

Press release

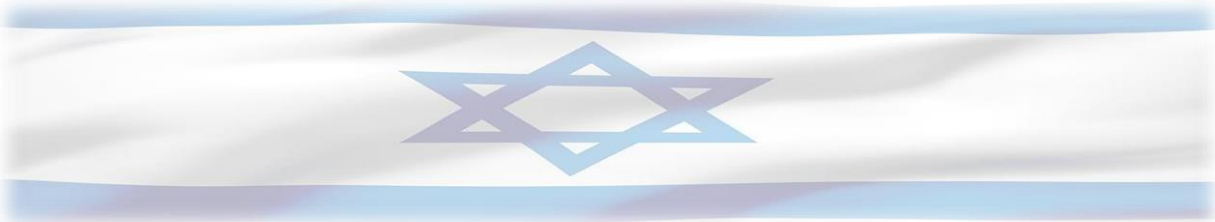
March 12, 2024

The State of Israel has been engaged in a difficult war on a number of fronts since the deadly terrorist attack in the South of the country on the Seventh of October. The mobilization of hundreds of thousands of reserve soldiers and the evacuation of the residents of dozens of communities in the South and in the North, together with the need to finance war-related expenses and provide assistance to those injured or harmed by the situation, have collectively impacted the economy.

Upon the outbreak of war, the First International Bank mobilized itself to assist customers through a variety of measures, which included the provision of significant benefits and reliefs. As the bank for the security forces, we have also been granting special benefits to reserve and standing army soldiers.

FIBI has expanded its support for communities and its assistance to those who have been harmed, among others, we have been accompanying Kibbutz Nir Oz and helping them, beginning with their immediate needs and providing support, and will be doing so until the Kibbutz is rehabilitated.

We pray for the return of all of the abductees and for a speedy recovery for the many people who have been injured. We share in the sorrow of the families of the fallen and those who were murdered and we salute the soldiers of the Israeli Defense Forces.



**Eli Cohen, the First International Bank's CEO:** "The Israeli economy is built on solid and healthy economic foundations and is a global leader in innovation and technology. In the past, we have been able to recover from difficult periods, swiftly returning to prosperity. The Israeli economy has the strengths that are needed to ensure that this will be the case again now, even though this is one of the most complex crises that the State of Israel has known.

The First International Bank entered into this challenging period from a position of strength, with one of the highest capital buffers in the Israeli banking system, high liquidity ratios and a high quality, diversified credit portfolio. All of these were the result of the cautious and responsible policies implemented, as well as the calculated, focused management of the risks, which expressed itself through the Bank's results and achievements. Furthermore, once the current crisis ends, we believe that it will enable the bank to grow and support the needs of the economy, in accordance with the Bank's policies.

The First International Bank remains committed to its customers, aiding those affected and supporting the community, as we navigate this crisis with the hope of a swift resolution."

# The First International Bank of Israel

## Reports Financial Results for the Year 2023

**Tel Aviv, Israel – March 12, 2024. First International Bank of Israel (TASE: FIBI)** one of Israel's major banking groups, today announced its results for the fourth quarter and full year period ended December 31, 2023.

### Financial Highlights

- Net income of NIS 2,172 million in the year 2023; Return on equity 19.7%
- Net income of NIS 499 million in the fourth quarter of 2023; Return on equity - 17%
- Credit to the public grew by 1.8% in the year 2023
- Deposits from the public grew by 13.6% in 2023
- The customers' assets portfolio grew by 20% to NIS 672 billion
- Tier-1 shareholders' equity ratio of 11.35% and a liquidity coverage ratio of 156%
- The Bank's Board of Directors decided to distribute a dividend of NIS 269 million

### Financial Results for the fourth quarter and full year 2023

**The First International Bank today published its financial statements for the year 2023, which reflect a high level of profitability combined with the continued financial stability:**

The First International Group's **net income** amounted to NIS 2,172 million in 2023, an increase of 30.3% by comparison with 2022. The **return on equity** was 19.7%, by comparison with 16.6% in 2022.

**In the fourth quarter** of the year, the net income amounted to NIS 499 million, an increase of 9.7% by comparison with the third quarter of 2023 and a decrease of 6.9% by comparison with the fourth quarter in the previous year. The **return on equity** was 17%.

**Total revenue** amounted to NIS 6,618 million in the year 2023, an increase of 22.2% by comparison with 2022. **Financing income from operating activities** increase by 28.3% in the year 2023, amounting to NIS 5,151 million, with the increase due primarily to the impact of the increase in shekel and dollar interest rates and the impact due to the general broadening in the scale of the Bank's operating activity.

**Provision for credit losses** amounted to NIS 502 million in the year 2023, representing 0.42% of the credit portfolio, an increase of NIS 379 million in comparison with 2022. There was an increase of NIS 337 million in the **collective allowance** for credit losses in 2023, primarily as a result of increased macro-economic uncertainty, in light of the uncertainty of economic conditions, due, among others, as a result of the repercussions of the war in Israel, the rise in interest rates and the potential for an economic slow-down.

**High quality credit portfolio – the bank has a low ratio of non-performing loans.** This ratio indicates the quality of the credit portfolio (measuring the balance of debts that are non-accrual or which are in arrears of 90 days or out of the credit to the public), and it remained at low levels and stood at 0.6%. In addition, over the past year, the Bank increased the **overall coverage ratio** (defined as the ratio of the overall allowance for credit losses to the Bank's total amount of credit to the public) from a rate of 1.12% to a rate of 1.5%.

**Operating and other expenses** amounted to NIS 2,877 million in the year 2023, an increase of 4.4% in comparison with 2022. This was primarily due to an increase in current salaries, as well as an increase in computing, marketing and advertising expenses.

In 2023, the **efficiency ratio** improved to 43.5%, by comparison with 50.9% in 2022. The bank continued to invest in efficiency programs, which include, among others, streamlining work processes, integrating automation into processes and implementing technological innovation.

**Credit to the public** increased by a rate of 1.8% by comparison with the same period in 2022 and amounted to NIS 119,240 million.

**Deposits from the public** have grown at a rate of 13.6% over the past year and amount to NIS 191,125 million.

**The total customer assets portfolio** increased by 20% in the past year and amounts to NIS 672.1 billion.

**Equity attributed to the Bank's shareholders** increased to NIS 12,071 million, an increase of 14.3% in comparison with 2022.

**The tier 1 capital ratio** increased to 11.35%, in comparison with 10.42% at the end of 2022.

**The liquidity coverage ratio** increased to 156%, in comparison with 127% at the end of 2022.

Considering the directives of the Supervisor of Banks in Israel regarding "*Planning of equity and the profits distribution policy*" and taking into account the background of a high level of uncertainty in the markets in Israel in the wake of the war, as well as the ongoing level of uncertainty in the global markets, the Bank's Board of Directors approved a cash **dividend distribution** of NIS 269 million to shareholders, reflecting a distribution of a dividend at a rate of 50% of the net income in the first half of 2023 and at a rate of 20% of the net income in the second half of 2023.

Looking ahead, the Bank's Board of Directors will continue to evaluate the Bank's dividend distribution policy, in response to developments and their impact on both the economy and on the Bank.

## CONDENSED PRINCIPAL FINANCIAL INFORMATION AND PRINCIPAL EXECUTION INDICES

Principal financial ratios	2023	2022	2021	2020	2019
					percent
<b>Execution indices</b>					
Return on equity attributed to shareholders of the Bank	19.7	16.6	14.7	8.6	10.5
Return on average assets	1.0	0.89	0.82	0.49	0.63
Ratio of equity capital tier 1	11.35	10.42	11.46	11.18	10.81
Leverage ratio	5.26	5.19	5.34	5.29	5.81
Liquidity coverage ratio <sup>(1)</sup>	156	127	128	150	128
Net stable funding ratio <sup>(2)</sup>	146	133	139		
Ratio of total income to average assets	3.2	2.9	2.6	2.7	3.0
Ratio of interest income, net to average assets	2.4	2.0	1.6	1.7	1.9
Ratio of fees to average assets	0.7	0.8	0.8	0.9	0.9
Efficiency ratio	43.5	50.9	58.3	61.8	64.4
<b>Credit quality indices</b>					
Ratio of provision for credit losses to credit to the public	1.36	1.02	1.05	1.38	1.05
Ratio of total provision for credit losses <sup>(3)</sup> to credit to the public	1.50	1.12	1.13	1.48	1.11
Ratio of non-accruing debts or in arrears of 90 days or more to credit to the public	0.60	0.48	*0.63	0.86	1.08
Ratio of provision for credit losses to total non-accruing credit to the public	234.5	219.7	*244.0	221.3	131.2
Ratio of net write-offs to average total credit to the public	0.03	0.03	(0.01)	0.10	0.10
Ratio of expenses (income) for credit losses to average total credit to the public	0.42	0.11	(0.23)	0.52	0.16
<b>Principal data from the statement of income</b>					
	2023	2022	2021	2020	2019
					NIS million
Net profit attributed to shareholders of the Bank	2,172	1,667	1,405	750	865
Interest income, net	4,966	3,803	2,794	2,637	2,602
Expenses (income) from credit losses	502	123	(216)	464	138
Total non-interest income	1,652	1,611	1,756	1,523	1,520
Of which: Fees	1,502	1,489	1,444	1,371	1,286
Total operating and other expenses	2,877	2,755	2,652	2,569	2,654
Of which: Salaries and related expenses	1,746	1,680	1,601	1,532	1,601
Primary net profit per share of NIS 0.05 par value (NIS)	21.65	16.62	14.00	7.48	8.62
<b>Principal data from the balance sheet</b>					
	2023	2022	2021	2020	2019
					NIS million
Total assets	221,593	195,955	180,470	167,778	141,110
of which: Cash and deposits with banks	68,866	57,130	57,370	57,802	37,530
Securities	26,985	16,010	15,091	13,105	10,995
Credit to the public, net	117,622	115,961	101,164	90,970	87,899
Total liabilities	208,947	184,920	170,033	158,243	132,186
of which: Deposits from the public	191,125	168,269	153,447	141,677	120,052
Deposits from banks	4,314	4,821	5,144	2,992	1,137
Bonds and subordinated capital notes	4,767	4,749	3,356	4,394	3,674
Capital attributed to the shareholders of the Bank	12,071	10,559	10,003	9,141	8,568
<b>Additional data</b>					
	2023	2022	2021	2020	2019
Share price (0.01 NIS)	14,990	13,900	12,950	8,514	9,989
Dividend per share (0.01 NIS)	795	942	543	125	410
Average number of positions <sup>(3)</sup>	3,634	3,676	3,715	3,895	4,086

\*\* Restated in respect of the new disclosure format on non-accruing debts instead of impaired debts, since January 1, 2022. Comparative data for 2019, 2020 and 2021 have not been restated.

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

(2) According to instructions of the Bank of Israel the Net stable funding ratio was calculated since 2022. Therefore no comparative data is stated.

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


(4) The number of positions includes conversion of overtime in terms of positions.

# STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31

(NIS million)

	Consolidated			The Bank		
	2023	2022	2021	2023	2022	2021
Interest Income	9,850	5,161	3,150	9,317	4,833	2,907
Interest Expenses	4,884	1,358	356	4,801	1,339	358
Interest Income, net	4,966	3,803	2,794	4,516	3,494	2,549
Expenses (income) from credit losses	502	123	(216)	484	118	(213)
Net Interest Income after expenses from credit losses	4,464	3,680	3,010	4,032	3,376	2,762
<b>Non-Interest Income</b>						
Non-Interest Financing income	142	113	303	161	111	301
Fees	1,502	1,489	1,444	1,348	1,331	1,285
Other income	8	9	9	62	66	49
Total non-Interest income	1,652	1,611	1,756	1,571	1,508	1,635
<b>Operating and other expenses</b>						
Salaries and related expenses	1,746	1,680	1,601	1,626	1,564	1,491
Maintenance and depreciation of premises and equipment	341	332	340	315	306	313
Amortizations and impairment of intangible assets	122	113	105	120	111	103
Other expenses	668	630	606	642	604	584
Total operating and other expenses	2,877	2,755	2,652	2,703	2,585	2,491
Profit before taxes	3,239	2,536	2,114	2,900	2,299	1,906
Provision for taxes on profit	1,090	884	728	973	801	656
Profit after taxes	2,149	1,652	1,386	1,927	1,498	1,250
The bank's share in profit of equity-basis investee, after taxes	113	74	69	245	169	155
<b>Net profit:</b>						
Before attribution to non-controlling interests	2,262	1,726	1,455	2,172	1,667	1,405
Attributed to non-controlling interests	(90)	(59)	(50)	-	-	-
Attributed to shareholders of the Bank	2,172	1,667	1,405	2,172	1,667	1,405

Consolidated and The Bank	2023	2022	2021
Primary profit per share attributed to the shareholders of the Bank			NIS
Net profit per share of NIS 0.05 par value	21.65	16.62	14.00

  
**Ron Leukovich**  
 Chairman of the Board

  
**Eli Cohen**  
 Chief Executive Officer

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

Tel-Aviv, March 12, 2024

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31

(NIS million)

	Consolidated		
	2023	2022	2021
Net profit before attribution to non-controlling interests	2,262	1,726	1,455
Net profit attributed to non-controlling interests	(90)	(59)	(50)
Net profit attributed to the shareholders of the Bank	2,172	1,667	1,405
Other comprehensive income (loss) before taxes:			
Adjustments of available for sale bonds to fair value, net	213	(441)	27
Adjustments of liabilities in respect of employee benefits <sup>(1)</sup>	25	235	(24)
Other comprehensive income (loss) before taxes	238	(206)	3
Related tax effect	(81)	71	(1)
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	157	(135)	2
Less other comprehensive income (loss) attributed to non-controlling interests	9	(13)	-
Other comprehensive income (loss) attributed to the shareholders of the Bank, after taxes	148	(122)	2
Comprehensive income before attribution to non-controlling interests	2,419	1,591	1,457
Comprehensive income attributed to non-controlling interests	(99)	(46)	(50)
Comprehensive income attributed to the shareholders of the Bank	2,320	1,545	1,407

(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 profit.

**BALANCE SHEET AS AT DECEMBER 31**  
(NIS million)

	Consolidated		The Bank	
	2023	2022	2023	2022
<b>Assets</b>				
Cash and deposits with banks	68,866	57,130	67,472	56,403
Securities	26,985	16,010	25,940	15,215
Securities which were borrowed	57	12	57	12
Credit to the public	119,240	117,156	113,118	111,019
Provision for Credit losses	(1,618)	(1,195)	(1,520)	(1,115)
Credit to the public, net	117,622	115,961	111,598	109,904
Credit to the government	1,055	866	369	158
Investment in equity-basis investees	786	687	1,642	1,403
Premises and equipment	877	902	855	879
Intangible assets	328	317	324	311
Assets in respect of derivative instruments	3,651	2,825	3,651	2,825
Other assets <sup>(2)</sup>	1,366	1,245	1,293	1,166
<b>Total assets</b>	<b>221,593</b>	<b>195,955</b>	<b>213,201</b>	<b>188,276</b>
<b>Liabilities and Shareholders' Equity</b>				
Deposits from the public	191,125	168,269	184,082	161,540
Deposits from banks	4,314	4,821	6,344	7,223
Deposits from the Government	750	237	750	237
Bonds and subordinated capital notes	4,767	4,749	2,442	2,365
Liabilities in respect of derivative instruments	3,784	2,322	3,790	2,332
Other liabilities <sup>(1)(3)</sup>	4,207	4,522	3,722	4,020
<b>Total liabilities</b>	<b>208,947</b>	<b>184,920</b>	<b>201,130</b>	<b>177,717</b>
Capital attributed to the shareholders of the Bank	12,071	10,559	12,071	10,559
Non-controlling interests	575	476	-	-
<b>Total equity</b>	<b>12,646</b>	<b>11,035</b>	<b>12,071</b>	<b>10,559</b>
<b>Total liabilities and shareholders' equity</b>	<b>221,593</b>	<b>195,955</b>	<b>213,201</b>	<b>188,276</b>

(1) Of which: provisions for credit losses in respect of off-balance sheet credit instruments in the amount of NIS 165 million and NIS 117 million (consolidated) and NIS 161 million and NIS 112 million (the Bank) as of December 31, 2023 and 2022, respectively.

(2) Of which: other assets measured at fair value in the amount of NIS 10 million consolidated and the Bank (31.12.22 - NIS 26 million consolidated and the Bank).

(3) Of which: other liabilities measured at fair value in the amount of NIS 11 million consolidated and the Bank (31.12.22 - NIS 26 million consolidated and the Bank).

# STATEMENT OF CHANGES IN EQUITY

(NIS million)

	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 January 1, 2021	927	(183)	8,397	9,141	394	9,535
<b>Changes during 2021 -</b>						
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
Adjustment of the opening balance, net of tax, due to the effect of initial implementation*	-	-	(44)	(44)	(4)	(48)
Balance as at December 31, 2021, following initial implementation	927	(181)	9,213	9,959	430	10,389
<b>Changes during 2022 -</b>						
Net profit for the year	-	-	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
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
<b>Changes during 2023 -</b>						
Net profit for the year	-	-	2,172	2,172	90	2,262
Dividend	-	-	(798)	(798)	-	(798)
Other comprehensive income, after tax effect	-	148	-	148	9	157
Balance as at December 31, 2023	927	(155)	11,299	12,071	575	12,646

\* 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.