

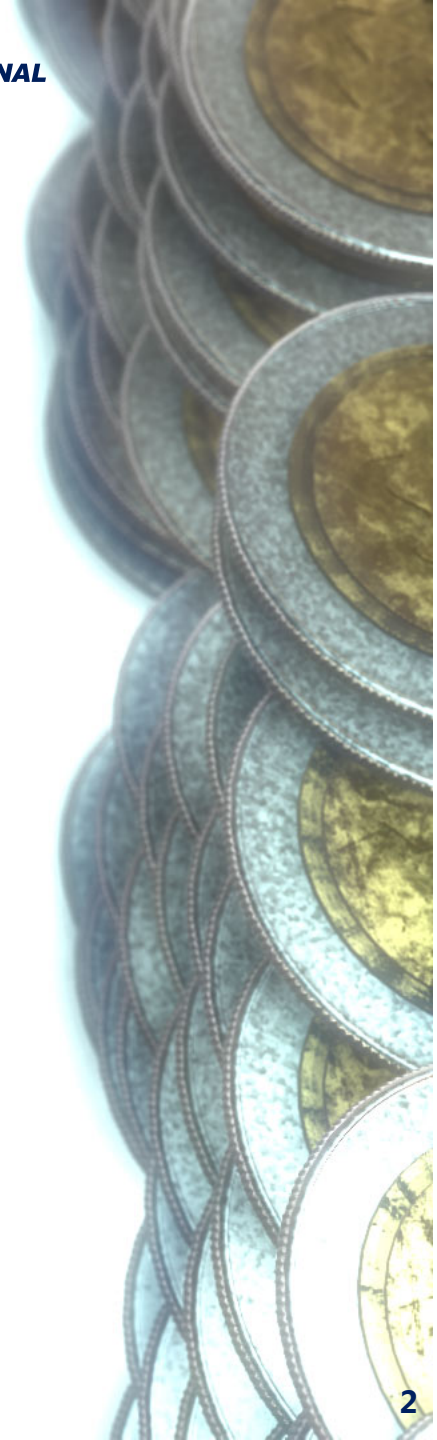
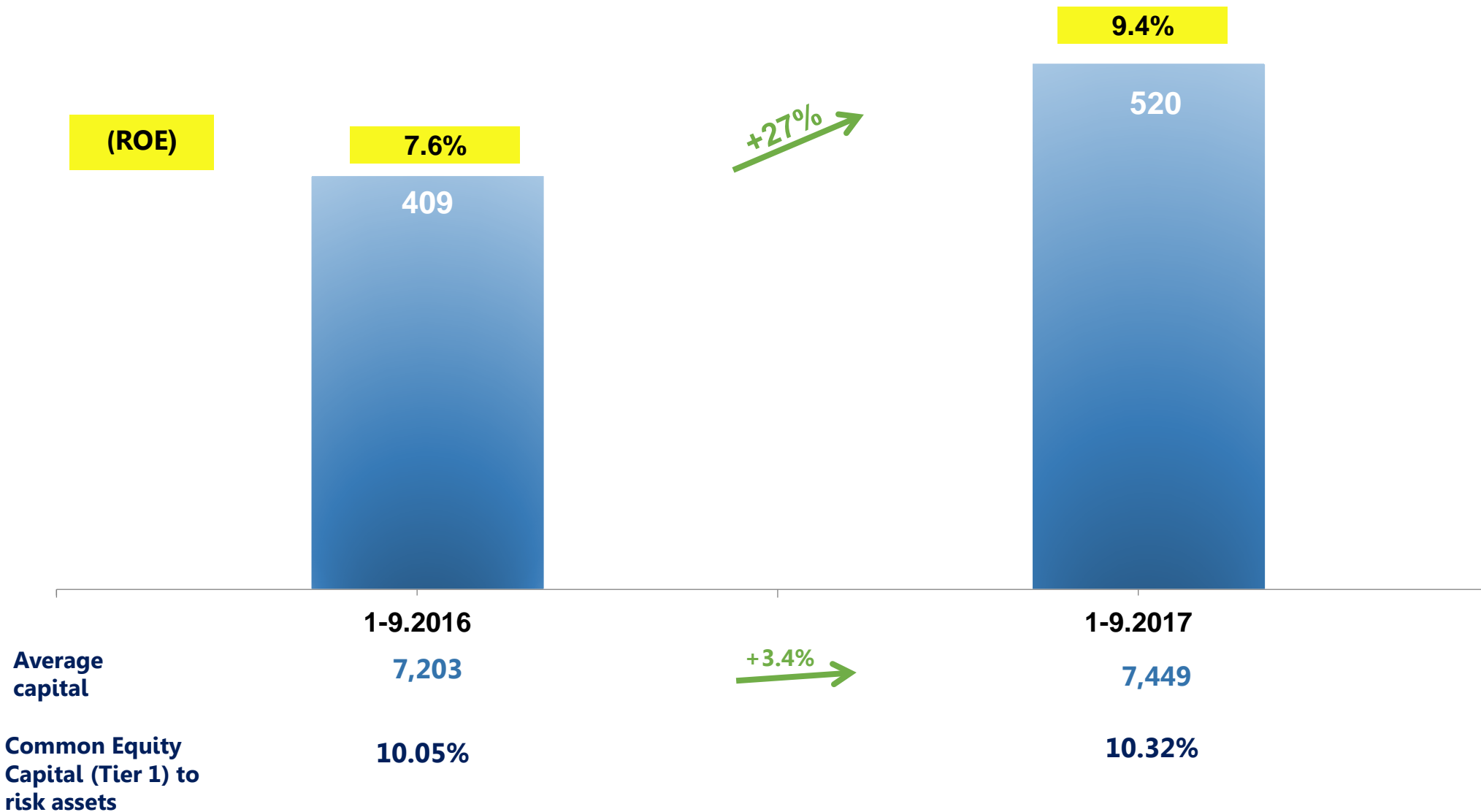
OVERVIEW

30.9.17



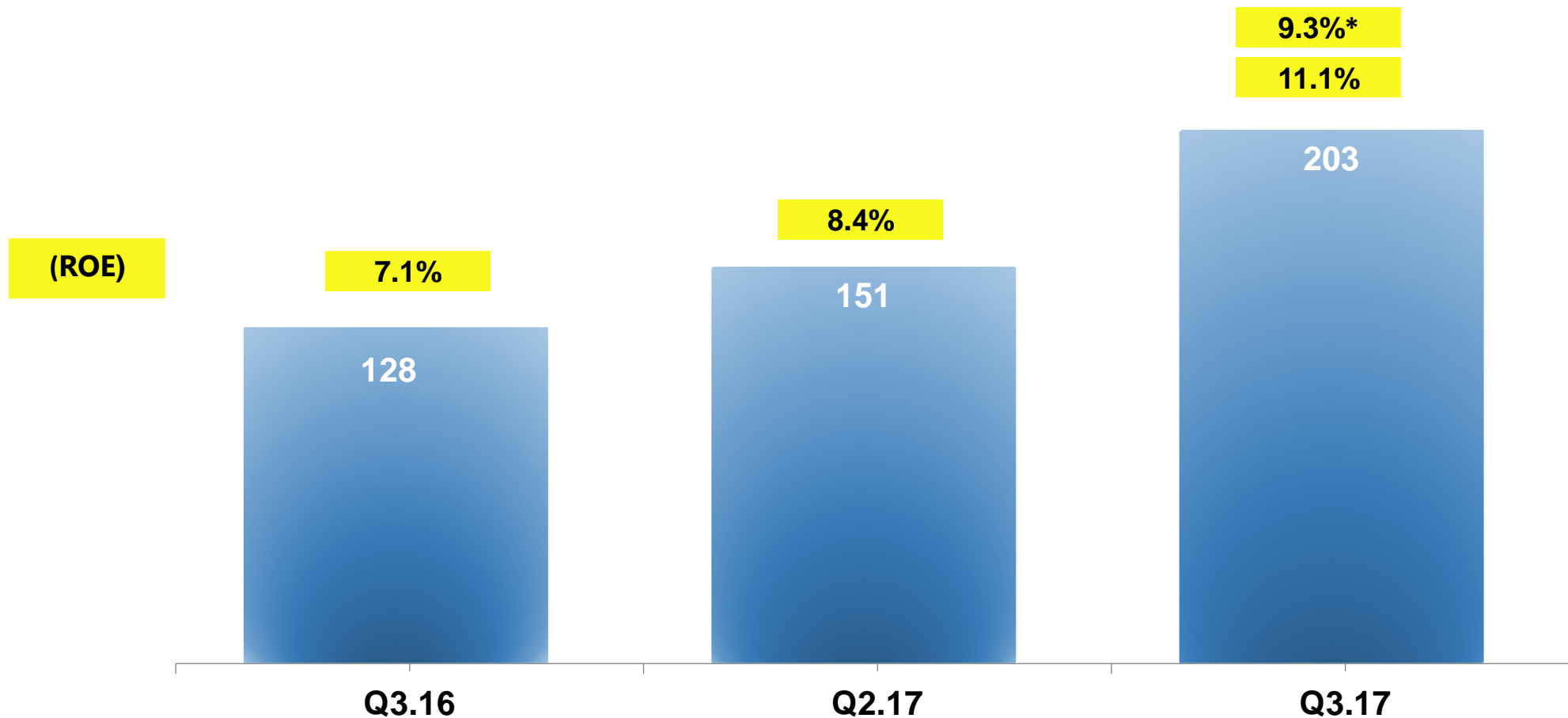
ROE (%)

NET PROFIT (MILLIONS NIS)



ROE (%)

NET PROFIT (MILLIONS NIS)



(*) Excluding income from taxes in respect of prior years in the amount of NIS 32 million

STATEMENTS OF INCOME

1-9.2017 compared to 1-9.2016 (MILLIONS NIS)

Millions NIS	1-9/2017	Change before tax	Change in %
Interest Income, Net	1,710	97	6.0%
Non-Interest Financing Income (Mainly a decrease in realization of Nostro)	71	(20)	(21.9%)
Expenses from Credit Losses (Provision rate of 0.16%)	96	50	
Commission income (Mainly due to forex fluctuations and the closure of FIBI Swiss)	972	(10)	(1.0%)
Other Income (Sale of a real estate property in central Tel Aviv this year, sale of Visa Europe last year)	61	2	2.1%
Total Income (before Expenses from Credit Losses)	2,814	69	2.5%

STATEMENTS OF INCOME

1-9.2017 compared to 1-9.2016 (MILLIONS NIS)

Millions NIS	1-9/2017	Change before tax	Change in %
Total Operating and Other Expenses	1,944	(74)	(3.7%)
Salaries and Related Expenses	1,218	(25)	(2.0%)
Maintenance of Buildings and Equipment, Depreciation and Amortization (Ending amortization regarding to the acquisition of Otsar Hahayal Ltd.)	287	(22)	(7.1%)
Amortization and Impairment of Intangible Assets	69	(24)	(25.4%)
Other Expenses	370	(3)	(0.8%)
Profit before taxes	774	93	13.6%
Bank's share in CAL profit (last year one-time profit) *	38	(24)	
Net Profit(**)	520	111	27.1%

(*)The total impact of the sale of Visa Europe last year amounted to 44 million NIS net

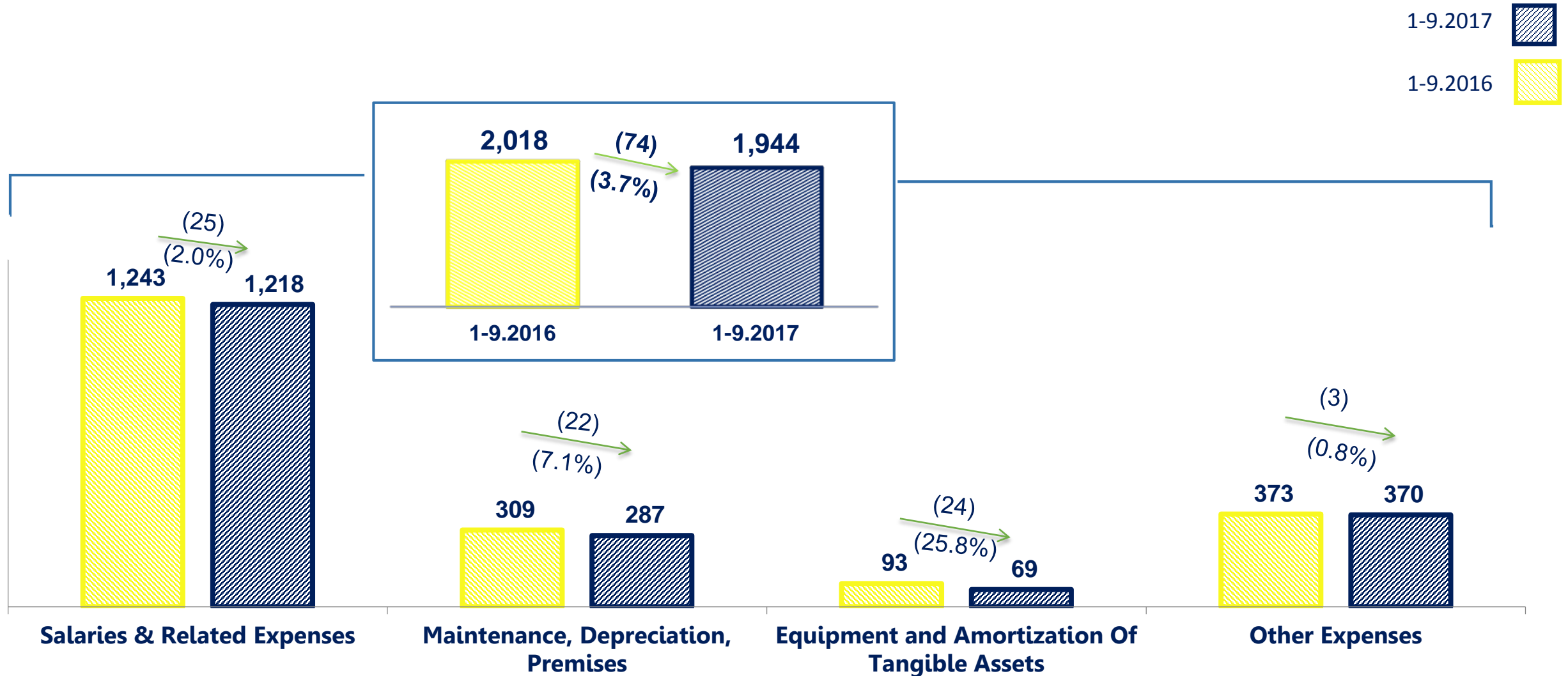
(**)Q3/17 includes income from taxes in respect of prior years in the amount of NIS 32 million

Statements of financing income

1-9.2017 compared to 1-9.2016 (MILLIONS NIS)

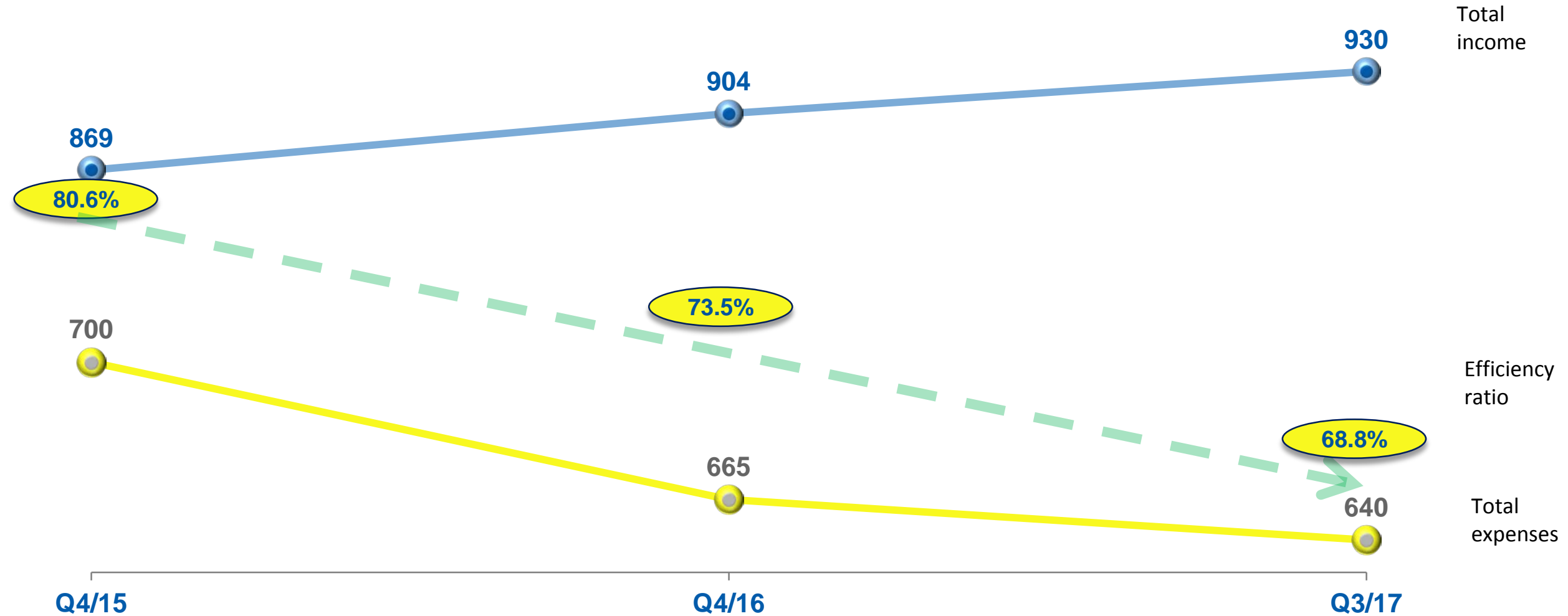
Millions NIS	1-9/2017	Change before tax	Change in %
Total Interest income	1,710	97	6.0%
Total non-interest financing income	71	(20)	(21.9%)
Interest income and non-interest financing income	1,781	77	4.5%
Fair Value of Derivative Instruments	3	(8)	
Profits from the sale of bonds and trading portfolio	33	(29)	(46.8%)
Other financial income and financial intermediation free capital	1,745	114	7.0%
Bank of Israel average interest rate	0.10%	-	

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



Continuous improvement in efficiency ratio

Operating expenses to income (MILLIONS NIS)



EFFICIENCY RATIO OPERATING EXPENSES TO INCOME (FINANCE AND OPERATION)

%

Expenses / Income (Before Expenses for Credit Losses)

Total Income

Total Operating Expenses

2,745

2,018

73.5%

Without the
effect of the
Visa Europe
74.4 agreement
%

1-9/2016

72.9%
Q3/2016

(4.4%)

2,814

1,944

69.1%

Excluding profit
from the sale of an
office building in
central Tel Aviv
70.1%

1-9/2017

68.8%
Q3/2017

FIBI'S STRATEGIC ASSETS & LIABILITIES STRUCTURE

30.9.2017 (NIS Billions)

31.12.2016

Capital to Risk Assets
Total Ratio

13.79%

Equity Capital (Tier 1) to
Risk Components Ratio

10.09%

Deposits from the
Public to Credit Ratio

136.8%

Liquidity Ratio (LCR)

123%

Leverage Ratio

5.52%

30.9.2017

Capital to Risk Assets
Total Ratio

13.94%

Equity Capital (Tier 1) to
Risk Components Ratio

10.32%

Deposits from the
Public to Credit Ratio

135.1%

Liquidity Ratio (LCR)

122%

Leverage Ratio

5.69%

Public Deposits

108.4

Bank Deposits 0.8

Capital Notes & CoCo 5.2

Of Which: CoCo 1.2

Capital Available for Investment 8.0

Credit to the Public 80.2

State of Israel Bonds 6.3

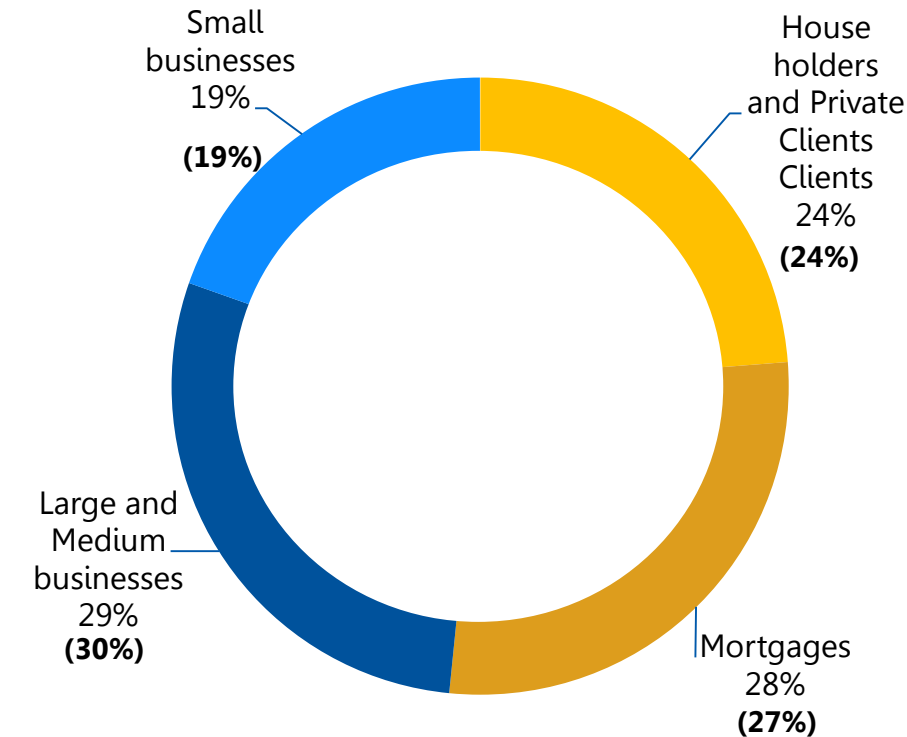
Bank of Israel Deposits 31.5

Foreign Countries Bonds 3.1

CREDIT TO THE PUBLIC BY SEGMENT

balances of the end of the periods MILLIONS NIS

	30.9.17	Rates of Change compared to 31.12.16
House holders and Private Clients	19,265	5.9%
Mortgages	22,573	3.8%
Total Private Clients	41,838	4.8%
Small businesses	15,873	4.9%
Total Large and Medium businesses (including institutional entities)	23,380	1.1%
Total Credit to the Public (net)	80,236	3.8%

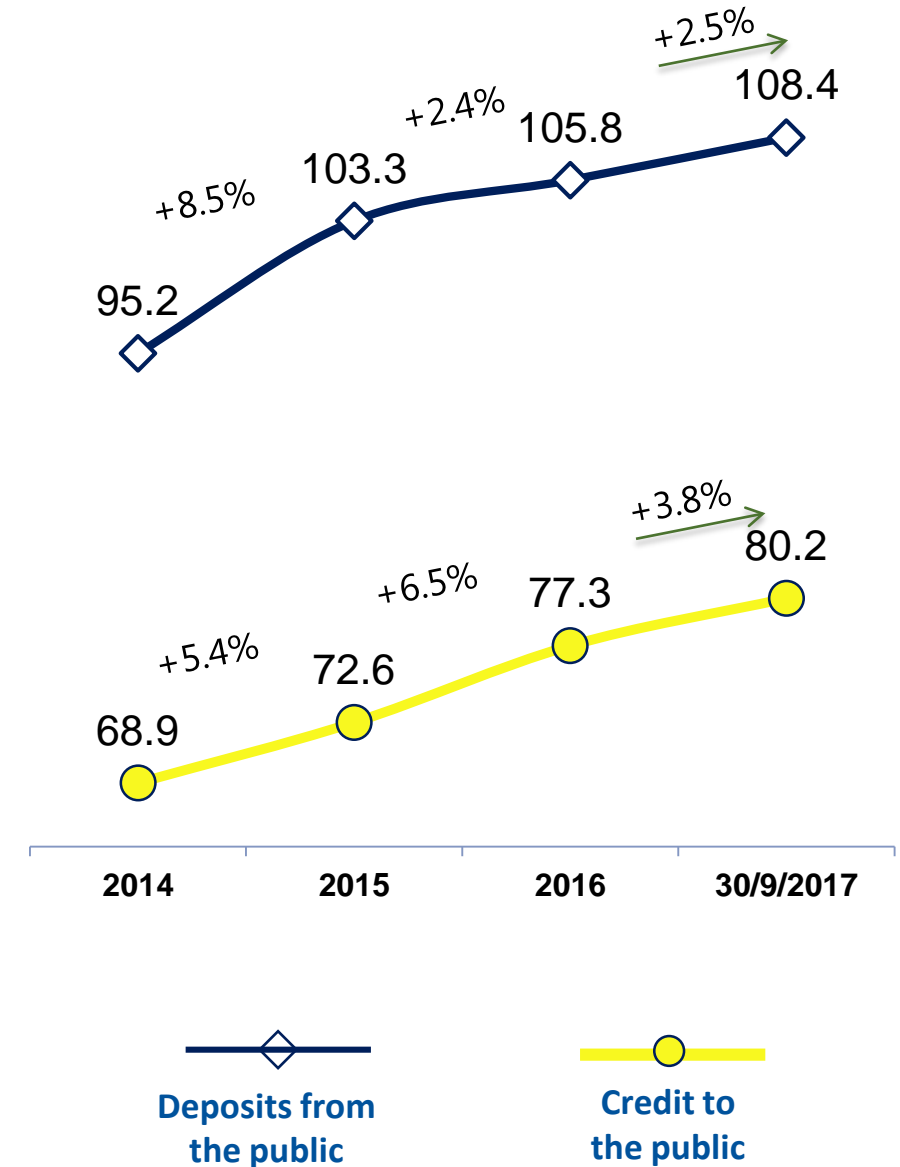
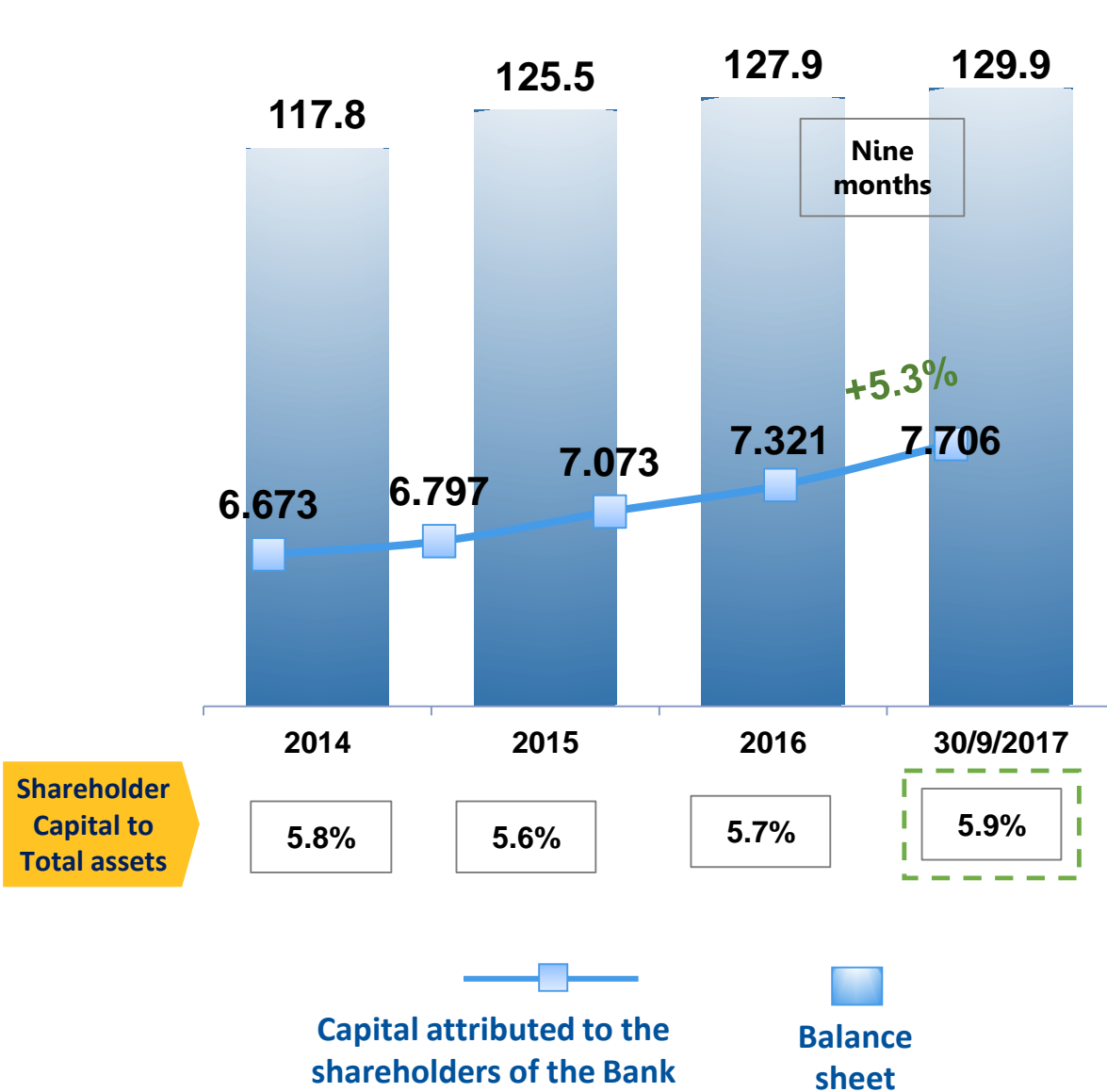


30.9.16 – ()

Total private credit is 52% of total credit to the public (51% at 30.9.16)

An increase of 1.4% in total credit in Q3.2017, While continuing the diversify of credit

STEADY GROWTH IN BALANCE SHEET, EQUITY, CREDIT AND DEPOSITS – CONSOLIDATED TO END OF PERIOD (NIS BILLIONS)

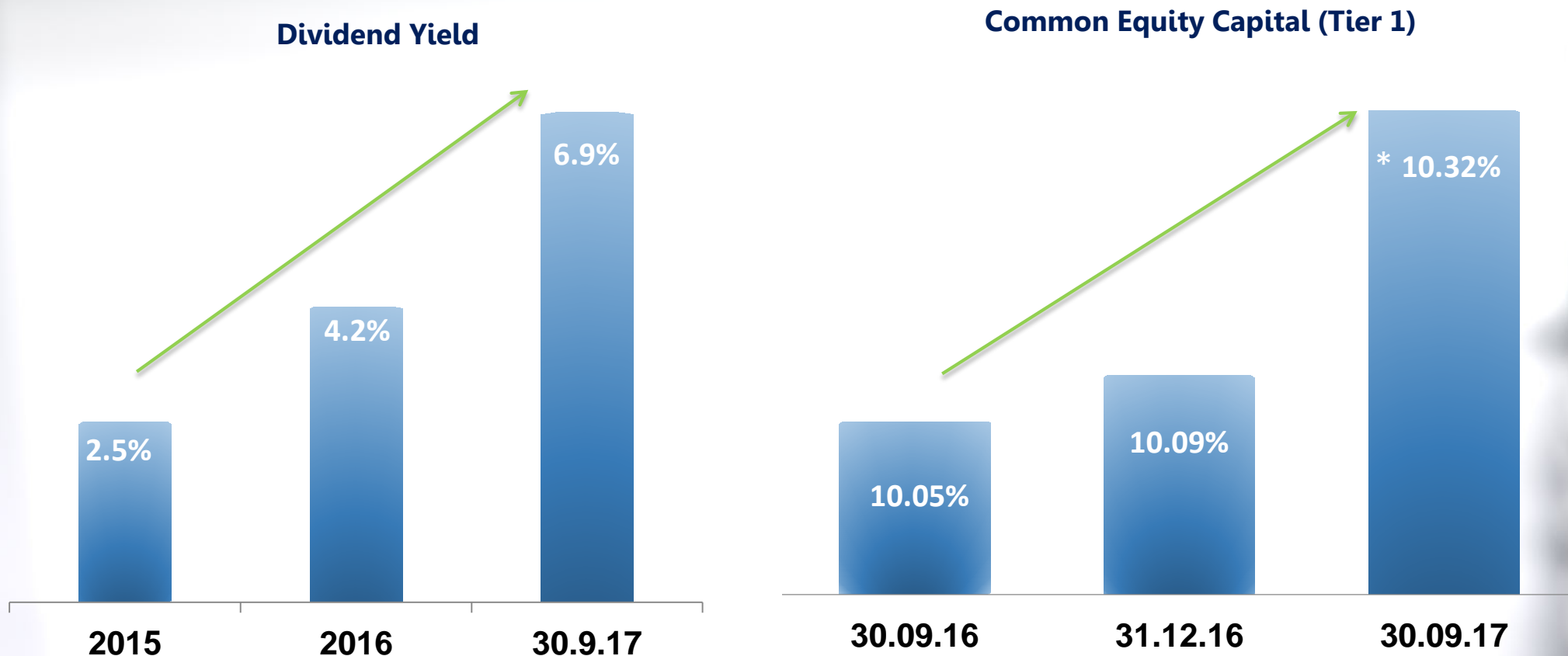


DECREASE IN CREDIT RISK DUE TO PROBLEMATIC DEBT (MILLIONS NIS)

	Balance sheet	30.9.17 Off balance sheet	Total	Balance sheet	31.12.16 Off balance sheet	Total	Gross Change
Impaired Credit Risk	574	130	704	582	174	756	(52)
Inferior Credit Risk	189	6	195	475	21	496	(301)
Credit Under Special Supervision Risk	810	98	908	740	77	817	91
							(262)
Total Problematic Credit Risk	1,573	234	1,807	1,797	272	2,069	(12.7%)

	30.9.17	Average of other 4 big banks' First half 2017
Ratio of impaired debts to credit to the public	0.98%	1.49%

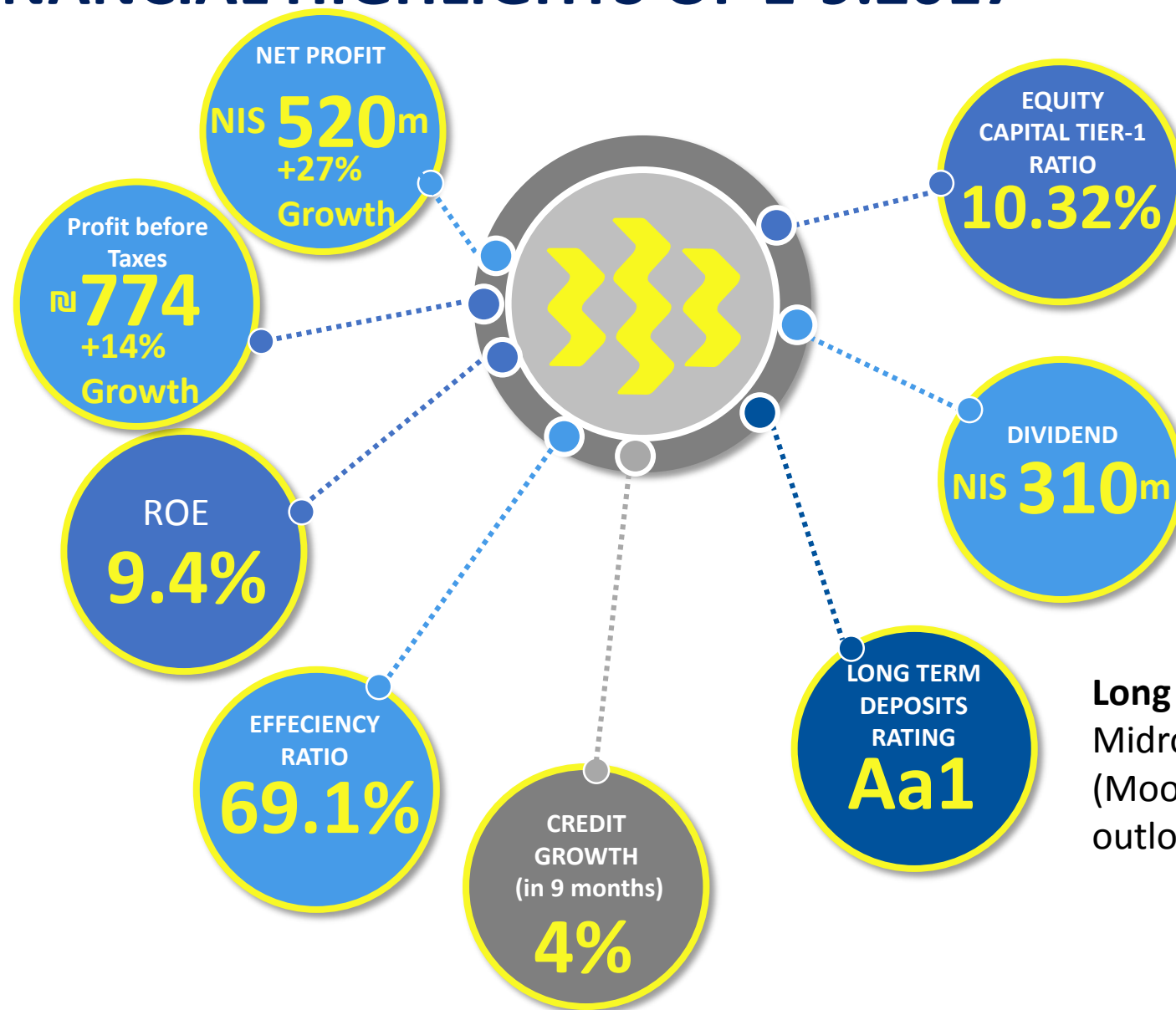
THE HIGHEST DIVIDEND YIELD IN THE ISRAELI BANKING SYSTEM, WHILE MAINTAINING A HIGH CAPITAL ADEQUACY



Subsequent to the publication of the Financial Report of Q3.2017, the Bank had declared an additional **100** NIS Million Dividend Distribution (total amount of **310** NIS Million from the beginning of 2017, 70 NIS Million attributed to 2016 profit). An average dividend yield of 5.2% in 2017.

* 1% above the minimal required ratio

FINANCIAL HIGHLIGHTS OF 1-9.2017



Equity capital Tier 1 Ratio

High positive gap (+1%) above required target

Dividend Yield- 6.9%*

Tends to be between 4-5% over past 4 years. An average dividend yield of 5.2% in 2017.

Long Term Deposits Rating

Midroog Israel rating agency (Moody's affiliate) raised rating outlook from **stable** to **positive**

* Based on average share price over past twelve months and dividends issued in the past four quarters, ended September 30, 2017

** Subsequent to publication of Financial Report of Q3 2017, the Bank declared additional 100 NIS Million Dividend Distribution (total amount 310 NIS Million since start of 2017)

FINANCIAL HIGHLIGHTS OF 1-9.2017

Financial results Q3/17

- Net earnings in the third quarter of 2017 increased by approximately **59%** in comparison to the corresponding quarter last year, amounting to NIS **203** million. The return on equity amounted to **11.1%**.
- In the third quarter of 2017 the Bank recognized income from taxes in respect of prior years in the amount of NIS 32 million. Elimination of such income results in a return on equity for the quarter of **9.3%**. Pre-tax earnings for the quarter increased by **25%** to NIS **281** million in comparison to the corresponding quarter last year.
- The efficiency ratio reached **68.8%** in the third quarter of 2017, in contrast to 69.6% in the preceding quarter and to 72.9% in the corresponding quarter last year.

Growth in Credit

- Growth of **4%** in the outstanding balance of credit as of September 30, 2017 in comparison to December 31, 2016:

	Growth compared to <u>December 31, 2016</u>
Private customers	5.9%
Housing loans	3.8%
Small businesses	4.9%
Middle market and large businesses (including institutional bodies)	1.1%

FINANCIAL HIGHLIGHTS OF 1-9.2017 (Continue)

Continuous growth in current financing income despite the low interest environment

Continuing growth in current financing income of the Bank – an increase of **7%** (NIS **114 million**) in comparison to the corresponding period last year. Most of the growth on background of the growth in credit.

Continuing decrease in operating expenses

Decrease of **3.7%** in operating expenses. Decrease is noted in all classes of expenses

- Payroll expenses – decrease of **2.0%**
- Maintenance, depreciation and amortization expenses -decrease of **7.1%**
- Depreciation and amortization expenses– decrease of **25.4%**.

Liquidity / Leverage

- Liquidity coverage ratio of **122%** and leverage ratio of **5.69%**.

Quality credit

- The ratio of impaired debts to total credit is low than 1% at the end of the third quarter, in contrast to an average of 1.5% in the banking sector (the 4 banks, according to June 2017 data)
- Continuing decline in total troubled debts – **13%** as compared to December 31, 2016.



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