

Press Release

May 28, 2024

The First International Bank

Reports its Financial Results for the First Quarter of 2024

Results reflect high profitability while maintaining financial stability

Financial Highlights

- Net income of NIS 569 million in the first quarter of 2024
- The Return on equity was 18.7%
- Deposits by the public increased by 2.9% compared to the end of 2023 and by 13.4% compared to the comparative period in the previous year
- The portfolio of customers' assets increased by 7.2% compared to the end of 2023 and by 23.4% compared to the first quarter of 2023, reaching approximately NIS 720 billion
- Equity attributed to shareholders of the Bank increased by 13.5% compared to the end of the first quarter of 2023
- The tier 1 shareholders' equity was 11.78% and the liquidity cover ratio was 161%
- The Bank's Board of Directors decided to distribute a dividend, amounting to 40% of the net income for the quarter

Financial Results of the First Quarter 2024

Net income for the First International Bank was NIS 569 million in the first quarter of 2024, an increase of 14% compared to the fourth quarter of 2023, and a decrease of 9.8 % compared to the first quarter of 2023. **Return on equity** was 18.7%. The income for the first quarter included a tax benefit of NIS 49 million in respect of prior years. Excluding the tax benefit, the return on equity amounted to 17.1%.

Total revenue amounted to NIS 1,581 million in the first quarter of 2024, a decrease of 7% compared to the first quarter of last year. **Financing income from operating activities** amounted to NIS 1,164 million in the first quarter of 2024, compared to NIS 1,332 million in the first quarter of last year. The decrease was due, among other impacts, to the transition to depositing in interest-bearing accounts rather than non-interest bearing credit balances in current accounts, as well as changes in the consumer price index.

Given the quality of the credit portfolio, as well as the building-up of provisions in recent quarters, **total income from credit losses** amounted to NIS 2 million in the first quarter of 2024, compared to expenses of NIS 72 million in the first quarter of 2023. The specific net income from credit losses amounted to NIS 6 million in the first three months of the year, compared to NIS 14 million in the first quarter of 2023. The collective expense for credit losses amounted to NIS 4 million in the first three months of the year, compared to NIS 86 million in the first quarter of the previous year. The decrease in the collective expense for credit losses compared to the comparative period last year was due to an improvement in existing and forecast macroeconomic indices during the first quarter of the current year.

The ratio of high quality credit to non-performing loans (NPL) remained stable during the first quarter of 2024 and stood at 0.6%. The ratio indicates the quality of the credit portfolio (the balance of non-accrual loans or loans in arrears of 90 days or more) as a percentage of total credit to the public. The **overall coverage ratio** (the percentage of the total allowance for credit losses to the total amount of the credit to the public) stood at 1.53%.

Operating and other expenses amounted to NIS 731 million in the first quarter of 2024, an increase of 1% compared to the first quarter of 2023. **Salaries and related expenses** decreased by 1.6% and amounted to NIS 442 million, with the decrease primarily due to a reduction in the provision for bonuses, which was, among other reasons, as a result of the signing of labor agreements for the year 2023 - 2026, in the first quarter of last year. The decrease was partially offset by an increase in current salaries.

The efficiency ratio was 46.2% in the first quarter of 2024, compared to 43.5 % in the first quarter of 2023.

The provision for taxes on income amounted to NIS 279 million in the first three months of the year, compared to NIS 315 million in the first three months of the previous year. The effective tax rate amounted to 32.7%, compared to 34.8% in the comparative period of last year, and was impacted by the tax benefit of NIS 49 million in respect of prior years, and an increase in the statutory tax rate.

Credit to the public amounted to NIS 116,816 million, a decrease of 2% compared to the end of 2023, and of 2.5% compared the end of the first quarter of last year. The decrease compared to the end of 2023 was primarily due to a decrease in credit to large businesses, among others, in the capital markets sector. In other sectors, there were increases in credit recorded: credit to households: (1.4%), housing loans, small businesses and medium-sized businesses.

Deposits by the public amounted to NIS 196,615 million, an increase of 2.9% compared to the end of 2023 and an increase of 13.4% compared to the end of the first quarter of last year. **The total customer asset portfolio** amounted to NIS 720 billion and grew by 7.2% compared to the end of 2023 and grew by 23.4% compared to the end of the first quarter of 2023.

The equity attributed to the Bank's shareholders increased to NIS 12,355 million, an increase of 2.4% compared to the end of 2023 and of 13.5% compared to the end of the first quarter of the previous year. **The tier 1 shareholders' equity ratio** increased to 11.78%, above the required regulatory ratio level. **The liquidity coverage ratio** rose to 161%, compared to 156% at the end of 2023.

Taking into consideration the Supervisor of Banks' directives regarding *Capital Planning and Profits Distribution Policies*, the Bank's Board of Directors decided to approve the **distribution of a cash dividend** at a rate of 40% of equity. The Bank's Board of Directors will continue to implement the Bank's dividend distribution policy, monitoring ongoing developments and their impact on the Israeli economy and on the bank.

Eli Cohen, CEO of First International Bank commented, "The State of Israel is going through a complex and ongoing crisis, which combines security-related, social, economic and diplomatic aspects. As a stable bank, First International Bank will continue to support and stand by its customers, assist them and innovate, providing relevant and innovative value-propositions."

"First International Bank entered the crisis well-prepared, which has been apparent, among other aspects, due to its high capital and liquidity cushions that are among the highest in the Israeli banking system as well as a high-quality and diversified credit portfolio. All these are the result of the Bank's cautious and responsible policy, and focused risk management, as reflected in the Bank's results and achievements, as demonstrated in the results for the first quarter of 2024."

CONDENSED PRINCIPAL FINANCIAL INFORMATION AND PRINCIPAL EXECUTION INDICES

Principal financial ratios	For the year ended		
	For the three months ended March 31,		December 31,
	2024	2023	2023
	Percent		
Principal execution indices			
Return on equity attributed to shareholders of the Bank ⁽¹⁾	18.7	23.6	19.7
Return on average assets ⁽¹⁾	1.03	1.28	1.06
Ratio of equity capital tier 1	11.78	10.55	11.35
Leverage ratio	5.27	5.15	5.26
Liquidity coverage ratio	161	131	156
Net stable funding ratio	150	133	146
Ratio of total income to average assets ⁽¹⁾	2.9	3.5	3.2
Ratio of interest income, net to average assets ⁽¹⁾	2.0	2.6	2.4
Ratio of fees to average assets ⁽¹⁾	0.7	0.8	0.7
Efficiency ratio	46.2	42.6	43.5
Credit quality indices			
Ratio of provision for credit losses to credit to the public	1.38	1.06	1.36
Ratio of total provision for credit losses ⁽²⁾ to credit to the public	1.53	1.17	1.50
Ratio of non-accruing debts or in arrears of 90 days or more to credit to the public	0.60	0.47	0.60
Ratio of provision for credit losses to total non-accruing credit to the public	236.1	232.5	234.5
Ratio of net write-offs to average total credit to the public ⁽¹⁾	(0.02)	(0.04)	0.03
Ratio of expenses (income) for credit losses to average total credit to the public ⁽¹⁾	(0.01)	0.25	0.42

Principal data from the statement of income	For the three months ended March 31,	
	2024	2023
	NIS million	
Net profit attributed to shareholders of the Bank	569	631
Interest Income, net	1,115	1,275
Expenses (income) from credit losses	(2)	72
Total non-Interest income	466	425
Of which: Fees	365	388
Total operating and other expenses	731	724
Of which: Salaries and related expenses	442	449
Primary net profit per share of NIS 0.05 par value (NIS)	5.67	6.29

Principal data from the balance sheet	31.3.24	31.3.23	31.12.23
	NIS million		
	Total assets	225,941	204,312
of which: Cash and deposits with banks	76,731	57,763	68,866
Securities	26,375	19,756	26,985
Credit to the public, net	115,199	118,502	117,622
Total liabilities	212,989	192,923	208,947
of which: Deposits from the public	196,615	173,390	191,125
Deposits from banks	3,586	5,481	4,314
Bonds and subordinated capital notes	4,736	4,770	4,767
Capital attributed to the shareholders of the Bank	12,355	10,888	12,071

Additional data	31.3.24	31.3.23	31.12.23
Share price (0.01 NIS)	15,440	12,650	14,990
Dividend per share (0.01 NIS)	268	267	795

(1) Annualized.

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

CONSOLIDATED STATEMENT OF INCOME

(NIS million)

	For the three months ended March 31		For the year Ended December 31
	2024	2023	2023
	(unaudited)	(unaudited)	(audited)
Interest Income	2,576	2,176	9,850
Interest Expenses	1,461	901	4,884
Interest Income, net	1,115	1,275	4,966
Expenses (income) from credit losses	(2)	72	502
Net Interest Income after expenses from credit losses	1,117	1,203	4,464
Non- Interest Income			
Non-Interest Financing income	100	36	142
Fees	365	388	1,502
Other income	1	1	8
Total non- Interest income	466	425	1,652
Operating and other expenses			
Salaries and related expenses	442	449	1,746
Maintenance and depreciation of premises and equipment	87	84	341
Amortizations and impairment of intangible assets	31	30	122
Other expenses	171	161	668
Total operating and other expenses	731	724	2,877
Profit before taxes	852	904	3,239
Provision for taxes on profit	279	315	1,090
Profit after taxes	573	589	2,149
The bank's share in profit of equity-basis investee, after taxes	18	65	113
Net profit:			
Before attribution to non-controlling interests	591	654	2,262
Attributed to non-controlling interests	(22)	(23)	(90)
Attributed to shareholders of the Bank	569	631	2,172
			NIS
Primary profit per share attributed to the shareholders of the Bank			
Net profit per share of NIS 0.05 par value	5.67	6.29	21.65

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



Ron Levkovich
Chairman of the Board



Eli Cohen
Chief Executive Officer



Nachman Nitzan
Executive Vice President,
Chief Accountant

STATEMENT OF COMPREHENSIVE INCOME

(NIS million)

	For the three months ended March 31		For the year Ended December 31
	2024	2023	2023
	(unaudited)	(unaudited)	(audited)
Net profit before attribution to non-controlling interests	591	654	2,262
Net profit attributed to non-controlling interests	(22)	(23)	(90)
Net profit attributed to the shareholders of the Bank	569	631	2,172
Other comprehensive income (loss) before taxes:			
Adjustments of available for sale bonds to fair value, net	(44)	(30)	213
Adjustments of liabilities in respect of employee benefits ⁽¹⁾	11	(3)	25
Other comprehensive income (loss) before taxes	(33)	(33)	238
Related tax effect	17	11	(81)
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	(16)	(22)	157
Less other comprehensive income attributed to non-controlling interests	-	2	9
Other comprehensive income (loss) attributed to the shareholders of the Bank, after taxes	(16)	(24)	148
Comprehensive income before attribution to non-controlling interests	575	632	2,419
Comprehensive income attributed to non-controlling interests	(22)	(25)	(99)
Comprehensive income attributed to the shareholders of the Bank	553	607	2,320

(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)

	March 31,		December 31,
	2024	2023	2023
	(unaudited)	(unaudited)	(audited)
Assets			
Cash and deposits with banks	76,731	57,763	68,866
Securities	26,375	19,756	26,985
Securities which were borrowed	2	45	57
Credit to the public	116,816	119,769	119,240
Provision for Credit losses	(1,617)	(1,267)	(1,618)
Credit to the public, net	115,199	118,502	117,622
Credit to the government	965	935	1,055
Investment in investee company	800	730	786
Premises and equipment	867	899	877
Intangible assets	325	307	328
Assets in respect of derivative instruments	3,324	4,047	3,651
Other assets ⁽²⁾	1,353	1,328	1,366
Total assets	225,941	204,312	221,593
Liabilities and Shareholders' Equity			
Deposits from the public	196,615	173,390	191,125
Deposits from banks	3,586	5,481	4,314
Deposits from the Government	710	828	750
Bonds and subordinated capital notes	4,736	4,770	4,767
Liabilities in respect of derivative instruments	3,085	3,572	3,784
Other liabilities ⁽¹⁾⁽³⁾	4,257	4,882	4,207
Total liabilities	212,989	192,923	208,947
Capital attributed to the shareholders of the Bank	12,355	10,888	12,071
Non-controlling interests	597	501	575
Total equity	12,952	11,389	12,646
Total liabilities and shareholders' equity	225,941	204,312	221,593

(1) Of which: provision for credit losses in respect of off-balance sheet credit instruments in the amount of NIS 170 million and NIS 129 million and NIS 165 million at 31.3.24, 31.3.23 and 31.12.23, respectively.

(2) Of which: other assets measured at fair value in the amount of NIS 5 million and NIS 15 million and NIS 10 million at 31.3.24, 31.3.23 and 31.12.23, respectively.

(3) Of which: other liabilities measured at fair value in the amount of NIS 5 million and NIS 21 million and NIS 11 million at 31.3.24, 31.3.23 and 31.12.23, respectively.

STATEMENT OF CHANGES IN EQUITY

(NIS million)

For the three months ended March 31, 2024 (unaudited)						
	Share capital	Accumulated other comprehensive (1) loss	Retained earnings	Total share-holding	Non-controlling interest	Total
Balance as at December 31, 2023 (audited)	927	(155)	11,299	12,071	575	12,646
Net profit for the period	-	-	569	569	22	591
Dividend	-	-	(269)	(269)	-	(269)
Other comprehensive loss, after tax effect	-	(16)	-	(16)	-	(16)
Balance as at March 31, 2024	927	(171)	11,599	12,355	597	12,952

For the three months ended March 31, 2023 (unaudited)						
	Share capital	Accumulated other comprehensive (1) loss	Retained earnings	Total share-holding	Non-controlling interest	Total
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*	-	-	(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	-	-	631	631	23	654
Dividend	-	-	(268)	(268)	-	(268)
Other comprehensive income (loss), after tax effect	-	(24)	-	(24)	2	(22)
Balance as at March 31, 2023	927	(327)	10,288	10,888	501	11,389

For year ended December 31, 2023 (audited)

	Share capital	Accumulated other compre hensive income (1)	Retained e a r n i n g s (2)	Total share- h o l d e r ' e q u i t y	Non- co nt ro lli n g in te re st s	Total e q u i t y
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*	-	-	(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 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.