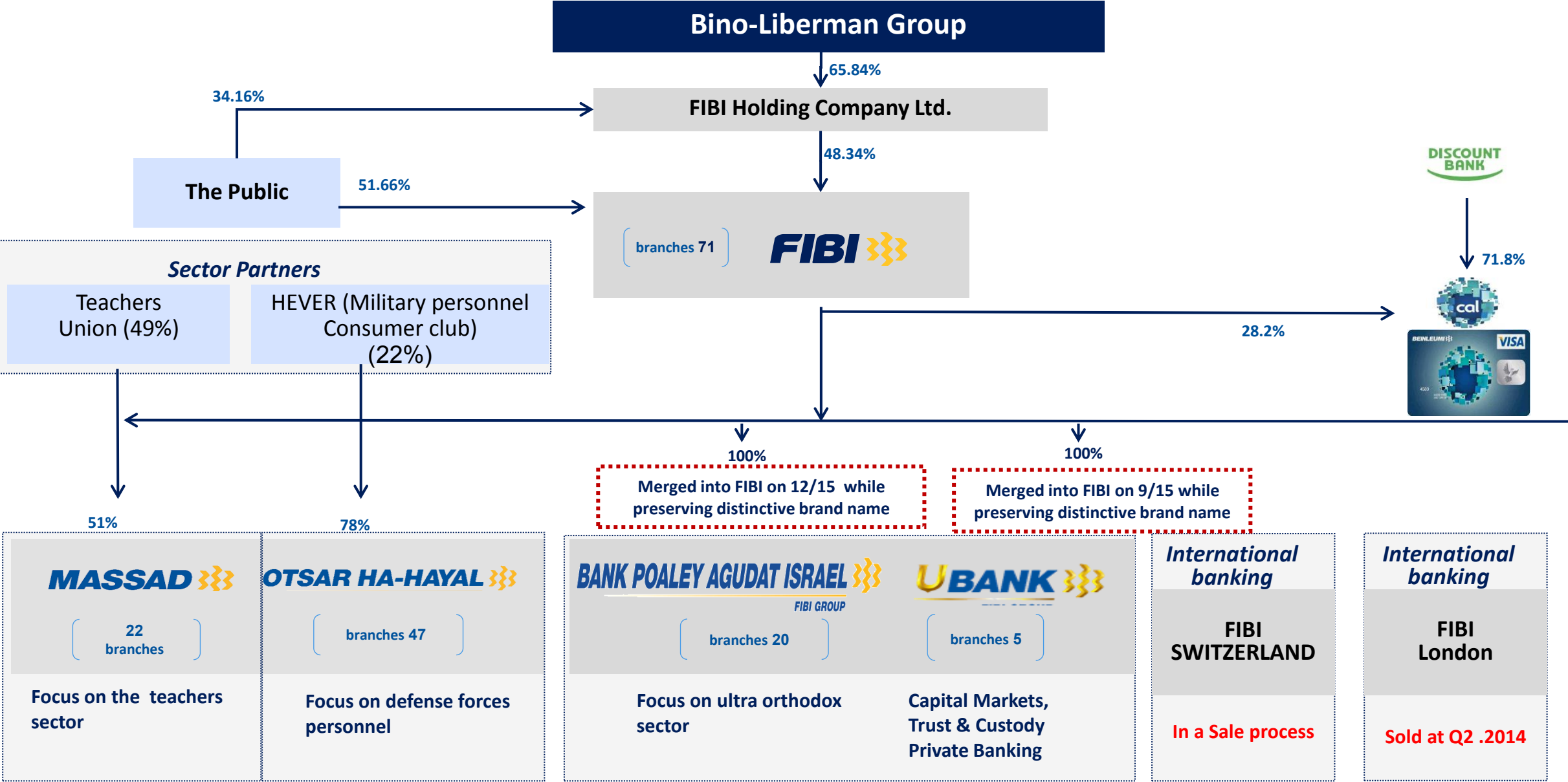


OVERVIEW

31/12/16



GROUP STRUCTURE



MAIN EVENTS IN THE LAST YEAR **GROWTH**



NET PROFIT GROWTH

- An increase of **17%** in net profit amounted to **521** NIS Million. ROE **7.2%**.
- In Q4/2016 net profit amounted to **112** Millions NIS (ROE-**6.2%**) compared to 117 Millions NIS in Q4.2015. A Significant non-recurring influences in Q4/2016 (mainly attributed to tax expenses of **18** Millions NIS and a provision for the realization of FIBI Swiss **11** Millions NIS net) reduced the ROE in Q4/2016 by **1.6%**.

CREDIT GROWTH

- **An increase of 8% in average credit balance on most segments of FIBI's Group:**
- **8.1%** in retail.
- **7.4%** in corporates.

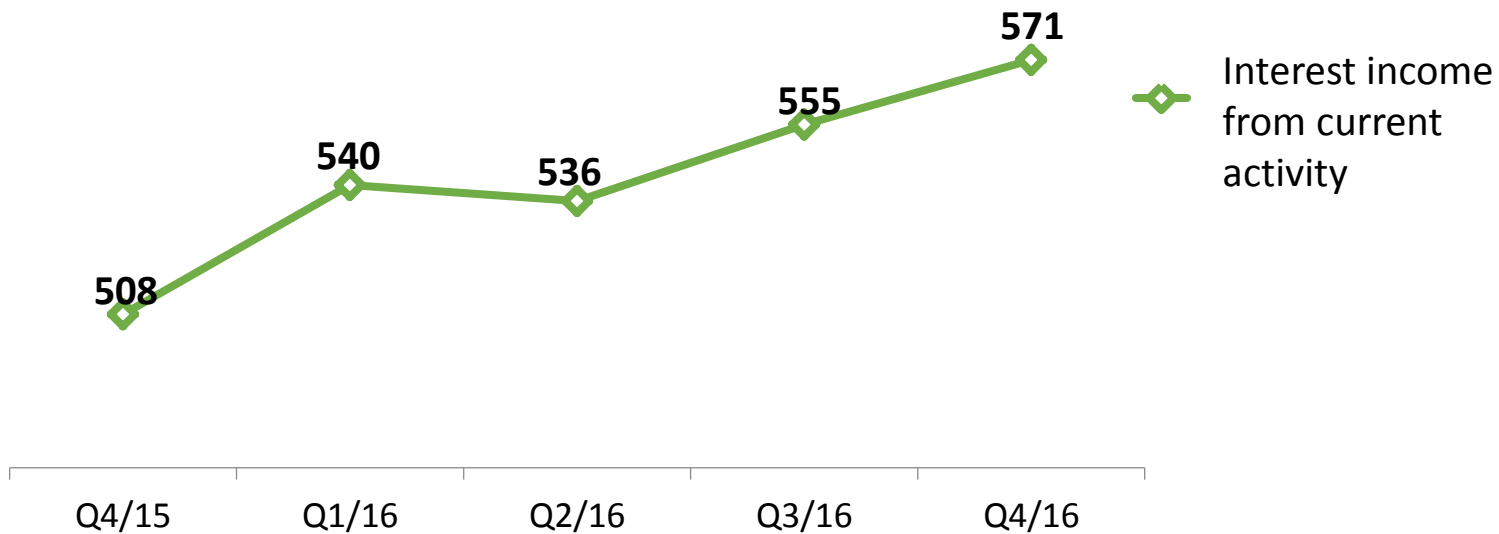
MAIN EVENTS IN THE LAST YEAR **GROWTH**



Continuation of Growth in net interest income despite the low interest rate environment

Consistent growth in net interest income

- An increase of 11% in interest income due to the increase in volumes of activity (credit and mortgages)



MAIN EVENTS IN THE LAST YEAR EFFICIENCY MEASURES

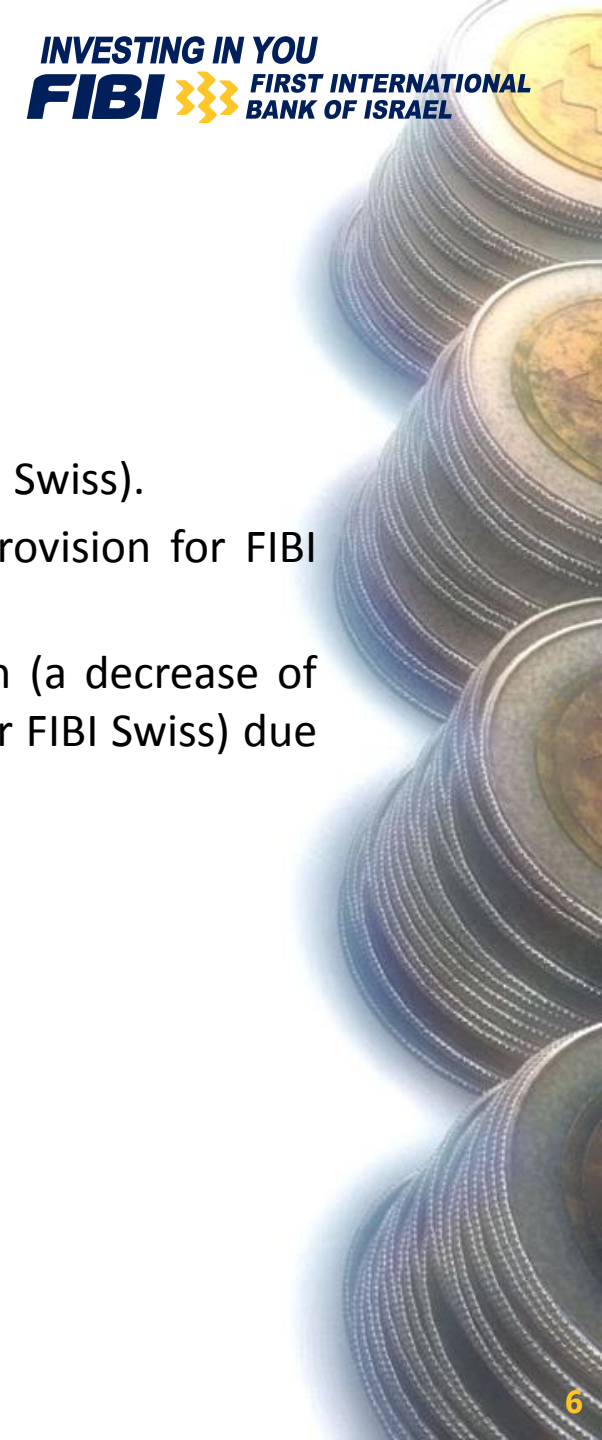
UPDATING OF THE STRATEGIC PLAN

- **Updating the strategic plan**, which includes a gradual reduction of 650 employees until the end of 2020 (including natural retirement and voluntary early retirement)
- Establishment of a new **department that promotes efficiency measures**

MAIN EFFICIENCY MEASURES

- **Eliminate management level of geographical regions**, and consolidate into central headquarters management.
- **A 9% decrease in the total number of branches/sub-branches** on 2016-2015 .
- A **7%** decrease in the Group's branch related real estate, including sale of the Shalom Tower property which was sold in Q1.2017 for an estimated after tax profit of **28 NIS Millions**.
- As part of the Bank strategic program, concerning on focusing the Bank activity in Israel, the Bank has signed an agreement of selling FIBI Swiss activity (the Bank has declared on one time expense of 18 NIS Millions, the revenue from the selling will be recognized during 2017).

MAIN EVENTS IN THE LAST YEAR EFFICIENCY MEASURES



DECREASE IN OPERATIONAL EXPENSES

- 3.6% decrease in operating and other expenses (excluding last year effect of Leumi Agreement last year on salaries expenses).
- 4.2% decrease in operating and other expenses (Excluding the provision for FIBI Swiss).
- A decrease of approximately 2.6% in salaries expenses (3% excluding the provision for FIBI Swiss).
- A further decrease is seen in other expenses: Maintenance and depreciation (a decrease of 4.4%) and other expenses a decrease of 3.8% (6.1% excluding the provision for FIBI Swiss) due to efficiency measures.

EFFICIENCY RATIO

- The efficiency ratio (expenses/income) in 2016 stands at 73.5%, versus 77.6% a year earlier.

AN INCREASE IN EQUITY

- An increase in equity capital ratio (tier 1) to **10.09%** vs. 9.81% ratio on 2015. The bank has the highest positive gap above the required equity capital tier 1 target ratio (according to 30.9.16).
- **3.5%** increase in equity this year.

HIGH DIVIDEND YIELD

- Dividend distribution in the amount of **200** NIS Millions. Dividend yield rate of **4.2%** on the average share value over the last year. The average dividend yield rate over the last 4 years is **4%**.
- Declaration of **70** NIS Millions dividend distribution.

LIQUIDITY COVERAGE RATIO

- Average liquidity coverage ratio in Q4/16 increased to **123%**.

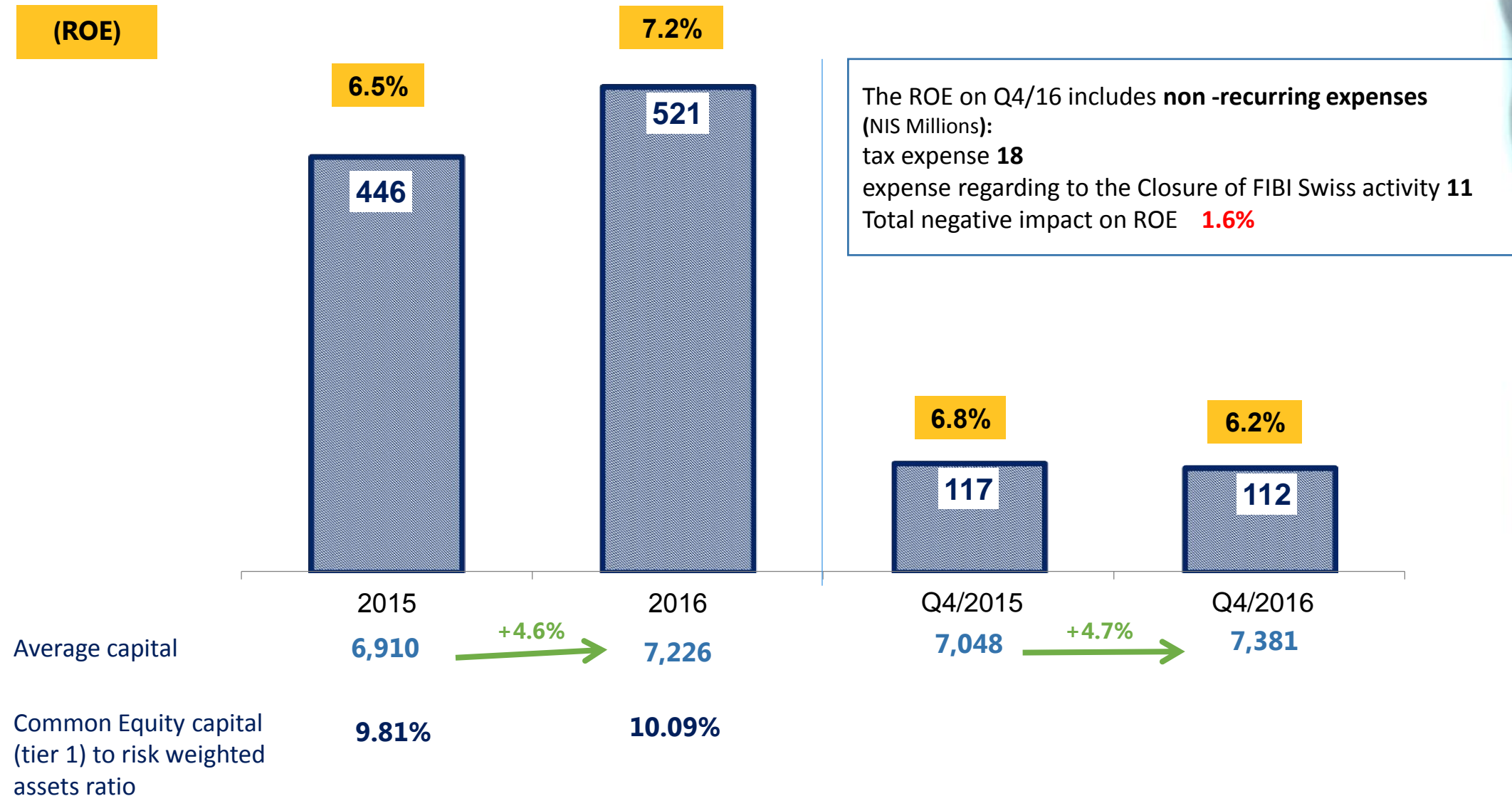
HIGH QUALITY CREDIT PORTFOLIO

- **A low expenses for credit losses of 0.1%** in 2016.
- High NPL Ratio - Provision for credit losses to impaired credit (including mortgages) rate of **146.8%**. Higher ratio compared to the other Banks.
- **7%** decrease in credit risk due to problematic debt.



NET PROFIT AND ROE (MILLIONS NIS)

(ROE)



STATEMENTS OF INCOME 2016 –2015 (MILLIONS NIS)

	Millions NIS	2016	Gross change	Change in %
Interest Income, net		2,169	216	11.1%
Non-Interest Financing Income (Mainly decrease in realization of Nostro)		115	(34)	(22.8%)
Expenses from Credit Losses (provision rate of 0.1%)		80	62	
Commissions (The main decrease is in capital markets commissions due to the market decrease)		1,300	(78)	(5.7%)
Total Income before Expenses from Credit Losses		3,649	155	4.4%
Total Income after Expenses from Credit Losses		3,569	93	2.7%

STATEMENTS OF INCOME 2016 –2015 (MILLIONS NIS)

	Millions NIS	2016	Gross Change	Change in %
Total Operating and Other Expenses		2,683	(27)	(1.0%)
Salaries and Related Expenses *		1,650	(51)	(3.0%)
Maintenance of buildings and equipment, Depreciation and amortization		409	(19)	(4.4%)
Amortization and impairment of intangible assets		116	(15)	(11.4%)
Other Expenses *		490	(32)	(6.1%)
Total Operating and Other Expenses *		2,665	(117)	(4.2%)
The effect of Leumi Agreement last year on salaries expenses		-	72	
A provision in respect of FIBI Swiss		18	18	
Profit before taxes		886	120	15.7%
Bank's share in CAL profit (Including 24 Millions NIS in respect of the Visa Europe deal)		72	34	89.4%
Provision for taxes on profit (including a one time expense of 55 NIS Millions**)		398	72	22.0%
Net Profit		521	75	16.8%

* excluding a provision in respect of FIBI Swiss closure and the effect of Leumi Agreement last year on salaries.

** Mainly regarded to tax decrease.

MAIN CHANGES IN NET PROFIT 2015-2016 (MILLIONS NIS)

MAIN POSITIVE INFLUENCES	2016	Gross Change	Net Change
An increase in net interest income (from operating activities)	2,202	225	141
Decrease in Salaries and Related expenses (excluding the effect of Leumi Agreement last year)	(1,650)	51	32
Decrease in Operating and Other Expenses (excluding Salaries)	(490)	32	20
Decrease in maintenance and premises of equipment	(409)	19	11
Decrease in amortization and impairment of intangible asset	(116)	15	15
Increase in profit of selling buildings and equipment	24	18	17
Profit from the transaction of the sale of Visa Europe Excluding the provision for settlement with the State Attorney			44



MAIN CHANGES IN NET PROFIT 2015-2016 (MILLIONS NIS)

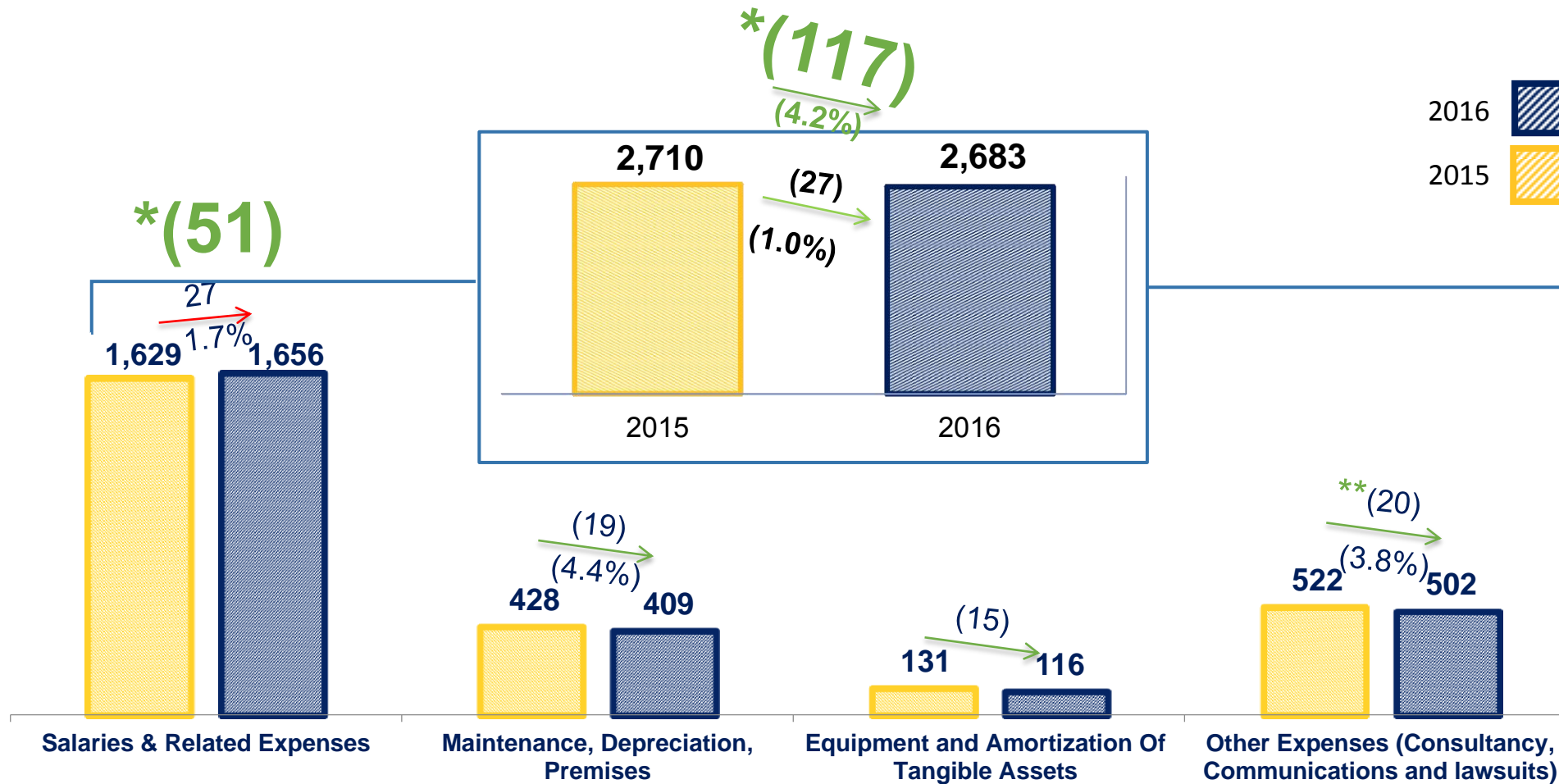
MAIN NEGATIVE INFLUENCES

	2016	Gross Change	Net Change
Non Recurring effects in the provision for taxes (mainly tax reduction)			(55)
A Decline in profit from selling bonds and shares	66	(77)	(48)
Increase in Expenses from Credit Losses (Mainly from the increase in the group provision)	(80)	(62)	(41)
Decrease in operating commissions (mainly capital market commissions)	1,300	(78)	(49)
One-time provision for closing of FIBI Swiss	(18)	(18)	(11)



Total increase of 75 Million NIS in Net Profit

A CONTINUING DECREASE IN OPERATING & OTHER EXPENSES (MILLIONS NIS)

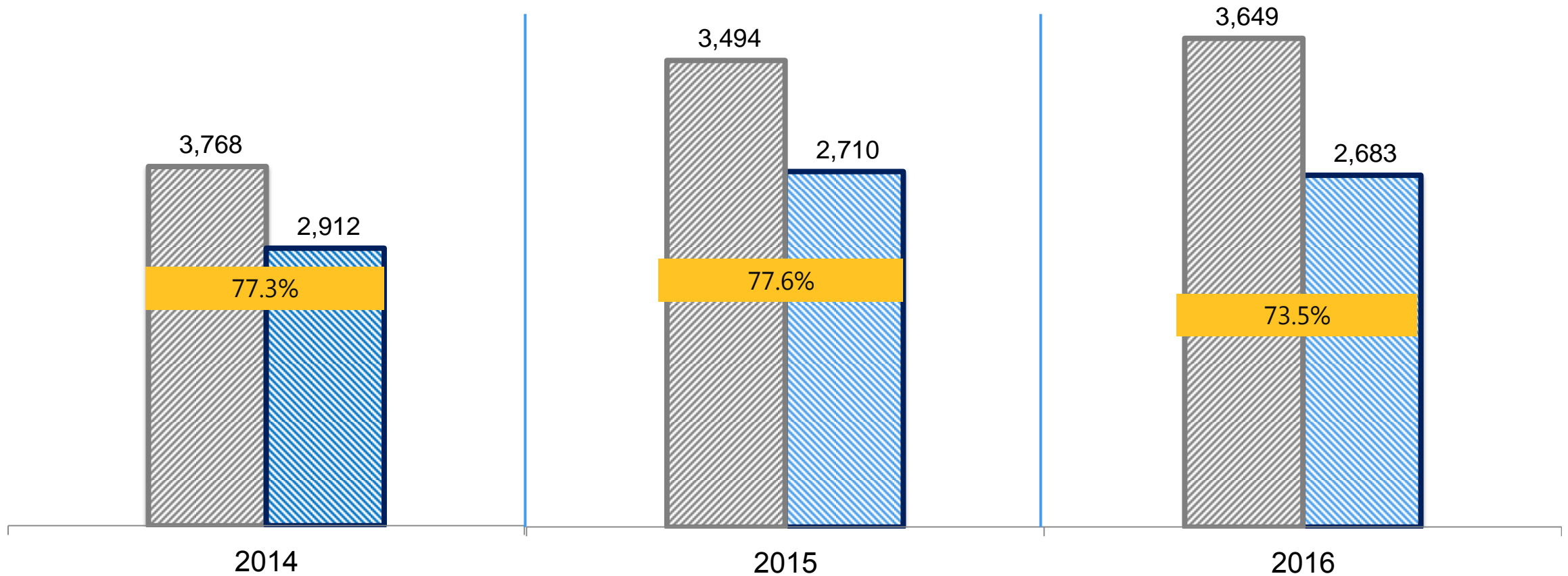


* Excluding provision in respect of FIBI Swiss and the effect of Leumi Agreement on salaries expenses.

** Excluding provision in respect of FIBI Swiss a decrease of 6.1%.

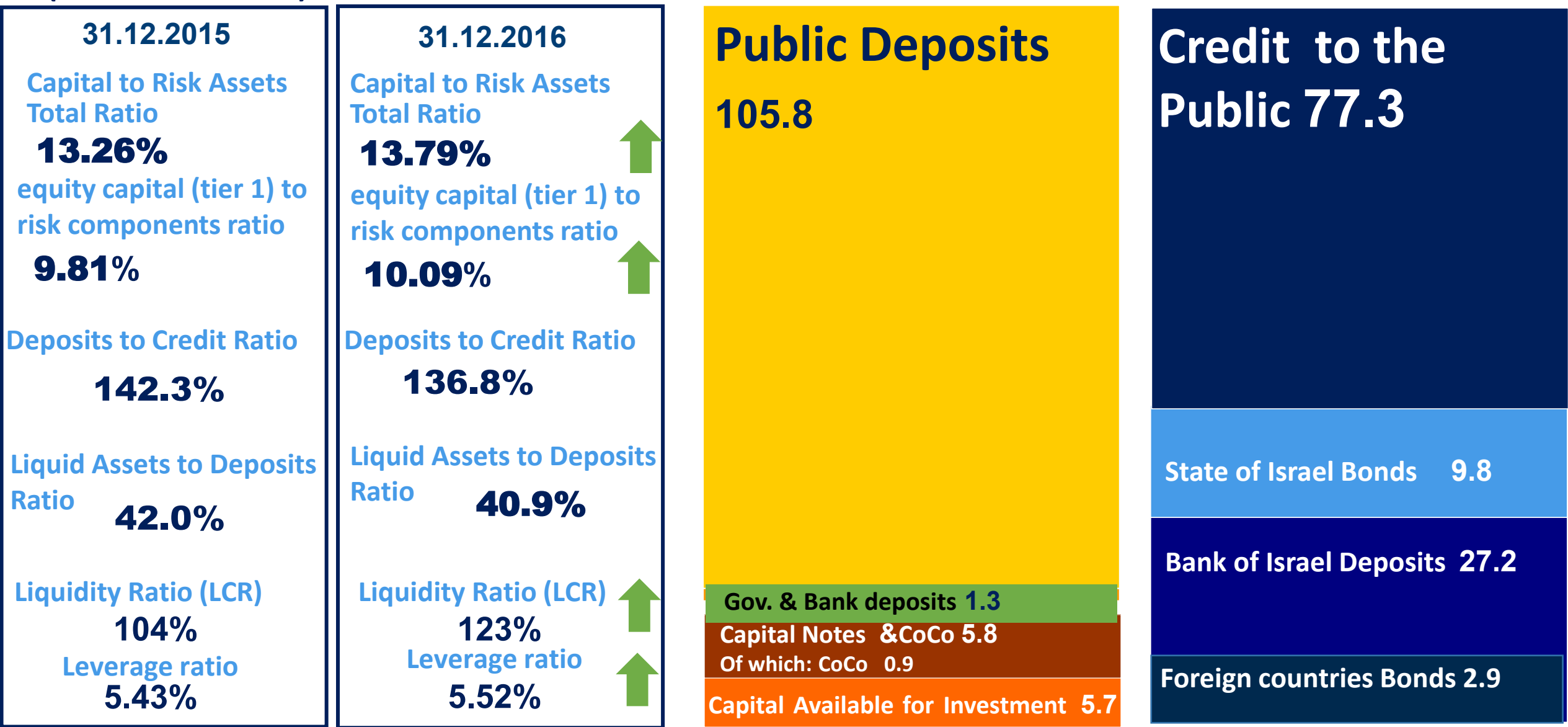
EFFICIENCY RATIO OPERATING EXPENSES TO INCOME (FINANCE AND OPERATION)

% Expenses / Income (Before Expenses for credit losses) Total Income Total Operating Expenses

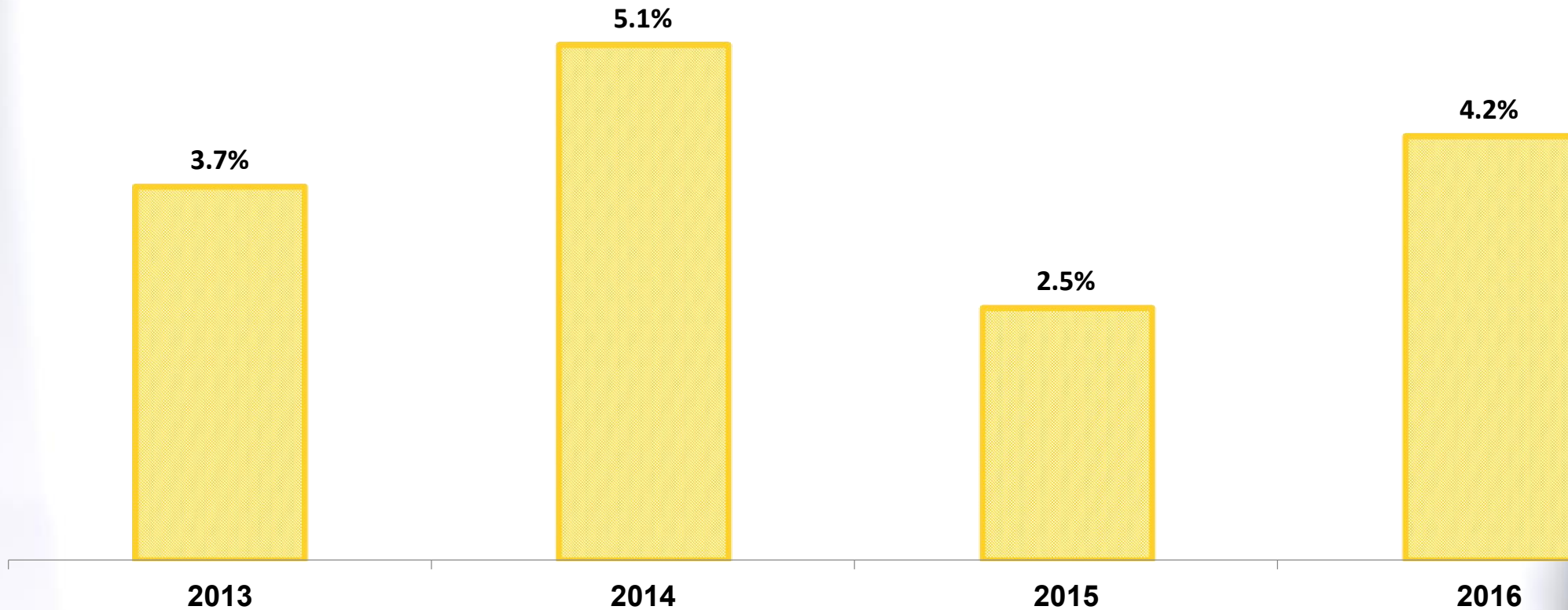


FIBI STRATEGIC ASSETS & LIABILITIES STRUCTURE

(NIS Billions)

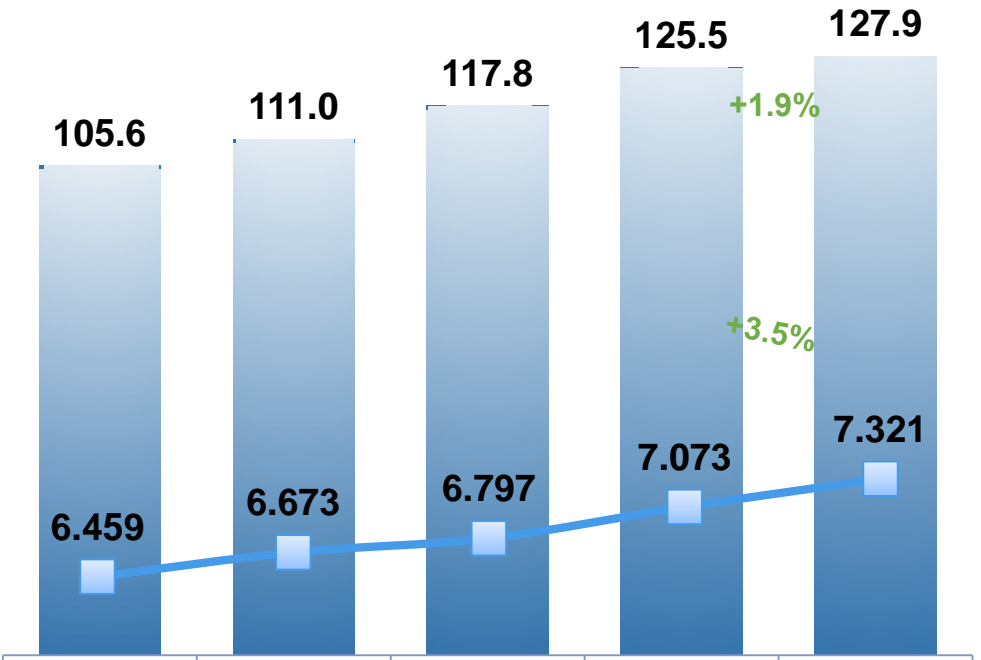


GROUP'S DIVIDEND YIELD IS THE HIGHEST IN THE ISRAELI BANKING SYSTEM, WHILE MAINTAINING A HIGH CAPITAL ADEQUANCY



subsequently to the publication of the financial report,
the Bank declared a **70** NIS Millions dividend

THE DEVELOPMENT IN BALANCE SHEET, EQUITY, CREDIT AND DEPOSITS - CONSOLIDATED, END OF PERIOD (BILLIONS NIS)



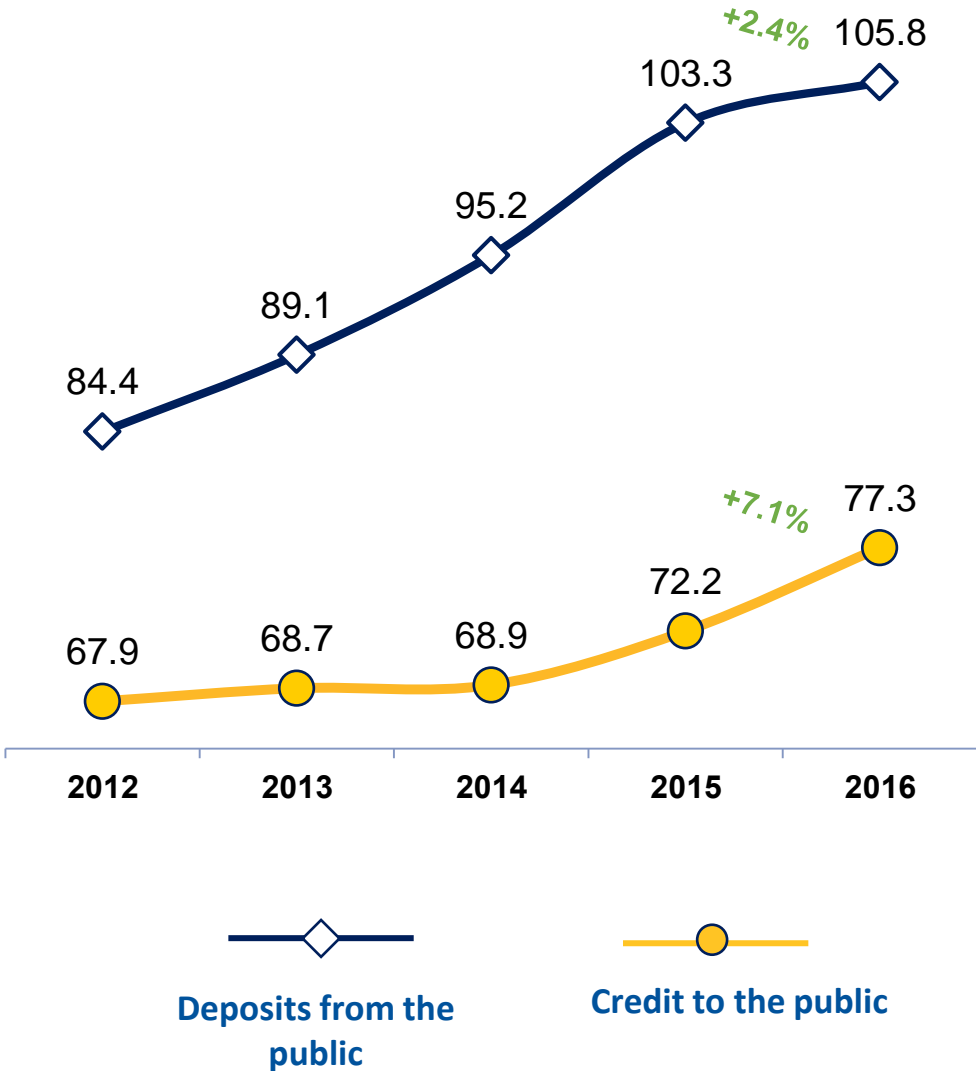
Capital shareholder to Total assets

Capital shareholder to Total assets (Neutralizing cash and deposits in Bank of Israel)

	2012	2013	2014	2015	2016
Capital shareholder to Total assets	6.1%	6.0%	5.8%	5.6%	5.7%
Capital shareholder to Total assets (Neutralizing cash and deposits in Bank of Israel)	7.5%	7.9%	7.3%	7.2%	7.3%

Capital attributed to the shareholders of the Bank

Balance sheet

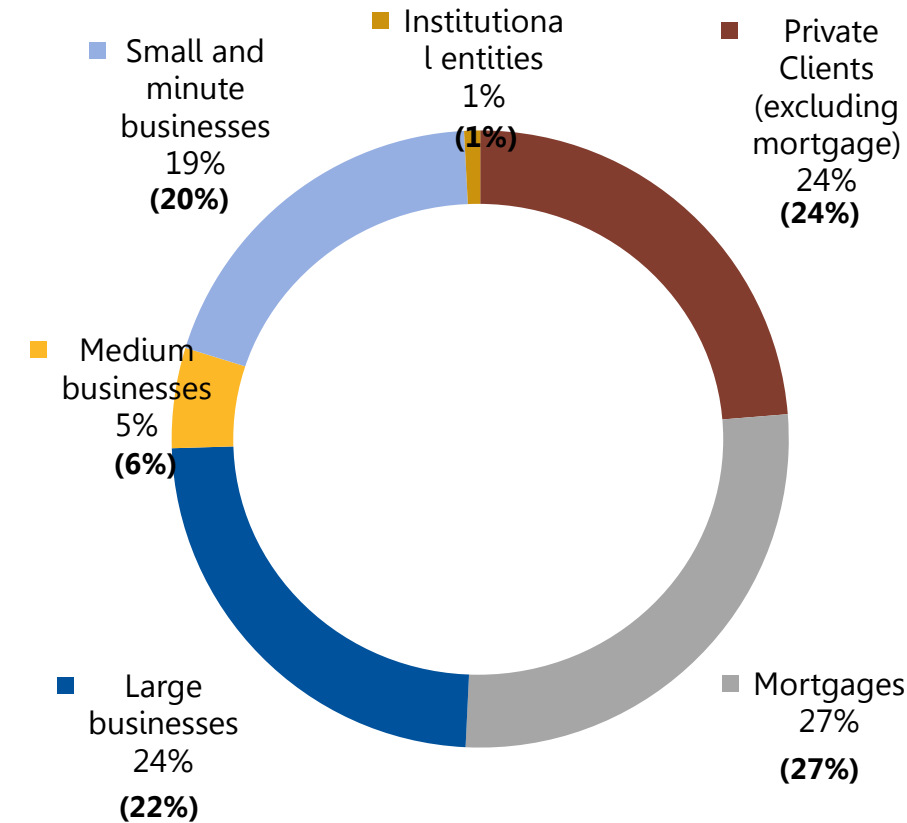


Deposits from the public

Credit to the public

CREDIT TO THE PUBLIC BY SEGMENT (MILLIONS NIS)

Average balances of the credit portfolio - Operational supervision segment	31/12/16	Rates of Change compared to 31/12/15
Private Clients (excluding mortgage)	18,177	7.0%
Mortgages	20,721	9.0%
Credit to Private Clients	38,898	8.1%
Large businesses	18,213	13.5%
Medium businesses	4,024	1.6%
Small and minute businesses	14,861	4.1%
Institutional entities	640	(25.6%)
Total Credit to the Public	76,636	7.7%



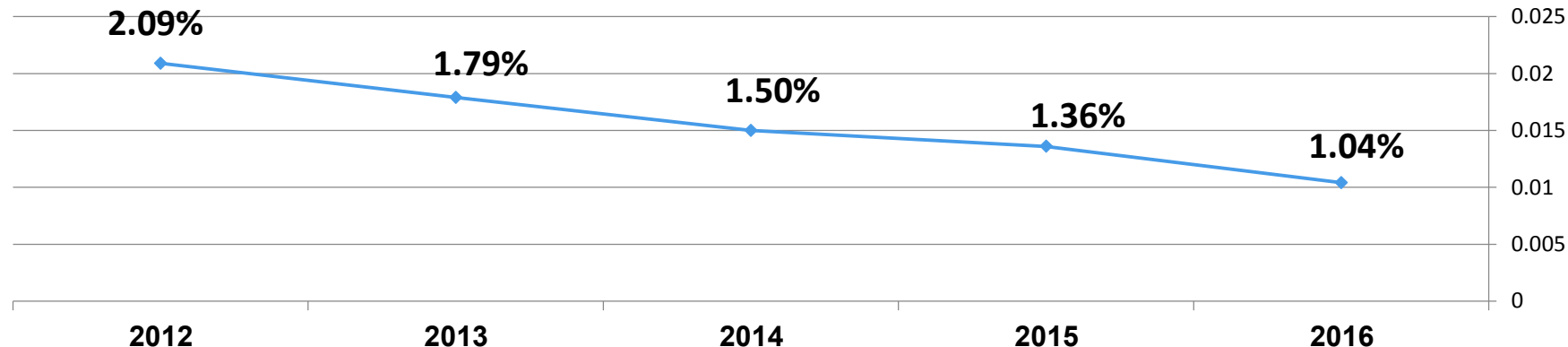
31/12/15 – ()
Total private credit is about
51% of total credit

DECREASE OF 7% IN CREDIT RISK DUE TO PROBLEMATIC DEBT (MILLIONS NIS)

	31.12.15 Total	31.12.16 Total	Gross Change
Impaired Credit Risk	922	756	(166)
Inferior Credit Risk	265	496	231
Credit Under Special Supervision Risk	1,032	817	(215)
Total Problematic Credit Risk	2,219	2,069	(150) (6.8%)
Ratio of the provision for credit losses to impaired credit to the public not accruing interest income (Including mortgages) NPL coverage ratio	107.9%	146.8%	
Ratio of the provision for credit losses to impaired credit to the public not accruing interest income (Excluding mortgages) NPL coverage ratio	93.5%	128.6% (*)	
Expenses for credit losses	0.02%	0.1%	

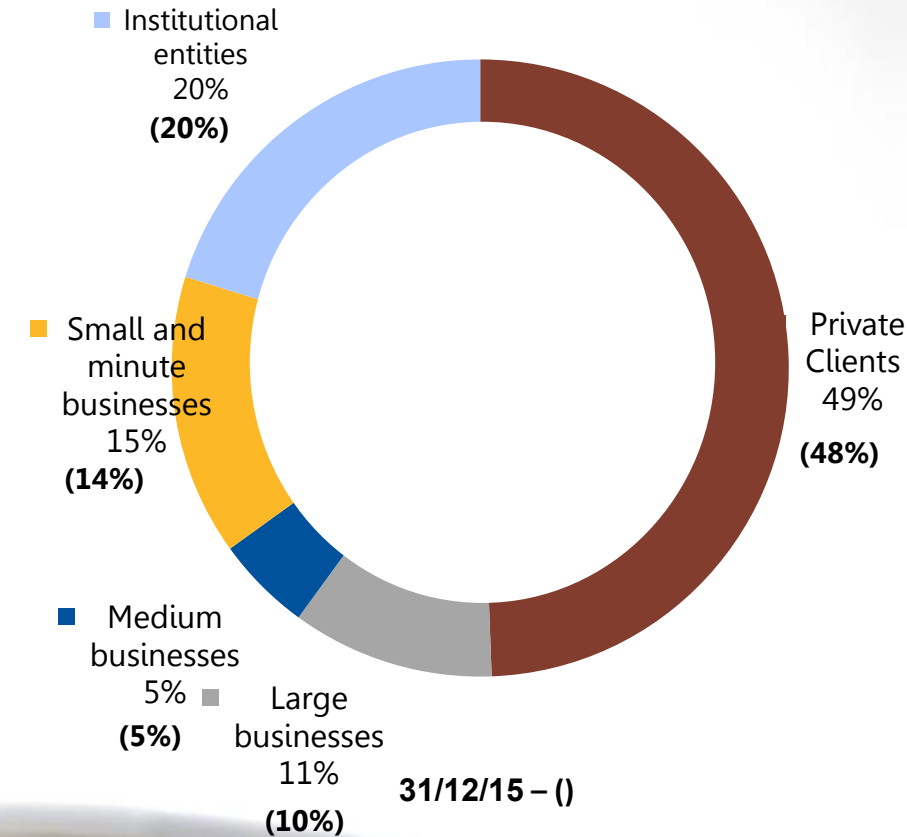
(*)Average four major banks as of 30/09/16 - 81.4%

Ratio of impaired credit
to the public or in
arrears of 90 days or
more to credit to the
public





DEPOSITS FROM THE PUBLIC BREAKDOWN BY SEGMENT (MILLIONS NIS)

Average Deposits from the public - Operational supervision segment	2016	Rates of Change compared to 31/12/15
Deposits from Private Clients	52,830	10.6%
Large businesses	11,349	11.4%
Medium businesses	5,372	3.9%
Small and minute businesses	15,751	11.0%
Institutional entities	21,623	(7.1%)
Total businesses	54,095	2.4%
Total	106,925	6.3%



PROPRIETARY COMPOSITION GROWING SHARE OF GOV' BONDS

NIS MILLIONS

	31/12/16		31/12/15		Change compare to 31/12/15
	NIS million	Wage in %	NIS million	Wage in %	NIS millions
Government bond	14,115	89%	12,630	77%	1,485 
Financial institutions bonds	728	5%	2,271	14%	(1,543) 
Corporate bonds	755	5%	1,278	8%	(523)
stocks	178	1%	261	2%	(83)
Total equity	15,776	100%	16,439	100%	(663)

Negative capital fund available due to available for sale securities on 31.12.16 is 11 NIS millions, Net. Compared to negative capital fund of 18 NIS millions on 31.12.15.



INNOVATION – DELIVERING VALUE TO OUR CUSTOMER

Innovation leaders in capital markets

Technological leadership in capital markets:

- Upgrading web and app – in trading activities
- **Significant improvements in unique trading systems**
- Implementing Fintech solutions (2017)
- Launched the “investment radar” (“smart” notification tool)

Investing in retail & private banking

Upgrading digital channels - focus on improving user experience–

- **Rapid and smart identification** – implemented a unique system for managing identification & authentication including advanced biometric tools
- **Depositing checks with mobile app, expanding and improving “fast data” functionality**
- Smart assistance for account management (PFM) - **Fibi** the virtual banker

Fintech

- Identifying innovative solutions and technologies of start ups promoting cooperation with the bank business and IT units (**“Fintech-gration”**).

Cyber Incubator

- Guidance and implementation of **innovative solutions in the field of Cyber Protection**

& Digital Innovation unit

- Central responsibility for development and implementation of Digital products and integration of innovation. **Focus on holistic solutions to customer needs.**



Disclaimer

Without derogating from the generality of that stated in the terms of use, as detailed on the Internet website of The First International Bank of Israel Ltd. ("the Bank"), this presentation and its contents had been prepared by the Bank for its exclusive use, within the framework of the presentation of its quarterly/annual financial statements.

This presentation does not comprise and is not to be interpreted as an offer for the purchase of securities of the Bank or of the Bank Group. The presentation is intended only for the provision of information. The information presented herein is partial, stated in a summarized form for convenience purposes 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, agreement, obligation or investment. The information contained in this presentation does not comprise consultation, recommendation or the rendering of opinion regarding the advisability of investment and does not replace an independent examination and professional advice by an investment expert entity authorized by law

The Bank does not declare or is obligated with respect to the completeness, exactness or accuracy of the information reflected in this presentation. The Bank, its employees, officers or its shareholders, shall not bear responsibility for damage and/or losses direct, or indirect caused or which might be caused as a result of the use of the information contained in this presentation.

The Bank is not responsible and is not committed to update the information contained in this representation in respect of any future change in the economic, financial or legal position relating to the Bank and to any corporation and/or entity mentioned in this presentation, which may occur after the publication of this presentation.

A part of the information contained in this presentation is considered forward-looking information. Such information contains forecasts, goals, assessments and assumptions, based on the viewpoint of Management of the Bank, and which relate to future events or matters, the materialization of which is uncertain and is not controlled by the Bank. Actual results may be materially different from those included in the forward-looking information, due to a large number of factors, including, inter alia, as a result of changes in legislation and in directives of regulatory authorities, economic developments and changes and the uncertainty existing as regards to the Bank's business and the results of the varied operations it conducts. For a more detailed discussion of forward-looking information, see the forward-looking information item in the reports of the Bank.