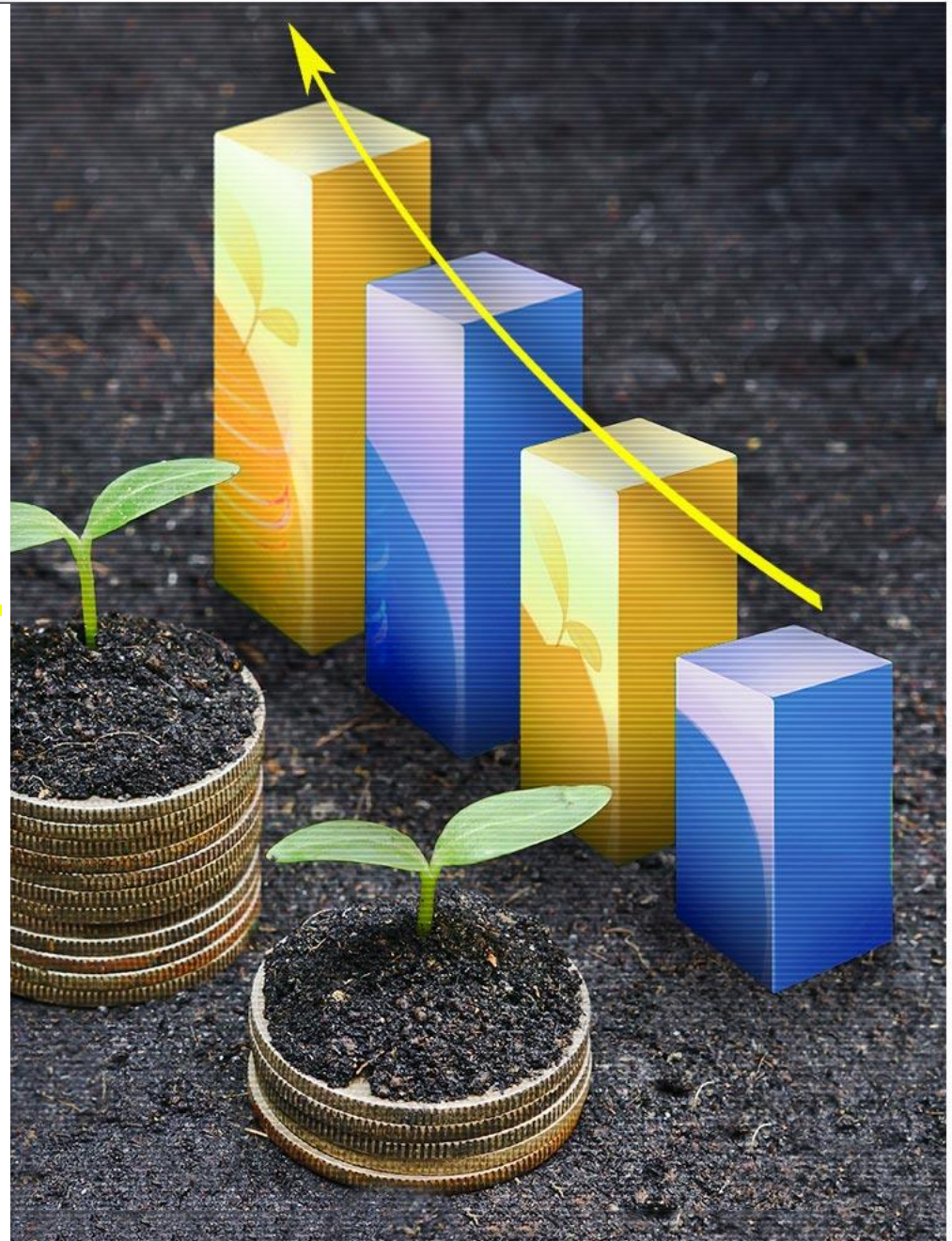


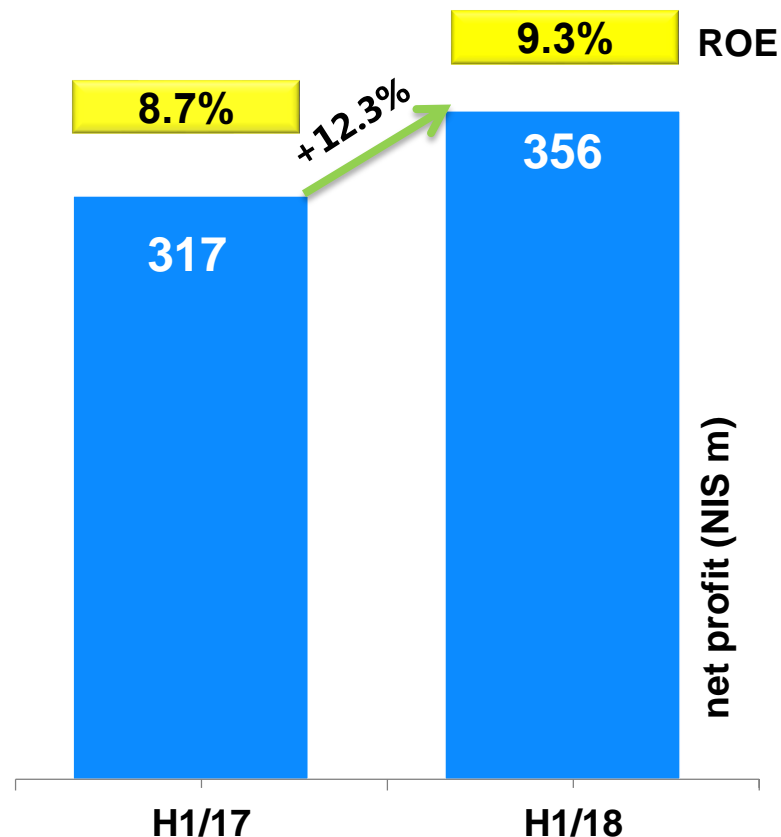
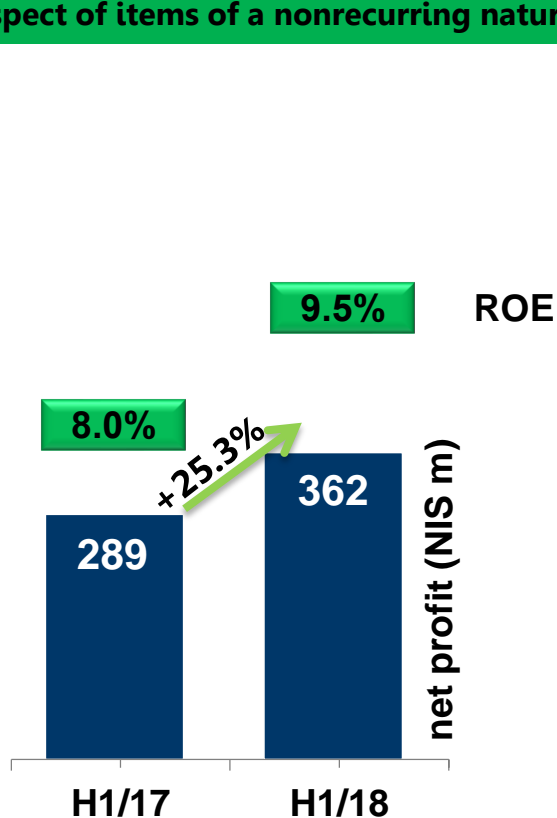
OVERVIEW

Second Quarter
and First Half 2018



NET PROFIT AND ROE HALF YEAR DATA

Adjusted financial results
in respect of items of a nonrecurring nature

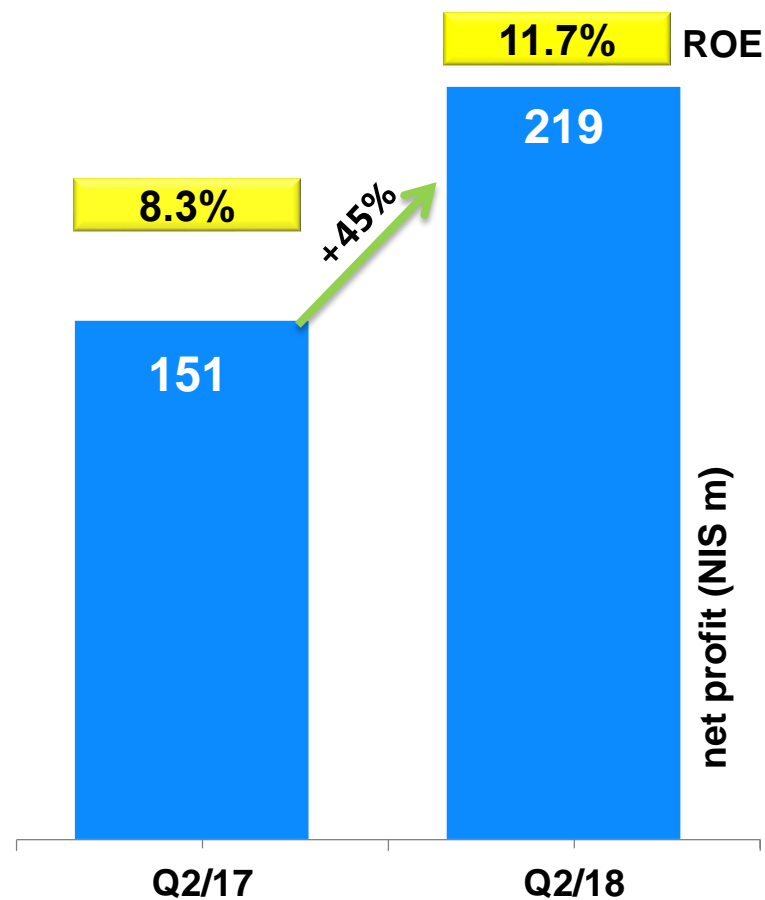
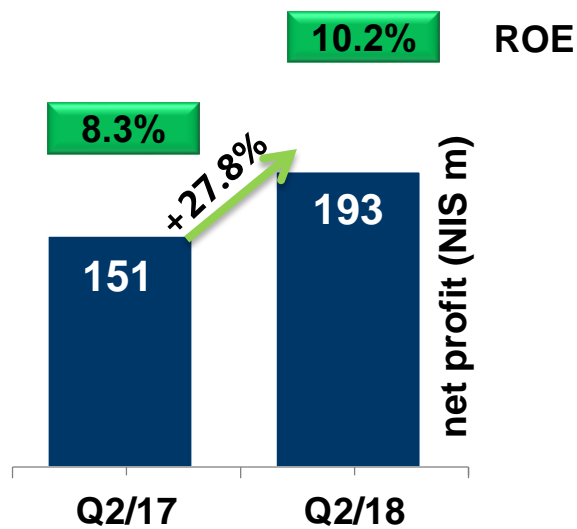


Capital (Tier 1) to Risk weighted Assets Ratio	10.25%
Capital to Risk Assets Total Ratio	13.81%

H1/18	10.10%
	13.35%

NET PROFIT AND ROE QUATERLY DATA

Adjusted financial results
in respect of items of a nonrecurring nature



GROWTH IN PROFITABILITY AND INCREASE IN ROE

Excluding non-recurring items

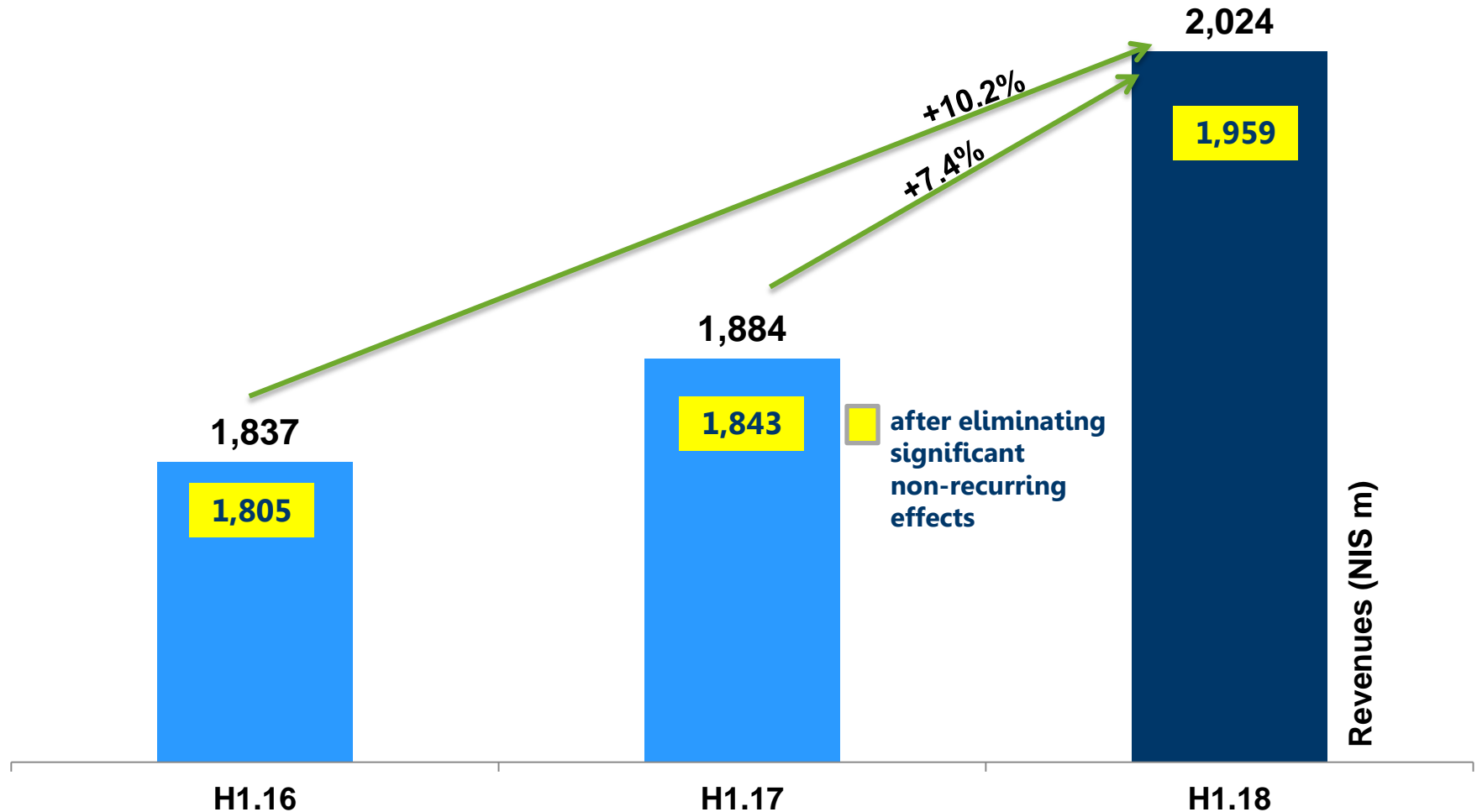
(NIS Millions)	H1.2018	H1.2017	Q2.2018	Q2.2017
Net profit	356	317	219	151
<u>Net of tax effects below:</u>				
Profit from sale of building in Switzerland	13	-	-	-
Profit from the sale of rights in a subsidiary's management building & profit from sale of office in 2017 in Tel Aviv	33	28	33	-
Provision for employee award claims, net (gross 45)	(29)	-	-	-
Efficiency measures provision in subsidiary, net (gross 34)	(23)		(7)	
Profit after eliminating non-recurring items +25% ↑	362	289	193	151
ROE eliminating non-recurring items	↑ 9.5%	8.0%	10.2%	8.3%
Efficiency ratio	68.8%	69.2%	63.0%	69.6%
Cost/income ratio excluding non-recurring items	↓ 67.0%	70.8%	64.9%	69.6%



STATEMENT OF INCOME

(NIS millions)	H1.2018	H1.2017	Change before tax	Change in %
Total financing income	1,286	1,178	108	9.2%
Expenses from credit losses (Provision rate of 0.20%)	81	87	(6)	(6.9%)
Commission income	663	651	12	1.8%
Other Income (Sale of rights in a subsidiary's management building and realization of real estate in Switzerland in 2018, Sale of a real estate property in Tel Aviv in 2017)	75	55	20	
Total income (before expenses from credit losses)	2,024	1,884	140	7.4%

CONTINUED GROWTH IN GROUP REVENUES

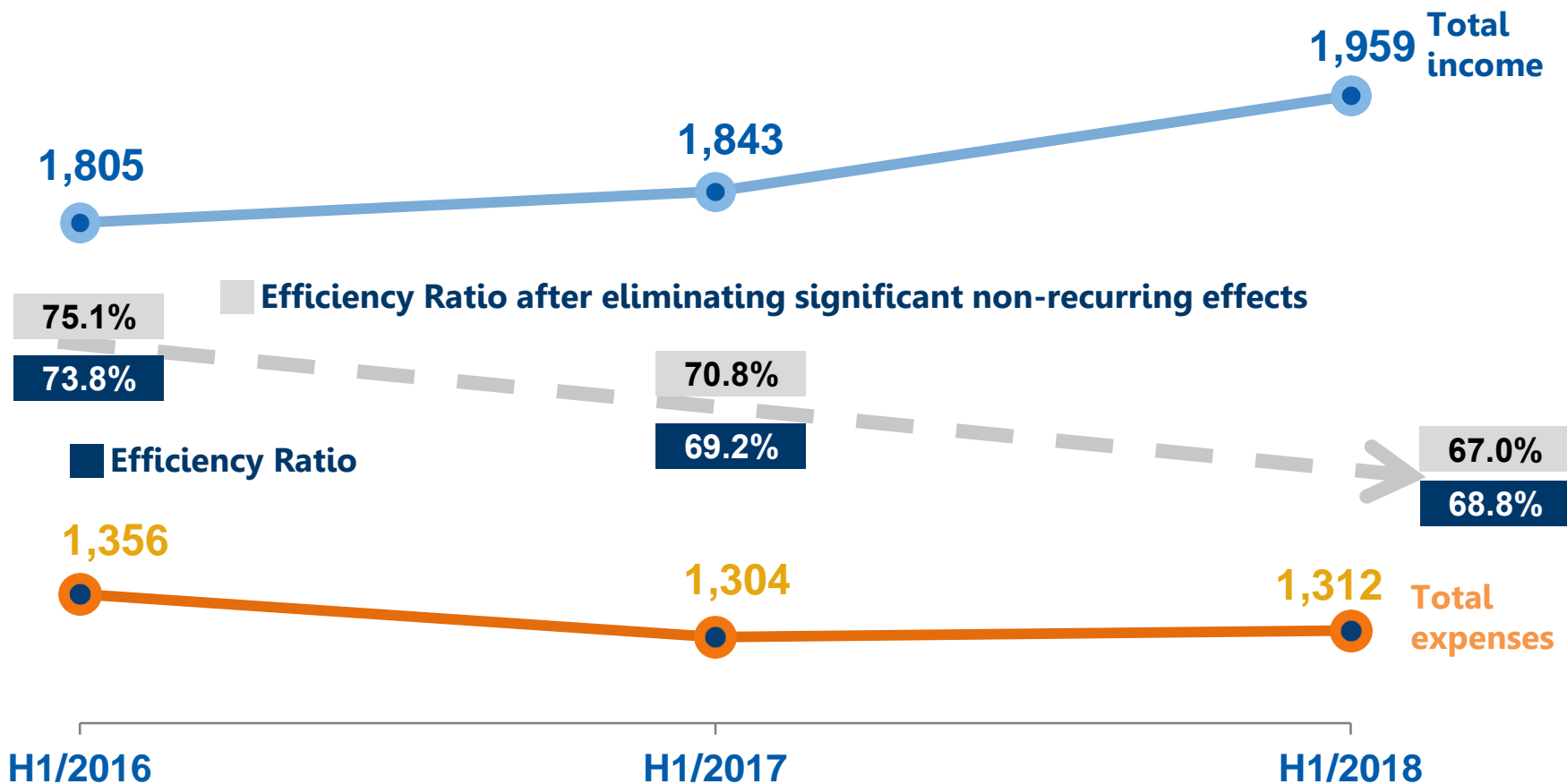


STATEMENT OF INCOME: EXPENSES & NET PROFIT

MILLIONS NIS	H1.2018	H1.2017	Change before tax	Change in %
Total operating and other expenses	1,392	1,304	88	6.7%
Total operating and other expenses (After eliminating provision for employee award claims and a provision for restructuring of an organizational structure in a subsidiary)	1,313	1,304	9	0.7%
Salaries and related expenses	835	797	38	4.8%
Salaries and related expenses (After eliminating provision for employee award claims)	790	797	(7)	(0.8%)
Provision for employee claims for award	45	-	45	
Maintenance of buildings and equipment, depreciation and amortization	190	193	(3)	(1.6%)
Amortization of intangible assets (*)	45	45	-	-
Dismissal expenses for employee retirement	14	9	5	0.6%
Other Expenses	274	260	14	5.4%
Provision for restructuring of organizational structure in a subsidiary	34	-	34	
Profit before taxes	551	493	58	11.2%
Bank's share in CAL profit	19	26	(7)	
Net profit	356	317	39	12.3%

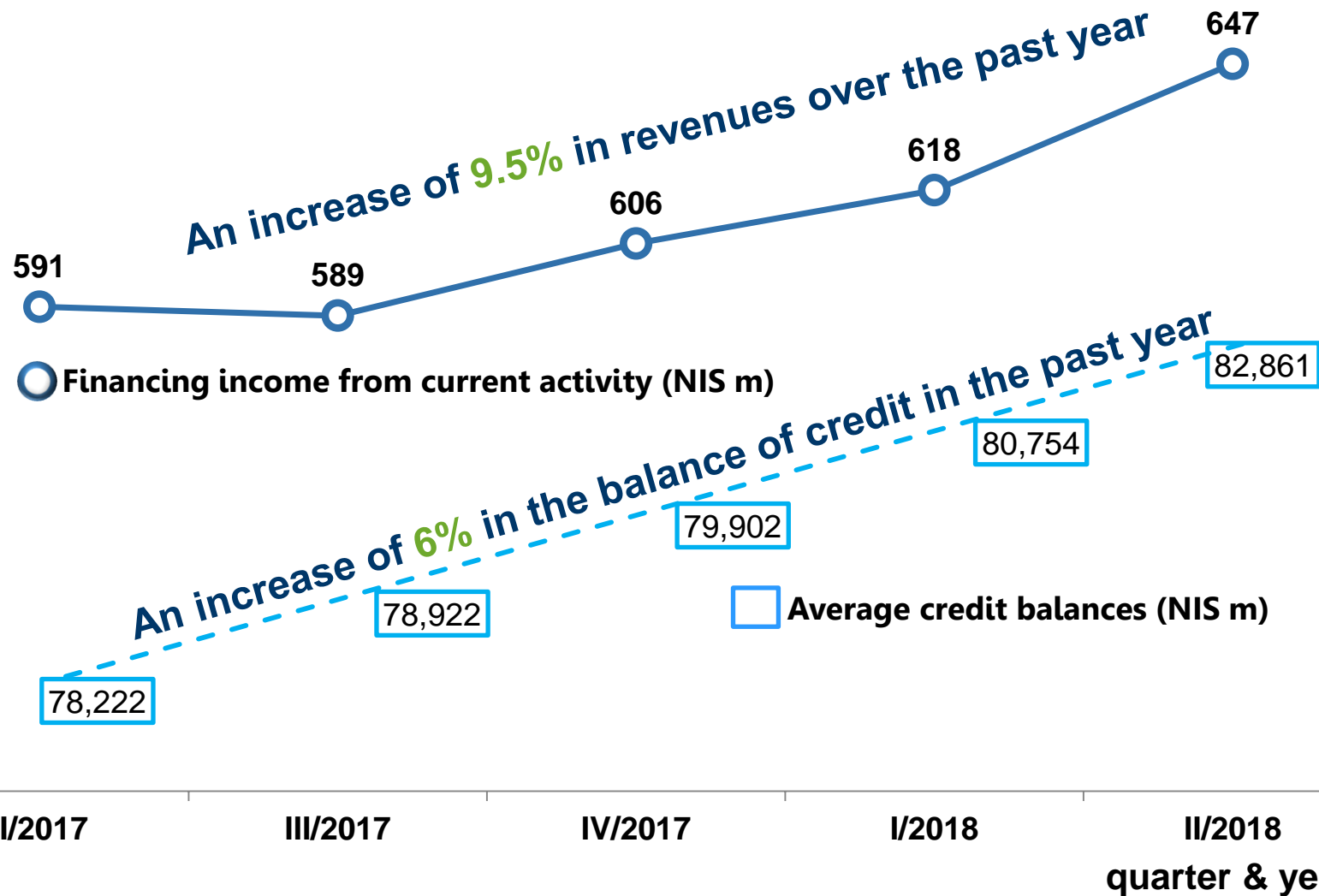
CONTINUOUS IMPROVEMENT IN EFFICIENCY RATIO

Operating expenses to income (NIS millions)

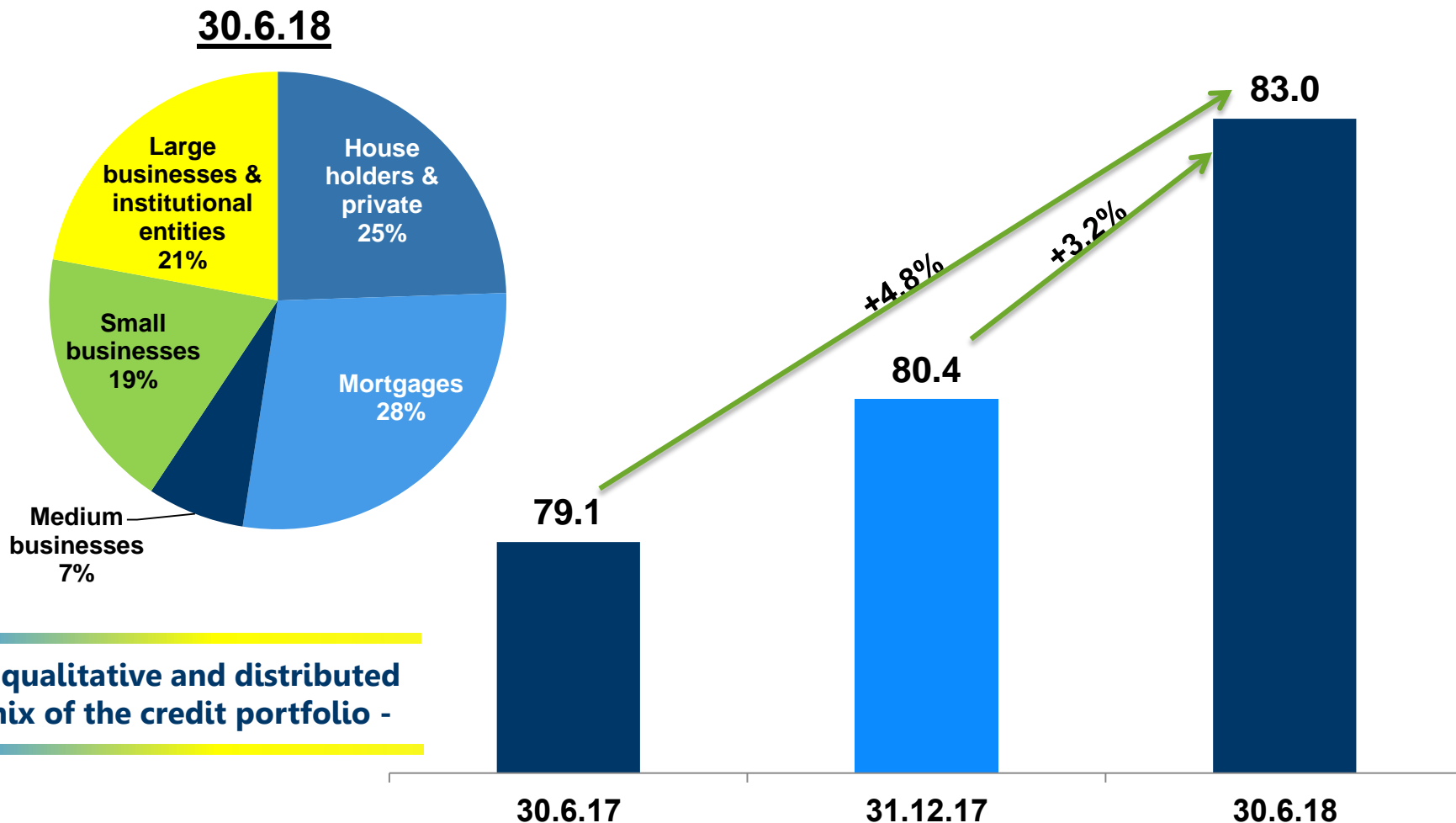


Note: In Q2.2018, the efficiency ratio was 63.0% and after eliminating Significant non-recurring effects - 64.9%.

GROWTH IN FINANCING INCOME & CREDIT BALANCES



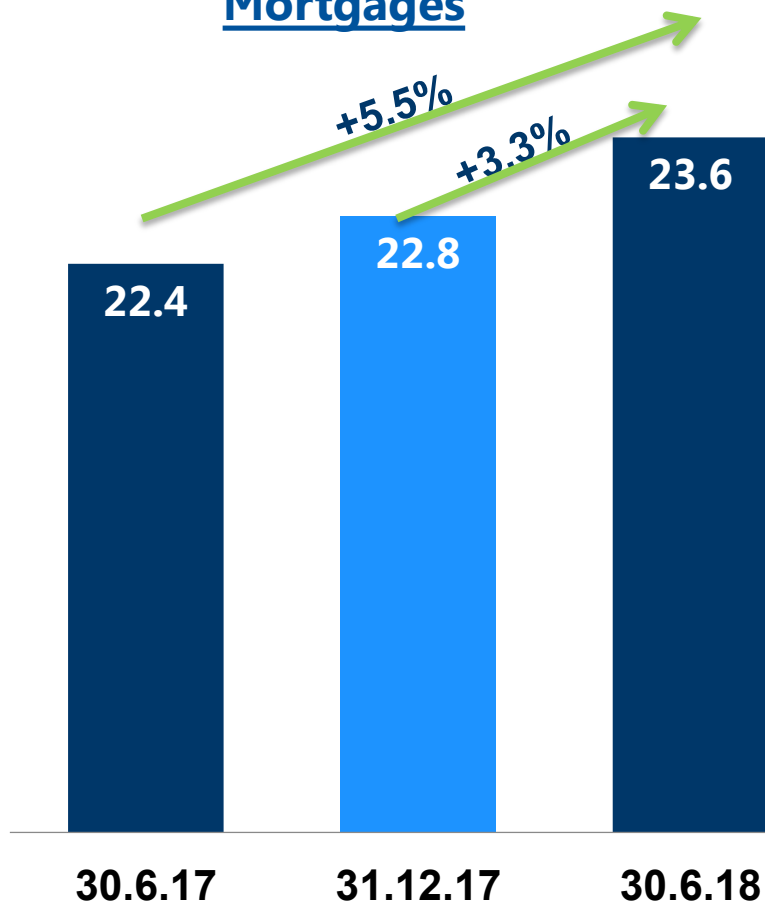
GROWTH IN CREDIT BALANCES (BILLIONS NIS)



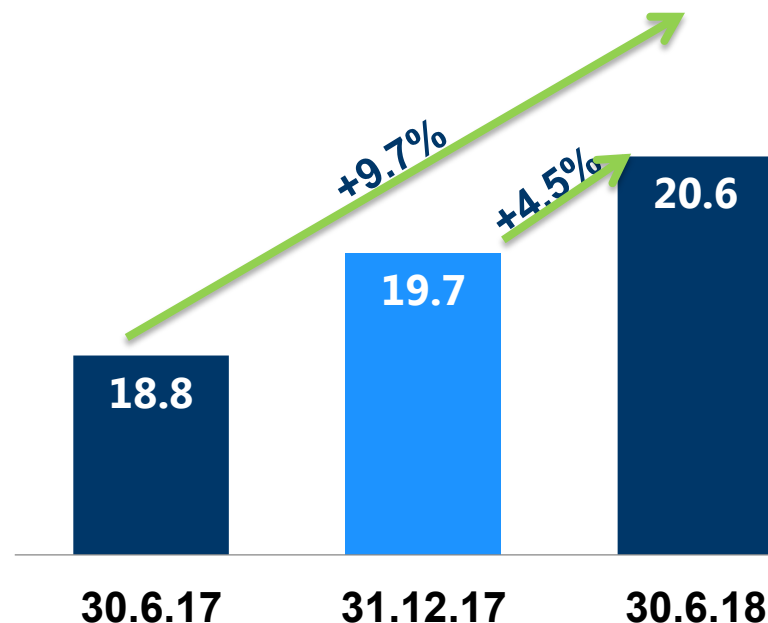
HOUSE HOLDERS & PRIVATE CREDIT TO THE PUBLIC

(NIS billions)

Mortgages



Households & private



Supervisory segments definitions:

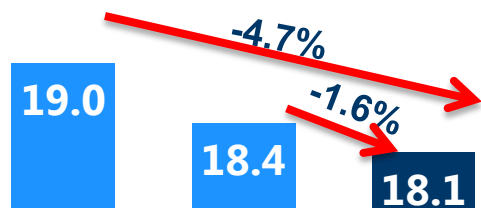
private banking segment - private individuals with financial asset portfolio that exceeds **NIS 3 Million**.

Households - private individuals, excluding customers included in the private banking segment.

BUSINESSES CREDIT TO THE PUBLIC

(Billion NIS)

Large businesses & institutional entities



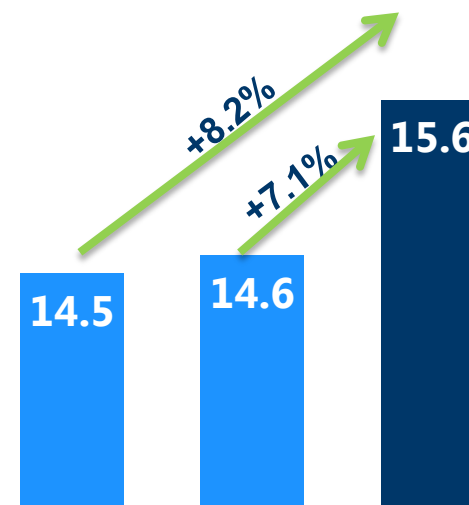
30.6.17 31.12.17 30.6.18

Medium businesses



30.6.17 31.12.17 30.6.18

Small & Minute businesses



30.6.17 31.12.17 30.6.18

Supervisory segments definitions:





Minute business - a business with an annual turnover of which is \leq NIS 10 Million.

Small business - a business with an annual turnover of which is between NIS 10 \leq 50 Million.

medium-market business - a business with an annual turnover of which is between NIS 50 \leq 250 Million.

Large business - a business with an annual turnover of which is \geq NIS 250 Million.

DECREASE IN CREDIT RISK DUE TO PROBLEMATIC DEBT

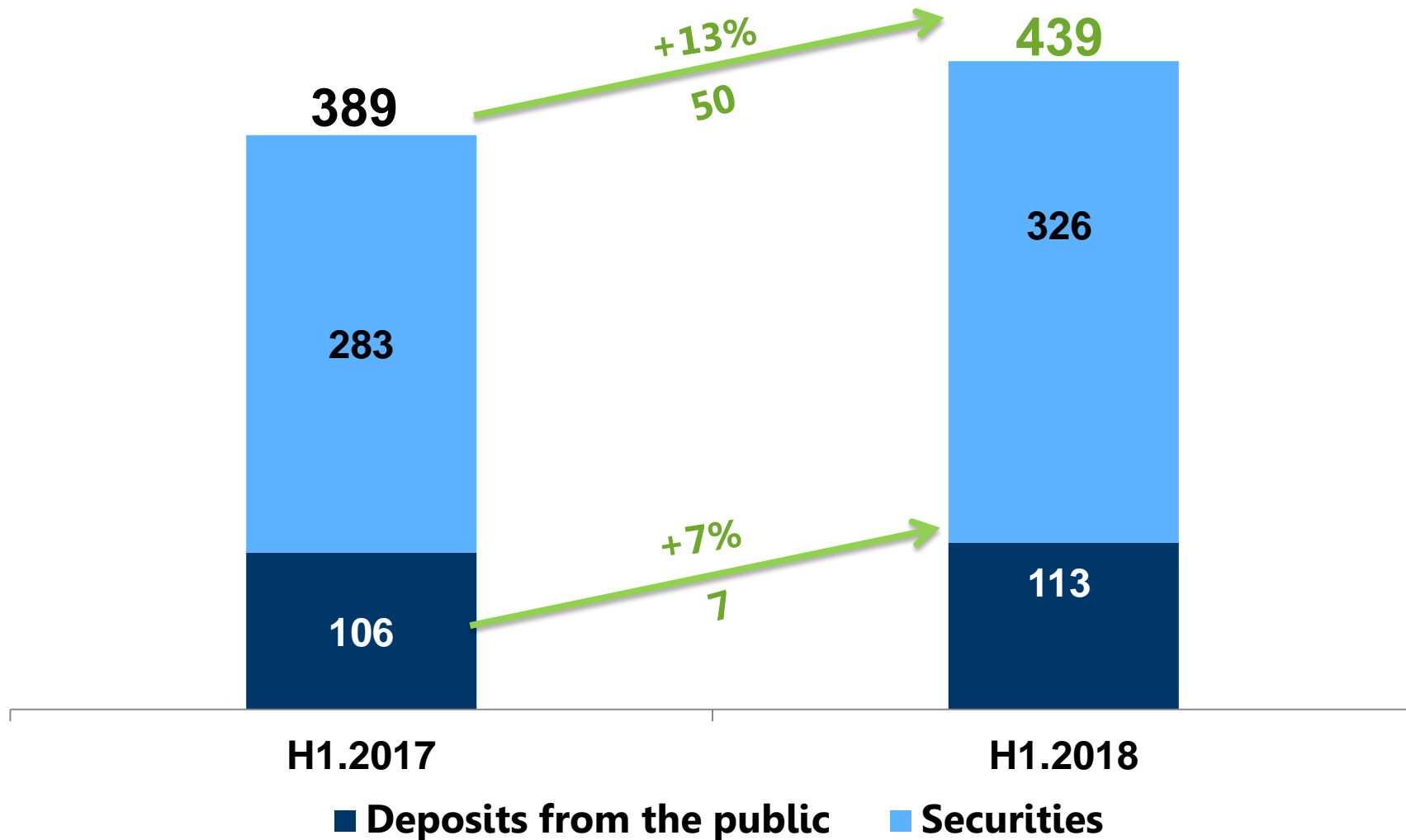
(MILLIONS NIS)	<u>30.6.18</u>	<u>31.12.17</u>	<u>30.6.17</u>	<u>Gross Change</u>
Impaired credit risk	629	665	894	(265)
Inferior credit risk	155	162	206	(51)
Credit under special supervision risk	888	815	940	(52)
Total problematic credit risk	1,672	1,642	2,040	(368)
Ratio of provision for credit losses in respect of credit to the public to total impaired credit to the public (1)	 165%	155%	112%	
Ratio of impaired debts to the balance of credit to the public (2)	 0.62%	0.67%	0.94%	
Ratio of impaired debts or in arrears of 90 days or more to credit to the public (3)	 0.93%	0.95%	1.20%	
Ratio of credit loss expenses	 0.20%	0.15%	0.22%	

Comparison with the Israeli banking system as of 31.3.18:

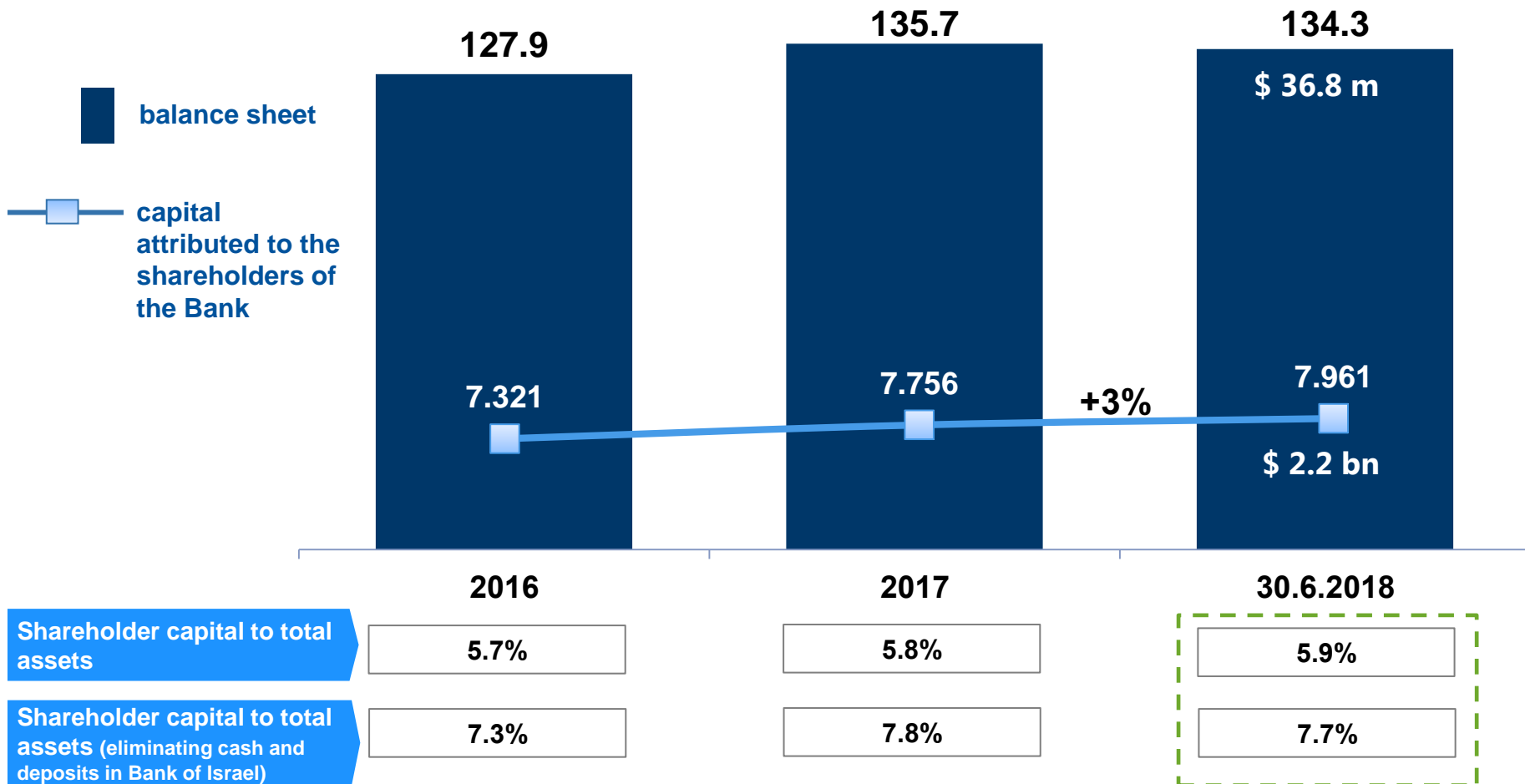
- (1) **132%** (Higher = better)
- (2) **0.90%** (Lower = better)
- (3) **1.29%** (Lower = better)

GROWTH IN THE BALANCE OF THE PUBLIC CLIENTS ASSETS

(BILLIONS NIS)



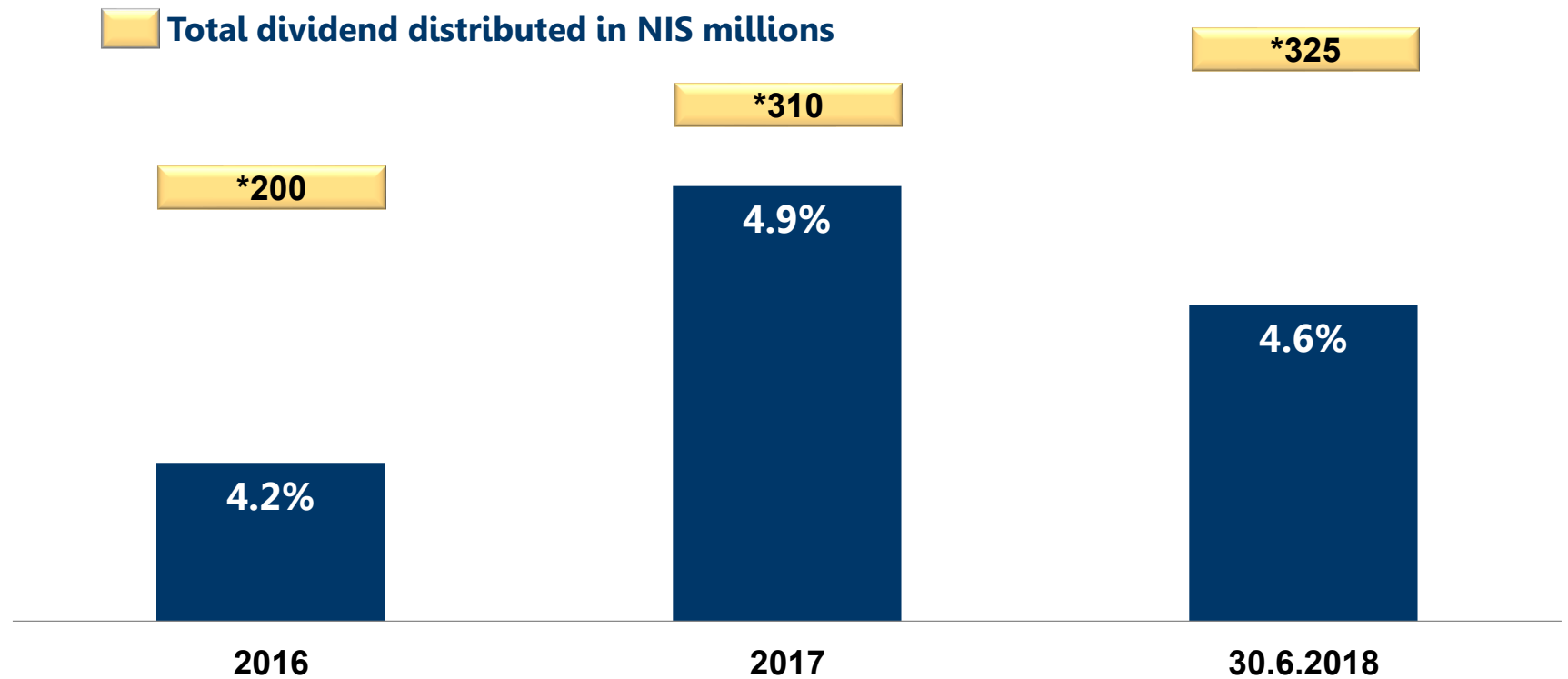
RATIO OF SHAREHOLDER CAPITAL TO TOTAL ASSETS



Liquidity Ratio (LCR): **118%**
Leverage Ratio: **5.61%**

DIVIDEND YIELD

Dividend distribution of up to 50% of the current profit



Subsequent to June 30: additional dividend distribution of NIS 100 m

Results Highlights for H1 2018 (comparison to H1 2017)

Growth in net profit and ROE

In H1.2018, group net profit of NIS **356** m vs NIS 317m, up **12%** YoY
ROE net of **9.3%** vs 8.7%.

In Q2.2018, group net profit of NIS **219** m vs NIS 151m, up **45%** YoY
ROE net of **11.7%** vs 8.3%

Revenue growth

Group's revenues grew by **7.4%** YoY.

Improvement in operating efficiency ratio

Group's efficiency ratio in H1.2018 was **68.8%**, vs 69.2% in H1.2017
H1.2018 also includes **additional provisions** for continued efficiency measures,
-> expectations of **further improvement in efficiency.**

High Capital Adequacy & financial strength

Maintained high capital adequacy ratio (Tier 1, June 30, 2018): **10.10%** and a capital ratio of **13.35%**.

Results Highlights for H1 2018 (comparison to H1 2017)

		Growth versus:		
		<u>31.12.17</u>	<u>30.6.17</u>	
Growth in credit	Total credit to the public of NIS 83bn , growth of NIS 2.6bn (3.2%) since 31/12/17 and NIS 3.8 billion (4.8%) YoY	Private customers -	4.5%	9.7%
		Housing loans -	3.3%	5.0%
		Small businesses -	7.1%	8.2%
		Middle market businesses & Corporate businesses		
		(including institutional bodies) -	0.0%	(1.2%)
Growth in deposits & customer assets	Continued growth in deposits among the public to NIS 113 billion, up 7% YoY. Growth of 13% in volume of customer asset portfolio vs H1 2017.			
High dividend return	Group's dividend yield for the year ended June 30, 18 was 4.6% Subsequent to June 30: additional dividend distribution of NIS 100m			

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