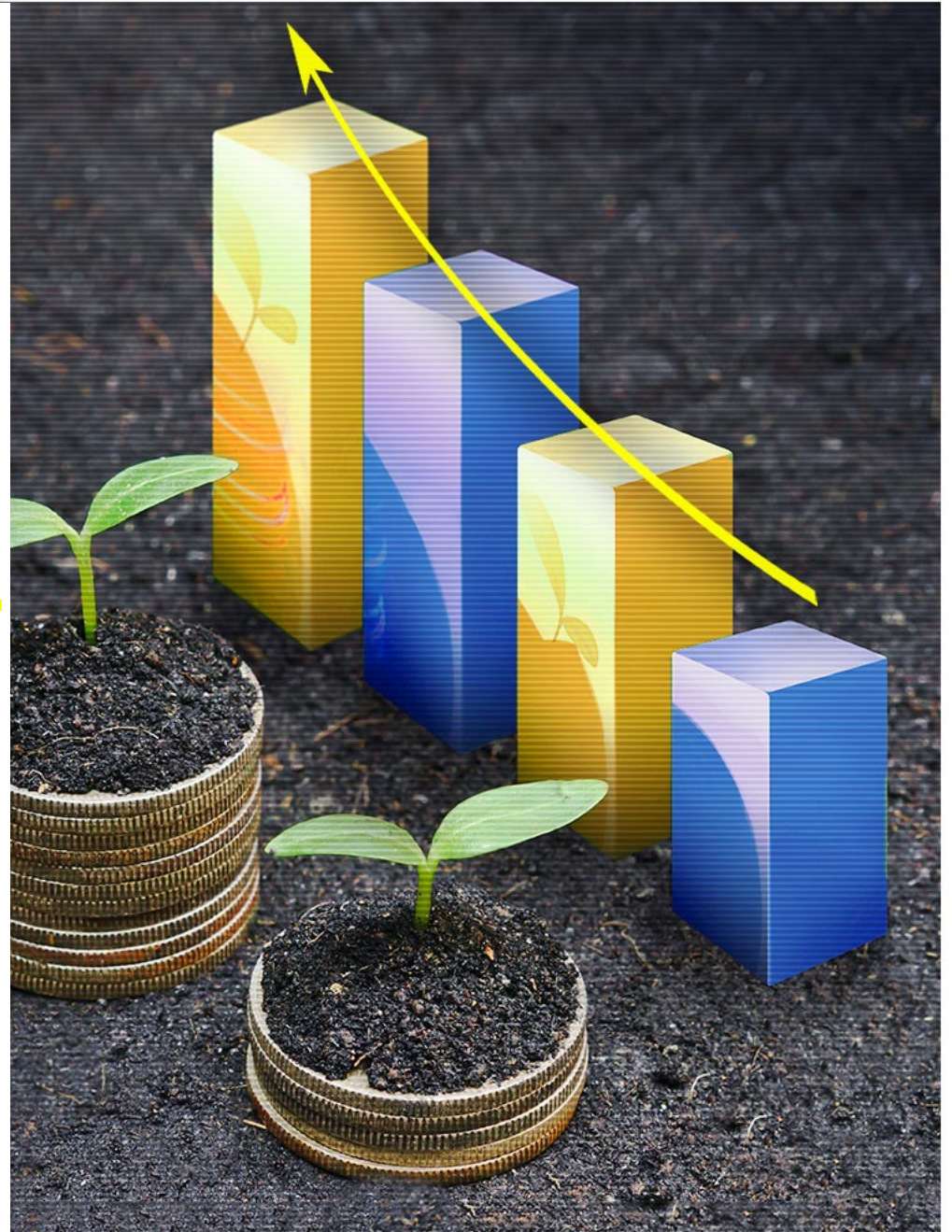
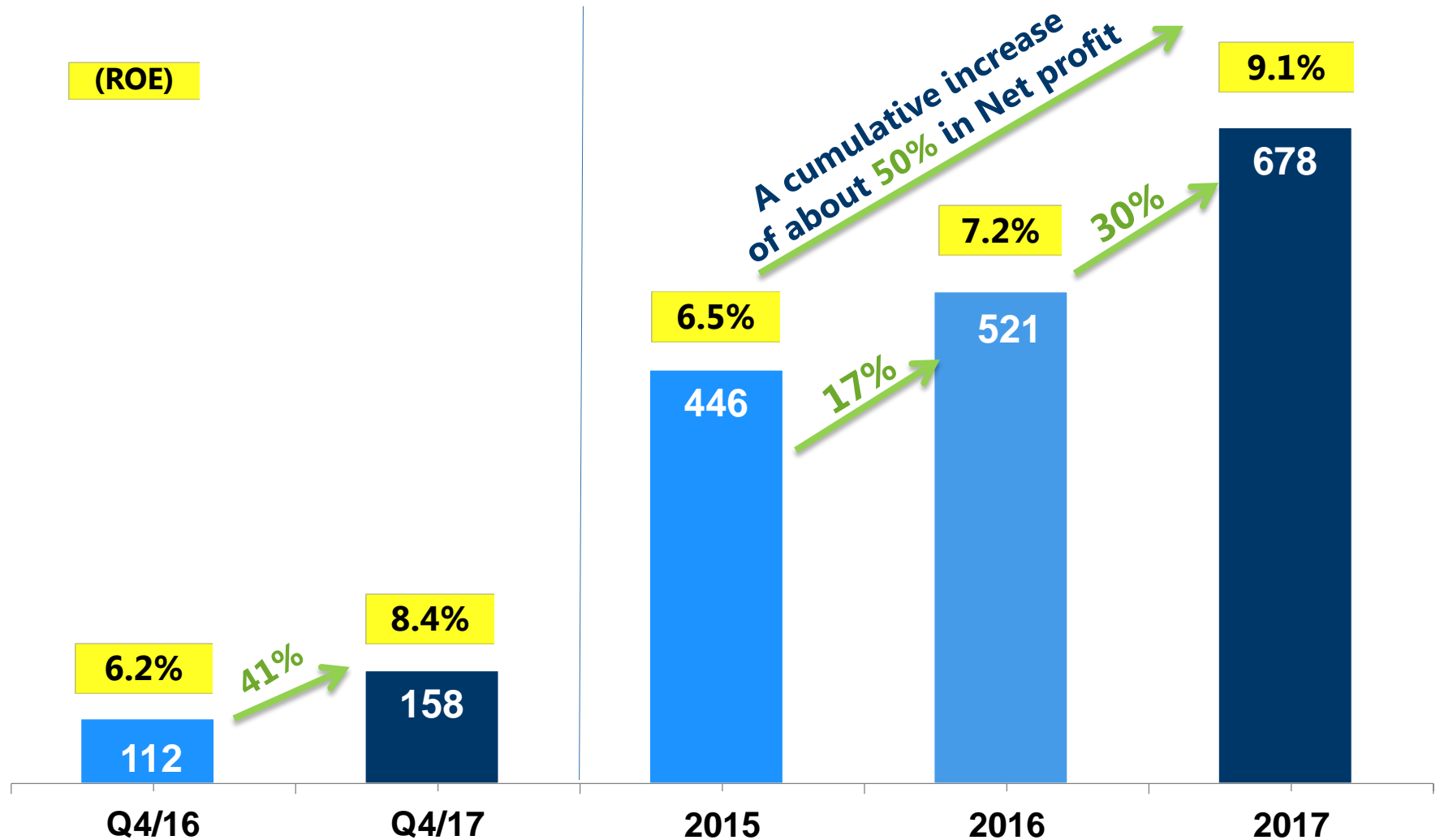


OVERVIEW

31.12.17



GROWTH IN PROFITABILITY & IMPROVEMENT IN ROE



STATEMENTS OF INCOME (MILLIONS NIS)

	2017	2016	Change before tax	Change in %
Interest Income, Net	2,302	2,169	133	6.1%
Non-Interest Financing Income	83	115	(32)	(27.8%)
Expenses from Credit Losses (Provision rate of 0.15%)	121	80	41	
Fees	1,305	1,300	5	0.4%
of which: Fees due to capital market activities	604	585	19	3.2%
Other Income (Sale of an office building in central Tel Aviv this year, Bank's share in the proceeds of the Visa Europe sale transaction and other real estate last year)	62	65	(3)	(4.6%)
Total Income (before Expenses from Credit Losses)	3,752	3,649	103	2.8%

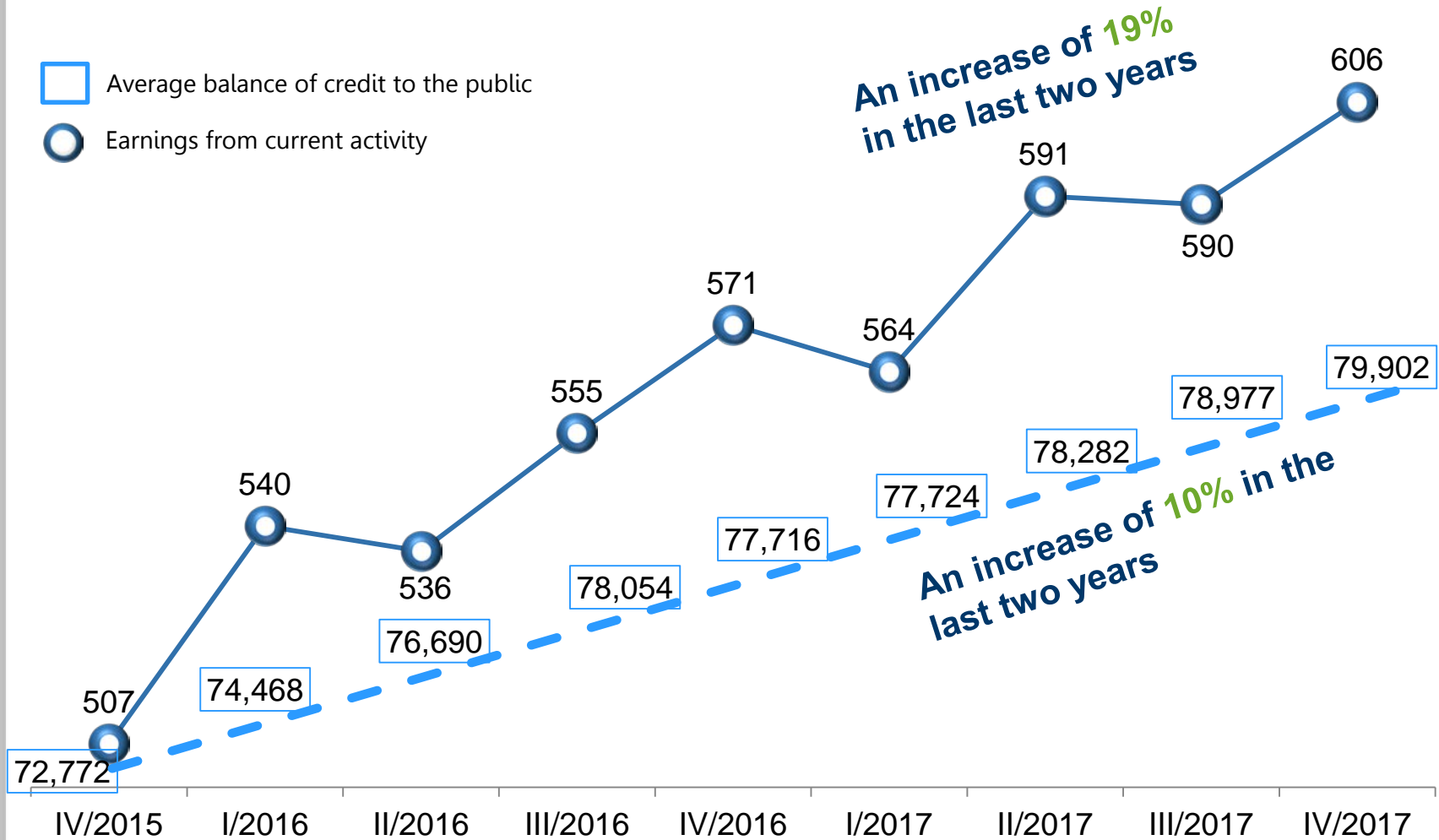
STATEMENTS OF INCOME (MILLIONS NIS)

	2017	2016	Change before tax	Change in %
Total Operating and Other Expenses	2,607	2,683	(76)	(2.8%)
Salaries and Related Expenses	1,627	1,656	(29)	(1.8%)
Maintenance of Buildings and Equipment, Depreciation and Amortization	380	409	(29)	(7.1%)
Amortization of Intangible Assets	94	116	(22)	(19.0%)
Other Expenses	506	502	4	0.8%
Profit before taxes	1,024	886	138	15.6%
Bank's share in CAL profit (last year one-time profit from Visa Europe*)	54	72	(18)	
Net Profit	678	521	157	30.1%

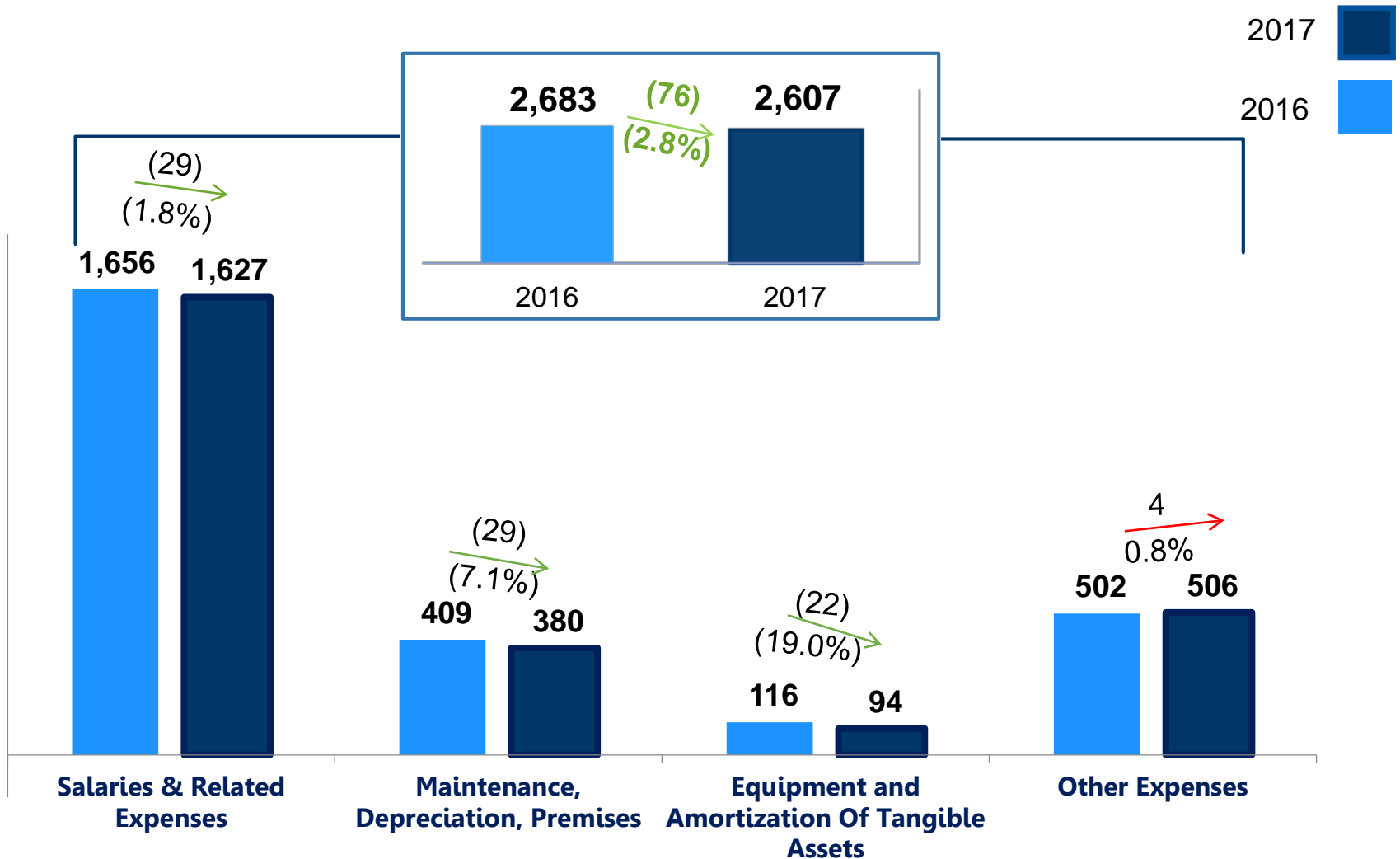
(*)The total impact of the Bank's share in the proceeds of the Visa Europe sale transaction last year amounted to NIS 44 million, net

GROWTH IN EARNINGS FROM CURRENT ACTIVITY AND CREDIT BALANCES (MILLIONS NIS)

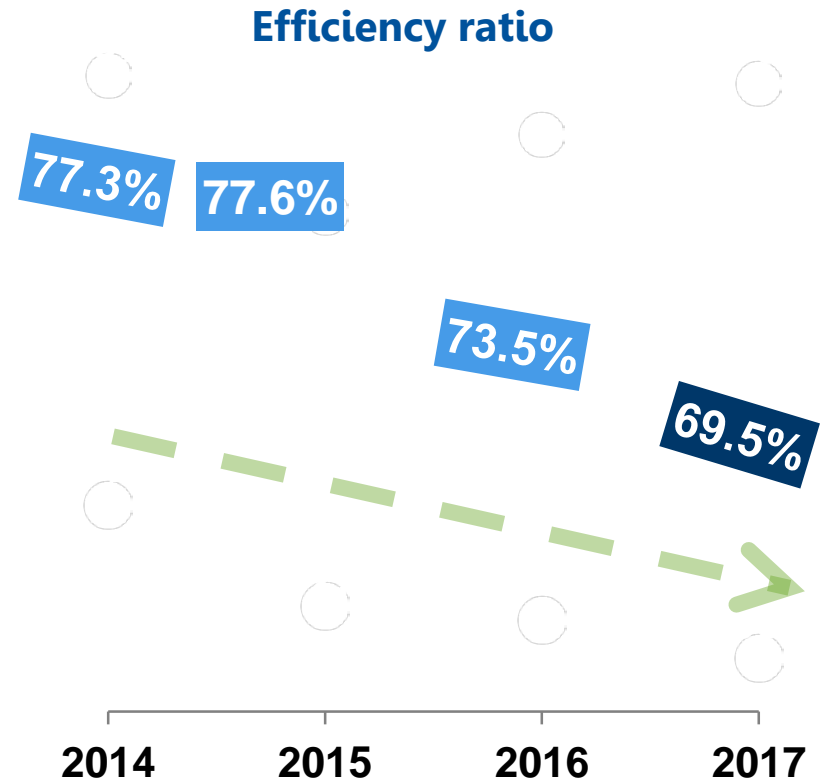
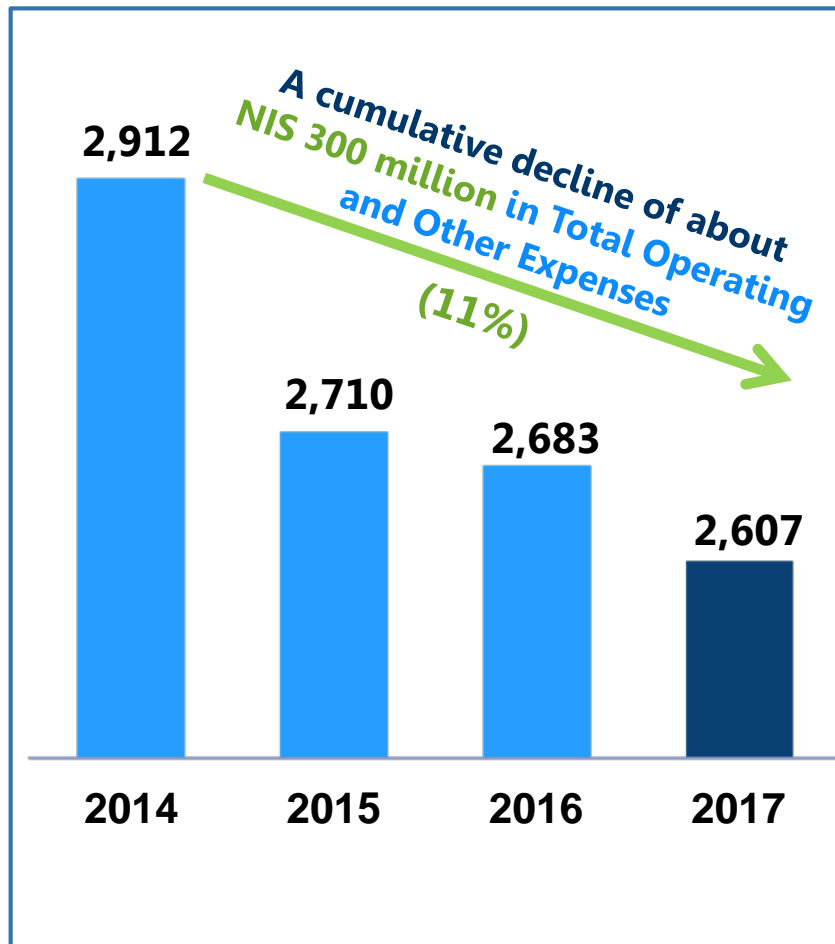
- Average balance of credit to the public
- Earnings from current activity



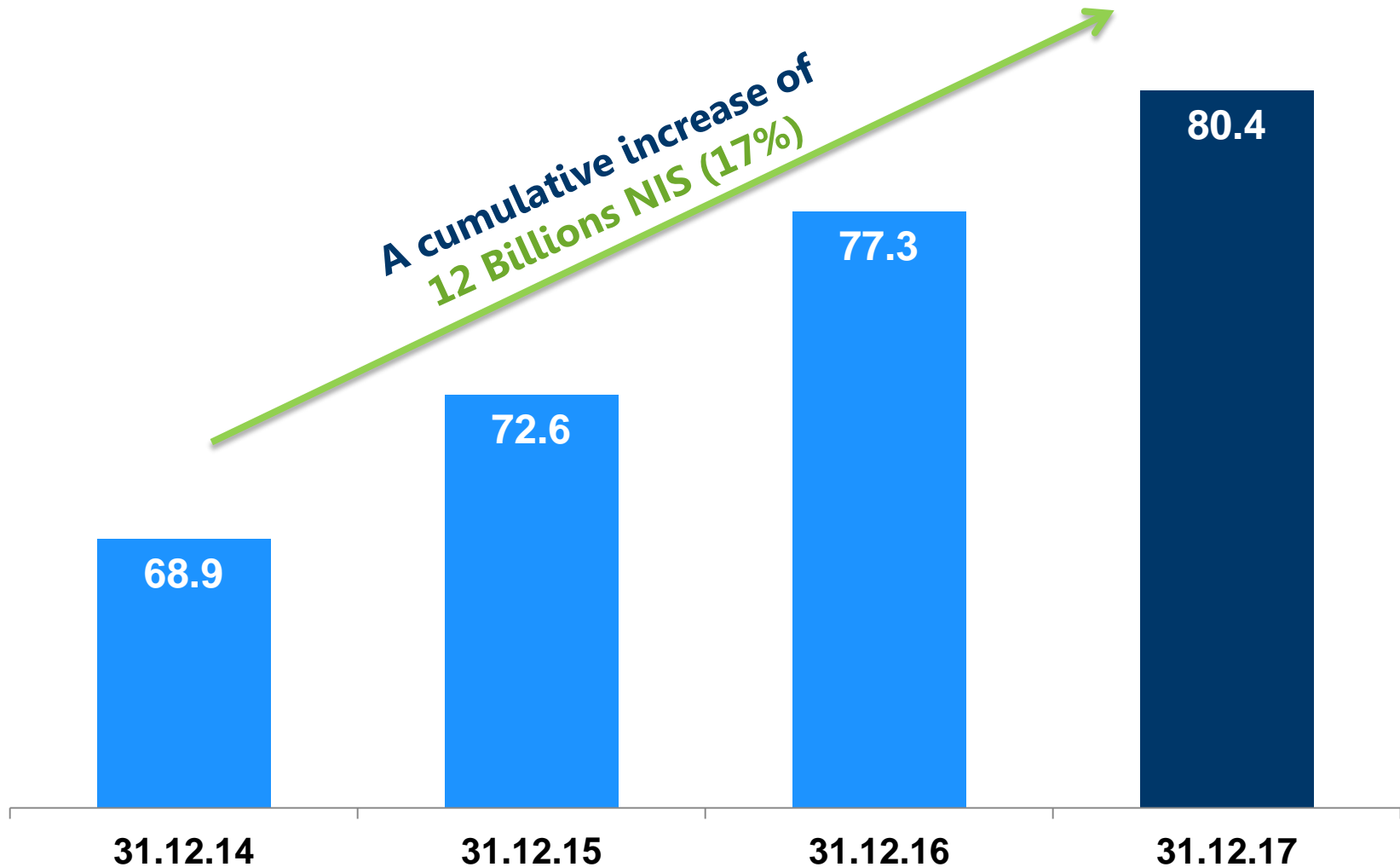
A CONTINUING DECREASE IN OPERATING & OTHER EXPENSES (MILLIONS NIS)



A DECLINE IN OPERATING EXPENSES & EFFICIENCY RATIO



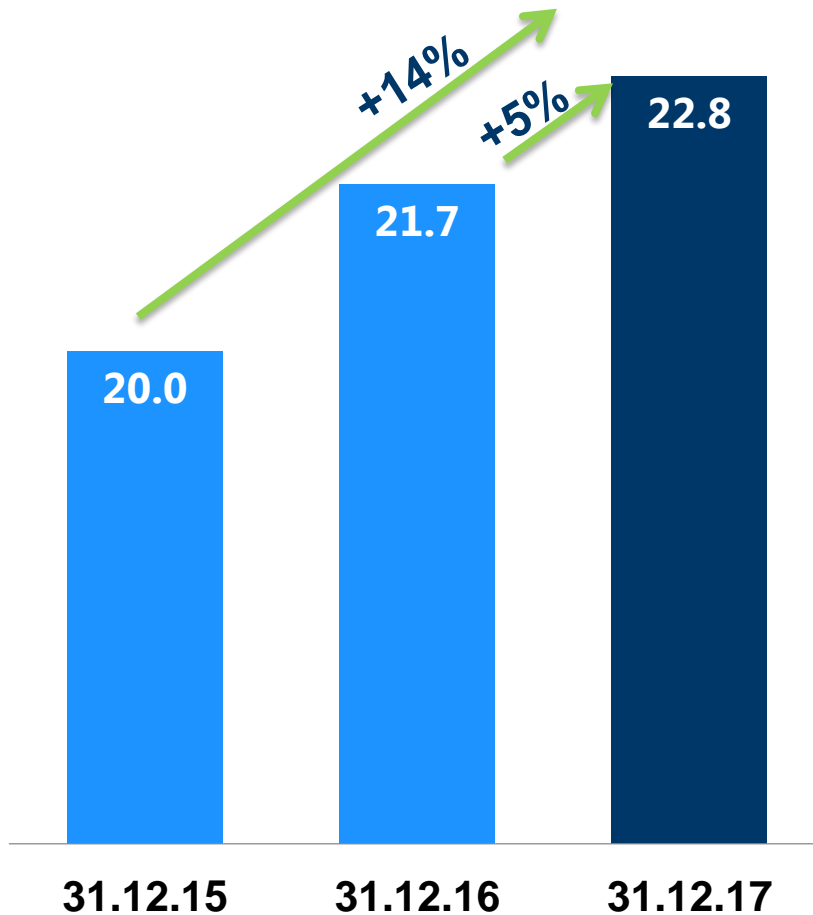
AVERAGE ANNUAL GROWTH OF **OVER 5% IN CREDIT BALANCES** (BILLIONS NIS)



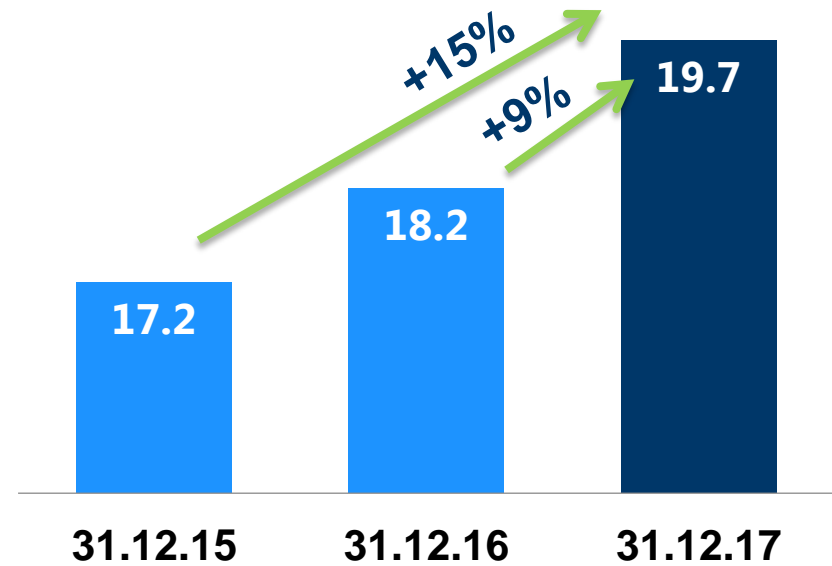
HOUSE HOLDERS & PRIVATE CREDIT TO THE PUBLIC

(BILLIONS NIS)

Mortgages



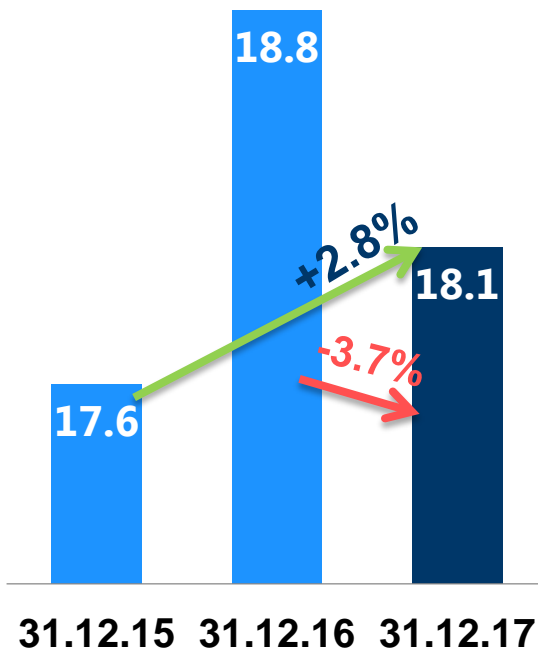
House holders & private



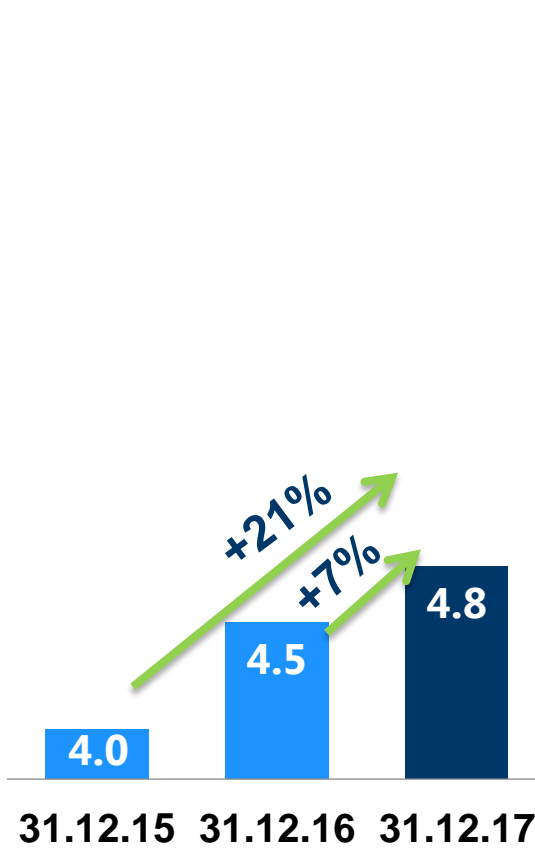
BUSINESSES CREDIT TO THE PUBLIC

(BILLIONS NIS)

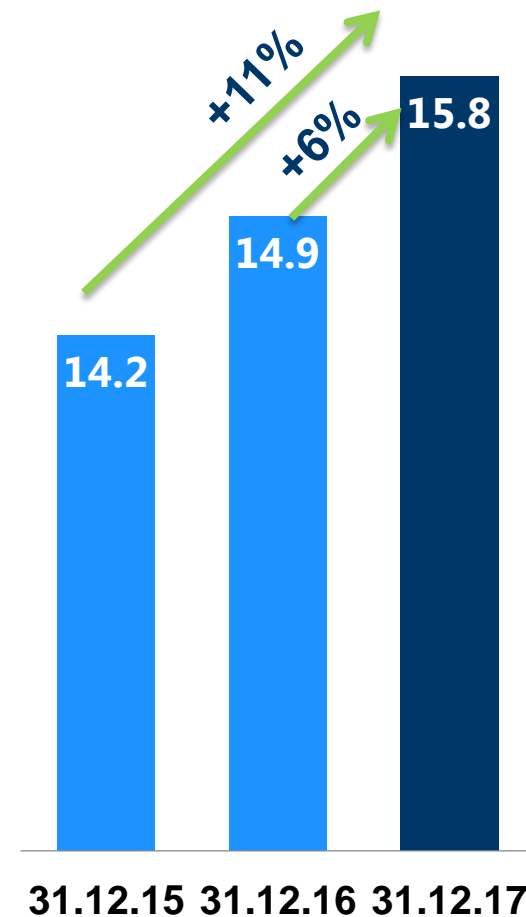
Large Businesses & institutional entities



Medium businesses



Small businesses

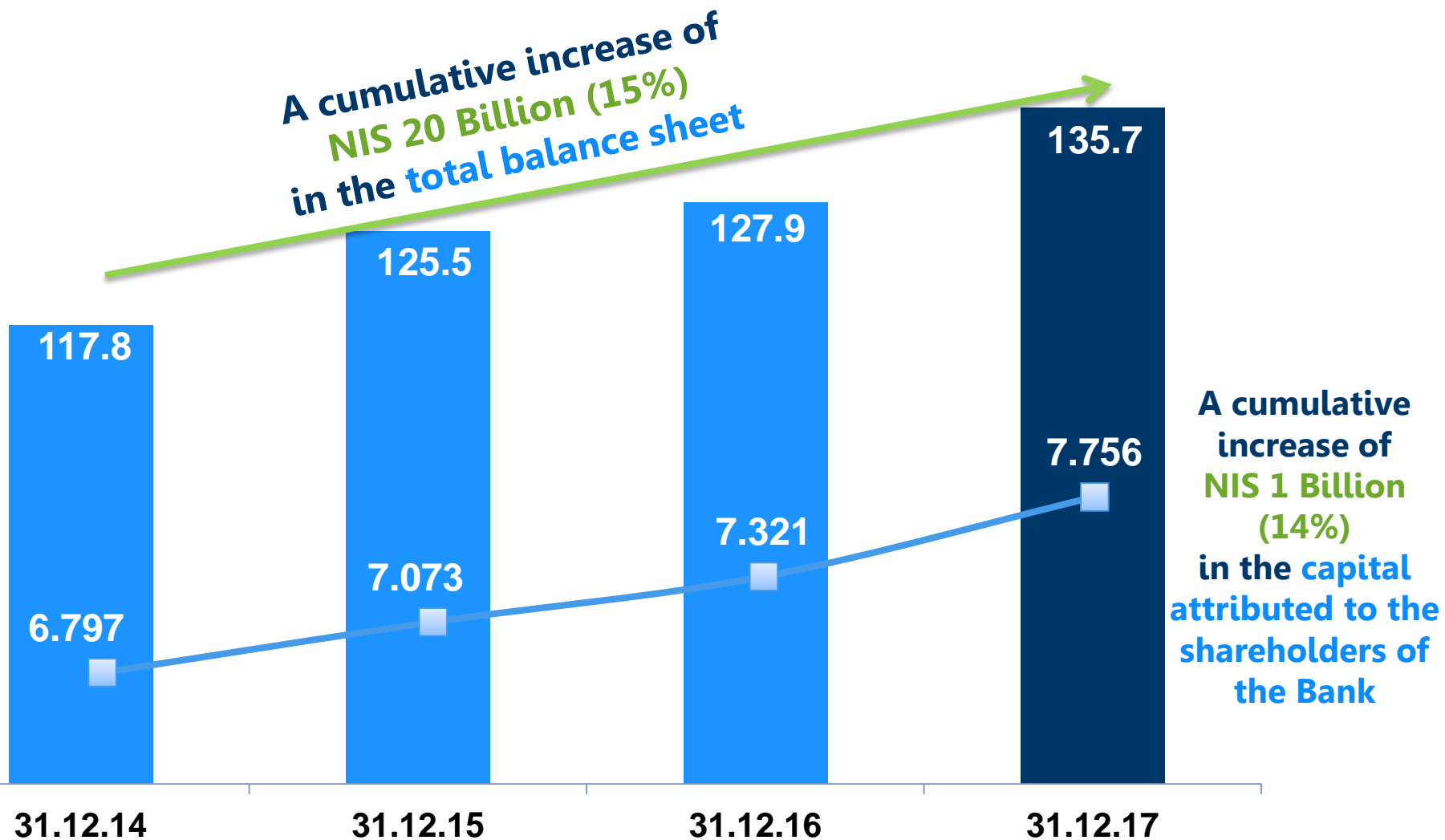


DECREASE IN CREDIT RISK DUE TO PROBLEMATIC DEBT

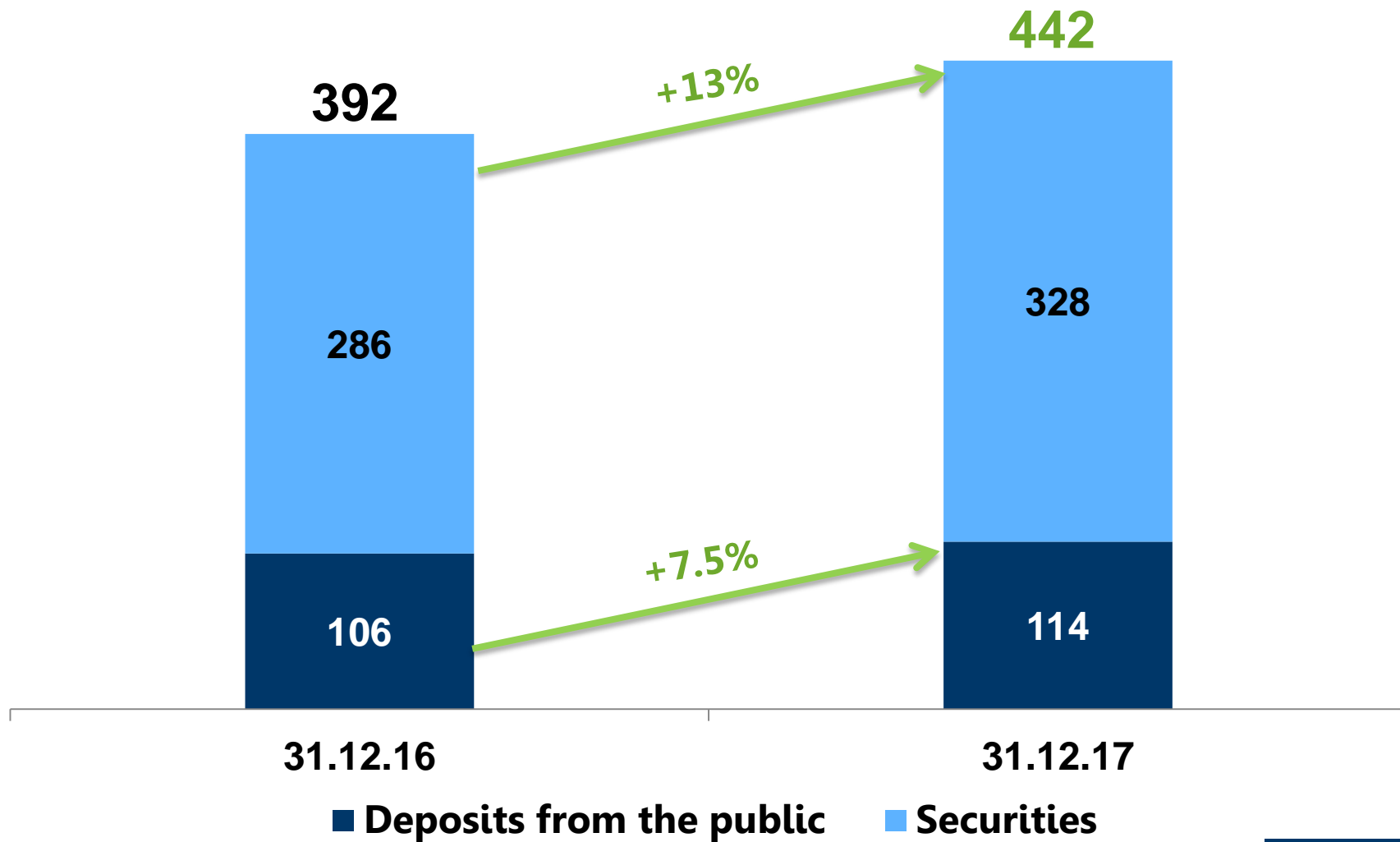
Israeli Banking System 30.9.17

	<u>31.12.17</u>	<u>31.12.16</u>	<u>Gross Change</u>
Impaired Credit Risk	665	756	(91)
Inferior Credit Risk	162	496	(334)
Credit Under Special Supervision Risk	<u>815</u>	<u>817</u>	<u>(2)</u>
Total Problematic Credit Risk	1,642	2,069	(427)
Ratio of impaired debts or in arrears of 90 days or more to credit to the public	0.95%	1.02%	1.40%
Ratio of provision for credit losses in respect of credit to the public to total impaired credit to the public	155%	147%	118%
Ratio of credit loss expenses	0.15%	0.10%	0.17%

GROWTH IN BALANCE SHEET AND ACTIVITY

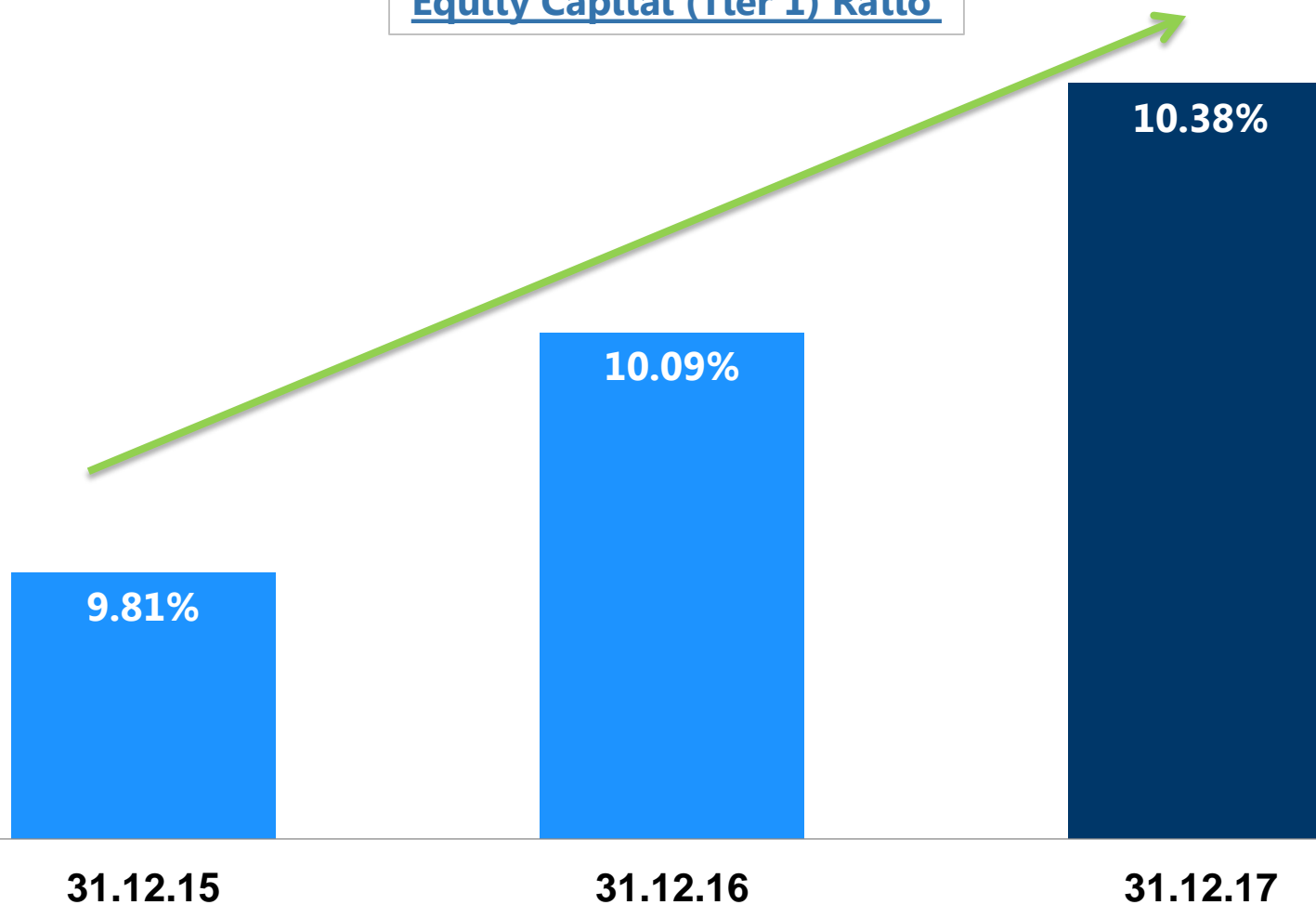


GROWTH IN THE BALANCE OF THE PUBLIC CLIENTS ASSETS (BILLIONS NIS)



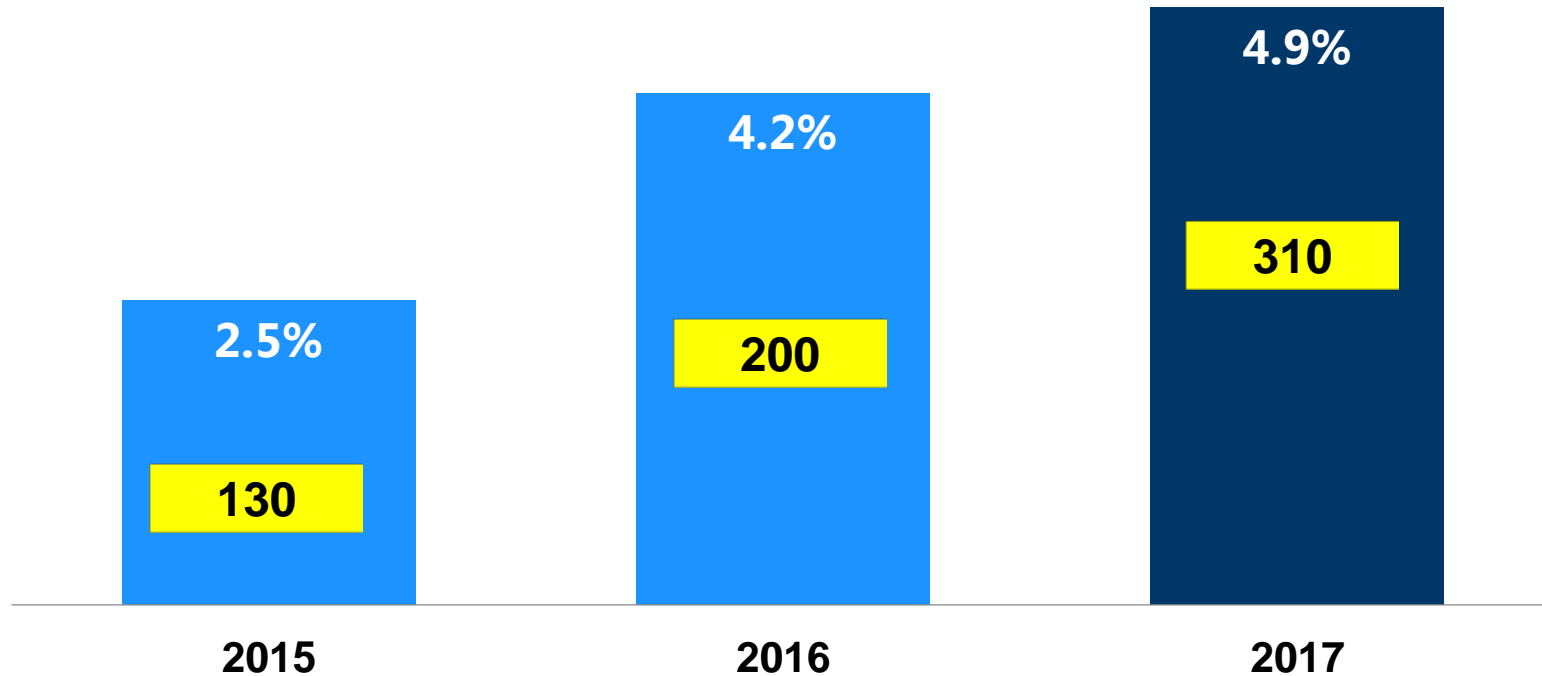
AN IMPROVEMENT IN FINANCIAL STRENGTH TOGETHER WITH THE INCREASE IN CREDIT

Equity Capital (Tier 1) Ratio



GROUP'S DIVIDEND YIELD IS THE HIGHEST IN THE ISRAELI BANKING SYSTEM

 **Total Dividend Distribution**
(MILLIONS NIS)



Subsequent to the publication of the Financial Report, the Bank declared an additional **95** NIS Million Dividend Distribution

Highlights of the results for 2017

Net Profit and ROE

Group net profit for 2017: NIS **678** million vs NIS 521 million in 2016 (+**30%**)
Net ROE of **9.1%** vs 7.2% in 2016
Q4 net profit of NIS **158** million vs NIS 112 million in Q4 2017 (+**41%**)
Q4 net ROE amounted to **8.4%**.

High capital adequacy concurrent

Maintained a high capital adequacy ratio; at December 31, 2017, Tier I equity ratio of **10.38%**; comprehensive capital ratio of **13.94%**.

High dividend return

Dividend yield **4.9%**, **continuing to be the highest in the banking sector**
Subsequent to the Financial Report, additional NIS **95** NIS million declared

Growth in credit

Growth of **4%** in the balance of credit vs that of year-end 2016.

Growth as against
December 31, 2016

Private customers -	8.5%
Housing loans -	5.1%
Small businesses -	5.7%
Middle market businesses -	6.3%
Corporate businesses (including institutional bodies) -	(3.9%)

Highlights of the results for 2017

Growth in customer assets

Increase of 13% (NIS 50 Billion) in volume of customers' assets during 2017. Total assets of customers at the end of 2016 was NIS **442** Billion.

Continuing growth in financing income

Continuing growth in the current financing income of the Bank – growth of 7% (NIS 149 Million) in comparison with the previous year. The growth stemmed mainly from the rise in volume of operations and in margins.

Decrease of 3% in expenses of the Group

The downward trend continues in all operating expense items. Payroll expenses decreased by NIS 29 million, mostly as a result of the reduction manpower.
The non-payroll remaining expense items decreased due to efficiency measures at branches and Head Office.

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