



הונגש באמצעות
המרכז להנגשת מידע של
עמותת נגישות ישראל (ע"ר)

INVESTING IN YOU
FIBI

FIRST INTERNATIONAL BANK OF ISRAEL

Financial Results 30.9.20



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Q3/20

Financial stability

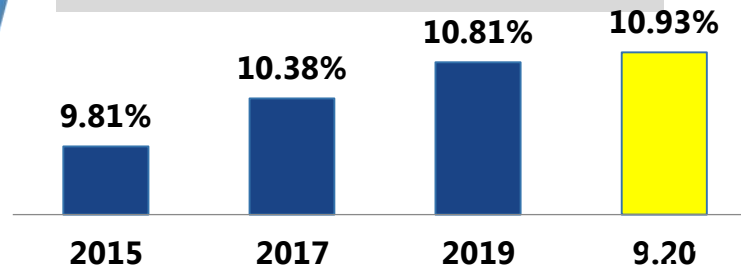
- ✓ **High ROE despite the challenging macro environment** **9.5%**
- ✓ **High quality credit portfolio. Low expense to total credit to the public ratio compared to other Israeli banks** **0.41%**
- ✓ **High capital adequacy ratio – 2.63% above regulatory equity ratio (tier-1)** **10.93%**
- ✓ **Continued increase in liquidity ratio based primarily on increase in retail deposits** **145%**



Maintaining high financial strength

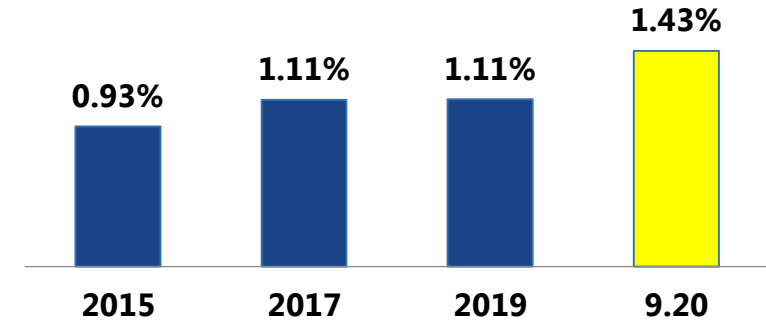
capital adequacy ratio (tier-1)

Tier 1 capital ratio is high above regulatory minimum (8.3%)

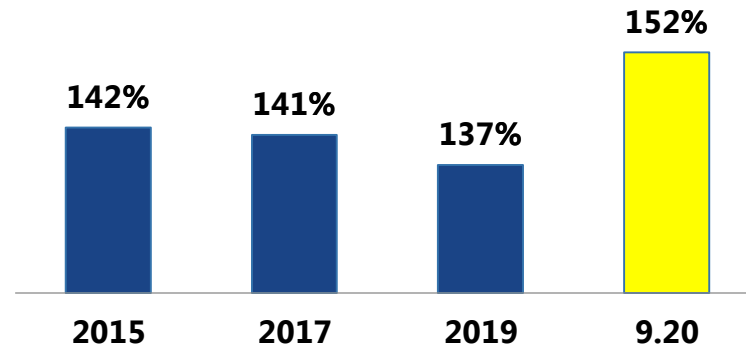


coverage ratio

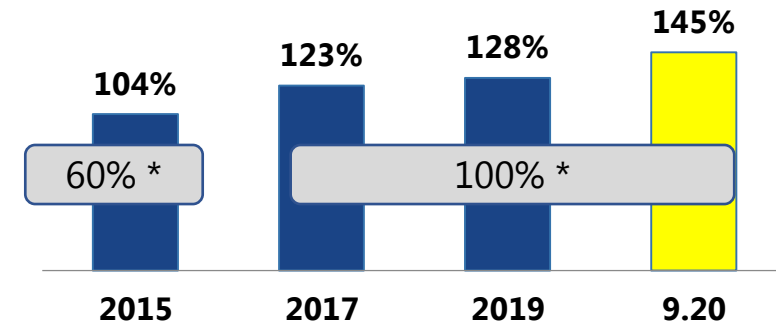
Provision of credit losses to gross credit balance (including off-balance sheet)



deposit-credit ratio



Liquidity ratio

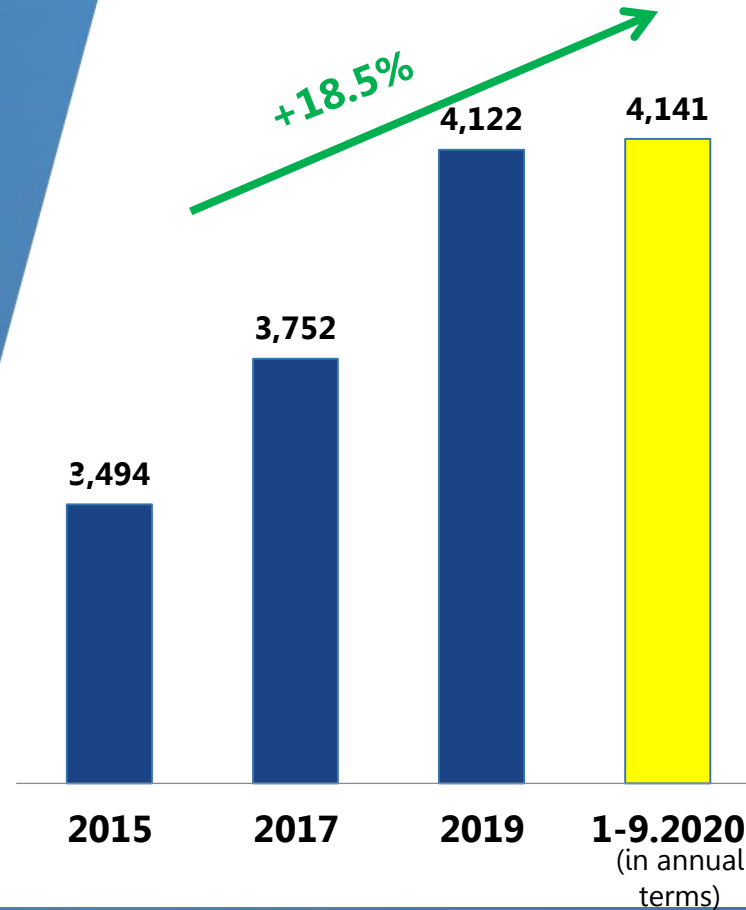


* Regulatory

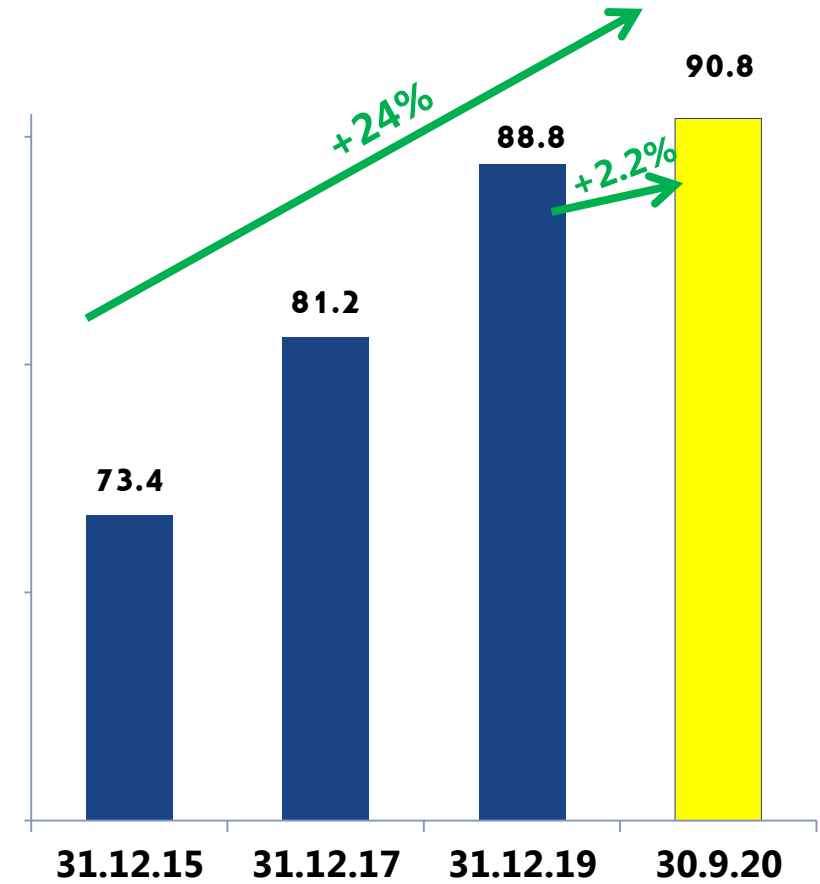


Growth in credit and revenue

Total income before expenses for credit losses (NIS Million)

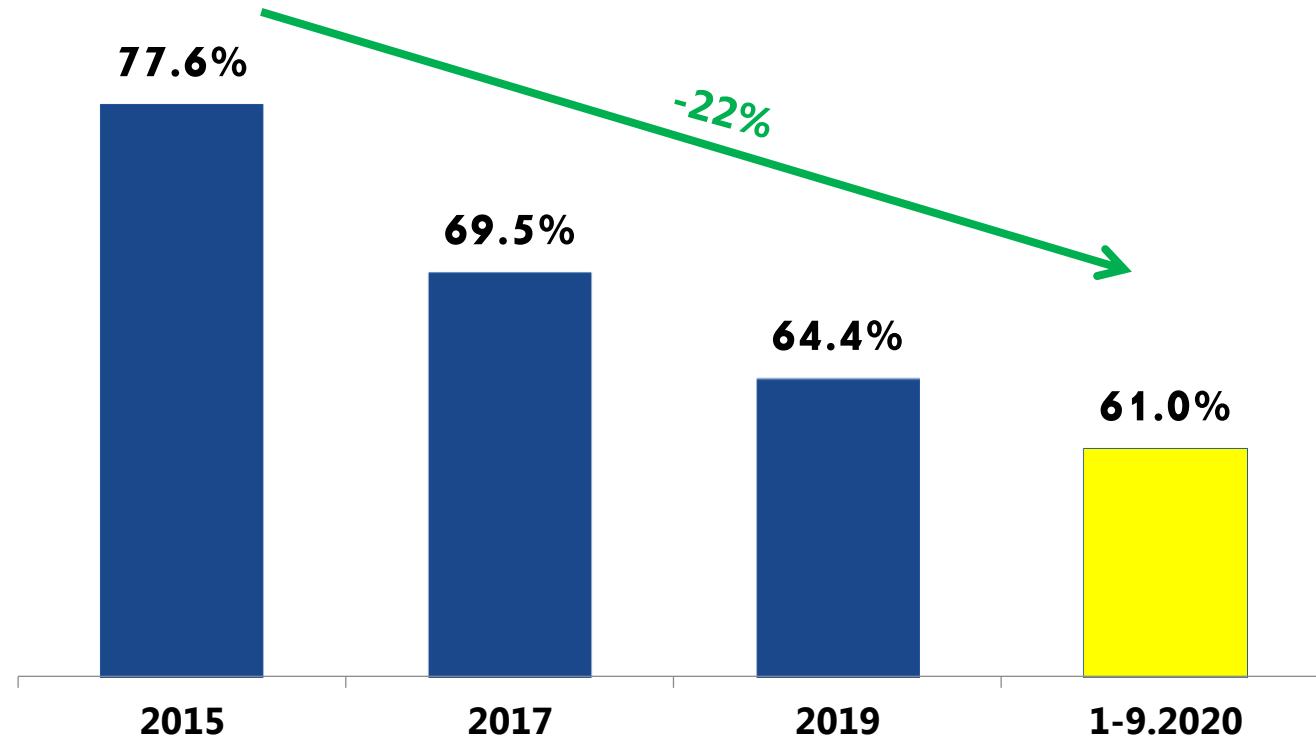


Growth in credit to the public (NIS Billion)



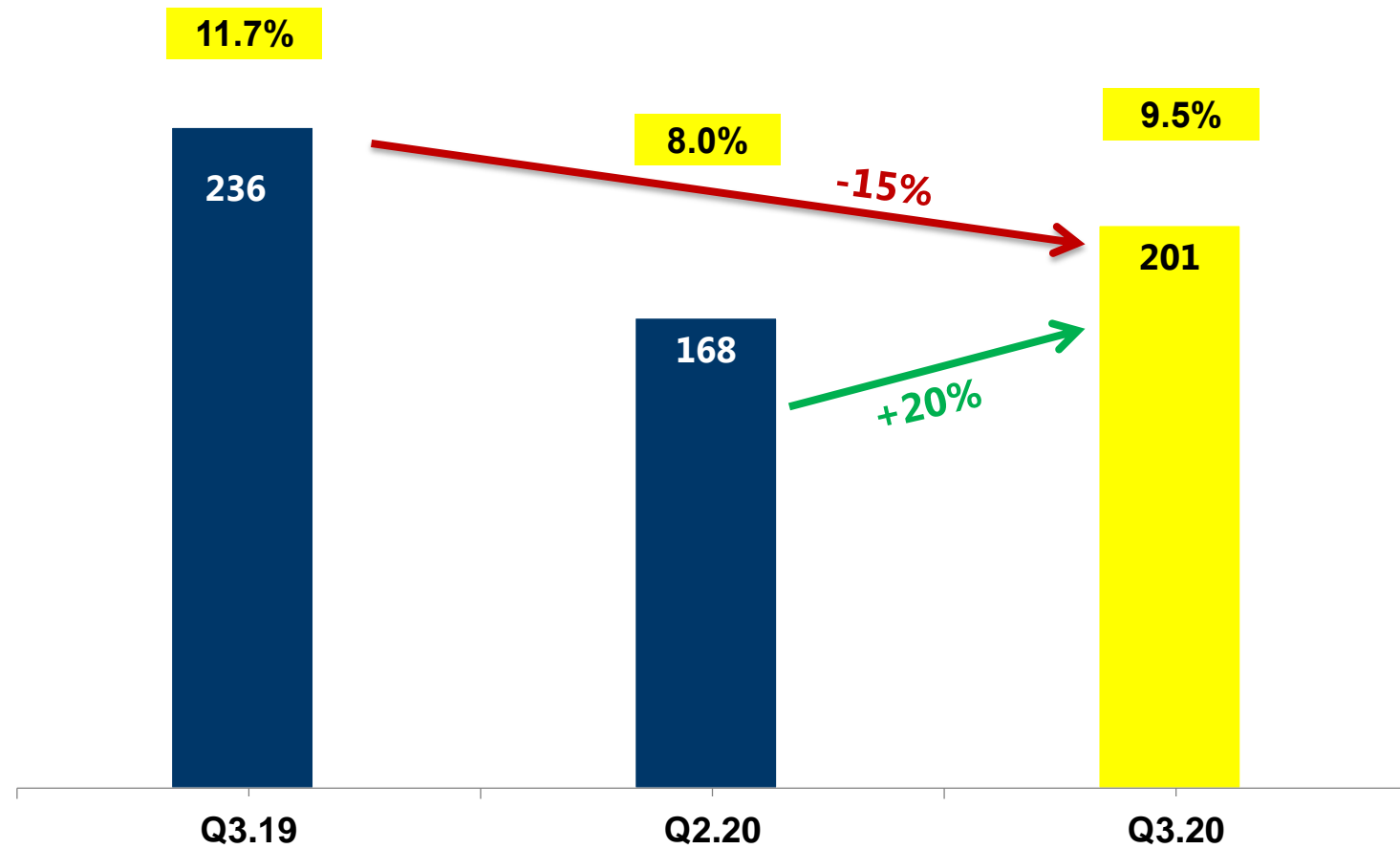


Continued improvement in the efficiency ratio





Net income and ROE





Strong Financial Stability, Growth and Efficiency

Q3/2020
(NIS Millions)



ROE

9.5%
*11.7%



Net income

NIS 201 Millions
-15% *



Decline in total operating expenses

NIS 640 Millions
-1.4% *



Losses to doubtful debt

0.41%
0.15%*



Growth in the client assets portfolio (average)

+4.2%*
(In private clients portfolio +5.6%)



Improvement in efficiency ratio

61.9%
(62.9%)*



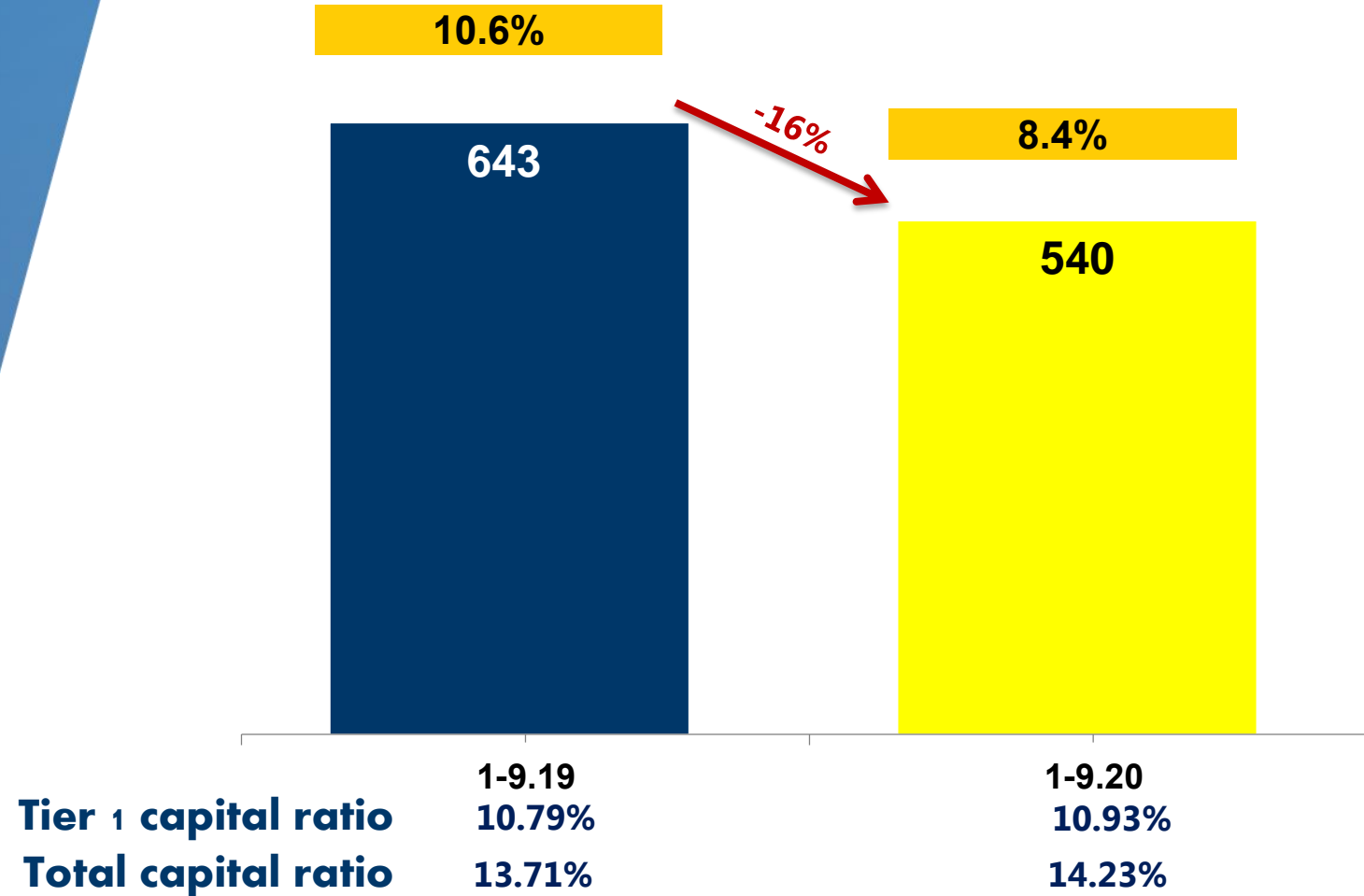
Growth in credit (Average)

+4.4% *

* Parallel period last year / change compared to parallel period



Net income and ROE





Strong Financial Stability, Growth and Efficiency

1-9/2020
Main data
(NIS Millions)



ROE

8.4%
(10.6%)



Net income

540
(-16.0%)



Decline in total operating expenses

1,894
(-5%)



Growth in total income*

3,106
+1%



Growth in private deposits

+16.9%
(In private deposits)
+21.2%



Growth in credit

+2.9%
(+4.9% Average)



Losses to doubtful debt

0.62%
(0.14%)



Improvement in efficiency ratio

61.0%
(64.9%)

() Parallel period last year
* Total income before provision for credit losses



Income Statement

1-9/2020
 Main data
 (NIS Millions)

(NIS Millions)	1-9.20	1-9.19	Change before tax	% Change
Interest income	1,980	1,942	38	1.9%
Non-interest financing income	97	175	(78)	(45%)
Interest income, net	2,077	2,117	(40)	(2%)
Expenses from credit losses <small>(Provision of 0.62% of which ~NIS 352 million, due to corona crisis)</small>	413	92	321	349%
Income from commissions	1,027	960	67	7%
of which commissions from capital market	528	453	75	17%
of which conversion differences	133	111	22	20%
Total income <small>(Before expenses related to credit losses)</small>	3,106	3,082	24	1%



Income Statement

(continued)

1-9/2020

Main data
(NIS Millions)

(NIS Millions)	1-9.20	1-9.19	Change before tax	% Change
Total operating and other expenses	1,894	2,000	(106)	(5%)
Salaries and related expenses	1,138	1,215	(77)	(6%)
Maintenance of buildings and equipment & Depreciation	261	270	(9)	(3%)
Amortization of intangible assets	71	68	3	4%
Other expenses (increased Mainly due to capital market commission expenses)	419	401	18	4.5%
Dismissal expenses and Provision for merger expenses of Otsar Hahayal	5	46	(41)	(89%)
Profit before taxes	799	990	(191)	(19%)
Tax expenditures (this year Includes income taxes in respect of previous years in the amount of NIS 37 million , compared with NIS 15 million last year)	(254)	(357)	103	29%
Net profit	540	643	(103)	(16%)



Increase in Profit from Current financing Activities

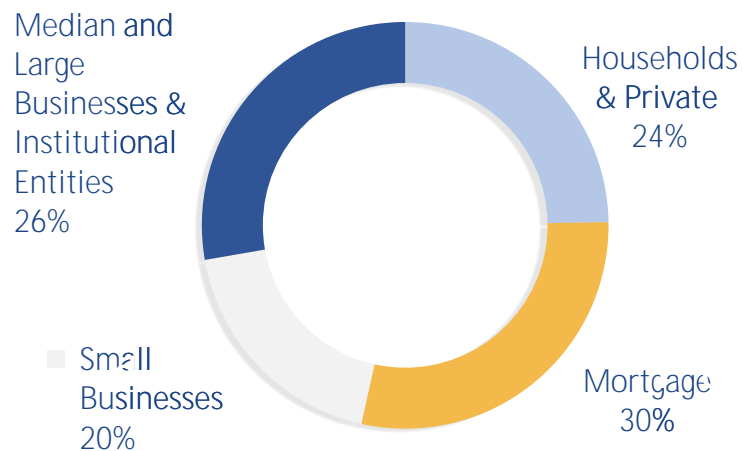
1-9/2020
 Main data
 (NIS Millions)

(NIS Millions)	1-9.20	1-9.19	Change before tax	% Change
Interest Income, net	1,980	1,942	38	2.0%
Non-interest financing income	97	175	(78)	
Net financial earnings	2,077	2,117	(40)	(1.9%)
Reconciliation to fair value of derivative instruments	3	(7)	10	
Income from realization and reconciliations to fair value bonds	16	9	7	
Earnings from investments in shares	(27)	55	(82)	
Net financial earnings from operating activities	2,085	2,060	25	1.2%
The change in the index (known in the period)	(0.6%)	0.5%		
Impact of change in the index (Neutralizing the effect of the index - an increase of 2.5%)	(20)	7	(27)	
Bank of Israel average interest rate for the period	0.15%	0.25%	(0.10%)	
Average dollar interest rate for the period	0.63%	2.43%	(1.80%)	




Growth in Credit Balances

End of period
(NIS billions)



A diverse and quality mix of Credit

Growth in the mortgage portfolio  **+9%**
(last year)

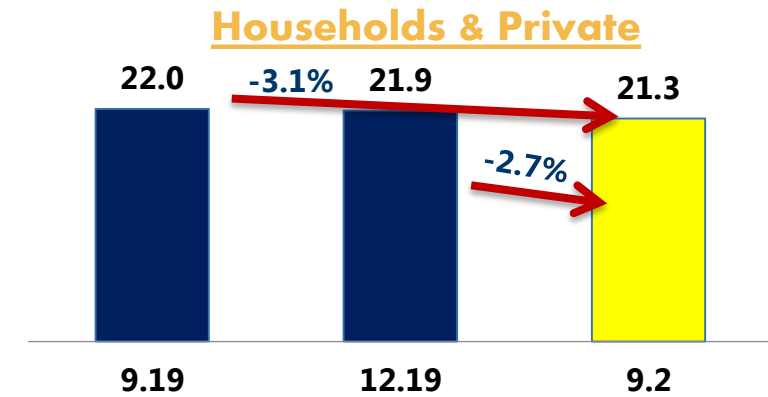
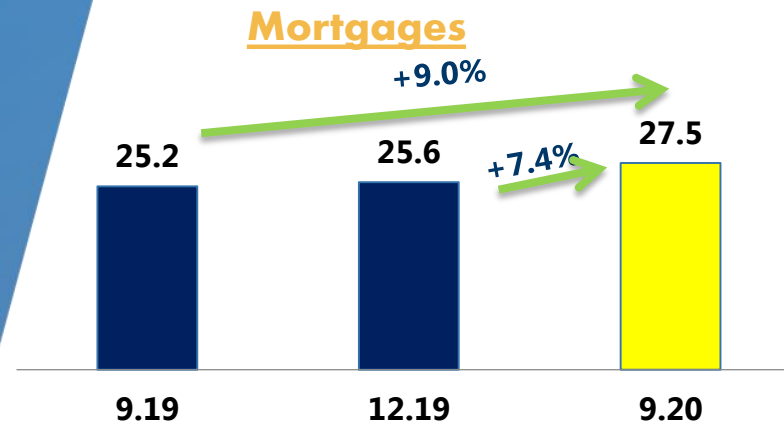
Credit provided by the state of Israel guarantee as part of dealing with the corona crisis

 **+ NIS 1.6 billion**

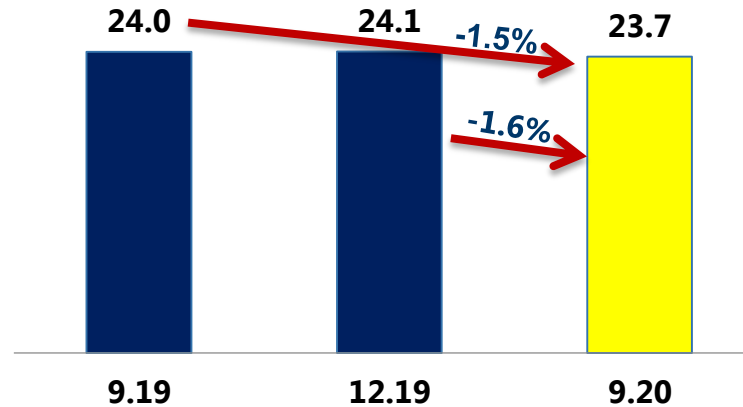
Controlled growth in credit in a challenging period

Credit to the public as of 30.9.20

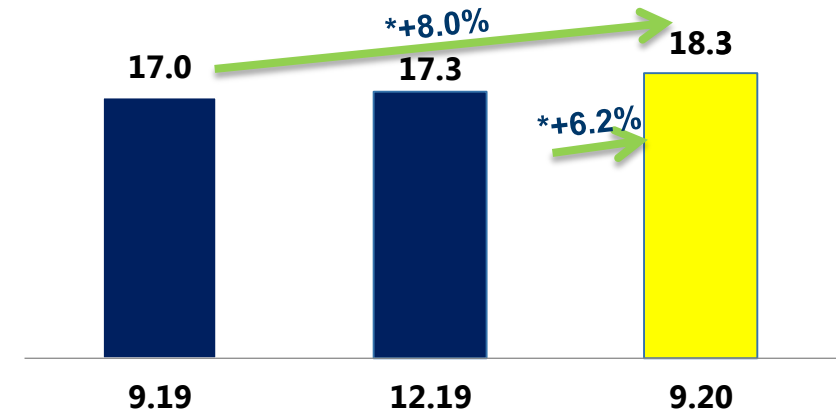
(NIS Billions)



Medium & Large Businesses & Institutional Entities



Small Businesses



* In small businesses, most of the increase of about NIS 1.2 billion comes from the Corona fund

Deferral of credit payments due to corona – 30.9.20

Compared to other Israeli Banks

(NIS Millions) as of 30.9.20	Households & Private	Mortgage	Small Businesses	Median Businesses	Large Businesses	Total
The balance of payments actually deferred	17	76	36	4	11	144
The balance of the credit for which the payments were deferred	211	1,970	501	31	145	2,858
The balance of the credit balance for which payments have been deferred out of the total credit - Bank	0.9%	7.2%	2.6%	0.5%	0.8%	3.1%
The balance of the credit balance for which payments were deferred from the total credit – banking system	4.7%	11.6%	6.3%	2.8%	2.4%	6.9%

The % of loans deferred out of total credit is lower across all segments of the bank compared to the banking system. **Decrease in the share of housing credit for which payments were deferred** from about 19% of the credit portfolio at the end of June, to 7.2% at the end of September 2020.

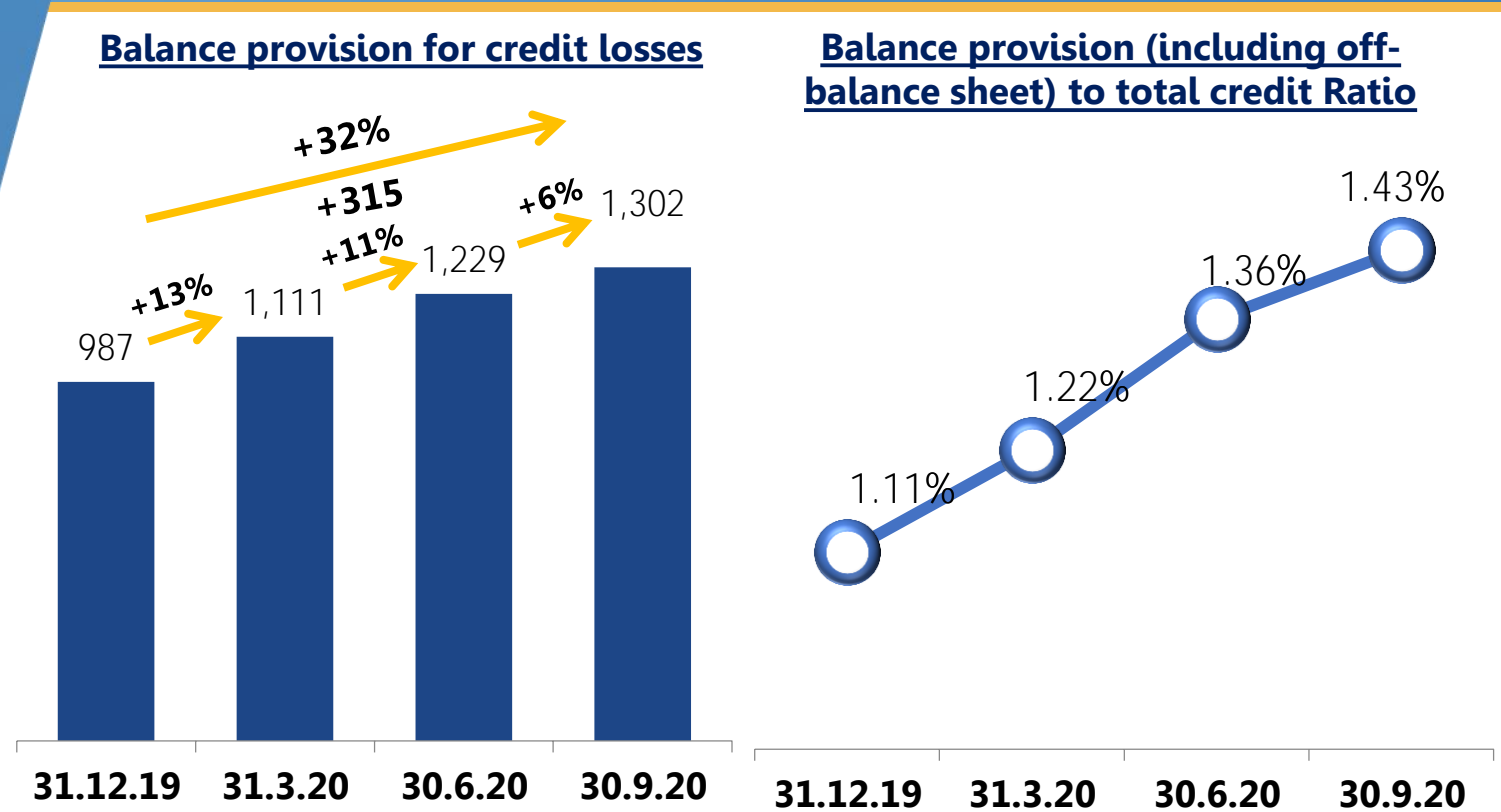
Provision for individual and collective credit losses

	1-9/20	Q3.20	Q2.20	Q1.20	1-9/19
Collective provision	366	101	135	130	85
Individual provision	47	(10)	30	27	7
Total	413	91	165	157	92
Of that: provisions for the Corona crisis (most of them in collective provision)	352	93	130	129	-
Collective provision rate	0.55%	0.46%	0.60%	0.59%	0.13%
Individual provision rate	0.07%	(0.05%)	0.14%	0.12%	0.01%
Expense to total credit to the public ratio	0.62%	0.41%	0.74%	0.71%	0.14%

X4.4



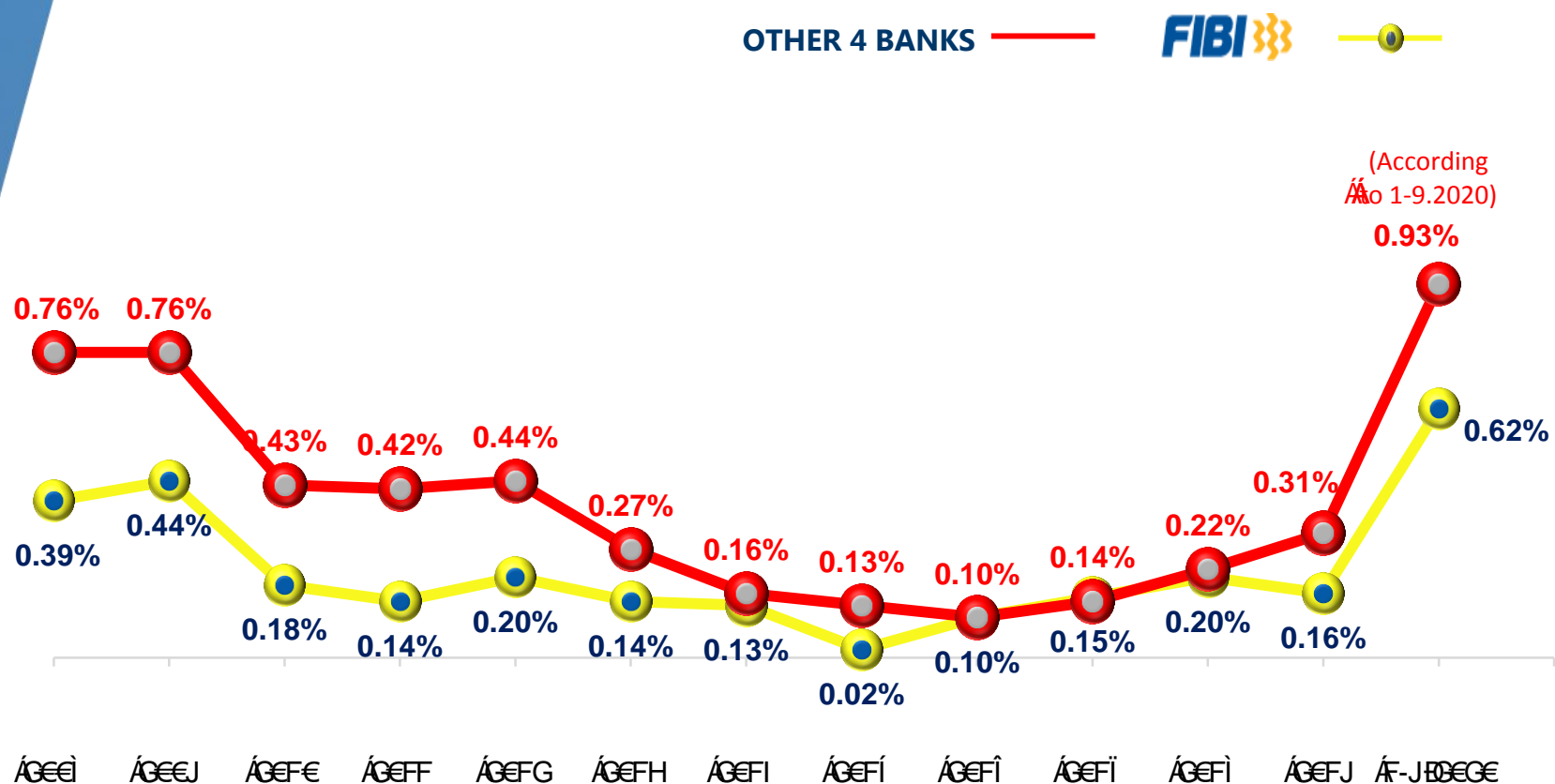
Increasing the safety margin for credit losses due to the corona crisis





Ratio of total Expense to total credit to the public – Compared to other Israeli Banks

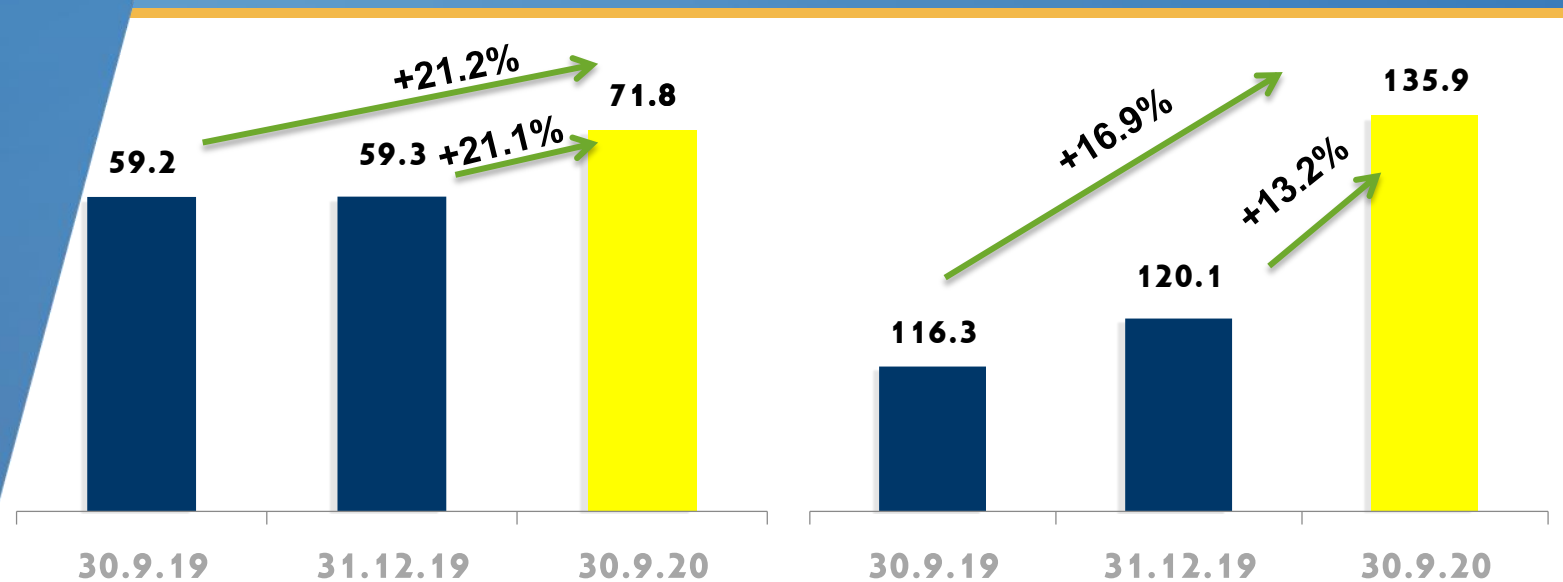
➤ Proportional credit policy - a quality credit portfolio





Growth in Total Public Deposits

End of Period
(NIS Billions)



Growth in Private Deposits (53% of total deposits)

Growth in Total Public Deposits



Banks Proprietary Portfolio Diversified and solid portfolio (NIS Millions)

	30.9.20		31.12.19	
Government bonds and government guarantees	11,029	91%	9,739	89%
of which: Israeli Government bonds	9,893	81%	6,424	58%
Bank bonds	181	1%	33	0%
Corporate bonds	720	6%	885	8%
Stocks and investments in funds	245	2%	339	3%
Total Stocks and Investments Portfolio	12,174	100%	10,995	100%

The balance of the (net) positive capital fund as of 30.9.20 of ~NIS 33 million net compared to a positive capital fund of ~NIS 53 million, net on 31.12.19.

Highlights for 1-9.2020

1-9/2020
 Main data
 (NIS Millions)

Strengths

FIBI faced the corona crisis in a robust financial state with a high quality and diversified credit portfolio and strong capital ratios.

Deferral of credit payments (due to the corona)

The % of loans deferred from the total credit in the Bank is lower in all segments (about 3.1% of the total credit in International) compared to the system

High Capital Adequacy High Financial Resilience

Increase in equity to ~NIS 9.0 billion (excluding minority rights). Tier 1 capital ratio is high at 10.93% (2.6% over the regulatory required).

Net income and ROE

FIBI's net profit on 1-9/20 amounted to NIS 540 million, compared with NIS 643 million in the corresponding period last year, a decrease of 16% (mainly due to the effect of the corona crisis). The ROE for the period is 8.4%, compared with 10.6% in the corresponding period last year and 10.5% in all of 2019.

Highlights for 1-9.2020

1-9/2020
Main data
(NIS Millions)

Improved efficiency ratio

The efficiency ratio improved to 61.0% (compared to 64.4% in 2019).

Growth in average credit balances of 5% and a 2% increase since start of year

<u>Change in % compared to</u>	31.12.19	30.9.19
Households & private	(2.7%)	(3.1%)
Mortgages	7.4%	9.0%
Small & tiny businesses	6.2%	8.0%
Medium & Large businesses & institutional entities	(1.6%)	(1.5%)

Growth in deposits and in the client assets portfolio

The balance of public deposits amounted to ~NIS 136 billion, a growth of ~13.2% (~NIS 16 billion) since the beginning of the year. +21.1% growth in private customer deposits. The total portfolio of the Group's customer assets amounts to ~NIS 443 billion, a growth of ~2.8% compared with the corresponding period last year (Growth of about 4.6% in the private clients' assets portfolio).

Highlights for

1-9.2020

1-9/2020
Main data
(NIS Millions)

Increase in financing profits from operating activities and operating fees

Continued growth and increase in financing profits from operating activities (~ NIS 25 million, + 1.2%) and growth in income from capital market commissions (~ NIS 75 million, 17%) and conversion differences (~ NIS 22 million, 20%).

Expenses for credit losses

Increase in expenses for credit losses (NIS 321 million) mostly due to group provision due to the crisis (provision of 0.62%).

Decrease in operating expenses

A decrease of about 5% in operating expenses (total of NIS 106 million).

Acceleration and expansion Digital services

- “ Increase in volume of retail digital use to more than 80%
- “ The bank has launched a range of new and advanced services such as joining advisory services, video advisory, extending telephone consulting hours, opening a digital account, scheduling an appointment at a branch service via chat, etc..