MOODY'S INVESTORS SERVICE

CREDIT OPINION

30 October 2023

Update

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RATINGS

First International Bank of Israel Ltd.

Domicile	Israel
Long Term CRR	A1 , Possible Downgrade
Type	LT Counterparty Risk Rating - Fgn Curr
Long Term Deposit	A2 , Possible Downgrade
Type	LT Bank Deposits - Fgn Curr
Outlook	Rating(s) Under Review

Source: Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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First International Bank of Israel Ltd.

Update following initiation of rating review

Summary

First International Bank of Israel Ltd. (FIBI)'s A2 long-term deposit ratings reflect (1) the bank's baa2 Baseline Credit Assessment (BCA); and (2) currently three notches of rating uplift based on our assessment of a very high likelihood of support from the Government of Israel (A1 review for downgrade), in case of need.

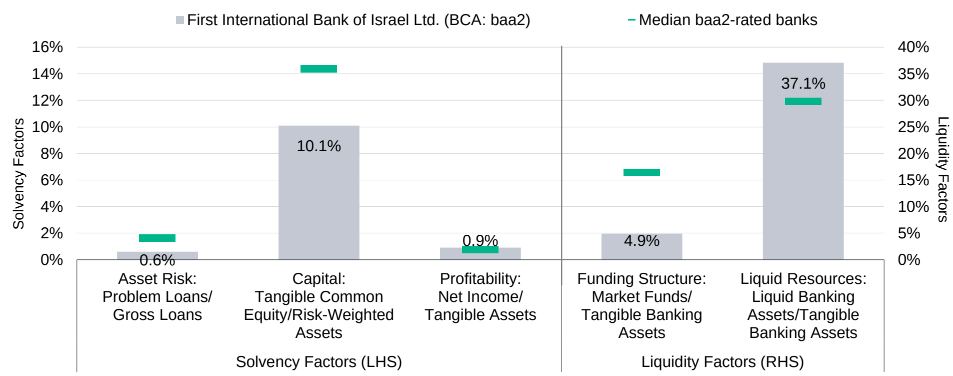
FIBI's baa2 BCA reflects the bank's (1) strong asset quality; (2) stable retail deposit funding base and comfortable liquidity; and (3) a strong presence in niche segments that benefit it with consistent business opportunities.

The ongoing military conflict will have an impact on Israel's economy, which will depend on its duration and scale, and therefore on the bank's asset quality and profitability. Profitability, which had been moderate in the past, benefited significantly from higher interest rates and was well above historical levels prior to the conflict.

At the same time, the bank's BCA also captures (1) adequate but modest capital buffers with a tangible common equity (TCE)/risk-weighted assets (RWAs) ratio of 10.1% as of June 2023, which are below those of similarly-rated international peers, although it has been consistently stable and mainly reflecting Bank of Israel's (BoI) conservative risk-weighting on mortgages, as well as, (2) additional downside risks from a significant exposure to the Israeli property market.

Exhibit 1

Rating Scorecard - Key financial ratios



These are our Banks Methodology scorecard ratios. Asset Risk and Profitability reflect the weaker of either the latest figure or the three-year and latest figure average. Capital is the latest reported figure. Funding Structure and Liquid Resources reflect the latest fiscal year-end figures.
Source: Moody's Investors Service

Credit strengths

- Asset quality has been strong, driven by a relatively low-risk loan book structure
- Stable mostly retail deposit-based funding structure and comfortable liquidity
- Strong presence in niche segments provides stable business growth
- Very high likelihood of government support, in case of need, underpins the deposit ratings

Credit challenges

- Given the crystallisation of geopolitical risks, asset quality will likely deteriorate and profitability will decline
- Concentration in real estate is also a downside risk
- Modest risk-weighted capitalisation and leverage
- Moderate profitability, which has benefited from strong business growth, expanding net interest margins and ongoing operating cost control

Outlook

The bank's ratings are on review for downgrade, reflecting the review for downgrade on the Government of Israel's A1 rating.

Factors that could lead to an upgrade

- Potential for an upgrade of FIBI's ratings is limited, as indicated by the review for downgrade. However, the ratings could be confirmed at their current level if Israel's A1 issuer rating were confirmed. This would also depend upon the bank's standalone fundamentals, notably solvency and liquidity, being maintained.

Factors that could lead to a downgrade

- FIBI's ratings could be downgraded if the sovereign rating is downgraded, given the significant government support uplift that is incorporated in the bank's ratings.
- FIBI's ratings could also be downgraded in case of a prolonged and wider conflict that could have a significant impact on the bank's operating environment and standalone fundamentals, or the bank's performance proves more volatile than in previous conflicts and economic crises.

Key indicators

Exhibit 2
First International Bank of Israel Ltd. (Consolidated Financials) [1]

	06-23[2]	12-22[2]	12-21[2]	12-20[2]	12-19[2]	CAGR/Avg.[3]
Total Assets (ILS Million)	208,130.0	195,955.0	180,470.0	167,778.0	141,110.0	11.7[4]
Total Assets (USD Million)	56,085.4	55,534.9	58,119.6	52,254.3	40,854.1	9.5[4]
Tangible Common Equity (ILS Million)	11,166.0	10,436.0	9,620.0	8,804.0	8,252.0	9.0[4]
Tangible Common Equity (USD Million)	3,008.9	2,957.6	3,098.1	2,742.0	2,389.1	6.8[4]
Problem Loans / Gross Loans (%)	0.5	0.5	0.7	0.9	1.1	0.7[5]
Tangible Common Equity / Risk Weighted Assets (%)	10.1	9.9	10.5	10.3	10.0	10.1[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	4.7	4.9	7.0	7.9	10.4	7.0[5]
Net Interest Margin (%)	2.6	2.0	1.6	1.7	1.9	2.0[5]
PPI / Average RWA (%)	3.7	2.7	2.2	1.9	1.9	2.5[6]
Net Income / Tangible Assets (%)	1.2	0.9	0.8	0.5	0.7	0.8[5]
Cost / Income Ratio (%)	42.0	49.8	56.7	60.4	62.4	54.3[5]
Market Funds / Tangible Banking Assets (%)	4.7	4.9	5.3	4.5	2.8	4.5[5]
Liquid Banking Assets / Tangible Banking Assets (%)	39.0	37.1	40.2	42.0	34.0	38.4[5]
Gross Loans / Due to Customers (%)	67.4	70.0	66.7	65.4	74.6	68.8[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; LOCAL GAAP. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Sources: Moody's Investors Service and company filings

Profile

FIBI is the fifth-largest banking group in Israel by assets with an 8.6% market share and total consolidated assets of NIS208 billion (around $56 billion) as of June 2023. As a universal bank, FIBI provides banking services to individuals, small businesses, corporations and high net-worth clients. The bank also provides capital market, foreign currency, global trade and corporate finance services.

FIBI maintains a strong market presence in specific niche retail segments in Israel, including the armed forces, teachers and the ultra-orthodox. The bank also has a leading position in capital market services.

The bank's common stock trades on the Tel Aviv Stock Exchange (ticker: FIBI). As of June 2023, FIBI Holdings Ltd. held a 48.3% stake in FIBI, with the Bino-Liberman Group in turn, owning 51.9% of the shares in FIBI Holdings Ltd.

Detailed credit considerations

Strong asset quality will likely deteriorate, but will remain supported by a relatively low-risk loan book structure

FIBI's strong asset quality will likely deteriorate, although the extent of this will depend on the ongoing military conflict's duration and scale, actions by the authorities to mitigate its impact on affected businesses and households and the potential for any lasting economic damage.

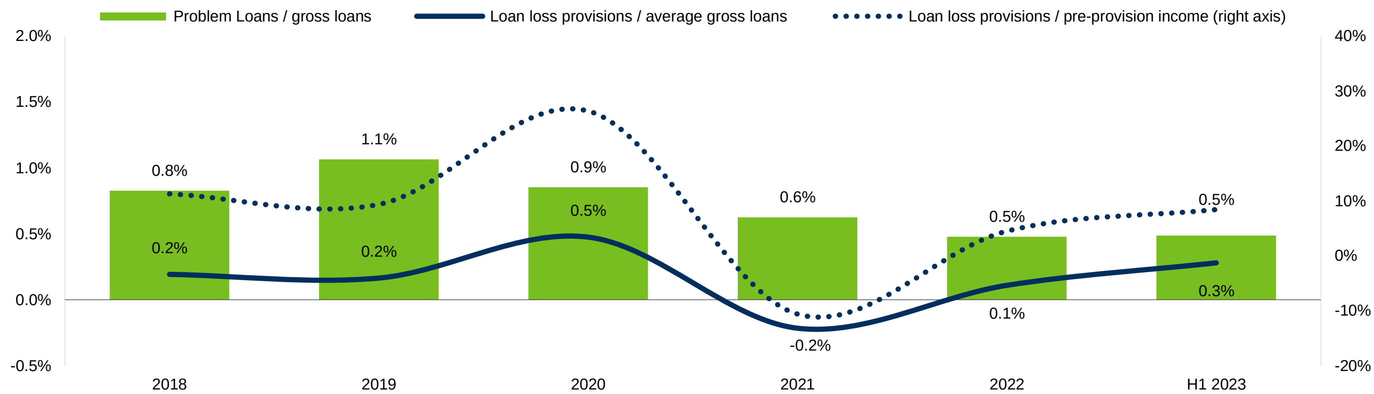
Additionally to risks from geopolitical tensions and similarly to other Israeli banks, the bank's significant exposure to Israel's property market through its lending activities along with recent high property prices[1] is also a downside risk for its asset quality. However, the bank's asset risk is supported by the relatively low risk structure of the bank's loan book and conservative underwriting standards along with close regulatory oversight. These characteristics have translated into low credit costs over past economic cycles, which were lower than most of its domestic peers.

Problem loans were a low 0.5% of gross loans as of June 2023 (see Exhibit 3) and lower than its domestic peers. They remained stable compared to the end of 2022 and down from 0.7% as of the end of 2021 reflecting strong lending growth and few borrower defaults. Beyond the impact of the conflict, we also expect some problem loan formation because of higher interest rates and as the bank's newly originated loans season. Following a 15% growth in 2022 that drives some unseasoned risk, loan growth moderated to 2% during the first six months of 2023.

Exhibit 3

Problem loans remained stable in 2023, and the bank has demonstrated strong asset quality performance over time

Evolution of problem loans ratio and credit costs



In 2022, Israeli banks implemented the US current expected credit losses (CECL) standard. Before the CECL standard implementation we defined problem loans as impaired loans and loans in arrears of 90 days or more. Accruing loans previously classified as impaired were not included in non-accruing debts under the new standard. 2021 problem loans ratio reflects the restated figures under the new standard.

Source: Moody's Investors Service

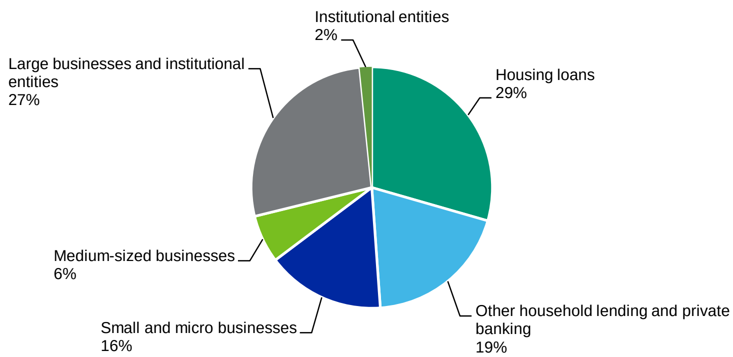
We also expect FIBI's credit costs (loan loss provision expenses to average gross loans) to also likely rise above their historic average of 0.22%[2], which includes an entire economic cycle, but to remain below the domestic peer average. Following provision charge-backs in 2021 equivalent to 0.2% of gross loans, credit costs increased to 0.1% and 0.3% in 2022 and in the first six months of 2023 respectively, exclusively driven by an increase in group provisions owing to the macroeconomic uncertainty.

Strong asset quality is a reflection of the bank's loan book structure and underwriting standards. Relatively low risk residential mortgages accounted for 29% of total loans, while medium and large businesses (including institutional entities) for 35% as of June 2023 (see Exhibit 4). Other retail and consumer loans were 19% of total, but a significant portion of the unsecured retail portfolio is salary-assigned and the bank's client base is mainly higher-income, wealthier individuals.

Exhibit 4

FIBI's loan book is relatively diversified by customer type

Loan book breakdown as of June 2023 (supervisory segments)



Housing loans include housing loans to private individuals whose business activity is classified to small business, equivalent to 1.7% of total credit to the public. Due to rounding, the percentages above do not add up to 100%.

Source: Bank's financial statements

Borrower concentrations are moderate, after declining in recent years, with no individual exposure exceeding 15% of the bank's capital as of the end of 2022. However, sector concentration is high. FIBI's significant and growing exposure to residential mortgages and the construction and real estate sector, which made up a further 15% of total lending as of June 2023. This concentration renders FIBI's asset quality susceptible to developments in the Israeli property market and it is still uncertain what impact the conflict will have on the sector.

For housing loans, risks are mitigated by (1) banks' full recourse to the borrowers and a strong repayment culture; (2) the low level of housing debt at around 34% of GDP[3]; and (3) macroprudential measures[4] that enforce tight underwriting standards (from the bank's outstanding housing portfolio as of June 2023, 68% of credit was granted at an original loan-to-value of up to 60%; 89% of credit was granted at a debt-income ratio of up to 35%), as well as high capital buffers against mortgages.

There is higher risk in financing of the construction and real estate sector. FIBI's exposure, although lower than most of its domestic peers, grew by a high 22% in 2022 because of strong demand, but moderated to 8% as of June 2023 year-over-year. Credit secured by residential property accounted for 47% of the bank's total credit risk[5] to the construction and real estate sectors as of June 2023. These are mostly closed construction projects where risk is mitigated by close oversight[6] and more conservative underwriting criteria[7]. Credit secured by commercial property accounted for 25%. A significant part, around 30%, of the exposure to the sector was for the acquisition of land for construction where projects will take several years to complete.

Modest risk-weighted capitalisation and leverage

We view FIBI's risk-weighted capitalisation and leverage as adequate, but modest compared to global peers. However, FIBI's loss-absorption buffers are supported by relatively conservative regulatory risk-weights, especially on residential mortgages. The bank's capital ratios are also significantly more stable compared to banks globally that use a model-based approach in calculating credit RWAs, and FIBI has demonstrated its ability to maintain steady capital ratios over time while it has typically maintained higher buffers to minimum regulatory requirements compared to peers.

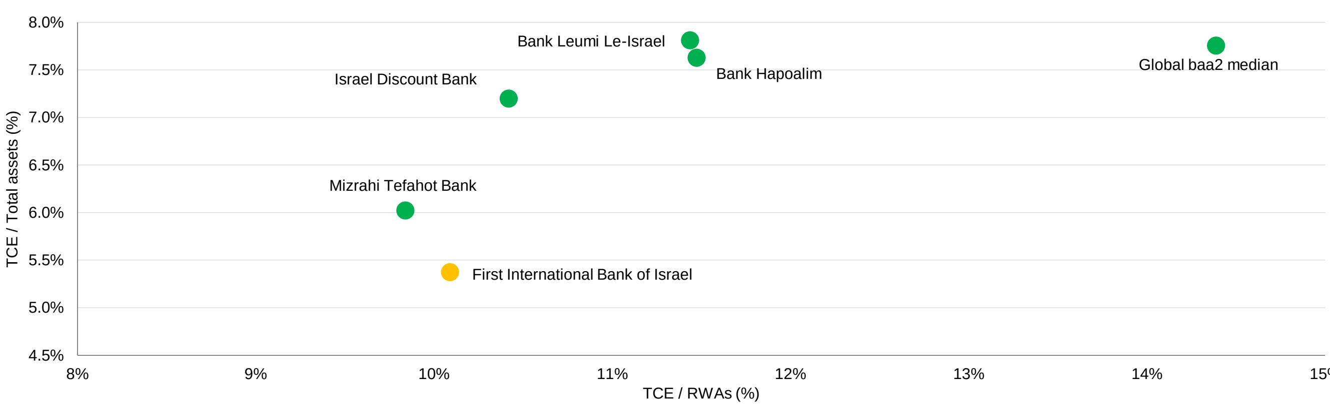
FIBI's TCE/RWAs ratio was 10.1% as of June 2023, below the median level of similarly-rated international peers (see Exhibit 5). However, the BoI maintains a conservative approach to risk-weighting that results in higher loss-absorption buffers than capital ratios show. Israeli banks use the standardised approach to risk-weighting. Mortgages are further risk-weighted according to loan-to-value[8], resulting in an average risk weight of over 50% in Israel. This effective mortgage loan risk weight is significantly higher than the risk weights applied by banks in other developed markets that use the internal ratings-based approach and even the 35% risk weight normally used in the standardised approach.

The bank's TCE-to-total assets ratio was 5.4% as of June 2023, broadly at the same level as its 5.2% Basel III leverage ratio that was above the 4.5% minimum regulatory requirement that applied at that time[9].

Exhibit 5

FIBI's capitalisation is lower than global peers driven by conservative risk weights

Risk-weighted capitalisation and leverage of Israeli banks and the global median as of June 2023



Source: Moody's Investors Service

FIBI reported a Common Equity Tier 1 (CET1) capital ratio of 10.6% as of June 2023, well above the 9.2% minimum regulatory requirement. The bank's CET1 ratio was broadly stable compared to a CET1 ratio of 10.4% as of the end of 2022, with retained earnings offsetting growth in RWAs and dividend distributions. FIBI paid dividends amounting to 50% of net profits in each quarter of 2022, in line with its dividend policy[10]. However, it approved a dividend distribution of around 35% of net profits for both the first and second quarters of 2023, taking into account uncertainty in Israeli and global markets.

Similarly to other periods of high volatility we also expect the bank to retain more profits while the economic and financial impact of the conflict remains uncertain, which will support its capital metrics and loss absorbing buffers.

Moderate profitability, which will decline from recent high levels

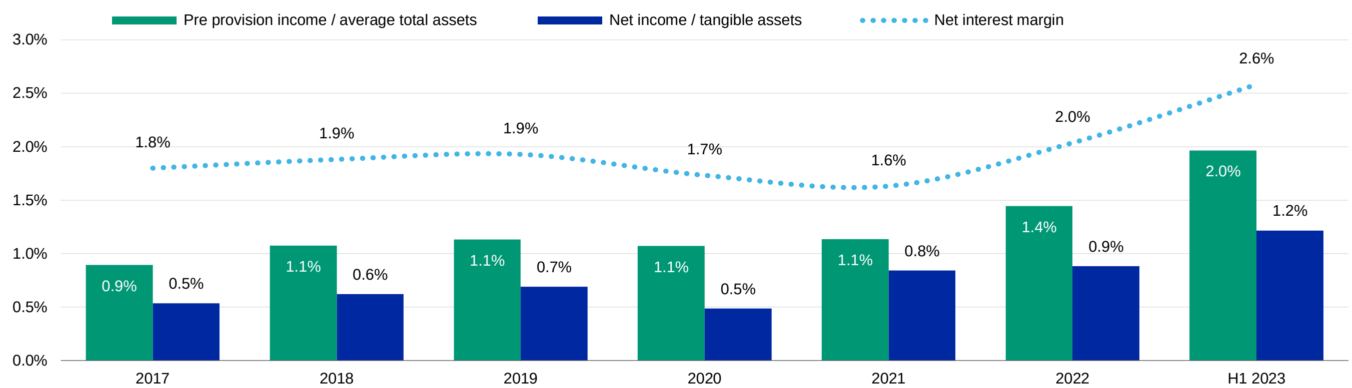
Profitability will decline from recent exceptionally high levels because of higher cost of risk, lower credit growth and support measures to customers affected by the conflict.[11]

FIBI's recurring profitability is moderate but stable, reflecting a relatively high operating cost base but also strong revenue growth, supported by the bank's presence in niche segments. Continued cost-reduction initiatives have driven significant operating efficiency gains for FIBI, paving the way for higher sustainable profitability and strengthening its ability to adapt and resist growing competition and income headwinds.

FIBI reported net profits equivalent to 1.2% of tangible assets in the first six months of 2023, well above historical levels and up from 0.9% in 2022, 0.8% in 2021 and 0.5% in 2020 (see Exhibit 6). Profitability was supported by strong revenue growth owing to strong loan growth, an expanding net interest margin and higher CPI benefiting returns from the bank's net long CPI position (deriving mainly from CPI-linked mortgages).

Exhibit 6

FIBI's profitability is moderate, but has benefitted from an expanding net interest margin



Source: Moody's Investors Service

The bank's net interest margin increased further to 2.6% in the first six months of 2023 from 2.0% in 2022 and 1.6% in 2021 because of rising policy rates in Israel that have allowed the bank to unlock value from its low-cost core deposit base. Even before the conflict we expected limited further upside from higher interest rates because of a gradual shift from current accounts to costlier time deposits, with the bank's non-interest bearing deposits accounting for 26% of total deposits as of June 2023 compared to 33% at the end of 2022.

FIBI's strong presence in niche markets, which include capital markets activity and teachers, armed forces and religious segments, coupled with high customer satisfaction, have resulted in consistent credit and revenue growth in recent years. At the same time, management's ongoing initiatives to improve cost efficiency have successfully brought down the bank's high operating cost base, which nevertheless remains higher than most of its domestic peers. These trends have improved the bank's cost-to-income ratio to 42% in the first six months of 2023, from 50% in 2022 and 57% in 2021.

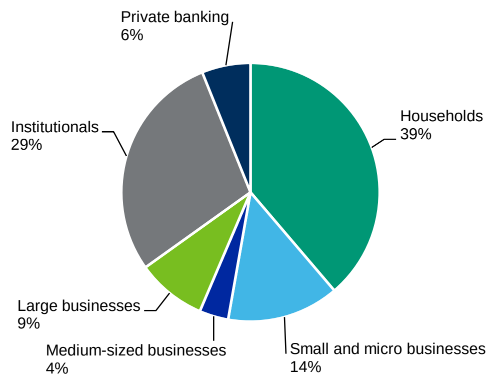
Stable mostly retail deposit-based funding structure and comfortable liquidity

FIBI benefits from a sound funding structure supported by a large and stable customer deposit base in Israel, which comfortably funds its loan portfolio, helped by Israel's strong savings culture. FIBI's net loans-to-deposits ratio stood at 67% as of June 2023.

Further, 53% of total deposits from the public were relatively granular household and small business deposits (excluding private banking deposits; see Exhibit 7). However, our assessment of FIBI's funding structure also considers that 29% of total deposits from the public as of June 2023 were sourced from institutional and capital markets investors, growing by 36% during the first six months of 2023, that could be more vulnerable to a loss in depositor confidence. This relatively high share of institutional investor deposits is partly driven by the bank's significant capital market activity and confidence-sensitivity is mitigated by sufficient liquidity. FIBI's deposit base has also proven to be stable during past systemic shocks.

Exhibit 7

Granular household and small business deposits make up the bulk of FIBI's deposit base
Breakdown of deposits by segment as of June 2023



Due to rounding, the percentages above do not add up to 100%.
Source: Bank's financial statements

The bank is a net lender in the interbank market and has a low reliance on potentially more confidence-sensitive market funding at just 5% of tangible banking assets as of June 2023.

The bank also maintains a comfortable level of liquidity, with a liquid assets to total assets ratio of 39% as of June 2023. The bank's liquid assets portfolio is also conservatively structured, with a high 28% of total assets held in cash and deposits with banks, and 11% invested in securities of which 53% is made up of A1-rated Israeli government securities. The overall duration of the bank's portfolio is also relatively short, at 1.7 years as of June 2023. FIBI reported a healthy Liquidity Coverage Ratio of 134% as of June 2023.

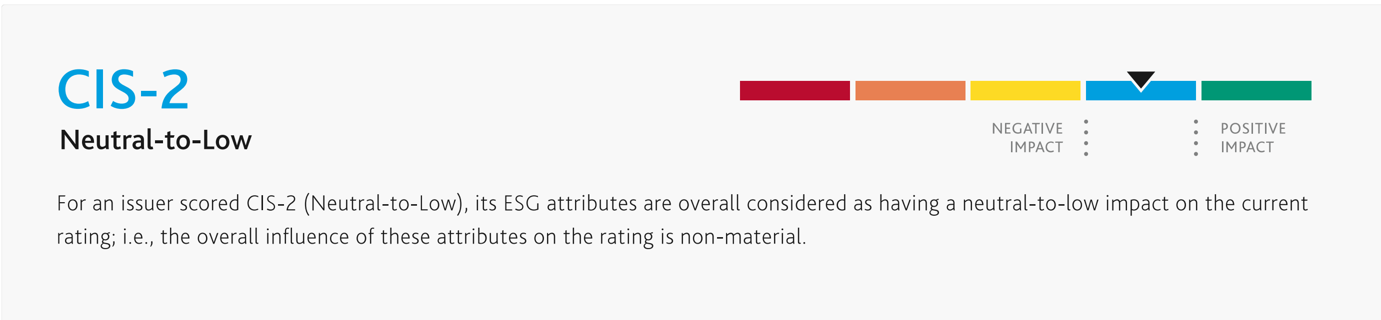
Source of facts and figures cited in this report

Unless noted otherwise, we have sourced data relating to systemwide trends and market shares from the central bank. Bank-specific figures originate from the banks' reports and are based on our own chart of accounts and may be adjusted for analytical purposes. Please refer to Financial Statement Adjustments in the Analysis of Financial Institutions published on 9 August 2018. We do not use the Bank of Israel's exchange rates in converting figures from Israeli shekel into US dollars, so US dollar figures may differ from bank reported figures.

ESG considerations

First International Bank of Israel Ltd.'s ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 8
ESG Credit Impact Score



Source: Moody's Investors Service

FIBI's **CIS-2** indicates that ESG considerations are not material to the current ratings because a very high level of government support mitigates the impact of ESG factors. In particular, social risks for the bank have increased and are high because of the military conflict in addition to high customer relations risks.

Exhibit 9
ESG Issuer Profile Scores

Source: Moody's Investors Service

Environmental

FIBI faces moderate exposure to environmental risks, mainly because of its portfolio exposure to carbon transition risks as a diversified bank and one of Israel's five largest banks with a significant corporate exposure. In line with its peers, FIBI faces growing business risks and stakeholder pressure to meet broader carbon transition goals. FIBI is engaging in further developing its climate risk and relevant portfolio management capabilities and increasing its green financing.

Social

FIBI faces high social risks, related to societal and demographic trends as well as from customer relations. The current military conflict may cause a severe disruption of the economy and impact the bank's financial performance, depending on its duration and scale. However, a relatively young and growing population in Israel affords business opportunities for the bank. Further, FIBI faces high customer relations risk because of the considerable focus on consumer protection in Israel, exposing banks to potential fines from regulators and litigation from customers. High cyber and personal data risks are mitigated by a sound IT framework.

Governance

FIBI faces low governance risks, and its risk management, policies and procedures are in line with industry practices and commensurate with its universal banking model, while the bank provides timely and detailed external reporting. Although FIBI is publicly listed, its ownership is dominated by a controlling group of shareholders, but this does not result in incremental governance risks. The large presence of independent directors, and the domestic legal and regulatory framework mitigate associated risks. Furthermore, the bank's financial strategy is conservative, under the oversight of a proactive and hands-on regulator.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Government support considerations

FIBI's A2 deposit ratings continue to incorporate three notches of government support uplift from the bank's baa2 Adjusted BCA because of our expectation of a very high probability of support from the Israeli authorities, in case of need. This assumption is based on FIBI's systemic importance as one of the country's five large banking groups and the Israeli government's long standing practice of injecting capital into systemically important banks in case of need. A potential weakening of the sovereign's capacity to provide support, indicated by a downgrade of the Government of Israel's rating, may reduce the support uplift incorporated in the bank's ratings.

Counteparty Risk (CR) Assessment

FIBI's CR Assessment is A1(cr)/P-1(cr)

Prior to government support, the CR Assessment is positioned one notch above the bank's baa2 Adjusted BCA, reflecting our view that its probability of default is lower than that of deposits. Senior obligations represented by the CR Assessment will be more likely preserved to limit contagion, minimise losses and avoid disruption of critical functions. The CR Assessment also benefits from government support uplift, in line with our support assumptions on deposits.

Counteparty Risk Ratings (CRRs)

FIBI's CRRs are A1/P-1

For jurisdictions with a non-operational resolution regime, such as Israel, the starting point for the CRR is one notch above the bank's Adjusted BCA. The CRRs also benefit from three notches of government support uplift.

Methodology and scorecard

About Moody's Bank scorecard

Our Bank Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The Scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity

Rating methodology and scorecard factors

Exhibit 10

First International Bank of Israel Ltd.

Macro Factors							
Weighted Macro Profile	**Strong**	**100%**					

Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	0.6%	aa2	↓↓	baa2	Sector concentration	Expected trend
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	10.1%	baa3	↓	ba1	Nominal leverage	Expected trend
Profitability						
Net Income / Tangible Assets	0.9%	baa2	↓	baa3	Return on assets	Expected trend
Combined Solvency Score		a3		baa3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	4.9%	aa3	↓	a2	Deposit quality	Expected trend
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	37.1%	a2	↓	a3	Expected trend	
Combined Liquidity Score		a1		a2		
Financial Profile				baa2		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				A1		
BCA Scorecard-indicated Outcome - Range				baa1 - baa3		
Assigned BCA				baa2		
Affiliate Support notching				0		
Adjusted BCA				baa2		

Instrument Class	**Loss Given Failure notching**	**Additional notching**	**Preliminary Rating Assessment**	**Government Support notching**	**Local Currency Rating**	**Foreign Currency Rating**
Counterparty Risk Rating	1	0	baa1	3	A1	A1
Counterparty Risk Assessment	1	0	baa1 (cr)	3	A1(cr)	
Deposits	0	0	baa2	3	A2	A2

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Investors Service

Ratings

Exhibit 11

Category	Moody's Rating
FIRST INTERNATIONAL BANK OF ISRAEL LTD.	
Outlook	Rating(s) Under Review
Counterparty Risk Rating	A1/P-1[1]
Bank Deposits	A2/P-1[1]
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A1(cr)/P-1(cr)[1]

[1] Rating(s) within this class was/were placed on review on October 24 2023
Source: Moody's Investors Service

Endnotes

1 House price growth in Israel peaked at a high 20% year-over-year as of September 2022 with fewer real estate transactions and a marginal decrease in prices in recent months.

2 The cost of risk average is for the period in the run-up to the pandemic of 2006-2018. Credit costs had increased to 0.5% in 2020 from 0.2% in 2019, mainly reflecting group provisions. FIBI reported the second-lowest cost of risk out of the five large Israeli banks, driven entirely by collective provisions.

3 Based on 2022 figures.

4 The measures include loan-to-value limits of 75% for sole dwellings and 70% for the rest but for non-investment purposes, a monthly repayment cap at 50% of a borrower's monthly salary and a limit on the variable-rate part of the mortgage at two-thirds of the loan. Higher risk-weights for the calculation of regulatory capital metrics for mortgages with higher loan-to-value and repayment ratios also encourage tighter underwriting.

5 On- and off-balance sheet exposures.

6 The closed financing structure mitigates risks because credit is managed in a separate account dedicated to the project that is separate from the rest of the borrower's banking activity and from which the developer cannot withdraw funds without the bank's consent. There is external oversight of construction progress by inspectors approved by the bank, who track the pace of progress on-site and monitor expenditure and income in accordance with the planned budget.

7 According to the BoI, these criteria include minimum levels of equity and pre-sales and the ability of projects to absorb declines in sales prices or rises in the cost of construction without impairing the borrowers' ability to service the debt.

8 A 35% risk weight applies for loans with a loan-to-value below 45%, a 50% risk-weight for loans with loan-to-value between 45% and 60%, and a 60% risk-weight for loans with loan-to-value between 60% and 75%. Also, a risk-weight of 100% applies for loans with monthly repayments between 40% and 50% of the disposable income.

9 In November 2020, the authorities lowered the bank's leverage ratio requirement to 4.5%, from 5% previously. This relief has been extended until the end of 2023, and the leverage ratio requirement will return to 5% within two quarters after that date.

10 In accordance with its profit distribution policy, FIBI distributes a dividend at a rate of up to 50% of its annual net income.

11 On 15 October 2023, the BoI set out a comprehensive outline to support bank customers during this period. The measures include a 3-month deferral of loan repayments without accruing interest for a specific set of households and small businesses that are most affected by the conflict. All other bank customers can also defer repayments but with interest accruing. Individual banks are additionally offering more customised solutions.

REPORT NUMBER 1384509

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