



Financial Statements

as of September 30, 2022

Disclaimer

Without derogating from the generality of the provisions contained in the Terms of Use as published on the website of The First International Bank of Israel Ltd. (the “Bank” and/ or “FIBI”), this presentation and its contents were prepared by the Bank for its exclusive use as part of the presentation of its Quarterly and/or Annual Financial Statements.

This presentation does not constitute, and is not to be interpreted as, an offer or solicitation to purchase securities of the Bank or of the Bank Group. The presentation is exclusively intended for purposes of providing information. The information contained herein is partial, is presented in concise form for convenience only, and is not intended to replace the need to read the reports of the Bank to the Israel Securities Authority and to the Tel Aviv stock Exchange Ltd., including the Annual, Quarterly and Immediate Reports of the Bank.

This presentation should not be relied upon in connection with any transaction, contract, undertaking or investment. The information contained herein does not constitute advice, a recommendation or the rendering of an opinion regarding the advantageousness of investment and does not replace an independent examination and the professional advice of a duly licensed expert investment consultant.

The Bank makes no warranty nor covenant with respect to the completeness, accuracy or truth of the information contained in this presentation. The Bank, its employees, its officers or its shareholders shall bear no liability for any damage and/or loss, direct or indirect, caused or which may be caused as a result of use of the information contained in this presentation.

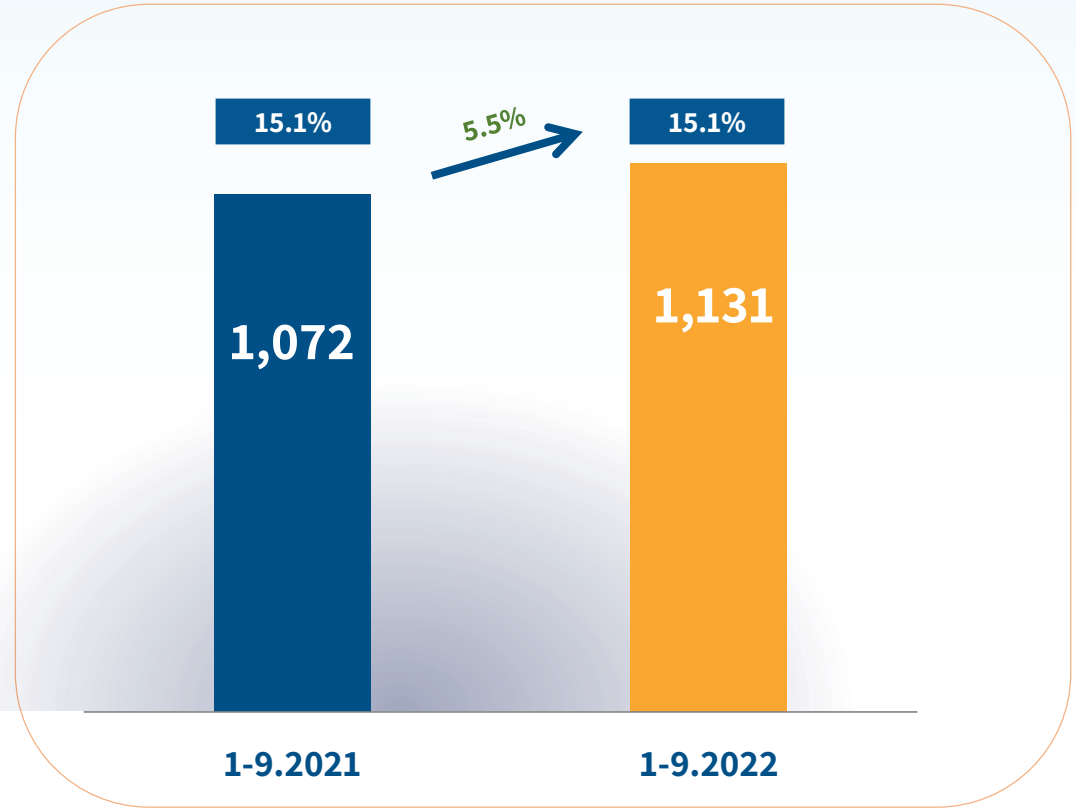
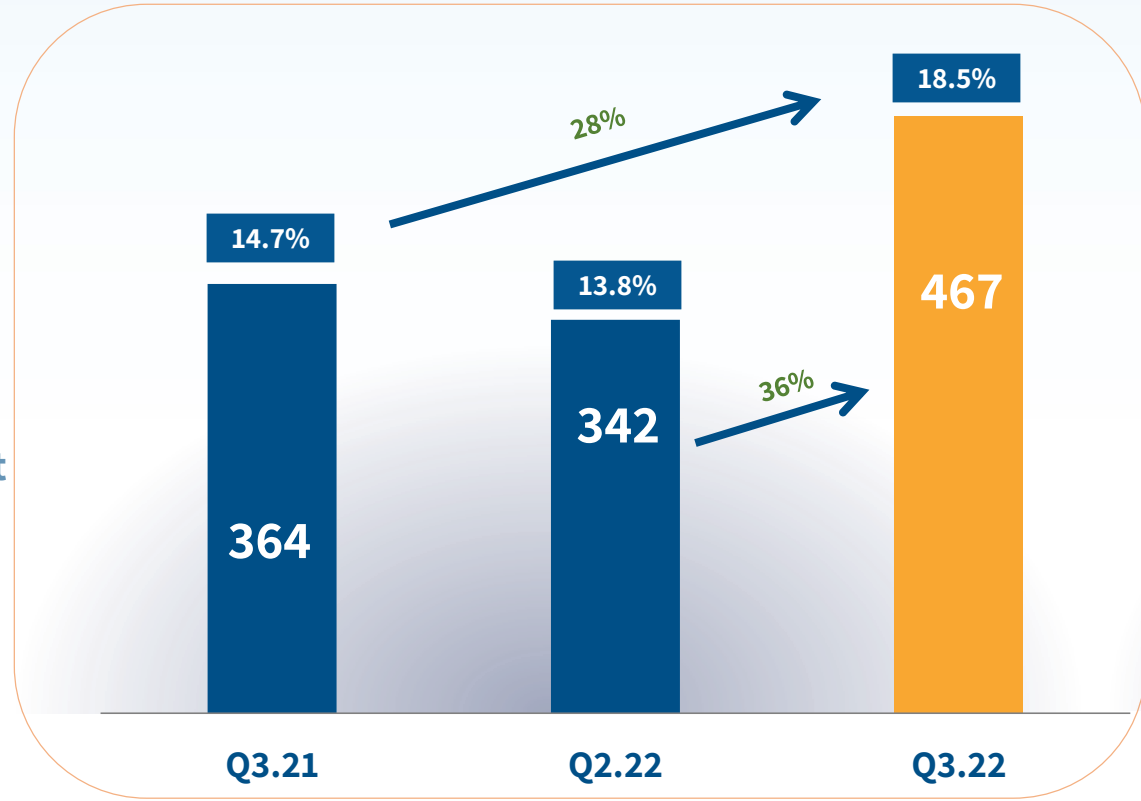
The Bank shall not be liable for updating, and undertakes no obligation to update, the information contained in this presentation for any future change in economic, financial or legal conditions pertaining to the Bank and to any corporation and/or entity mentioned in this presentation, which may occur after the publication of this presentation.

Part of the information contained in this presentation constitutes forward-looking information. Such information includes forecasts, goals, estimates and assumptions based on the opinion of Bank Management, which relate to future events or matters, the materialization of which is uncertain and is beyond the Bank’s control. Actual results may materially differ from those included in the forward-looking information as a result of numerous factors, including, inter alia, due to legislative changes and changes in the directives of supervisory authorities, economic developments, and changes in and the inherent uncertainty involved in the Bank’s business and the results of its diverse activities. For a detailed and accurate description of forward-looking information, see the section on forward-looking information in the financial statements of the Bank.

Net profit and ROE growth (NIS millions)

ROE

Net Profit




Principal information Q3.22

Growth


Income growth

1,430 **18%** **27%**
 Q3.22 Compared to Q2.22 Compare d to Q3.21



Fee growth

370 **6.9%**
 Q3.22 Compared to Q3.21




Interest income growth

1,010 **18%** **42.2%**
 Q3.22 Compared to Q2.22 Compare d to Q3.21




Financing earnings from current activity growth

1,075 **20%** **48.5%**
 Q3.22 Compare to Q2.22 Compare to Q3.21



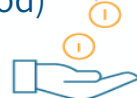
Credit growth (end of period)

19.3% **1.6%**
 Last year Q3.22




Deposit growth (end of period)

11.2% **0.2%**
 Last year Q3.22



Total balance growth


1.5% **12.2%**
 Q3.22 Last year



Efficiency and Financial Strength


Improvement in efficiency ratio

47.7% 54.8% 57.3%
 Q3.22 Q2.22 Q3.21




Income (expenses) from credit losses

0.15% 0.11% (0.29%)
 Q3.22 Q2.22 Q3.21



Tier 1 capital ratio

10.17%
 0.93% above Minimum capital ratio required by the Supervisor of Banks



Consolidated statement of income Q3.22

(NIS millions)	Q3.2022	Q3.2021	Change (before taxes)	% Change
Interest income, net	1,010	710	300	42%
Non-interest financing income	48	63	(15)	(24%)
Total interest income	1,058	773	285	37%
Income (expenses) from credit losses (expenses by 0.15% Compared to income by 0.29%)	43	(69)	112	(162%)
Fees	370	346	24	7%
Total interest and non-interest income (before provision for credit losses)	1,429	1,125	304	27%
Total operating and other expenses	682	645	37	6%
Profit before taxes	704	549	155	28%
The bank's share in profit (loss) of equity-basis investee, after taxes	27	21	6	27%
Attributable to shareholders of the Bank	467	364	103	28%

* An increase of NIS 112 million (net effect of NIS ~77 million), largely resulting from the collective group provision for credit losses, partially offset by an increase in collection (specific provision). In Q3 2022, the collective provision increased due to growth in the collective provision following growth in credit portfolio and an increase in provision buffers in consideration of possible consequences resulting from projected changes in the economic environment in Israel and worldwide. Last year, income from credit losses was largely due to an NIS 183 million reduction in the collective provision following an improvement in economic indicators, emergence from the COVID-19 crisis and an improvement in indicators of the risk level inherent in the Bank's credit portfolio, as well as continuing improvement in the volume of loans on deferment due to the pandemic, which had led to a drop in the collective provision rate.

Principal information 1-9.2022

Growth

Income **growth**

3,807
1-9.22
12.9%
change



Interest income **growth**

2,613
1-9.2022
25.0%
change



Financing earnings from current activities **growth**

2,750
1-9.2022
29%
change



Commission income **growth**

1,125
1-9.2022
6.4%
change



Credit **growth** (end of period)

19.3%
Last year*
13.2%
Compared to 31.12.21



Deposit **growth** (end of period)

11.2%
Last year*
7.5%
Compared to 31.12.21



Client asset portfolio **growth**

579
1-9.2022
1.8%
change



Total balance **growth**

12.2%
Last year*
8.0%
Compare to 31.12.21



Efficiency and Financial Strength

Improvement in efficiency ratio

53.3%
1-9.22
57.9%
1-9.21



Income (expenses) from credit losses

0.09%
1-9.22
(0.30%)
1-9.21



Tier 1 **capital ratio**

10.17%

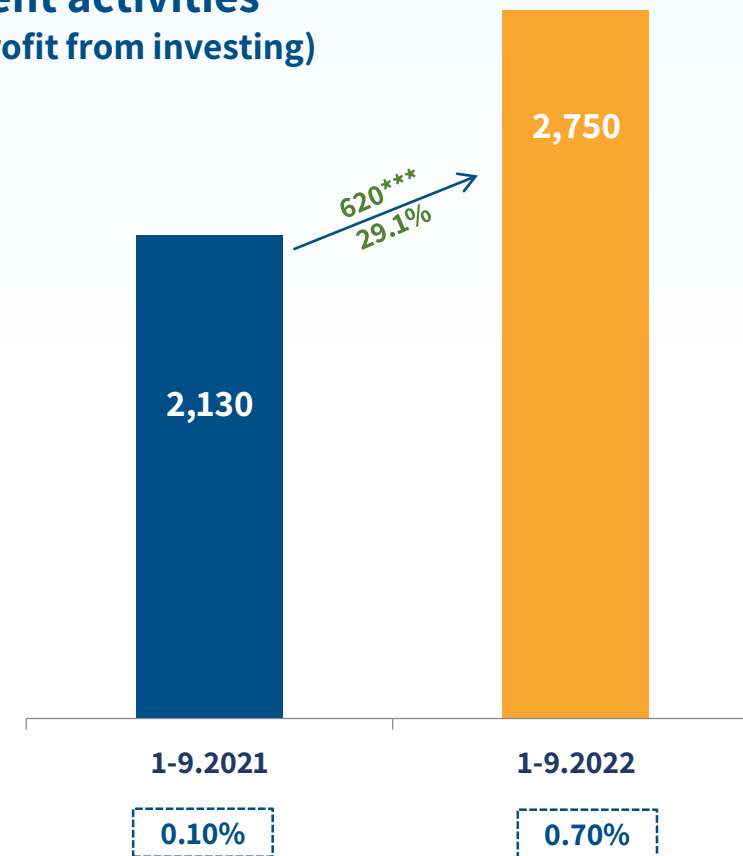
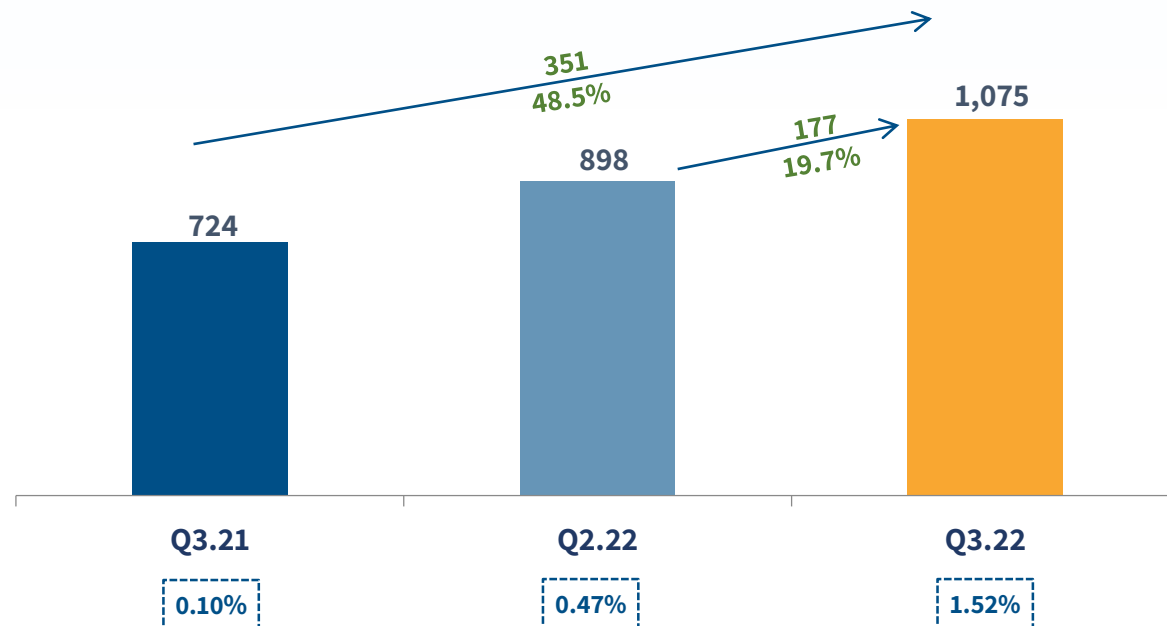
0.93% above minimum capital ratio required by the Supervisor of Banks



Net financing earnings

(NIS millions)

Financing earnings from current activities (excluding fair value of derivatives and profit from investing)

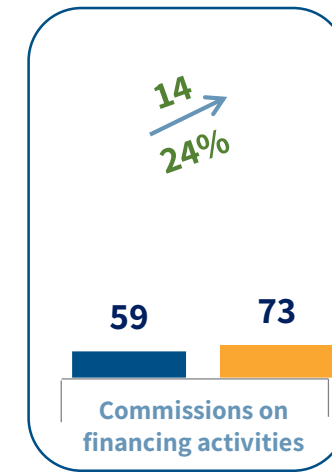
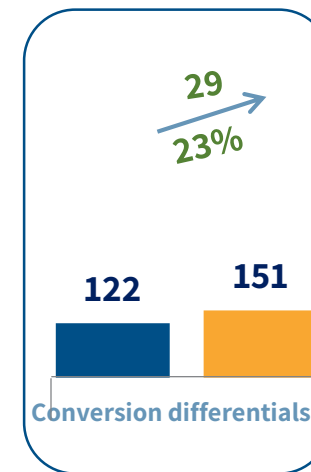
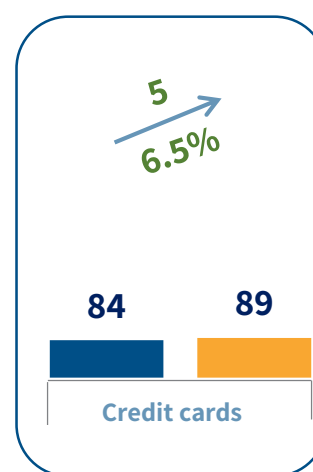
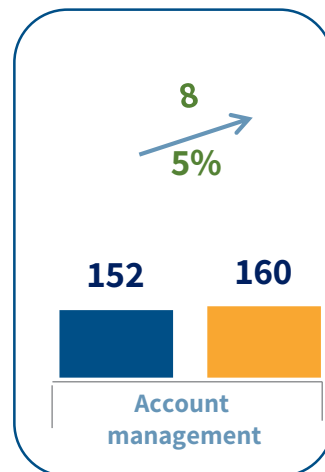
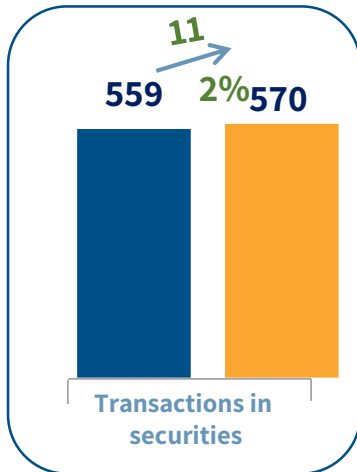
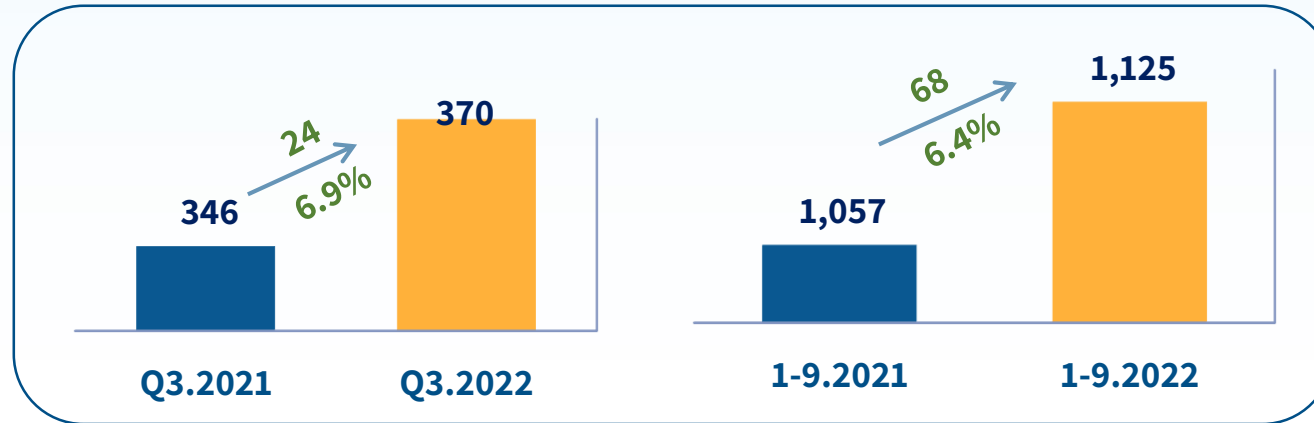


Bank of Israel
interest rate
(avg')

* The change in the CPI amounted to **NIS 25 million**.
Excluding the effects of changes in the CPI, an increase of 47.5%.

** The change in the CPI amounted to **NIS 103 million**.
Excluding the effects of changes in the CPI, an increase of 25.3%.

Main commissions – 1-9.22 VS 1-9.21 (NIS millions)

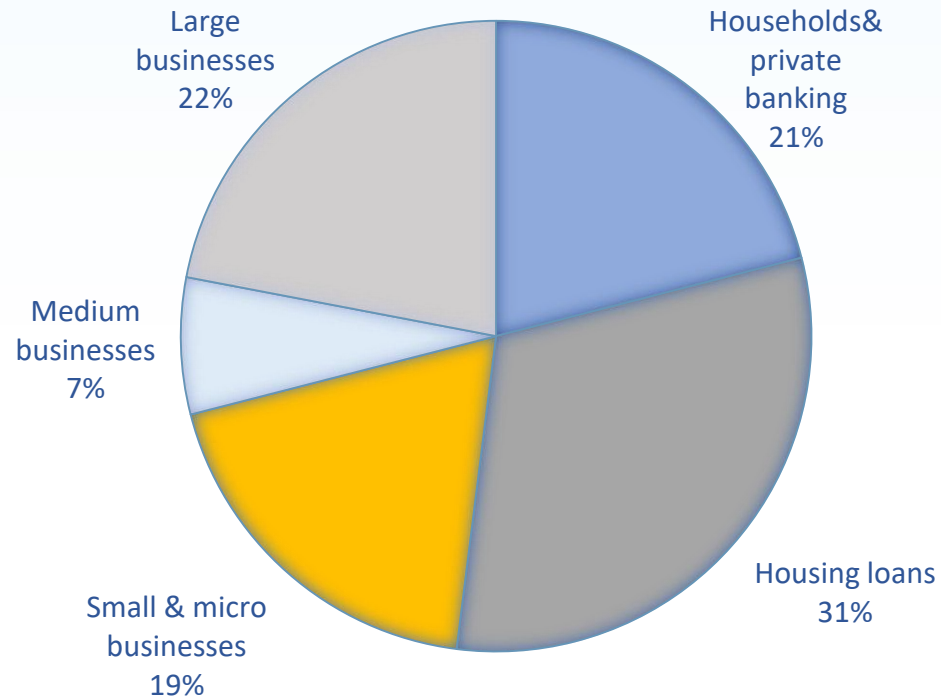


1-9.2022 
1-9.2021 

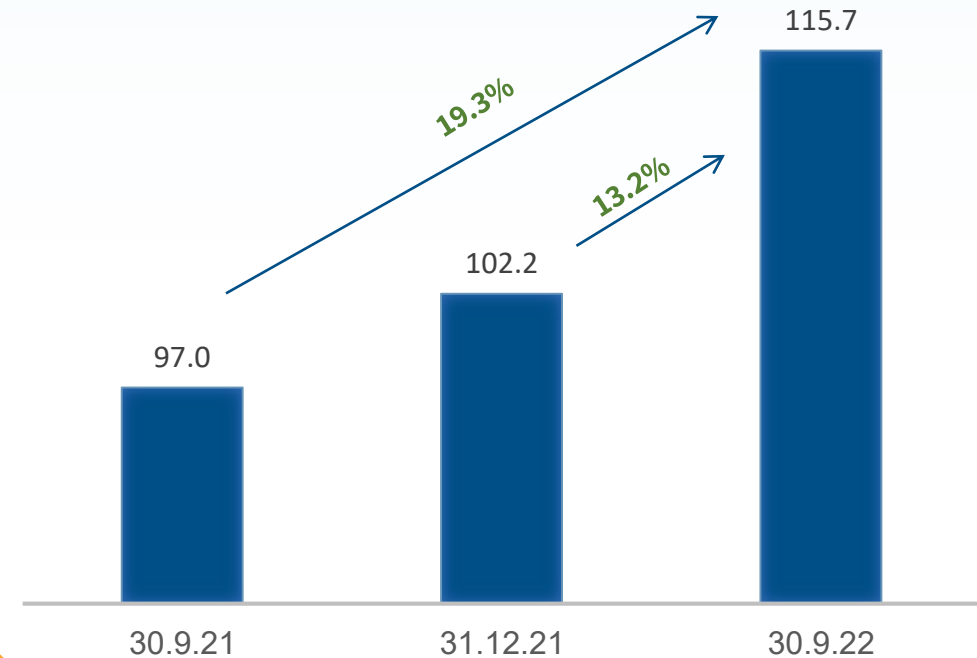
Credit portfolio growth

End of period (NIS billions)

30.09.2022



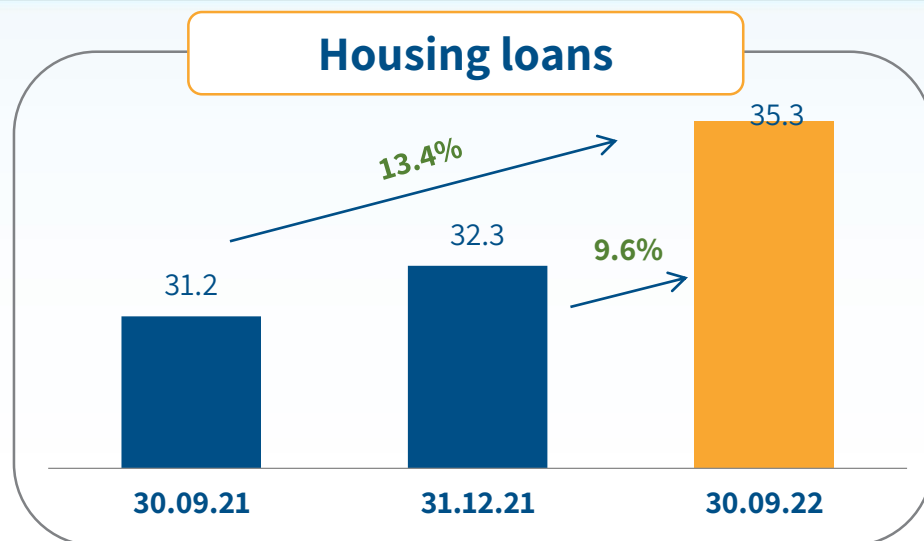
Strong, diversified credit mix
Housing loans & households:
52% of credit portfolio



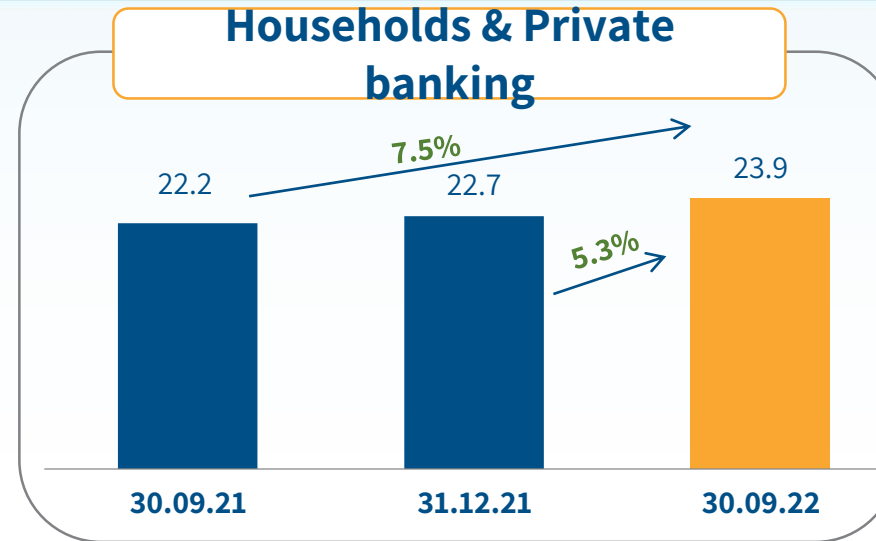
Average credit portfolio **up 17.1%** this year and up **3.7%** in Q3.22.

Credit portfolio growth

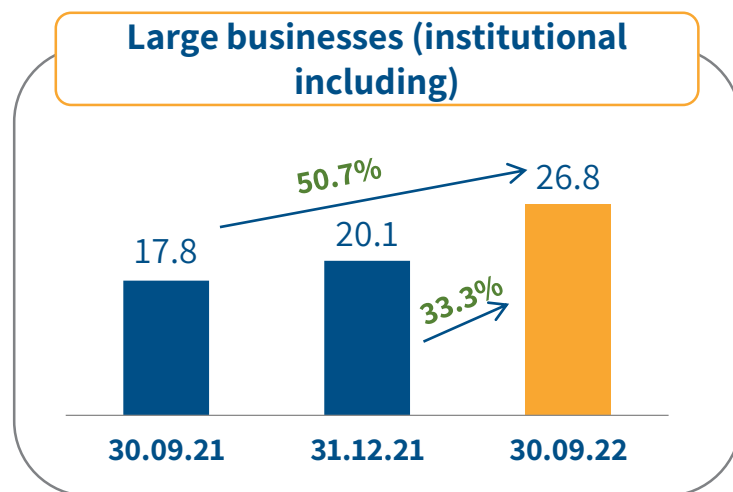
End of period (NIS billions)



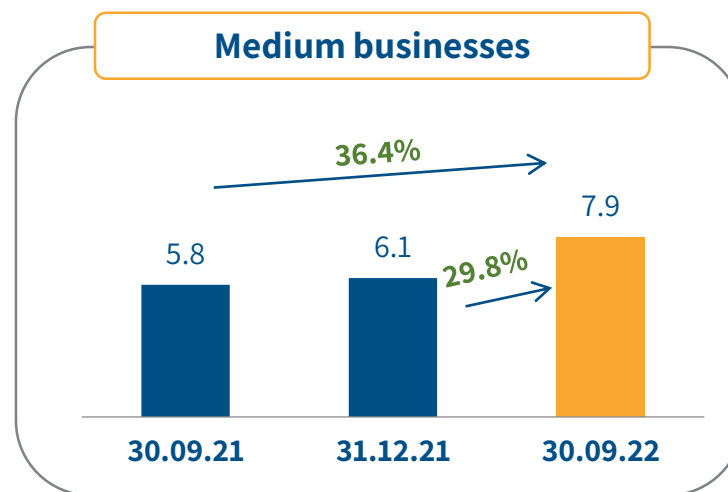
1.9% growth in Q3.22



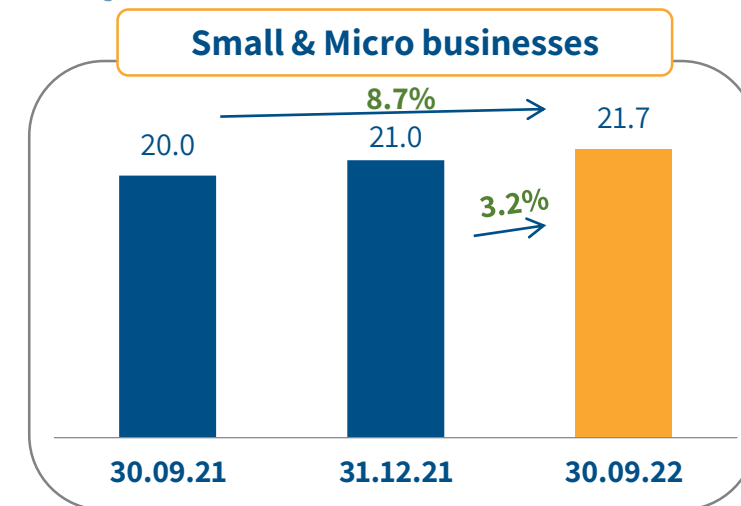
1.4% growth in Q3.22



4.1% growth in Q3.22



4.2% growth in Q3.22



2.6% Decrease in Q3.22

Credit quality and problematic credit risk

Problematic credit risk (NIS million) and credit quality indices

	30.9.21	31.12.21	30.9.22
Problematic credit risk (Nonaccrual)	591	553	593
Problematic credit risk (accrual)	1,471	1,380	982
Credit risk (regarding problematic nostro bonds)	3	3	3
Decrease in total problematic credit risk*	2,065	1,936 →	1,578
Ratio of provision for credit losses to credit to the public	1.12%	1.05% →	1.01%
Ratio of nonaccrual debts or debts 90 days or more past due to credit to the public	0.72%	0.62% →	0.47%

* Decrease of 23.6% in problematic credit compared to 30.9.21 and

11 18.5% compared to the end of the year.

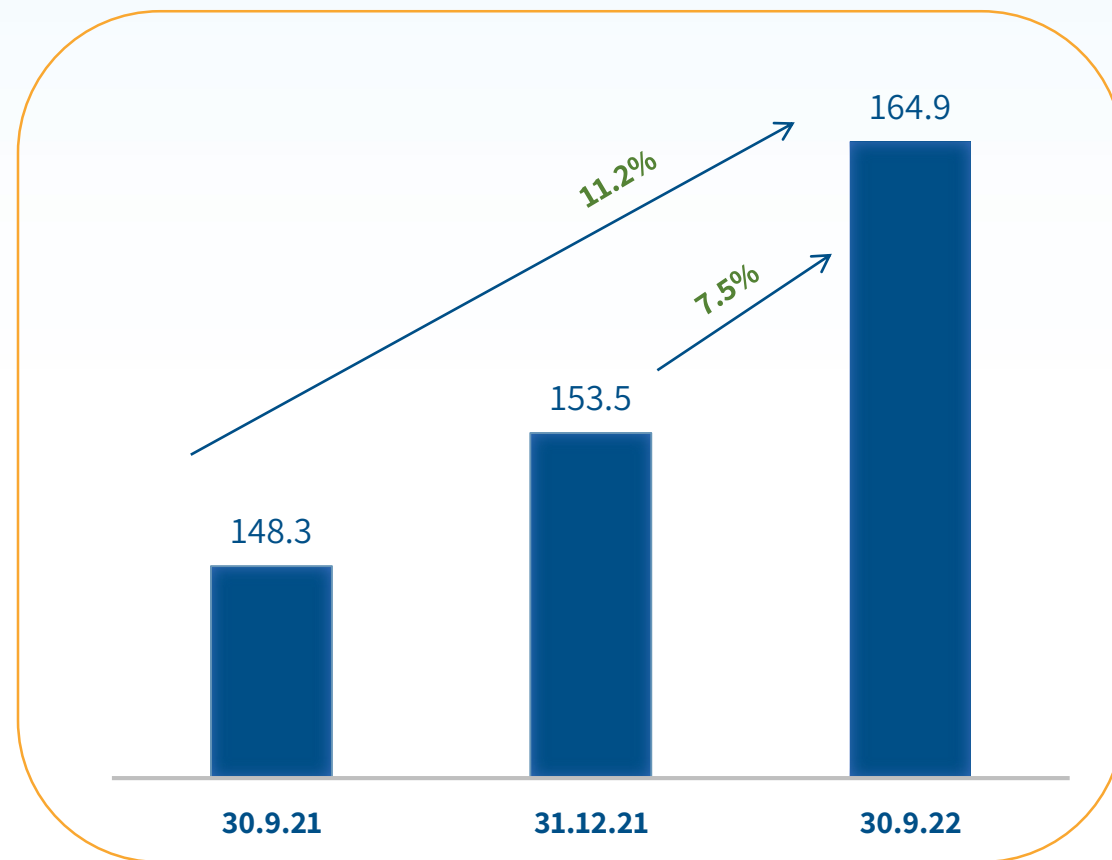
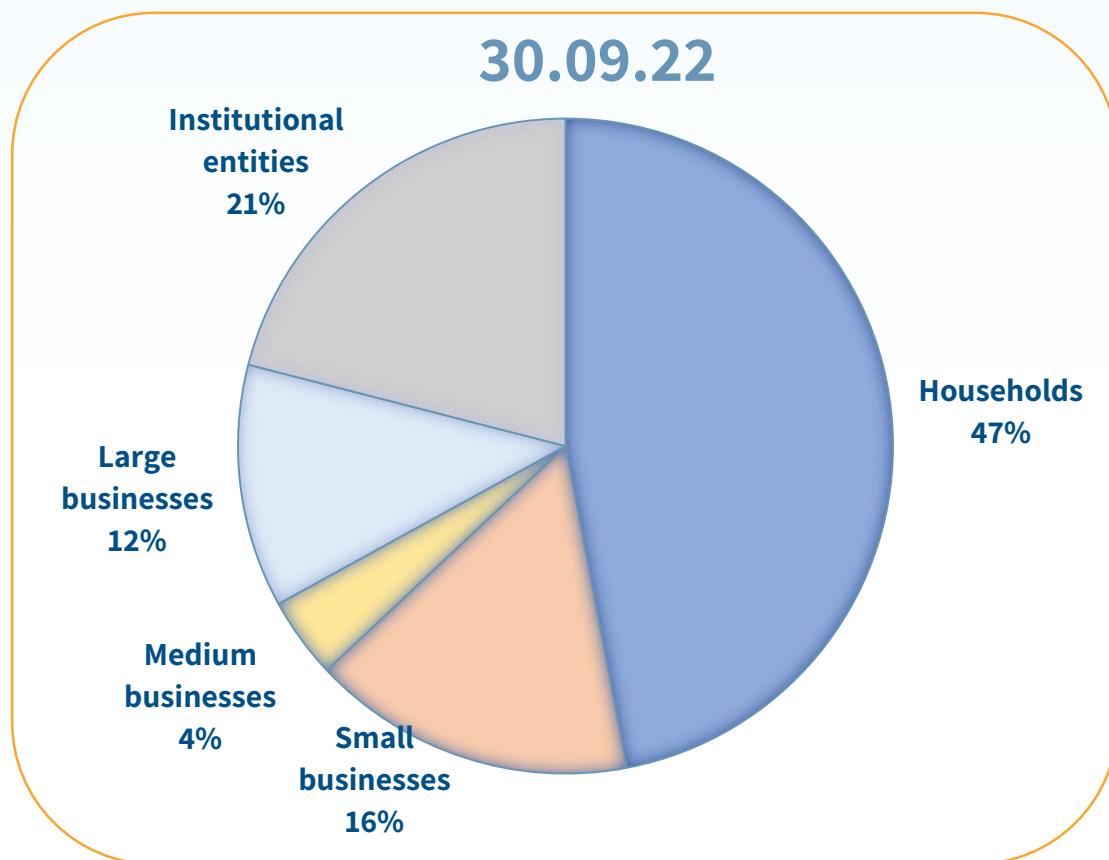
Provision for credit loss ratios

	1-9.21	1-9.22	Q2.22	Q3.22
Individual provision (%)	(0.03%)	(0.05%)	(0.03%)	(0.10%)
Collective provision (%)	(0.27%)	0.14%	0.14%	0.25%
Provision for credit losses (%)	(0.30%)	0.09%	0.11%	0.15%

Increase in the collective provision following growth in the credit portfolio, as well as increased provision buffers in consideration of possible consequences resulting from projected changes in the economic environment.

Deposit growth

End of period (NIS billions)

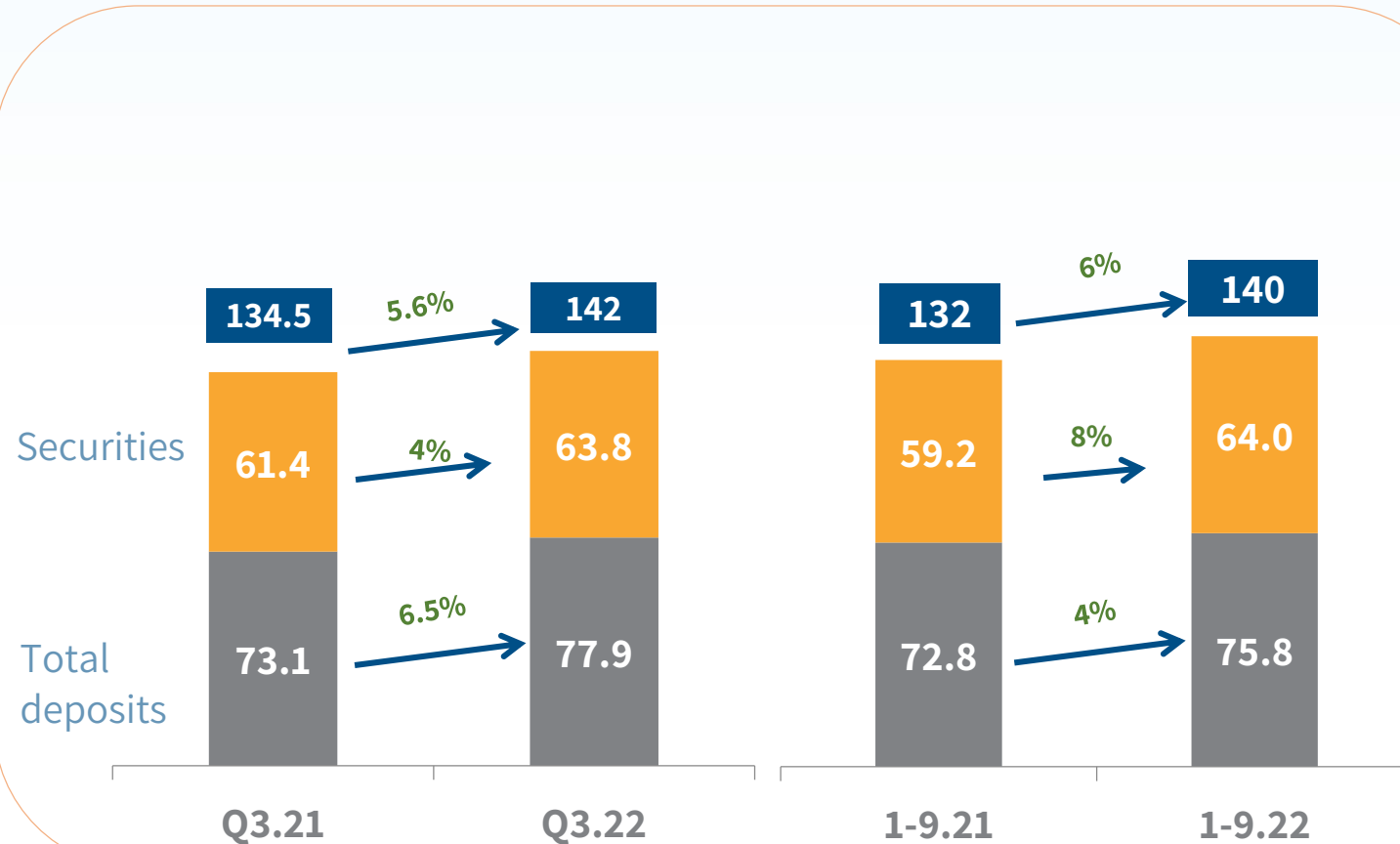


Average deposits **up 9.4%** this year and **up 3.1%** in Q3.22.

Total client asset portfolio growth

Average balances (NIS billions)

Total household asset portfolio



Total asset portfolio



* Growth up 1.3% compared to Q2.22

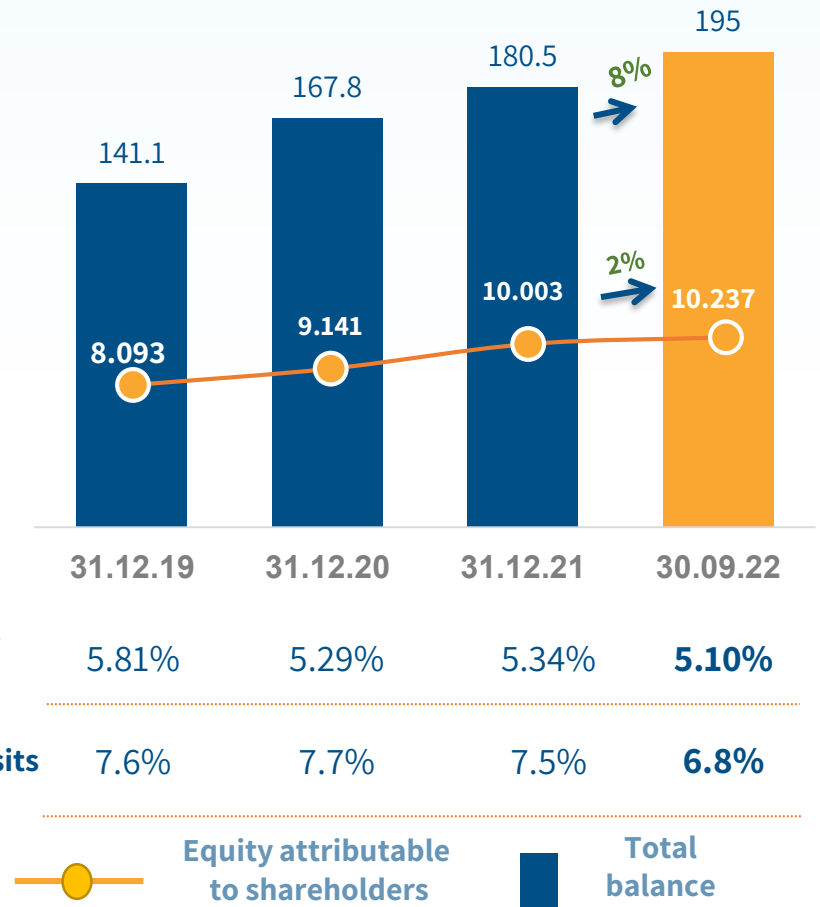
Robust financial strength

Equity attributable to shareholders of the Bank and financial ratios at period end (NIS billions)

	30.9.22	2021	2020	2019
Tier 1 capital ratio	10.17%	11.46%	11.18%	10.81%
Gap from the required regulatory Tier 1 capital ratio*	0.93%	3.21%	2.89%	1.56%
Total capital ratio**	13.47%	13.59%	14.46%	13.70%
LCR	127%	128%	150%	128%
Total deposit to credit balance	144%	152%	156%	137%

* In 2020-2021, the minimum Tier 1 capital ratio required by the Supervisor of Banks was 8.25% (9.24% today).

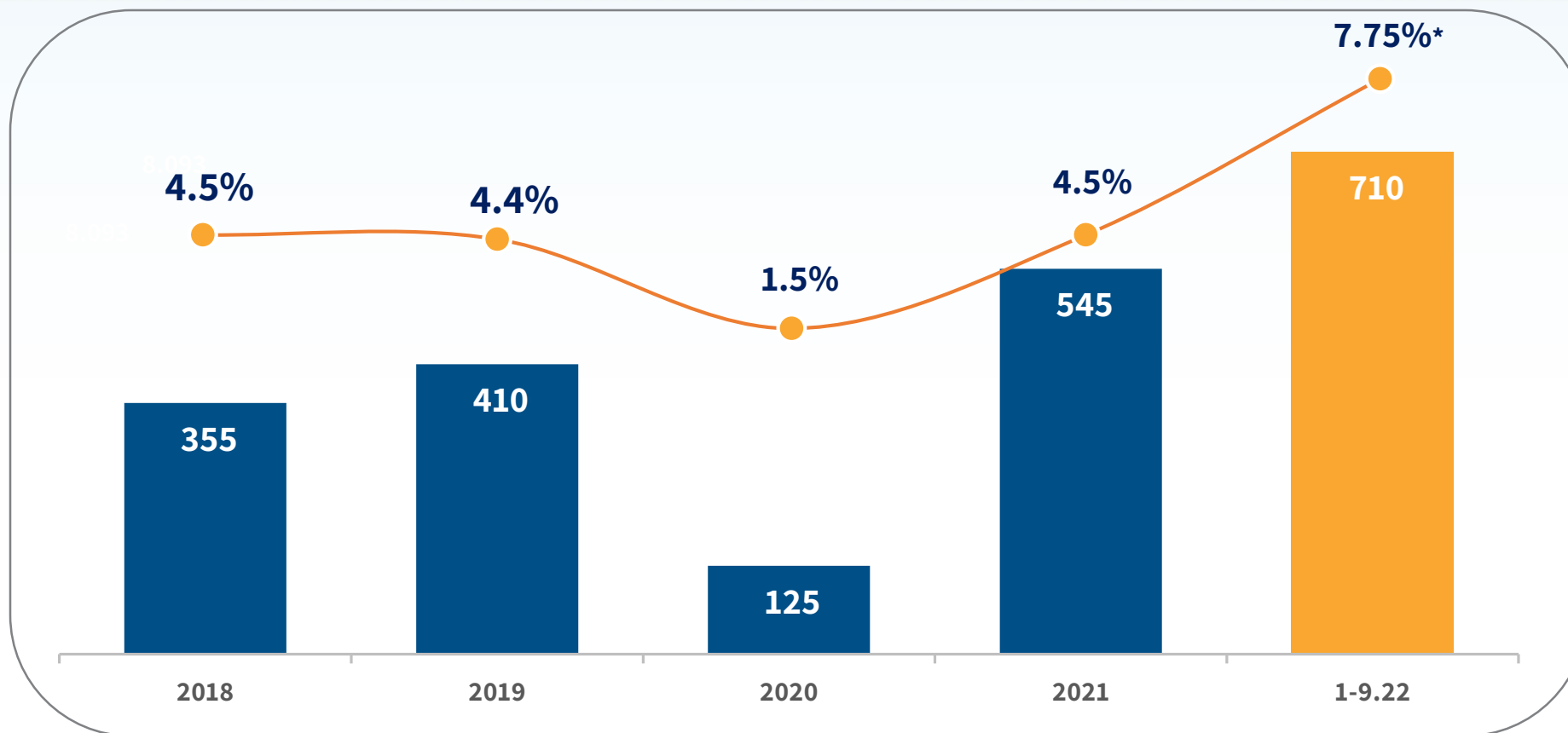
** 0.97% above the minimum regulatory requirement.



* Regulatory requirement, including temporary alleviation, 4.5% until 30.6.24.

** As of September 30, 2022, our share of cash balances in the Bank of Israel is 9.8%

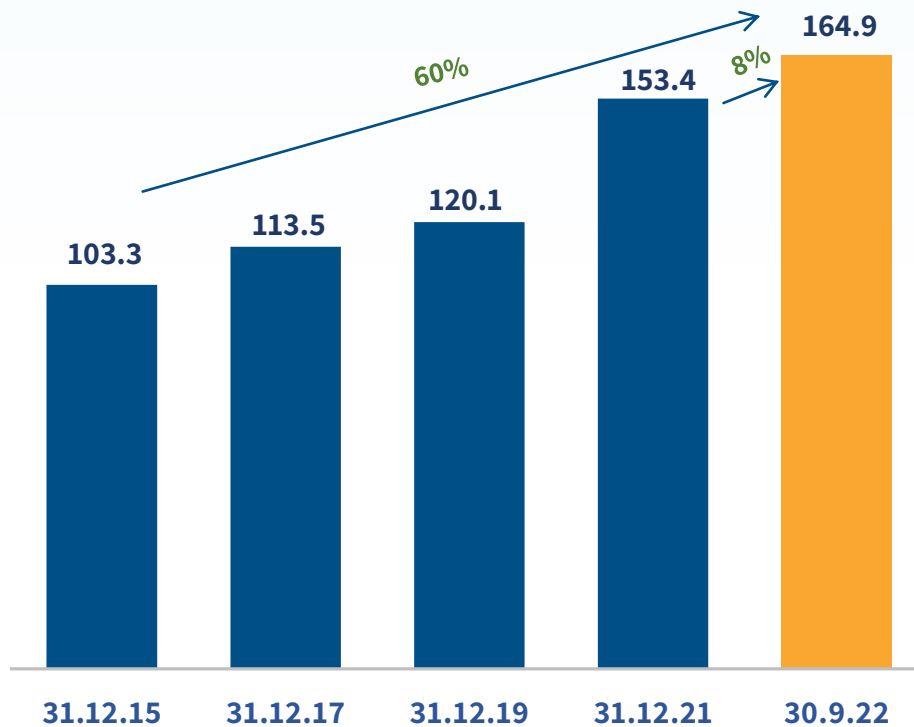
Highest dividend yield in the banking system (NIS millions)



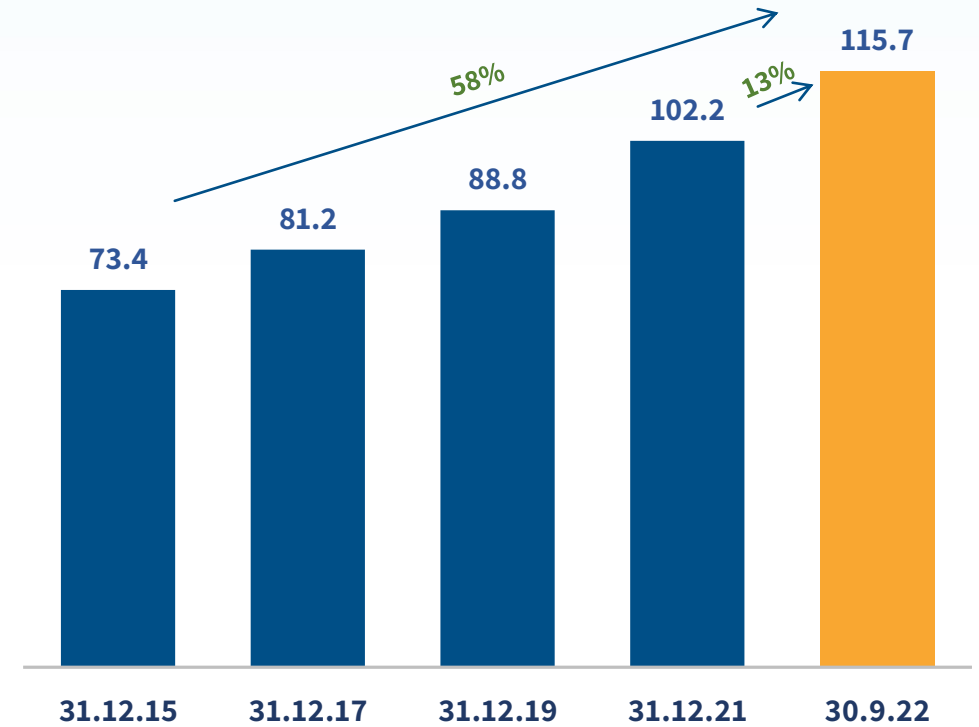
On 22.11.2022, the Board of Directors of the Bank passed a resolution to approve the payment of a cash dividend to shareholders at a total of NIS 235 million, constituting 50% of net profit for Q3.2022 (in alignment with the Bank's policy).

Growth

Deposits (NIS billions)- end of period

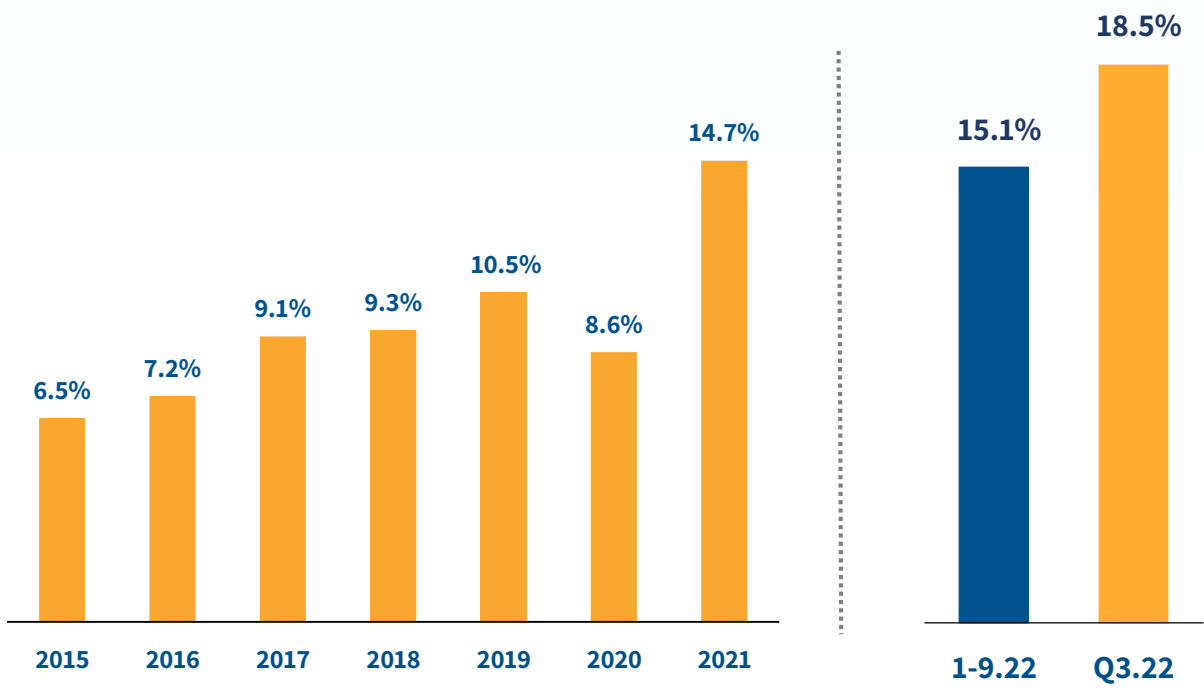


Total credit to public (NIS billions)-end of period



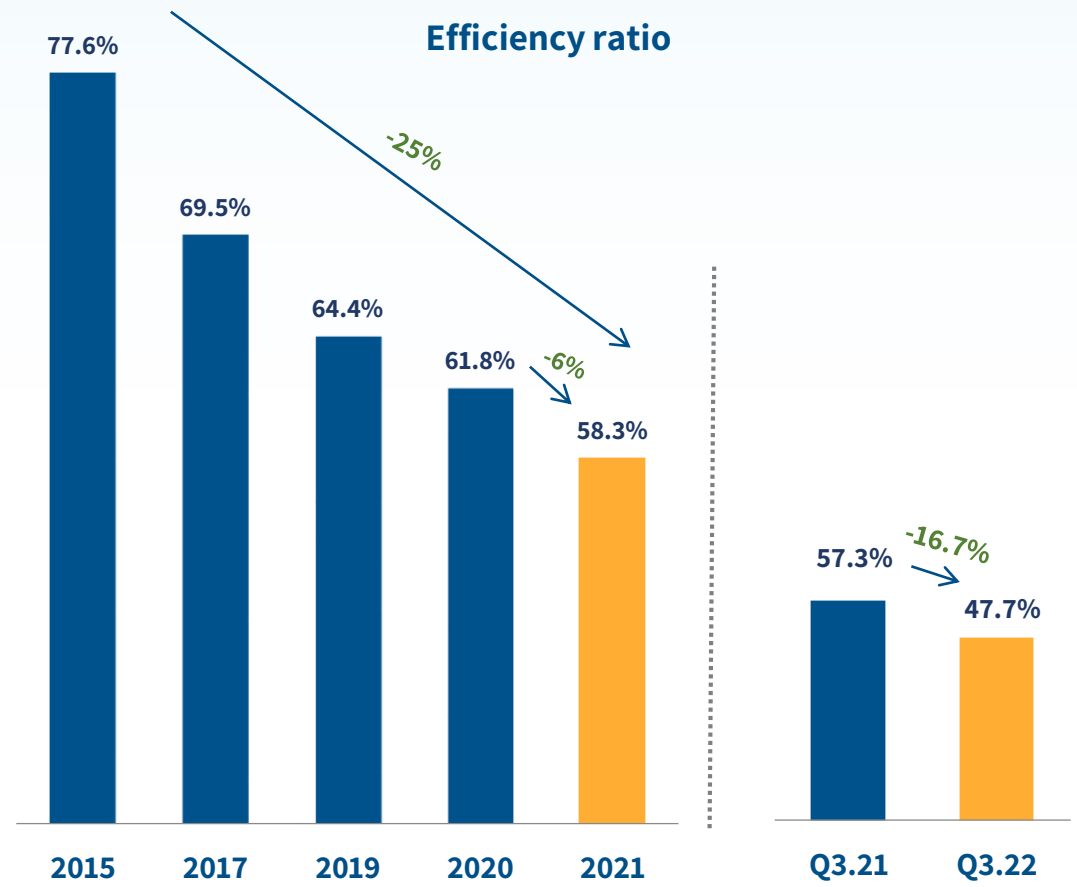
Growth & efficiency

ROE*



* FIBI's average ROE in 2020-2021 was 11.4%.
ROE growth was achieved while maintaining low volatility in margins.

Efficiency ratio



*The efficiency ratio in 1-9.2022 was 53.3%, compared to 57.9% in the corresponding period last year.

Key highlights 1-9.2022 – Growth

Increase in the Group's total revenues

13% growth (NIS 436 million) in the Group's total revenues compared to 1-9.21, and **27% growth (NIS 305 million)** compared to Q3.21 (mainly from interest income).

Increase in financing earnings

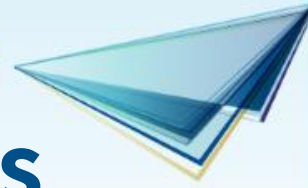
25% growth (NIS 523 million) in net financing earnings compared to 1-9.21, and **42% growth (NIS 300 million)** compared to Q3.21.

Financing earnings from operating activities

29% growth (NIS 620 million) in financing earnings from operating activities compared to 1-9.21, and **48% growth (NIS 351 million)** compared to Q3.21.

Increase in operating commissions

6.4% growth (NIS 68 million) in operating commissions compared to 1-9.21, and **6.9% growth (NIS 24 million)** compared to Q3.21.



Key highlights 1-9.2022 – Growth & Robustness

Credit growth

1.6% growth (NIS 1.8 billion) in Q3.22 (average increase of 3.7% compared to Q2.22).
13.2% growth (NIS 13.5 billion) in 1-9.22 (average increase of 17.1% compared to 1-9.21).
19.3% growth (NIS 18.7 billion) in credit last year across all customer segments (average increase of 20% compared to corresponding period).

Growth in the client asset portfolio

In 1-9.2022, the average customer asset portfolio was NIS 579 billion, **up by 1.8% (NIS 10 billion)** compared to the corresponding period.
 In households and private banking **6% growth (NIS 8 billion)** compared to the corresponding period, and **1.4% growth (NIS 2 billion)** compared to Q3.21.

Robust financial strength

High Tier 1 capital ratio of 10.17% (0.93% above minimum capital ratio required by the Supervisor of Banks).
Liquidity ratio of 127% (Minimal regulatory requirement – 100%).
Leverage ratio – 5.10% (Regulatory requirement - 4.5%).
Credit-deposit ratio – 144%.

Dividend/ dividend yield

The dividend yield on November 6, 2022 – 7.75% (the highest in Israeli banking system).
 On 22.11.2022, the Board of Directors of the Bank passed a resolution to approve the payment of a cash dividend of NIS 235 million, constituting 50% of net profit for Q3.2022.

Key highlights 1-9.2022 – Proportionality & efficiency enhancement



Net profit and ROE

Net profit amounted to NIS **1,131 million**, compared to NIS **1,072 million** in 1-9.21.
ROE in the period was **15.1%**, and **18.5%** in Q3.22.

(Income) /Expenses from credit losses

Credit loss expenses in 1-9.22 were NIS 74 million (0.15%) compared to income of NIS 206 million in the corresponding period last year, an increase of NIS 280 million resulting from the collective group provision for credit losses and was partially offset by an increase in collection (specific provision) . The increase in the collective provision (0.14% expense rate compared to 0.27% income rate in the corresponding period) were recorded following growth in credit portfolio, as well as increased provision buffers in consideration of possible consequences resulting from projected changes in the economic environment in Israel and worldwide

The bank has an appropriate credit policy & a high-quality asset portfolio.

Decrease in problematic credit

24% decrease in problematic credit (NIS 487 million) compared to 30.9.21 and **19%** decrease (NIS 358 million) compared to the end of the year.

Further improvement in efficiency ratio

Efficiency ratio in 1-9.2022 was 53.3%, compared to 57.9% in the corresponding period last year.
Efficiency ratio in Q3.2022 was 47.7%, compared to 54.5% in Q2.22.

Thank You