



Press release

May 26, 2021

First International Bank of Israel Presents First Quarter 2021 Results

Tel Aviv, Israel – May 26, 2021. First International Bank of Israel (TASE: FIBI) one of Israel's major banking groups, today announced its results for the first quarter of 2021, ending March 31, 2021.

Financial Highlights of the First Quarter 2021:

- Net earnings of NIS 287 million;
- Return on equity 13.0%;
- Growth of 1.5% in net credit to the public in the first quarter;
- The Bank continued to strengthen its operations in the capital markets and in investment consultation leading to growth of 5.7% in the customer assets portfolio (deposits and securities);
- Volume of loan repayment deferrals due to the Corona crisis is in a sharp decline: ratio of deferred debts to total credit was 0.5% as compared to 1.9% at the end of 2020;
- The Bank maintains its security cushions against credit losses, created during the Corona period;
- Continued efficiency improvements: Efficiency ratio improved to 60.4%;
- Ratio of Tier I equity to risk components – 11.55%;

Profitability

First quarter 2021 net earnings of the First International Bank Group amounted to NIS 287 million, as compared to NIS 171 million in the corresponding quarter last year, a growth of 67.8%. Return on equity reached 13%, in comparison to 8.2% in the corresponding period of last year.

Growth and efficiency

The **total income of the Bank** grew by 6% in the first quarter of the year, compared the corresponding period of last year.

Net interest income totaled NIS 670 million, an increase of 1.8%, as compared to the corresponding quarter of last year, driven by growth in the volume of operations. The **total financing income** amounted to NIS 721 million, an increase of 10.1%, as compared to the corresponding quarter of last year and was due to the increase in gains on investment in securities, and an increase in the volume of operations.

The growth in the Group's operations was also evident within the balance sheet data: **net credit to the public** at the end of the first quarter of 2021 was NIS 92.3 billion, representing an increase of 1.5% in the quarter and 2.8% in the past year. The growth was characterized by a continued diversity of credit. This was evident in the **corporate business** sector, which increased by 2.5% in the quarter; **middle market** businesses, which increased by 1.8%; **housing loans**, which increased by 2.6%; and the **household** sector, which increased by 1.7%.

The Bank continued to strengthen its operations in the capital markets and investment consulting. The **customer assets portfolio (deposits and securities)** amounted to NIS 560 billion, an increase of 5.6% in the quarter and 38.2% in the past year. **Deposits from the public** increased by 3.5% in the quarter and 15.5% in the past year. The balance as of March 31, 2021, was NIS 146.6 billion.

The First International Bank continued to improve efficiencies in accordance with its strategic plan. The **efficiency ratio** improved to 60.4% in the first quarter of 2021, as compared to 61.8% for 2020.

Financial stability

The upward trend in the **capital attributable to the shareholders of the Bank** continued and in the quarter increased by 3.7% (or NIS 337 million) to NIS 9,478 million. The **Tier I equity ratio** increased to 11.55%, versus the required regulatory ratio of 8.28%.

Credit losses

Income in respect of credit losses in the first quarter of the year amounted to NIS 9 million, as compared to expenses in the amount of NIS 157 million in the corresponding period of last year. Income in respect of credit losses, recorded in the first three months of the year was due to a decrease in the collective provision, mostly because of improvements in macro-economic indices as well as in indicators representing the level of risk inherent in the Bank's credit portfolio as related to the Corona crisis.

In total during 2020, the Bank set aside provisions amounting to NIS 436 million due to the Corona, of which a total of only NIS 9 million has been released, as stated previously.

The Bank maintained its ratio of the **balance of provision for credit losses to total credit to the public**. The rate of the provision for credit losses to the total balance of credit to the public was 1.44% at the end of the quarter, as compared to 1.48% at the end of 2020, a ratio which reflects the maintenance of security cushions created during the Corona period.

The volume of debt repayments that had been deferred due to the Corona crisis showed a sharp downward trend, an indication of the quality of the credit portfolio and the quality of the Bank's borrowers. The **ratio of deferred debts to total credit to the public** at the end of March 2021 amounted to 0.5%, as compared to 1.9% as at the end of December 2020.

Management Comment

Ms. Smadar Barber-Tsadik CEO of the First International Bank Group commented that, "Our financial results for the first quarter of the year are the result of the continued strategic moves we have made focusing on growth, efficiency and innovation."

"The Bank continued to introduce digital innovations into its operations, a field in which we made an additional leap forward during the Corona year, with the aim of providing optimal service to our customers. In the reported quarter, the Bank entered the world of digital wallets with the introduction of FibiPay – an electronic wallet for customers of the First International Bank with Android cell phones, as well as with ApplePay – Apple's wallet for iPhones owners.

"During the first quarter, the State of Israel began showing the first signs of recovery from the Corona pandemic due to the successful vaccination process, which also had a positive impact on the results of the First International Bank. Notwithstanding, the Bank strictly maintains its security cushions for credit losses, in view of the uncertainty, the high unemployment rates in Israel, the impact of the security situation as well as the pandemic situation which remains in large parts of the world. As a vital institution, throughout the crisis we maintained continued service, while at the same time adapting our solutions and services offered to customers, and offering assistance to private and business customers by staying loan repayments and granting loans through State funds. As of the end of the quarter, the volume of loan repayment deferrals showed a sharp downward trend, indicating the quality of our credit portfolio and that of our borrowers, as well as pointing to the recovery of the local economy."

CONDENSED PRINCIPAL FINANCIAL INFORMATION AND PRINCIPAL EXECUTION INDICES


Principal financial ratios	For the three months ended		For the year ended
	2021	2020	2020
			in %
Execution indices			
Return on equity attributed to shareholders of the Bank ⁽¹⁾	13.0%	8.2%	8.6%
Return on average assets ⁽¹⁾	0.68%	0.49%	0.49%
Ratio of equity capital tier 1	11.55%	10.28%	11.18%
Leverage ratio	5.31%	5.52%	5.29%
Liquidity coverage ratio	140%	130%	150%
Ratio of total income to average assets ⁽¹⁾	2.6%	3.0%	2.7%
Ratio of interest income, net to average assets ⁽¹⁾	1.6%	1.9%	1.7%
Ratio of fees to average assets ⁽¹⁾	0.9%	1.1%	0.9%
Efficiency ratio	60.4%	62.2%	61.8%
Credit quality indices			
Ratio of provision for credit losses to credit to the public	1.35%	1.15%	1.38%
Ratio of impaired debts or in arrears of 90 days or more to credit to the public	0.88%	1.07%	0.86%
Ratio of provision for credit losses to total impaired credit to the public	204%	146%	221%
Ratio of net write-offs to average total credit to the public ⁽¹⁾	0.03%	0.15%	0.10%
Ratio of expenses (income) for credit losses to average total credit to the public ⁽¹⁾	(0.04%)	0.71%	0.52%
Principal data from the statement of income			
	For the three months ended		
	2021	2020	
			NIS million
Net profit attributed to shareholders of the Bank	287	171	
Interest Income, net	670	658	
Expenses (income) from credit losses	(9)	157	
Total non-Interest income	416	366	
Of which: Fees	361	368	
Total operating and other expenses	656	637	
Of which: Salaries and related expenses	398	379	
Dismissals expenses	3	2	
Primary net profit per share of NIS 0.05 par value (NIS)	2.86	1.70	
Principal data from the balance sheet			
	31.3.21	31.3.20	As of 31.12.20
			NIS million
Total assets	172,475	149,531	167,778
of which: Cash and deposits with banks	59,471	41,933	57,802
Securities	14,705	10,824	13,105
Credit to the public, net	92,321	90,028	90,970
Total liabilities	162,590	140,624	158,243
of which: Deposits from the public	146,600	126,977	141,677
Deposits from banks	3,326	1,129	2,992
Bonds and subordinated capital notes	3,716	3,754	4,394
Capital attributed to the shareholders of the Bank	9,478	8,542	9,141
Additional data			
	31.3.21	31.3.20	As of 31.12.20
Share price (0.01 NIS)	9,313	8,676	8,514
Dividend per share (0.01 NIS)	-	125	125

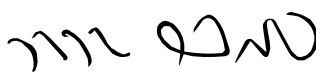
(1) Annualized.

CONSOLIDATED STATEMENT OF INCOME
(NIS million)

	For the three months ended March 31		For the year ended December 31
	2021 (unaudited)	2020 (unaudited)	2020 (audited)
Interest Income	729	715	2,878
Interest Expenses	59	57	241
Interest Income, net	670	658	2,637
Expenses (income) from credit losses	(9)	157	464
Net Interest Income after expenses from credit losses	679	501	2,173
Non- Interest Income			
Non-Interest Financing income (expenses)	51	(3)	148
Fees	361	368	1,371
Other income	4	1	4
Total non- Interest income	416	366	1,523
Operating and other expenses			
Salaries and related expenses	398	379	1,532
Maintenance and depreciation of premises and equipment	85	86	344
Amortizations and impairment of intangible assets	26	24	96
Other expenses	147	148	597
Total operating and other expenses	656	637	2,569
Profit before taxes	439	230	1,127
Provision for taxes on profit	153	48	368
Profit after taxes	286	182	759
The bank's share in profit (loss) of equity-basis investee, after taxes	13	(2)	29
Net profit:			
Before attribution to non-controlling interests	299	180	788
Attributed to non-controlling interests	(12)	(9)	(38)
Attributed to shareholders of the Bank	287	171	750
			NIS
Primary profit per share attributed to the shareholders of the Bank			
Net profit per share of NIS 0.05 par value	2.86	1.70	7.48

The notes to the financial statements are an integral part thereof.


Ron Levkovich
Chairman of the Board


Smadar Barber-Tsadik
Chief Executive Officer


Nachman Nitzan
Executive Vice President,
Chief Accountant

Tel-Aviv, 25 May, 2021

STATEMENT OF COMPREHENSIVE INCOME
(NIS million)

	For the three months ended March 31		For the year ended December 31
	2021	2020	2020
	(unaudited)	(unaudited)	(audited)
Net profit before attribution to non-controlling interests	299	180	788
Net profit attributed to non-controlling interests	(12)	(9)	(38)
Net profit attributed to the shareholders of the Bank	287	171	750
Other comprehensive income (loss) before taxes:			
Adjustments of available for sale bonds to fair value, net	11	(247)	(4)
Adjustments of liabilities in respect of employee benefits ⁽¹⁾	66	139	(74)
Other comprehensive income (loss) before taxes	77	(108)	(78)
Related tax effect	(26)	36	26
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	51	(72)	(52)
Less other comprehensive income attributed to non-controlling interests	1	-	-
Other comprehensive income (loss) attributed to the shareholders of the Bank, after taxes	50	(72)	(52)
Comprehensive income before attribution to non-controlling interests	350	108	736
Comprehensive income attributed to non-controlling interests	(13)	(9)	(38)
Comprehensive income attributed to the shareholders of the Bank	337	99	698

(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.

The notes to the financial statements are an integral part thereof.

CONSOLIDATED BALANCE SHEET
(NIS million)

	31.3.21	31.3.20	31.12.20
	(unaudited)	(unaudited)	(audited)
Assets			
Cash and deposits with banks	59,471	41,933	57,802
Securities	14,705	10,824	13,105
Securities which were borrowed	244	82	11
Credit to the public	93,581	91,075	92,247
Provision for Credit losses	(1,260)	(1,047)	(1,277)
Credit to the public, net	92,321	90,028	90,970
Credit to the government	659	1,114	656
Investments in investee company	648	603	636
Premises and equipment	954	989	965
Intangible assets	265	246	272
Assets in respect of derivative instruments	1,603	2,551	1,897
Other assets ⁽²⁾	1,605	1,161	1,464
Total assets	172,475	149,531	167,778
Liabilities and Shareholders' Equity			
Deposits from the public	146,600	126,977	141,677
Deposits from banks	3,326	1,129	2,992
Deposits from the Government	694	553	459
Bonds and subordinated capital notes	3,716	3,754	4,394
Liabilities in respect of derivative instruments	1,554	2,586	2,314
Other liabilities ⁽¹⁾⁽³⁾	6,700	5,625	6,407
Total liabilities	162,590	140,624	158,243
Capital attributed to the shareholders of the Bank	9,478	8,542	9,141
Non-controlling interests	407	365	394
Total equity	9,885	8,907	9,535
Total liabilities and shareholders' equity	172,475	149,531	167,778

- (1) Of which: provision for credit losses in respect of off-balance sheet credit instruments in the amount of NIS 88 million and NIS 64 million and NIS 86 million at 31.3.21, 31.3.20 and 31.12.20, respectively.
- (2) Of which: other assets measured at fair value in the amount of NIS 375 million and NIS 78 million and NIS 247 million at 31.3.21, 31.3.20 and 31.12.20, respectively.
- (3) Of which: other liabilities measured at fair value in the amount of NIS 375 million and NIS 111 million and NIS 258 million at 31.3.21, 31.3.20 and 31.12.20, respectively.

The notes to the financial statements are an integral part thereof.

STATEMENT OF CHANGES IN EQUITY
(NIS million)

	For the three months ended March 31, 2021 (unaudited)					
	Share capital and premium ⁽¹⁾	Accumulated other comprehensive income (loss)	Retained earnings ⁽²⁾	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	-	-	287	287	12	299
Other comprehensive income, net after tax effect	-	50	-	50	1	51
Balance as at March 31, 2021	927	(133)	8,684	9,478	407	9,885

	For the three months ended March 31, 2020 (unaudited)					
	Share capital and premium ⁽¹⁾	Accumulated other comprehensive loss	Retained earnings ⁽²⁾	Total	Non-controlling interests	Total equity
Balance as at December 31, 2019 (audited)	927	(131)	7,772	8,568	356	8,924
Net profit for the period	-	-	171	171	9	180
Dividend	-	-	(125)	(125)	-	(125)
Other comprehensive loss, net after tax effect	-	(72)	-	(72)	-	(72)
Balance as at March 31, 2020	927	(203)	7,818	8,542	365	8,907

	For the year ended December 31, 2020 (audited)					
	Share capital and premium ⁽¹⁾	Accumulated other comprehensive loss	Retained earnings ⁽²⁾	Total	Non-controlling interests	Total equity
Balance as at December 31, 2019	927	(131)	7,772	8,568	356	8,924
Net profit for the year	-	-	750	750	38	788
Dividend	-	-	(125)	(125)	-	(125)
Other comprehensive loss, after tax effect	-	(52)	-	(52)	-	(52)
Balance as at December 31, 2020	927	(183)	8,397	9,141	394	9,535

(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.

The notes to the financial statements are an integral part thereof.