



Press release

Aug 17, 2021

First International Bank of Israel Presents Second Quarter 2021 Results

Tel Aviv, Israel – August 17, 2021. First International Bank of Israel (TASE: FIBI) one of Israel's major banking groups, today announced its results for the first half and second quarter of 2021, ended June 30, 2021.

Financial Highlights

- Net profit of NIS 390 million and return on equity of 17.2% in the second quarter of the year;
- Net profit of NIS 677 million and return of equity of 15% in the first half of the year;
- Growth of 6.6% in credit to the public over the past year and growth of 4.4% in the first half of the current year;
- Continued reduction in the volume of loan repayment deferrals caused by the Corona crisis: the ratio of deferred debts to total credit amounted to 0.2% compared to 1.9% at the end of 2020;
- Growth of 6.1% in total income;
- The Bank continued to expand its services in the capital market and in investment consulting: growth of 32.7% in the past year in the customer assets' portfolio (deposits and securities) and 9.5% in the first half of the current year;
- Ratio of Tier I equity capital to risk components of 11.67%;
- The Board of Directors of the Bank decided on a dividend distribution in the amount of NIS 225 million which amounted to 30% of the net profit for 2020.

Profitability

Net profit in the second quarter of 2021 of the First International Bank Group amounted to NIS 390 million, as compared to NIS 168 million in the corresponding quarter last year, a growth of 132.1%. **Return on equity** in the second quarter reached 17.2%. **In the first half of the year** net profit amounted to NIS 677 million, a growth of 99.7%. Return on equity reached 15%.

Growth and efficiency

Total income of the Bank increased by 6.1% in the first half of the year, as compared to the corresponding period last year. **Total financing income** increased in the first half of the year by 7.6% compared to the corresponding period last year, and amounted to NIS 1,484 million.

Commission income increased by 2.9% compared to the corresponding period last year, which includes commission income from capital market operations which increased by 6.4%.

Credit to the public increased last year by 6.6%, and in the first half of the current year, by 4.4%, and amounted to NIS 96.3 billion. In the second quarter of the year, credit grew by 2.9%. The growth in credit was characterized by the continued broadening of credit and this was evident in the **residential loans** sector, which grew by 12.6%, in the **small businesses** sector which grew by 10.5%, and in the **household** sector, which grew by 3%.

The Bank continued to grow in the capital markets and in the investment consulting field: **the customer assets portfolio (deposits and securities)** in the last year grew by 32.7% and amounted to NIS 580.3 billion. In the first half of the current year, the customer assets portfolio grew by 9.5%. **Deposits from the public** increased by 13.2% in the last year and by 3.2% in the first half of the current year, and reached NIS 146.3 billion.

The First International Bank continued to improve efficiency in accordance with its strategic plan and the **efficiency ratio** improved to 59.5% in the first half of the year and to 58.6 % in the second quarter, as compared to 61.8% in 2020. As part of the efficiency measures taken, in June 2021, the Bank approved an early retirement plan under which employees which corresponded to defined criteria, would be entitled to retirement at beneficial terms.

Financial stability

The improving trend in the **capital attributable to the shareholders of the Bank** continued and grew in the first half of the year by 7.7% (representing growth of NIS 708 million) and amounted at June 30, 2021 to NIS 9,849 million. The **Tier I equity capital ratio** increased to 11.67%, as against the required regulatory ratio of 8.26% (or 9.26% excluding the relief granted by Bank of Israel to the Israeli banking system).

The Board of Directors of the Bank approved a **dividend** distribution of NIS 225 million, which comprised of 30% of the net profit for 2020. The dividend distribution policy of the Bank, according to which the Bank shall distribute up to 50% of the net profit, remains unchanged, and the application thereof will be examined in accordance with developments and regulation.

Quality of the credit portfolio

The volume of deferral of loan repayments due to the Corona crisis demonstrated a sharply improving downward trend, indicating the quality of the credit portfolio as well as the quality of the Bank's borrowers: **the ratio of deferred debts to total credit to the public** at the end of the second quarter amounted to 0.2%, compared to 0.5% at the end of the first quarter, and to 1.9% at the end of December 2020.

Income in respect of credit losses amounted to NIS 137 million in the first half of the year, compared to expenses of NIS 322 million in the corresponding period last year.

During 2020, in view of the high level of uncertainty caused by the Corona crisis, the Bank increased the credit loss provision by NIS 436 million.

In the first half of 2021, the Bank recorded income in respect of credit losses, mostly due to the decline in the collective provision, due to an improvement in macro-economic indices and indicators showing the level of risk inherent in the credit portfolio of the Bank, as well as the continued decline in the volume of deferred repayment of debts.

Notwithstanding the above, the Bank maintains high provision cushions: **the ratio of the provision for credit losses to the balance of credit to the public** reached 1.19% in contrast to 1.05% at the end of 2019, prior to the outbreak of the Corona crisis.

The Corona crisis

Towards the end of the second quarter of 2021, the rates of morbidity in Israel began to increase again. The Bank is well prepared for the various scenarios monitoring the different risks and follows the guidelines issued by the Ministry of Health and Bank of Israel. All this while maintaining business continuity and continuity of service to customers, both at the branches and in the digital realm. The Bank is taking measures to ensure business continuity.

Management comment

Ms. Smadar Berber-Tsadik, CEO of the First International Bank Group stated that: "In the first half of the year, the First International Bank presented results that reflected continued growth across all segments of operation, including the credit portfolio and capital markets activity, while maintaining financial stability and a high quality of assets. We maintain this growth during times of global change and uncertainty, and it reflects the trust in the Bank by its customers, as well as their high satisfaction regarding our service, professionalism and technological innovation."


CONDENSED PRINCIPAL FINANCIAL INFORMATION AND PRINCIPAL EXECUTION INDICES

Principal financial ratios	For the six months ended June 30,		For the year ended December 31,
	2021	2020	2020
	in %		
Execution indices			
Return on equity attributed to shareholders of the Bank ⁽¹⁾	15.0%	8.1%	8.6%
Return on average assets ⁽¹⁾	0.80%	0.47%	0.49%
Ratio of equity capital tier 1	11.67%	10.71%	11.18%
Leverage ratio	5.49%	5.49%	5.29%
Liquidity coverage ratio	137%	139%	150%
Ratio of total income to average assets ⁽¹⁾	2.6%	2.9%	2.7%
Ratio of interest income, net to average assets ⁽¹⁾	1.6%	1.8%	1.7%
Ratio of fees to average assets ⁽¹⁾	0.8%	1.0%	0.9%
Efficiency ratio	59.5%	60.5%	61.8%
Credit quality indices			
Ratio of provision for credit losses to credit to the public	1.19%	1.28%	1.38%
Ratio of impaired debts or in arrears of 90 days or more to credit to the public	0.87%	1.18%	0.86%
Ratio of provision for credit losses to total impaired credit to the public	184%	151%	221%
Ratio of net write-offs to average total credit to the public ⁽¹⁾	-	0.18%	0.10%
Ratio of expenses (income) for credit losses to average total credit to the public ⁽¹⁾	(0.30%)	0.72%	0.52%
Principal data from the statement of income			
	For the six months ended June 30,		
	2021	2020	
	NIS million		
Net profit attributed to shareholders of the Bank	677	339	
Interest Income, net	1,380	1,318	
Expenses (income) from credit losses	(137)	322	
Total non-Interest income	819	754	
Of which: Fees	711	691	
Total operating and other expenses	1,308	1,254	
Of which: Salaries and related expenses	800	752	
Primary net profit per share of NIS 0.05 par value (NIS)	6.75	3.38	
Principal data from the balance sheet			
	As of		
	30.6.21	30.6.20	31.12.20
	NIS million		
Total assets	173,028	152,719	167,778
of which: Cash and deposits with banks	56,673	46,144	57,802
Securities	16,244	11,715	13,105
Credit to the public, net	95,191	89,215	90,970
Total liabilities	162,758	143,634	158,243
of which: Deposits from the public	146,276	129,160	141,677
Deposits from banks	5,035	1,881	2,992
Bonds and subordinated capital notes	2,833	4,375	4,394
Capital attributed to the shareholders of the Bank	9,849	8,712	9,141
Additional data			
	30.6.21	30.6.20	31.12.20
Share price (0.01 NIS)	10,440	7,310	8,514
Dividend per share (0.01 NIS)	-	125	125


(1) Annualized.

CONSOLIDATED STATEMENT OF INCOME
(NIS million)

	For the three months ended June 30		For the six months ended June 30		For the year Ended December 31
	2021	2020	2021	2020	2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
Interest Income	856	714	1,585	1,429	2,878
Interest Expenses	146	54	205	111	241
Interest Income, net	710	660	1,380	1,318	2,637
Expenses (income) from credit losses	(128)	165	(137)	322	464
Net Interest Income after expenses from credit losses	838	495	1,517	996	2,173
Non- Interest Income					
Non-Interest Financing income	53	64	104	61	148
Fees	350	323	711	691	1,371
Other income	-	1	4	2	4
Total non- Interest income	403	388	819	754	1,523
Operating and other expenses					
Salaries and related expenses	402	373	800	752	1,532
Maintenance and depreciation of premises and equipment	86	86	171	172	344
Amortizations and impairment of intangible assets	25	23	51	47	96
Other expenses	139	135	286	283	597
Total operating and other expenses	652	617	1,308	1,254	2,569
Profit before taxes	589	266	1,028	496	1,127
Provision for taxes on profit	208	97	361	145	368
Profit after taxes	381	169	667	351	759
The bank's share in profit of equity-basis investee, after taxes	23	7	36	5	29
Net profit:					
Before attribution to non-controlling interests	404	176	703	356	788
Attributed to non-controlling interests	(14)	(8)	(26)	(17)	(38)
Attributed to shareholders of the Bank	390	168	677	339	750
					NIS
Primary profit per share attributed to the shareholders of the Bank					
Net profit per share of NIS 0.05 par value	3.89	1.68	6.75	3.38	7.48


Ron Levkovich
Chairman of the Board

Tel-Aviv, 17 August, 2021


Smadar Barber-Tsadik
Chief Executive Officer


Nachman Nitzan
Executive Vice President,
Chief Accountant

STATEMENT OF COMPREHENSIVE INCOME
(NIS million)

	For the three months ended June 30		For the six months ended June 30		For the year Ended December 31
	2021	2020	2021	2020	2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
Net profit before attribution to non-controlling interests	404	176	703	356	788
Net profit attributed to non-controlling interests	(14)	(8)	(26)	(17)	(38)
Net profit attributed to the shareholders of the Bank	390	168	677	339	750
Other comprehensive income (loss) before taxes:					
Adjustments of available for sale bonds to fair value, net	(7)	157	4	(90)	(4)
Adjustments of liabilities in respect of employee benefits ⁽¹⁾	(20)	(154)	46	(15)	(74)
Other comprehensive income (loss) before taxes	(27)	3	50	(105)	(78)
Related tax effect	8	(1)	(18)	35	26
Other comprehensive income (loss) before attribution to non-controlling interests, after taxes	(19)	2	32	(70)	(52)
Less other comprehensive income attributed to non-controlling interests	-	-	1	-	-
Other comprehensive income (loss) attributed to the shareholders of the Bank, after taxes	(19)	2	31	(70)	(52)
Comprehensive income before attribution to non-controlling interests	385	178	735	286	736
Comprehensive income attributed to non-controlling interests	(14)	(8)	(27)	(17)	(38)
Comprehensive income attributed to the shareholders of the Bank	371	170	708	269	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.

CONSOLIDATED BALANCE SHEET
(NIS million)

		June 30,	December 31,
	2021	2020	2020
	(unaudited)	(unaudited)	(audited)
Assets			
Cash and deposits with banks	56,673	46,144	57,802
Securities	16,244	11,715	13,105
Securities which were borrowed	32	45	11
Credit to the public	96,340	90,371	92,247
Provision for Credit losses	(1,149)	(1,156)	(1,277)
Credit to the public, net	95,191	89,215	90,970
Credit to the government	101	852	656
Investments in investee company	675	611	636
Premises and equipment	945	979	965
Intangible assets	279	244	272
Assets in respect of derivative instruments	1,307	1,671	1,897
Other assets ⁽²⁾	1,581	1,243	1,464
Total assets	173,028	152,719	167,778
Liabilities and Shareholders' Equity			
Deposits from the public	146,276	129,160	141,677
Deposits from banks	5,035	1,881	2,992
Deposits from the Government	435	495	459
Bonds and subordinated capital notes	2,833	4,375	4,394
Liabilities in respect of derivative instruments	1,440	1,940	2,314
Other liabilities ⁽¹⁾⁽³⁾	6,739	5,783	6,407
Total liabilities	162,758	143,634	158,243
Capital attributed to the shareholders of the Bank	9,849	8,712	9,141
Non-controlling interests	421	373	394
Total equity	10,270	9,085	9,535
Total liabilities and shareholders' equity	173,028	152,719	167,778

(1) Of which: provision for credit losses in respect of off-balance sheet credit instruments in the amount of NIS 79 million and NIS 73 million and NIS 86 million at 30.6.21, 30.6.20 and 31.12.20, respectively.

(2) Of which: other assets measured at fair value in the amount of NIS 353 million and NIS 87 million and NIS 247 million at 30.6.21, 30.6.20 and 31.12.20, respectively.

(3) Of which: other liabilities measured at fair value in the amount of NIS 382 million and NIS 133 million and NIS 258 million at 30.6.21, 30.6.20 and 31.12.20, respectively.

STATEMENT OF CHANGES IN EQUITY
(NIS million)

For the three months ended June 30, 2021 (unaudited)						
	Share capital and premium ⁽¹⁾	Accumulated other comprehensive loss	Retained earnings ⁽²⁾	Total share- holders' equity	Non- controlling interests	Total equity
Balance as of March 31, 2021	927	(133)	8,684	9,478	407	9,885
Net profit for the period	-	-	390	390	14	404
Other comprehensive income, after tax effect	-	(19)	-	(19)	-	(19)
Balance as at June 30, 2021	927	(152)	9,074	9,849	421	10,270
For the three months ended June 30, 2020 (unaudited)						
	Share capital and premium ⁽¹⁾	Accumulated other comprehensive income (loss)	Retained earnings ⁽²⁾	Total share- holders' equity	Non- controlling interests	Total equity
Balance as of March 31, 2020	927	(203)	7,818	8,542	365	8,907
Net profit for the period	-	-	168	168	8	176
Other comprehensive income, after tax effect	-	2	-	2	-	2
Balance as at June 30, 2020	927	(201)	7,986	8,712	373	9,085
For the six months ended June 30, 2021 (unaudited)						
	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 December 31, 2020 (audited)	927	(183)	8,397	9,141	394	9,535
Net profit for the period	-	-	677	677	26	703
Other comprehensive loss, after tax effect	-	31	-	31	1	32
Balance as at June 30, 2021	927	(152)	9,074	9,849	421	10,270
For the six months ended June 30, 2020 (unaudited)						
	Share capital and premium ⁽¹⁾	Accumulated other comprehensive loss	Retained earnings ⁽²⁾	Total share- holders' equity	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	-	-	339	339	17	356
Dividend	-	-	(125)	(125)	-	(125)
Other comprehensive loss, after tax effect	-	(70)	-	(70)	-	(70)
Balance as at June 30, 2020	927	(201)	7,986	8,712	373	9,085
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.