliders. Under this framework, the Bank has allocated a significant amount for the support and rehabilitation process of the residents of Kibbutz Nir Oz, alongside donations to the security forces, as well as support to additional settlements around the Strip, to hospitals and more.
- Employees of the Bank have been participating in various volunteer activities in support of the war effort.

For the customers of the bank, the bank offers a series of relief actions and benefits:

- Residents of the settlements surrounding the Gaza Strip can benefit from six months of mortgage repayment relief, consisting of a waiver of repayments for three months and an additional three months deferral of repayments without interest.
- For residents of the settlements surrounding the Gaza Strip, the bank also offers interest-free and linkage-free loans of up to NIS 20,000, for a two-year period.
- The Bank has established a special call center for the said residents.
- To customers residing up to 30 km from the Gaza border, reserve soldiers in active service and evacuees from areas in the South and the North of the country, the Bank offers a three month deferral of mortgage repayments, and three months interest-free loans on the deferred amounts, exemption from commission charges, and more.
- As the bank owning the banking brand name, "*Otzar Hachayal*", *the Bank of the Security Forces*, the First International Bank offers unique benefits and has established an interest-free loan fund of NIS 100 million to customers who are full-time soldiers. The fund grants interest free loans to these soldiers of up to NIS 24,000 to those residing in the South (up to 30km from the Gaza border) and evacuees from the Northern areas, and up to NIS 12,000 to full-time soliders residing in all the other parts of the country.
- The Bank also entitles full-time soldiers to a three month deferral of mortgage repayments, free of interest on the deferred amounts.

The estimated costs to the Bank, related to the benefits provided to customers for dealing with the impact of the war, are estimated at NIS 120 million (when exercised in full), which constitutes approximately 7% of net profit for the first nine months of the year.



First International Bank of Israel

Reports Third Quarter 2023 Financial Results

Tel Aviv, Israel – November 29, 2023. First International Bank of Israel (TASE: FIBI) one of Israel's major banking groups, today announced its results for the third quarter and nine-month period ended September 30, 2023.

Financial Highlights Demonstrating High Financial Resilience:

- Ratio of Tier 1 equity capital to risk components at 10.84%, 1.6% in excess of the required regulatory ratio;
- High liquidity coverage ratio which increased to a rate of 142%
- Net profit of NIS 455 million for the First International Bank in the third quarter of 2023
- Return on equity of 16%
- In the third quarter, the Bank continued to increase the collective provision for credit losses due to rising uncertainty and an increased level of risk due to the possible economic consequences of the war. Accordingly, credit loss expenses in the third quarter were NIS 165 million (0.55% of the credit portfolio), representing an increase of NIS 122 million, compared with the corresponding quarter last year, entirely due to the collective provision for credit losses.
- The Bank's non-performing loan (NPL) ratio, which is an indicator of the quality of the credit portfolio, remains at low levels and stands at 0.49%

Financial Results for the Period

The First International Bank today issued its financial report for the first nine months of 2023, reflecting continuing growth in the Bank's core business, while continuing to maintain financial resilience.

Net earnings in the first nine months of the year for the First International Bank Group totaled NIS 1,673 million, an increase of 48% in comparison with the corresponding period last year. Return on equity reached 20.5%.

In the third quarter of the year, the net profit was NIS 455 million, as compared to NIS 467 million in the corresponding quarter last year, representing a decline of 2.6%, and a decline of 22.5% compared with that of the second and prior quarter in 2023. **Return on Equity** amounted to 16%.

Total revenue for the first nine months of the year amounted to NIS 5,036 million, an increase of 32.3% as compared to the corresponding period last year. Total revenue for the **third quarter**

amounted to NIS 1,601 million, an increase of 12% as compared to the corresponding quarter last year and a reduction of 7.7% compared with the second quarter of 2023.

Financial profits from current operations in the first nine months of the year increased by 43.7% compared with the corresponding period last year, an increase primarily due to the increase in shekel and dollar interest rates, as well as a growth in the volume of operations.

Total credit loss expense in the third quarter was NIS 165 million, representing 0.55% of the overall credit portfolio and an increase of NIS 122 million as compared to the corresponding quarter of last year. The increase was due to in its entirety to the collective allowance for credit losses because of the uncertainty caused by the economic implications of the war in Israel. **In the first nine months of the year, credit loss expenses amounted to NIS 336 million**, representing 0.38% of the credit portfolio and an increase of NIS 262 million compared with that of the corresponding period last year. The increase was due to the increase in the **collective provision**, mainly due to adjustments made to the provision due to concerns related to predicted macro-economic impacts, in view of the uncertainty regarding economic conditions, among others, due to implications of the war, the effect of the rise in interest rates, and the probability of an economic slowdown. **The provision for credit losses includes a specific income of NIS 31 million.**

The low **non-performing loan (NPL) ratio** of the Bank, a ratio which indicates the quality of the credit portfolio (a ratio of debts that are either non-accruing or overdue by 90 days or more, to total credit to the public) remain at low levels, and was at 0.49% (with a lower ratio indicating higher credit quality).

Over the past year, the Bank increased its **comprehensive coverage ratio** (the ratio of the total credit loss allowance out of total credit to the public) by 25%, from a ratio of 1.1% to 1.37%.

Operating and other expenses amounted to NIS 733 million in the third quarter. This was a slight decline compared with operating and other expenses of NIS 740 million as reported in the second quarter of the year, and an increase of 7.5% in relation to the corresponding quarter last year. In the first nine months of the year, operating and other expenses amounted to NIS 2,197 million, an increase of 8.3% due mostly to an increase in payroll expenses due to a provision for bonuses and an increase in ongoing payroll, resulting, among other impacts, from the signing of labor agreements covering the years 2023 to 2026.

The efficiency ratio in the first nine months of 2023 was 43.6% compared with 53.3% in the corresponding period last year and 50.9% for the full year of 2022. The Bank continues to invest in efficiency measures, which, among others, including streamlining work processes, integration of automation into processes, and technological innovation.

Credit to the public by 3.8% year-over-year and amounted to NIS 120,073 million as of September 30, 2023. **The average balance of credit to the public** grew by 8.3% compared with the corresponding period last year. The growth in credit was achieved while maintaining moderate risk.

Deposits by the public grew by 9.9% year-over-year and amounted to NIS 181,274 million as of September 30, 2023. **The customer assets portfolio** grew by 15% year-over-year and amounted to NIS 634.3 Billion as of September 30, 2023.

Equity attributed to the shareholders of the Bank increased to NIS 11,583 million, representing an increase of 13.2% compared with that of the corresponding period last year.

The Tier 1 equity capital ratio increased to 10.84%, as compared to 10.42% as of December 31, 2022. This ratio is higher by 1.6% over the required minimum regulatory ratio (a total of NIS 1.7 billion above the required regulatory capital).

The liquidity coverage ratio increased by 142% compared with 127% in 2022.

The dividend distribution policy relates to an annual (not a quarterly) distribution of up to 50% of the annual net profit. Against the backdrop of the high level of uncertainty prevailing in Israeli markets given the war, as well as the ongoing uncertainty in global markets, the Board of Directors of the Bank decided to approve a cash dividend distribution to shareholders in the amount of NIS 90 million (gross). It is stressed that that no change has taken place in the dividend distribution policy of the Bank, which remains unchanged: an annual distribution policy (not quarterly) of up to 50% of the annual net profit. The Board of Directors of the Bank will continue to discuss the ongoing implementation of the dividend distribution policy in light of developments and their impact on the economy.

Ms. Smadar Barber-Tsadik, CEO of the Bank stated: “The First International Bank enters a period of uncertainty created in the wake of the war, as a solid, strong and stable bank with high financial resilience (in both liquidity and capital), with a high-quality and diverse credit portfolio.

“Over the long-term, the Bank continues to present high profitability, responsible growth across broad operations, while maintaining its diversity and asset quality. The growth in our revenue allows us to create higher financial buffers at this time, both as buffers against credit losses and capital buffers, mainly against the background of uncertainty in the economy and concerns regarding predicted macro-economic impacts, as well as developments in geo-political conditions.

“We wish to express our deep condolences to the families of those murdered, and send best wishes for the speedy recovery of the injured. We pray for the well-being and speedy return of all those kidnapped and support the IDF soldiers and the security forces that are fighting bravely and with strength, and pray for their safe return.

“Finally, I wish to thank the Board of Directors, the management and employees of the First International Bank for their trust and the privilege I have been given to lead the best bank in the Israeli banking system, and wish much success to the incoming CEO, **Mr. Eli Cohen.**”

CONDENSED PRINCIPAL FINANCIAL INFORMATION AND PRINCIPAL EXECUTION INDICES

| Principal financial ratios | For the nine months ended September 30, | | For the year ended December 31, |
|------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|---------------------------------|
| | 2023 | 2022 | 2022 |
| | | | in % |
| Execution indices | | | |
| Return on equity attributed to shareholders of the Bank ⁽¹⁾ | 20.5 | 15.1 | 16.6 |
| Return on average assets ⁽¹⁾ | 1.10 | 0.82 | 0.89 |
| Ratio of equity capital tier 1 | 10.84 | 10.17 | 10.42 |
| Leverage ratio | 5.30 | 5.10 | 5.19 |
| Liquidity coverage ratio | 142 | 127 | 127 |
| Net stable funding ratio | 138 | 134 | 133 |
| Ratio of total income to average assets ⁽¹⁾ | 3.3 | 2.7 | 2.9 |
| Ratio of interest income, net to average assets ⁽¹⁾ | 2.5 | 1.9 | 2.0 |
| Ratio of fees to average assets ⁽¹⁾ | 0.7 | 0.8 | 0.8 |
| Efficiency ratio | 43.6 | 53.3 | 50.9 |
| Credit quality indices | | | |
| Ratio of provision for credit losses to credit to the public | 1.25 | 1.01 | 1.02 |
| Ratio of total provision for credit losses ⁽²⁾ to credit to the public | 1.37 | 1.10 | 1.12 |
| Ratio of non-accruing debts or in arrears of 90 days or more to credit to the public | 0.49 | 0.47 | 0.48 |
| Ratio of provision for credit losses to total non-accruing credit to the public | 263.8 | 223.9 | 219.7 |
| Ratio of net write-offs to average total credit to the public ⁽¹⁾ | - | 0.03 | 0.03 |
| Ratio of expenses for credit losses to average total credit to the public ⁽¹⁾ | 0.38 | 0.09 | 0.11 |
| Principal data from the statement of income | | | |
| | | For the nine months ended September 30, | |
| | | 2023 | 2022 |
| | | NIS million | |
| Net profit attributed to shareholders of the Bank | | 1,673 | 1,131 |
| Interest Income, net | | 3,820 | 2,613 |
| Expenses from credit losses | | 336 | 74 |
| Total non-Interest income | | 1,216 | 1,194 |
| Of which: Fees | | 1,131 | 1,125 |
| Total operating and other expenses | | 2,197 | 2,028 |
| Of which: Salaries and related expenses | | 1,353 | 1,231 |
| Primary net profit per share of NIS 0.05 par value (NIS) | | 16.67 | 11.27 |
| Principal data from the balance sheet | | | |
| | | 30.9.23 | 30.9.22 |
| | | 31.12.22 | |
| | | NIS million | |
| Total assets | | 210,673 | 194,987 |
| of which: Cash and deposits with banks | | 61,659 | 56,012 |
| Securities | | 22,043 | 15,331 |
| Credit to the public, net | | 118,577 | 114,539 |
| Total liabilities | | 198,542 | 184,290 |
| of which: Deposits from the public | | 181,274 | 164,902 |
| Deposits from banks | | 3,824 | 4,998 |
| Bonds and subordinated capital notes | | 4,751 | 5,030 |
| Capital attributed to the shareholders of the Bank | | 11,583 | 10,237 |
| Additional data | | | |
| | | 30.9.23 | 30.9.22 |
| | | 31.12.22 | |
| Share price (0.01 NIS) | | 16,360 | 14,500 |
| Dividend per share (0.01 NIS) | | 706 | 708 |


(1) Annualized.

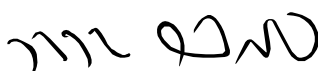
(2) Including provision in respect of off-balance sheet credit instruments.


CONSOLIDATED STATEMENT OF INCOME

(NIS million)

| | For the three months ended September 30 | | For the nine months ended September 30 | | For the year Ended December 31 |
|----------------------------------------------------------------------------|-----------------------------------------|-------------|----------------------------------------|-------------|--------------------------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (audited) |
| Interest Income | 2,590 | 1,382 | 7,289 | 3,357 | 5,161 |
| Interest Expenses | 1,363 | 372 | 3,469 | 744 | 1,358 |
| Interest Income, net | 1,227 | 1,010 | 3,820 | 2,613 | 3,803 |
| Expenses from credit losses | 165 | 43 | 336 | 74 | 123 |
| Net Interest Income after expenses from credit losses | 1,062 | 967 | 3,484 | 2,539 | 3,680 |
| Non- Interest Income | | | | | |
| Non-Interest Financing income (expenses) | (1) | 48 | 78 | 60 | 113 |
| Fees | 375 | 370 | 1,131 | 1,125 | 1,489 |
| Other income | - | 1 | 7 | 9 | 9 |
| Total non- Interest income | 374 | 419 | 1,216 | 1,194 | 1,611 |
| Operating and other expenses | | | | | |
| Salaries and related expenses | 438 | 416 | 1,353 | 1,231 | 1,680 |
| Maintenance and depreciation of premises and equipment | 89 | 86 | 256 | 249 | 332 |
| Amortizations and impairment of intangible assets | 31 | 29 | 91 | 84 | 113 |
| Other expenses | 175 | 151 | 497 | 464 | 630 |
| Total operating and other expenses | 733 | 682 | 2,197 | 2,028 | 2,755 |
| Profit before taxes | 703 | 704 | 2,503 | 1,705 | 2,536 |
| Provision for taxes on profit | 247 | 249 | 869 | 597 | 884 |
| Profit after taxes | 456 | 455 | 1,634 | 1,108 | 1,652 |
| The bank's share in profit of equity-basis investee, after taxes | 21 | 27 | 105 | 64 | 74 |
| Net profit: | | | | | |
| Before attribution to non-controlling interests | 477 | 482 | 1,739 | 1,172 | 1,726 |
| Attributed to non-controlling interests | (22) | (15) | (66) | (41) | (59) |
| Attributed to shareholders of the Bank | 455 | 467 | 1,673 | 1,131 | 1,667 |
| | | | | | NIS |
| Primary profit per share attributed to the shareholders of the Bank | | | | | |
| Net profit per share of NIS 0.05 par value | 4.53 | 4.65 | 16.67 | 11.27 | 16.62 |


Ron Levkovich
 Chairman of the Board


Smadar Barber-Tsadik
 Chief Executive Officer


Nachman Nitzan
 Executive Vice President,
 Chief Accountant

Tel-Aviv, November 28, 2023

STATEMENT OF COMPREHENSIVE INCOME

(NIS million)

| | For the three months ended September 30 | | For the nine months ended September 30 | | For the year Ended December 31 |
|------------------------------------------------------------------------------------------------|--------------------------------------------|-------------|-------------------------------------------|-------------|--------------------------------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (audited) |
| Net profit before attribution to non-controlling interests | 477 | 482 | 1,739 | 1,172 | 1,726 |
| Net profit attributed to non-controlling interests | (22) | (15) | (66) | (41) | (59) |
| Net profit attributed to the shareholders of the Bank | 455 | 467 | 1,673 | 1,131 | 1,667 |
| Other comprehensive income (loss) before taxes: | | | | | |
| Adjustments of available for sale bonds to fair value, net | 52 | (95) | 78 | (472) | (441) |
| Adjustments of liabilities in respect of employee benefits ⁽¹⁾ | 34 | 42 | 37 | 238 | 235 |
| Other comprehensive income (loss) before taxes | 86 | (53) | 115 | (234) | (206) |
| Related tax effect | (29) | 18 | (40) | 80 | 71 |
| Other comprehensive income (loss) before attribution to non-controlling interests, after taxes | 57 | (35) | 75 | (154) | (135) |
| Less other comprehensive income (loss) attributed to non-controlling interests | 1 | (2) | 6 | (11) | (13) |
| Other comprehensive income (loss) attributed to the shareholders of the Bank, after taxes | 56 | (33) | 69 | (143) | (122) |
| Comprehensive income before attribution to non-controlling interests | 534 | 447 | 1,814 | 1,018 | 1,591 |
| Comprehensive income attributed to non-controlling interests | (23) | (13) | (72) | (30) | (46) |
| Comprehensive income attributed to the shareholders of the Bank | 511 | 434 | 1,742 | 988 | 1,545 |

(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)

| | | September 30, | December 31, |
|----------------------------------------------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2022 |
| | (unaudited) | (unaudited) | (audited) |
| Assets | | | |
| Cash and deposits with banks | 61,659 | 56,012 | 57,130 |
| Securities | 22,043 | 15,331 | 16,010 |
| Securities which were borrowed | 155 | 630 | 12 |
| Credit to the public | 120,073 | 115,708 | 117,156 |
| Provision for Credit losses | (1,496) | (1,169) | (1,195) |
| Credit to the public, net | 118,577 | 114,539 | 115,961 |
| Credit to the government | 1,015 | 862 | 866 |
| Investment in investee company | 776 | 679 | 687 |
| Premises and equipment | 871 | 894 | 902 |
| Intangible assets | 305 | 297 | 317 |
| Assets in respect of derivative instruments | 3,940 | 3,800 | 2,825 |
| Other assets ⁽²⁾ | 1,332 | 1,943 | 1,245 |
| Total assets | 210,673 | 194,987 | 195,955 |
| Liabilities and Shareholders' Equity | | | |
| Deposits from the public | 181,274 | 164,902 | 168,269 |
| Deposits from banks | 3,824 | 4,998 | 4,821 |
| Deposits from the Government | 665 | 891 | 237 |
| Bonds and subordinated capital notes | 4,751 | 5,030 | 4,749 |
| Liabilities in respect of derivative instruments | 3,496 | 3,303 | 2,322 |
| Other liabilities ⁽¹⁾⁽³⁾ | 4,532 | 5,166 | 4,522 |
| Total liabilities | 198,542 | 184,290 | 184,920 |
| Capital attributed to the shareholders of the Bank | 11,583 | 10,237 | 10,559 |
| Non-controlling interests | 548 | 460 | 476 |
| Total equity | 12,131 | 10,697 | 11,035 |
| Total liabilities and shareholders' equity | 210,673 | 194,987 | 195,955 |

(1) Of which: provision for credit losses in respect of off-balance sheet credit instruments in the amount of NIS 150 million and NIS 101 million and NIS 117 million at 30.9.23, 30.9.22 and 31.12.22, respectively.

(2) Of which: other assets measured at fair value in the amount of NIS 13 million and NIS 738 million and NIS 26 million at 30.9.23, 30.9.22 and 31.12.22, respectively.

(3) Of which: other liabilities measured at fair value in the amount of NIS 26 million and NIS 808 million and NIS 26 million at 30.9.23, 30.9.22 and 31.12.22, respectively.

STATEMENT OF CHANGES IN EQUITY

(NIS million)

| | For the three months ended September 30, 2023 (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 of June 30, 2023 | 927 | (290) | 10,655 | 11,292 | 525 | 11,817 |
| Net profit for the period | - | - | 455 | 455 | 22 | 477 |
| Dividend | - | - | (220) | (220) | - | (220) |
| Other comprehensive income, after tax effect | - | 56 | - | 56 | 1 | 57 |
| Balance as at September 30, 2023 | 927 | (234) | 10,890 | 11,583 | 548 | 12,131 |

| | For the three months ended September 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 June 30, 2022 | 927 | (291) | 9,337 | 9,973 | 447 | 10,420 |
| Net profit for the period | - | - | 467 | 467 | 15 | 482 |
| Dividend | - | - | (170) | (170) | - | (170) |
| Other comprehensive loss, after tax effect | - | (33) | - | (33) | (2) | (35) |
| Balance as at September 30, 2022 | 927 | (324) | 9,634 | 10,237 | 460 | 10,697 |

| | For the nine months ended September 30, 2023 (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, 2022 (audited) | 927 | (303) | 9,935 | 10,559 | 476 | 11,035 |
| Adjustment of the opening balance, net of tax, due to the effect of initial implementation in investee company* | - | - | (10) | (10) | - | (10) |
| Adjusted balance at January 1, 2023, following initial implementation | 927 | (303) | 9,925 | 10,549 | 476 | 11,025 |
| Net profit for the period | - | - | 1,673 | 1,673 | 66 | 1,739 |
| Dividend | - | - | (708) | (708) | - | (708) |
| Other comprehensive income, after tax effect | - | 69 | - | 69 | 6 | 75 |
| Balance as at September 30, 2023 | 927 | (234) | 10,890 | 11,583 | 548 | 12,131 |

| | For the nine months ended September 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 | - | - | 1,131 | 1,131 | 41 | 1,172 |
| Dividend | - | - | (710) | (710) | - | (710) |
| Other comprehensive loss, after tax effect | - | (143) | - | (143) | (11) | (154) |
| Balance as at September 30, 2022 | 927 | (324) | 9,634 | 10,237 | 460 | 10,697 |

STATEMENT OF CHANGES IN EQUITY (CONT'D)

(NIS million)

| | For the year ended December 31, 2022 (audited) | | | | | |
|---------------------------------------------------------------------------------------------|------------------------------------------------|-----------------------------------------------|-------------------------------------|--------|----------------------------------|-----------------|
| | Share capital and premium ⁽¹⁾ | Accumulated other comprehensive loss | Retained earnings ⁽²⁾ | Total | Non- controlling interests | Total equity |
| Balance as at December 31, 2021 | 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 | - | - | 1,667 | 1,667 | 59 | 1,726 |
| Dividend | - | - | (945) | (945) | - | (945) |
| Other comprehensive loss, after tax effect | - | (122) | - | (122) | (13) | (135) |
| Balance as at December 31, 2022 | 927 | (303) | 9,935 | 10,559 | 476 | 11,035 |

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

(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.

CONDENSED PRINCIPAL FINANCIAL INFORMATION AND PRINCIPAL EXECUTION INDICES

| Principal financial ratios | For the six months ended June 30, | | For the year ended December 31, |
|------------------------------------------------------------------------------------------|-----------------------------------|---------|---------------------------------|
| | 2023 | 2022 | 2022 |
| | in % | | |
| Execution indices | | | |
| Return on equity attributed to shareholders of the Bank ⁽¹⁾ | 22.6 | 13.3 | 16.6 |
| Return on average assets ⁽¹⁾ | 1.22 | 0.73 | 0.89 |
| Ratio of equity capital tier 1 | 10.64 | 10.15 | 10.42 |
| Leverage ratio | 5.20 | 5.02 | 5.19 |
| Liquidity coverage ratio | 134 | 125 | 127 |
| Net stable funding ratio | 134 | 134 | 133 |
| Ratio of total income to average assets ⁽¹⁾ | 3.4 | 2.6 | 2.9 |
| Ratio of interest income, net to average assets ⁽¹⁾ | 2.6 | 1.8 | 2.0 |
| Ratio of fees to average assets ⁽¹⁾ | 0.8 | 0.8 | 0.8 |
| Efficiency ratio | 42.6 | 56.6 | 50.9 |
| Credit quality indices | | | |
| Ratio of provision for credit losses to credit to the public | 1.12 | 0.98 | 1.02 |
| Ratio of total provision for credit losses ⁽²⁾ to credit to the public | 1.23 | 1.08 | 1.12 |
| Ratio of non-accruing debts or in arrears of 90 days or more to credit to the public | 0.49 | 0.55 | 0.48 |
| Ratio of provision for credit losses to total non-accruing credit to the public | 237.9 | 184.7 | 219.7 |
| Ratio of net write-offs to average total credit to the public ⁽¹⁾ | - | 0.04 | 0.03 |
| Ratio of expenses for credit losses to average total credit to the public ⁽¹⁾ | 0.29 | 0.06 | 0.11 |
| Principal data from the statement of income | | | |
| | For the six months ended June 30, | | |
| | 2023 | 2022 | |
| | NIS million | | |
| Net profit attributed to shareholders of the Bank | 1,218 | 664 | |
| Interest Income, net | 2,593 | 1,603 | |
| Expenses from credit losses | 171 | 31 | |
| Total non-Interest income | 842 | 775 | |
| Of which: Fees | 756 | 755 | |
| Total operating and other expenses | 1,464 | 1,346 | |
| Of which: Salaries and related expenses | 915 | 815 | |
| Primary net profit per share of NIS 0.05 par value (NIS) | 12.14 | 6.62 | |
| Principal data from the balance sheet | | | |
| | 30.6.23 | 30.6.22 | 31.12.22 |
| | NIS million | | |
| Total assets | 208,130 | 192,026 | 195,955 |
| of which: Cash and deposits with banks | 58,553 | 56,305 | 57,130 |
| Securities | 22,963 | 15,349 | 16,010 |
| Credit to the public, net | 118,686 | 112,811 | 115,961 |
| Total liabilities | 196,313 | 181,606 | 184,920 |
| of which: Deposits from the public | 179,013 | 164,539 | 168,269 |
| Deposits from banks | 4,145 | 5,429 | 4,821 |
| Bonds and subordinated capital notes | 4,713 | 4,187 | 4,749 |
| Capital attributed to the shareholders of the Bank | 11,292 | 9,973 | 10,559 |
| Additional data | | | |
| | 30.6.23 | 30.6.22 | 31.12.22 |
| Share price (0.01 NIS) | 14,420 | 13,010 | 13,900 |
| Dividend per share (0.01 NIS) | 486 | 538 | 942 |

(1) Annualized.

(2) Including provision in respect of off-balance sheet credit instruments.

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 |
|--------------------------------------------------------------------------------|---------------------------------------|-------------|-------------------------------------|-------------|--------------------------------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (audited) |
| Interest Income | 2,523 | 1,104 | 4,699 | 1,975 | 5,161 |
| Interest Expenses | 1,205 | 245 | 2,106 | 372 | 1,358 |
| Interest Income, net | 1,318 | 859 | 2,593 | 1,603 | 3,803 |
| Expenses from credit losses | 99 | 31 | 171 | 31 | 123 |
| Net Interest Income after expenses from credit losses | 1,219 | 828 | 2,422 | 1,572 | 3,680 |
| Non- Interest Income | | | | | |
| Non-Interest Financing income (expenses) | 43 | (22) | 79 | 12 | 113 |
| Fees | 368 | 371 | 756 | 755 | 1,489 |
| Other income | 6 | - | 7 | 8 | 9 |
| Total non- Interest income | 417 | 349 | 842 | 775 | 1,611 |
| Operating and other expenses | | | | | |
| Salaries and related expenses | 466 | 401 | 915 | 815 | 1,680 |
| Maintenance and depreciation of premises and equipment | 83 | 82 | 167 | 163 | 332 |
| Amortizations and impairment of intangible assets | 30 | 28 | 60 | 55 | 113 |
| Other expenses | 161 | 151 | 322 | 313 | 630 |
| Total operating and other expenses | 740 | 662 | 1,464 | 1,346 | 2,755 |
| Profit before taxes | 896 | 515 | 1,800 | 1,001 | 2,536 |
| Provision for taxes on profit | 307 | 179 | 622 | 348 | 884 |
| Profit after taxes | 589 | 336 | 1,178 | 653 | 1,652 |
| The bank's share in profit of equity-basis investee, after taxes | 19 | 20 | 84 | 37 | 74 |
| Net profit: | | | | | |
| Before attribution to non-controlling interests | 608 | 356 | 1,262 | 690 | 1,726 |
| Attributed to non-controlling interests | (21) | (14) | (44) | (26) | (59) |
| Attributed to shareholders of the Bank | 587 | 342 | 1,218 | 664 | 1,667 |
| | | | | | NIS |
| Primary profit per share attributed to the shareholders of the Bank | | | | | |
| Net profit per share of NIS 0.05 par value | 5.85 | 3.41 | 12.14 | 6.62 | 16.62 |



Ron Levkovich
Chairman of the Board



Smadar Barber-Tsadik
Chief Executive Officer



Nachman Nitzan
Executive Vice President,
Chief Accountant

Tel-Aviv, August 15, 2023

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 |
|------------------------------------------------------------------------------------------------|---------------------------------------|-------------|-------------------------------------|-------------|--------------------------------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (audited) |
| Net profit before attribution to non-controlling interests | 608 | 356 | 1,262 | 690 | 1,726 |
| Net profit attributed to non-controlling interests | (21) | (14) | (44) | (26) | (59) |
| Net profit attributed to the shareholders of the Bank | 587 | 342 | 1,218 | 664 | 1,667 |
| Other comprehensive income (loss) before taxes: | | | | | |
| Adjustments of available for sale bonds to fair value, net | 56 | (161) | 26 | (377) | (441) |
| Adjustments of liabilities in respect of employee benefits ⁽¹⁾ | 6 | 65 | 3 | 196 | 235 |
| Other comprehensive income (loss) before taxes | 62 | (96) | 29 | (181) | (206) |
| Related tax effect | (22) | 32 | (11) | 62 | 71 |
| Other comprehensive income (loss) before attribution to non-controlling interests, after taxes | 40 | (64) | 18 | (119) | (135) |
| Less other comprehensive income (loss) attributed to non-controlling interests | 3 | (4) | 5 | (9) | (13) |
| Other comprehensive income (loss) attributed to the shareholders of the Bank, after taxes | 37 | (60) | 13 | (110) | (122) |
| Comprehensive income before attribution to non-controlling interests | 648 | 292 | 1,280 | 571 | 1,591 |
| Comprehensive income attributed to non-controlling interests | (24) | (10) | (49) | (17) | (46) |
| Comprehensive income attributed to the shareholders of the Bank | 624 | 282 | 1,231 | 554 | 1,545 |

(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)

| | 2023 | June 30, 2022 | December 31, 2022 |
|----------------------------------------------------|----------------|------------------|----------------------|
| | (unaudited) | (unaudited) | (audited) |
| Assets | | | |
| Cash and deposits with banks | 58,553 | 56,305 | 57,130 |
| Securities | 22,963 | 15,349 | 16,010 |
| Securities which were borrowed | 104 | 289 | 12 |
| Credit to the public | 120,028 | 113,932 | 117,156 |
| Provision for Credit losses | <u>(1,342)</u> | <u>(1,121)</u> | <u>(1,195)</u> |
| Credit to the public, net | 118,686 | 112,811 | 115,961 |
| Credit to the government | 961 | 939 | 866 |
| Investment in investee company | 751 | 669 | 687 |
| Premises and equipment | 880 | 904 | 902 |
| Intangible assets | 309 | 300 | 317 |
| Assets in respect of derivative instruments | 3,588 | 2,880 | 2,825 |
| Other assets ⁽²⁾ | 1,335 | 1,580 | 1,245 |
| Total assets | 208,130 | 192,026 | 195,955 |
| Liabilities and Shareholders' Equity | | | |
| Deposits from the public | 179,013 | 164,539 | 168,269 |
| Deposits from banks | 4,145 | 5,429 | 4,821 |
| Deposits from the Government | 608 | 570 | 237 |
| Bonds and subordinated capital notes | 4,713 | 4,187 | 4,749 |
| Liabilities in respect of derivative instruments | 3,184 | 2,412 | 2,322 |
| Other liabilities ⁽¹⁾⁽³⁾ | 4,650 | 4,469 | 4,522 |
| Total liabilities | 196,313 | 181,606 | 184,920 |
| Capital attributed to the shareholders of the Bank | 11,292 | 9,973 | 10,559 |
| Non-controlling interests | 525 | 447 | 476 |
| Total equity | 11,817 | 10,420 | 11,035 |
| Total liabilities and shareholders' equity | 208,130 | 192,026 | 195,955 |

(1) Of which: provision for credit losses in respect of off-balance sheet credit instruments in the amount of NIS 137 million and NIS 109 million and NIS 117 million at 30.6.23, 30.6.22 and 31.12.22, respectively.

(2) Of which: other assets measured at fair value in the amount of NIS 12 million and NIS 283 million and NIS 26 million at 30.6.23, 30.6.22 and 31.12.22, respectively.

(3) Of which: other liabilities measured at fair value in the amount of NIS 24 million and NIS 337 million and NIS 26 million at 30.6.23, 30.6.22 and 31.12.22, respectively.

STATEMENT OF CHANGES IN EQUITY

(NIS million)

| | For the three months ended June 30, 2023 (unaudited) | | | | | |
|----------------------------------------------|------------------------------------------------------|-----------------------------------------------|----------------------------------|----------------------------|---------------------------|--------------|
| | Share capital and premium ⁽¹⁾ | Accumulated other comprehensive income (loss) | Retained earnings ⁽²⁾ | Total shareholders' equity | Non-controlling interests | Total equity |
| Balance as of March 31, 2023 | 927 | (327) | 10,288 | 10,888 | 501 | 11,389 |
| Net profit for the period | - | - | 587 | 587 | 21 | 608 |
| Dividend | - | - | (220) | (220) | - | (220) |
| Other comprehensive income, after tax effect | - | 37 | - | 37 | 3 | 40 |
| Balance as at June 30, 2023 | 927 | (290) | 10,655 | 11,292 | 525 | 11,817 |

| | For the three months ended June 30, 2022 (unaudited) | | | | | |
|--------------------------------------------|------------------------------------------------------|--------------------------------------|----------------------------------|----------------------------|---------------------------|--------------|
| | Share capital and premium ⁽¹⁾ | Accumulated other comprehensive loss | Retained earnings ⁽²⁾ | Total shareholders' 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 six months ended June 30, 2023 (unaudited) | | | | | |
|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------|-----------------------------------------------|----------------------------------|----------------------------|---------------------------|--------------|
| | Share capital and premium ⁽¹⁾ | Accumulated other comprehensive income (loss) | Retained earnings ⁽²⁾ | Total shareholders' equity | Non-controlling interests | Total equity |
| Balance as at December 31, 2022 (audited) | 927 | (303) | 9,935 | 10,559 | 476 | 11,035 |
| Adjustment of the opening balance, net of tax, due to the effect of initial implementation in investee company* | - | - | (10) | (10) | - | (10) |
| Adjusted balance at January 1, 2022, following initial implementation | 927 | (303) | 9,925 | 10,549 | 476 | 11,025 |
| Net profit for the period | - | - | 1,218 | 1,218 | 44 | 1,262 |
| Dividend | - | - | (488) | (488) | - | (488) |
| Other comprehensive income, after tax effect | - | 13 | - | 13 | 5 | 18 |
| Balance as at June 30, 2023 | 927 | (290) | 10,655 | 11,292 | 525 | 11,817 |

| | For the six months ended June 30, 2022 (unaudited) | | | | | |
|---------------------------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------|----------------------------------|----------------------------|---------------------------|--------------|
| | Share capital and premium ⁽¹⁾ | Accumulated other comprehensive loss | Retained earnings ⁽²⁾ | Total shareholders' 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 |

STATEMENT OF CHANGES IN EQUITY (CONT'D)

(NIS million)

| | For the year ended December 31, 2022 (audited) | | | | | |
|---------------------------------------------------------------------------------------------|------------------------------------------------|-----------------------------------------------|-------------------------------------|--------|----------------------------------|-----------------|
| | Share capital and premium ⁽¹⁾ | Accumulated other comprehensive loss | Retained earnings ⁽²⁾ | Total | Non- controlling interests | Total equity |
| Balance as at December 31, 2021 | 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 | - | - | 1,667 | 1,667 | 59 | 1,726 |
| Dividend | - | - | (945) | (945) | - | (945) |
| Other comprehensive loss, after tax effect | - | (122) | - | (122) | (13) | (135) |
| Balance as at December 31, 2022 | 927 | (303) | 9,935 | 10,559 | 476 | 11,035 |

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

(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.