

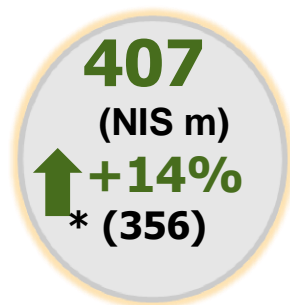
OVERVIEW

30.6.19

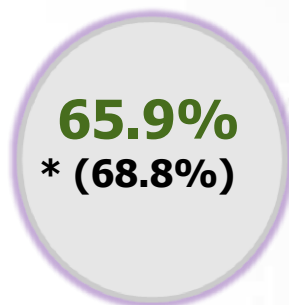


H1.19 - Main Data

Net Profit



Efficiency Ratio



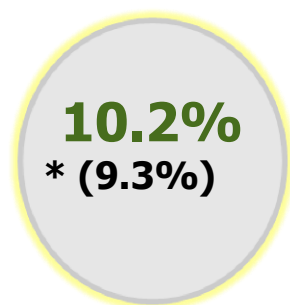
Net Financing Earnings



Growth in Credit Balances



ROE



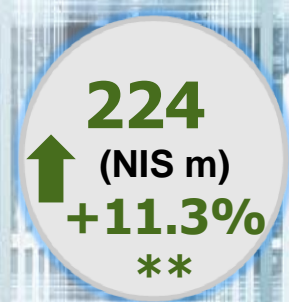
Capital (Tier 1) to Risk Weighted Assets Ratio



Decrease in Total Operating Expenses



Net Profit in the second quarter



A

A

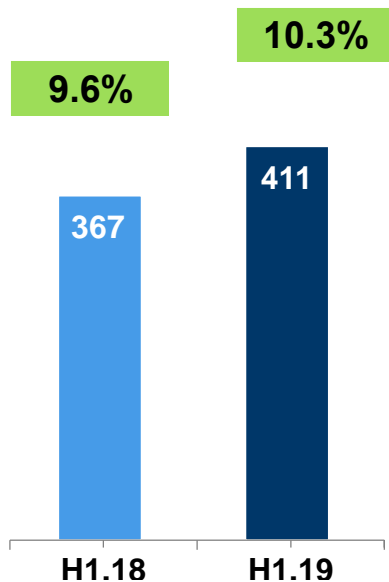
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*First half last year

**ROE

Growth in Net Profit and ROE while maintaining financial stability

Profit after eliminating of certain components



Capital (Tier 1) to Risk Weighted Assets Ratio

Capital to Risk Assets Total Ratio

9.3%

356

H1.18

10.10%

13.35%

+14%

10.2%

ROE

407

net profit (NIS m)

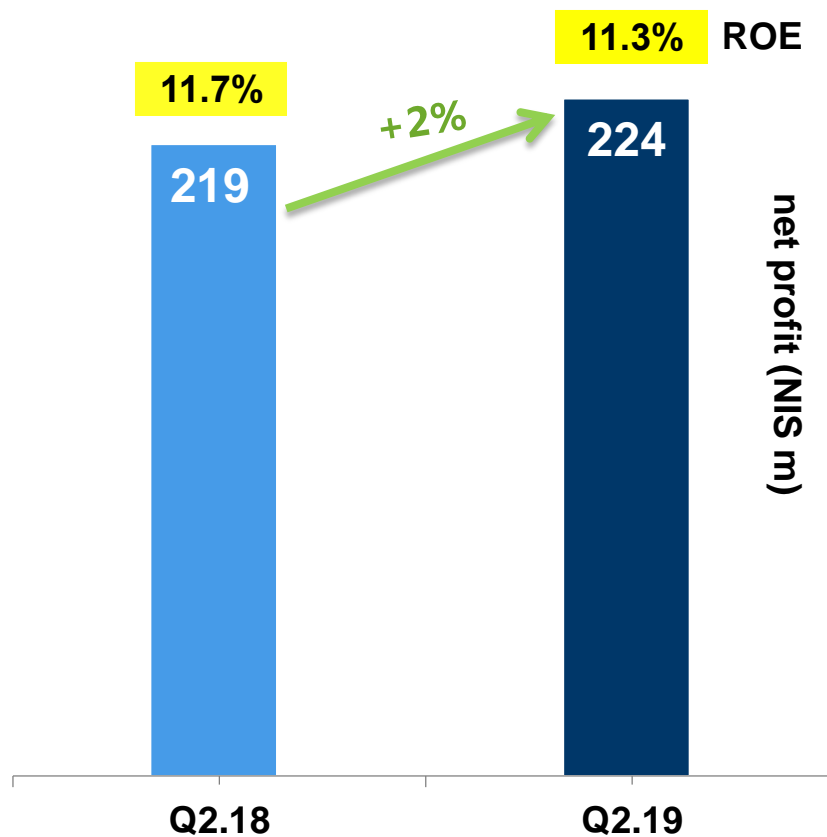
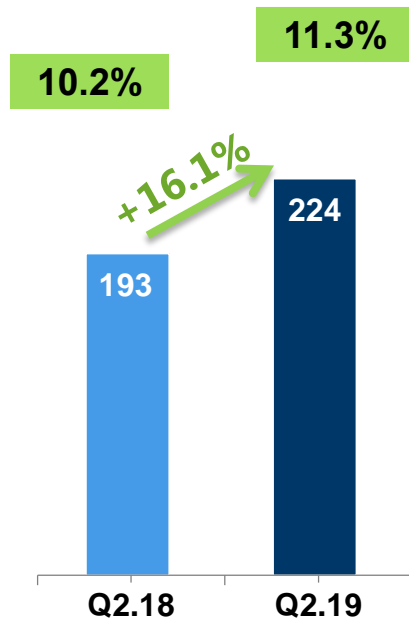
H1.19

10.86%



13.86%

Growth in Net Profit and ROE while maintaining financial stability

Profit after eliminating of certain components



Growth In Profitability and increase in ROE

(NIS Millions)	H1.19	H1.18	Q2.19	Q2.18
Net profit	407	356	224	219
<u>Net of tax effects below:</u>				
Gains from sale of buildings in subsidiary company	-	46	-	33
Provision for employee award claims	-	(29)	-	-
Merger of Otsar Hahayal expenses	(4)	(23)	-	(7)
Profit after eliminating certain components	+13.5%  411	362	+16.1%  224	193
ROE after eliminating certain components	↑ 10.3%	9.5%	↑ 11.3%	10.2%
Dismissal expenses in respect of early retirement	20	9	8	7

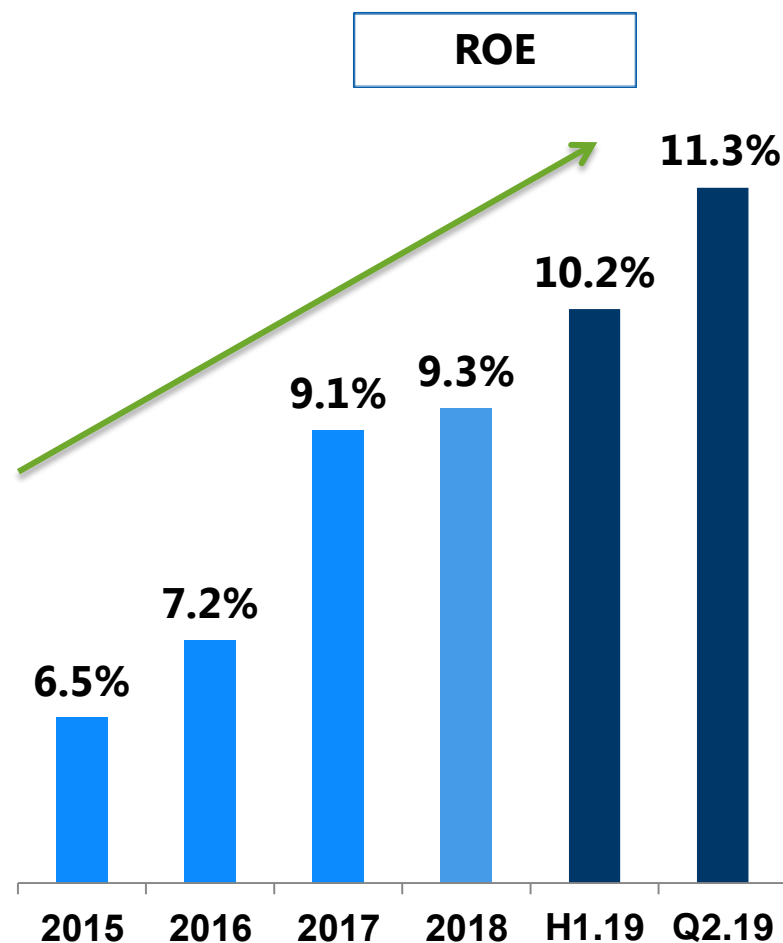
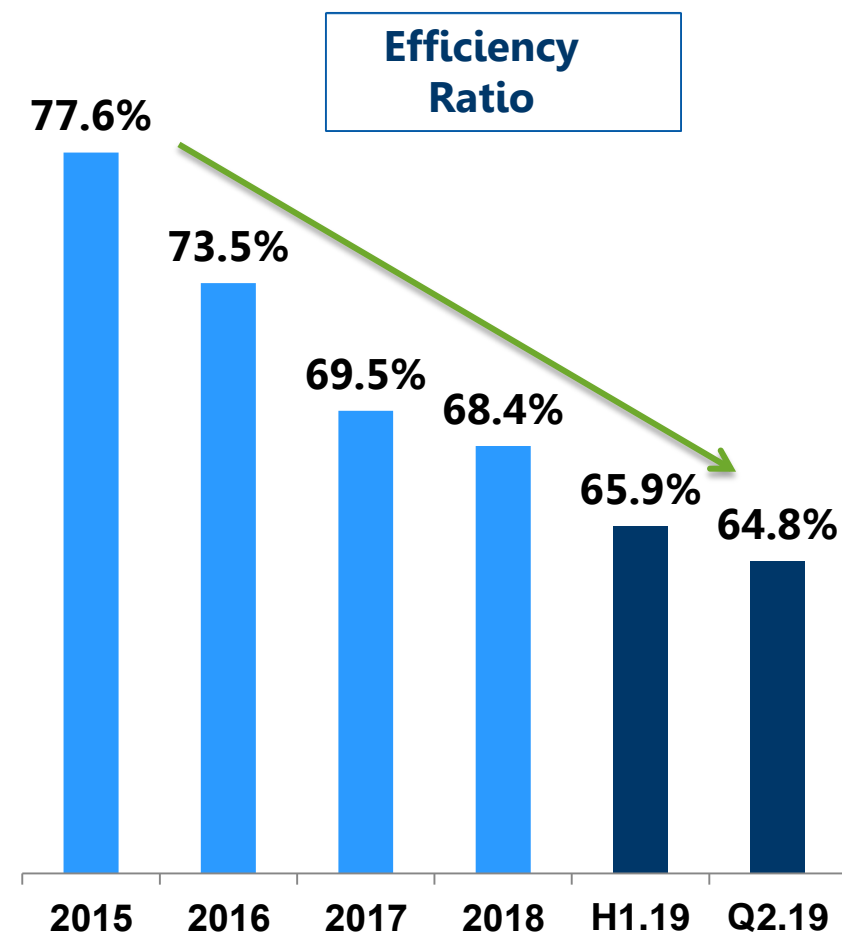
Statement of Income

(NIS Millions)	H1.19	H1.18	Change before tax	Change in %
Total Financing Income	1,412	1,286	126	9.8%
Expenses from credit losses (Provision rate of 0.14%)	59	81	(22)	(27.2%)
Commission income	635	663	(28)	(4.2%)
Other income (Mainly the sale of properties last year)	2	75	(73)	
Total Income (After eliminating certain components)	2,049	1,959	90	4.6%

Statement of income : Expenses & Net profit

(NIS Millions)	H1.19	H1.18	Change before tax	Change in %
Total Operating and Other Expenses	1,351	1,392	(41)	(2.9%)
Salaries and Related Expenses	821	835	(14)	(1.7%)
Maintenance of Buildings and Equipment & Depreciation	180	190	(10)	(5.2%)
Depreciation and Amortization of Intangible Assets	46	45	1	2.2%
Other Expenses	304	322	(18)	(5.6%)
Dismissal expenses (0.5% ROE negative contribution)	30	14	16	
Provision for merger expenses of Otsar Hahayal	6	34	(28)	
Profit Before Taxes	640	551	89	21.4%
Bank's Share in CAL Profit	24	19	5	26.3%
Net Profit	407	356	51	14.3%

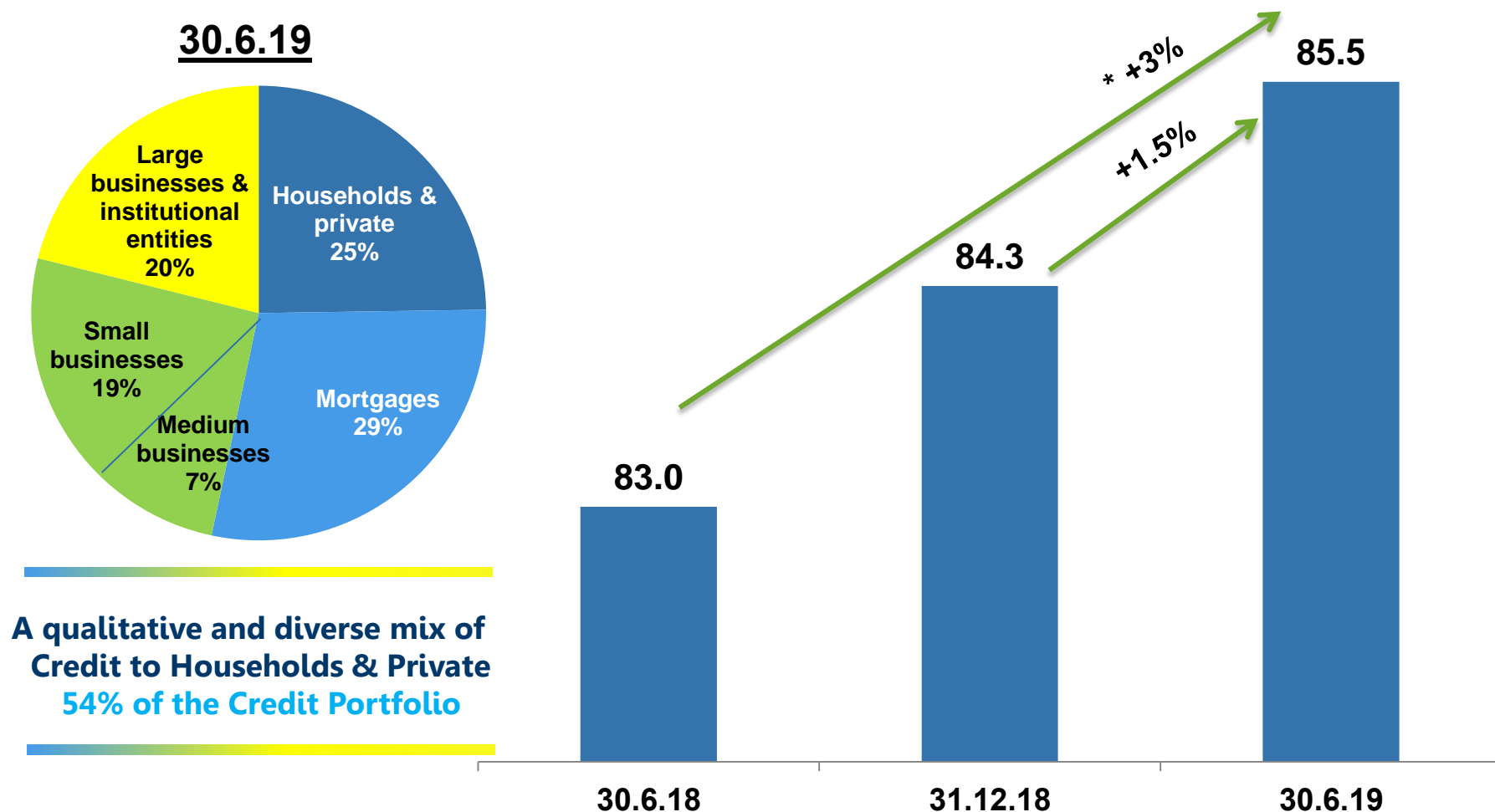
An improvement in the Group's Profitability while improving the Efficiency



Pagi &
U Bank
merger

Otsar
Hahayal
merger

Growth in Credit Balances End of period (NIS Billions)

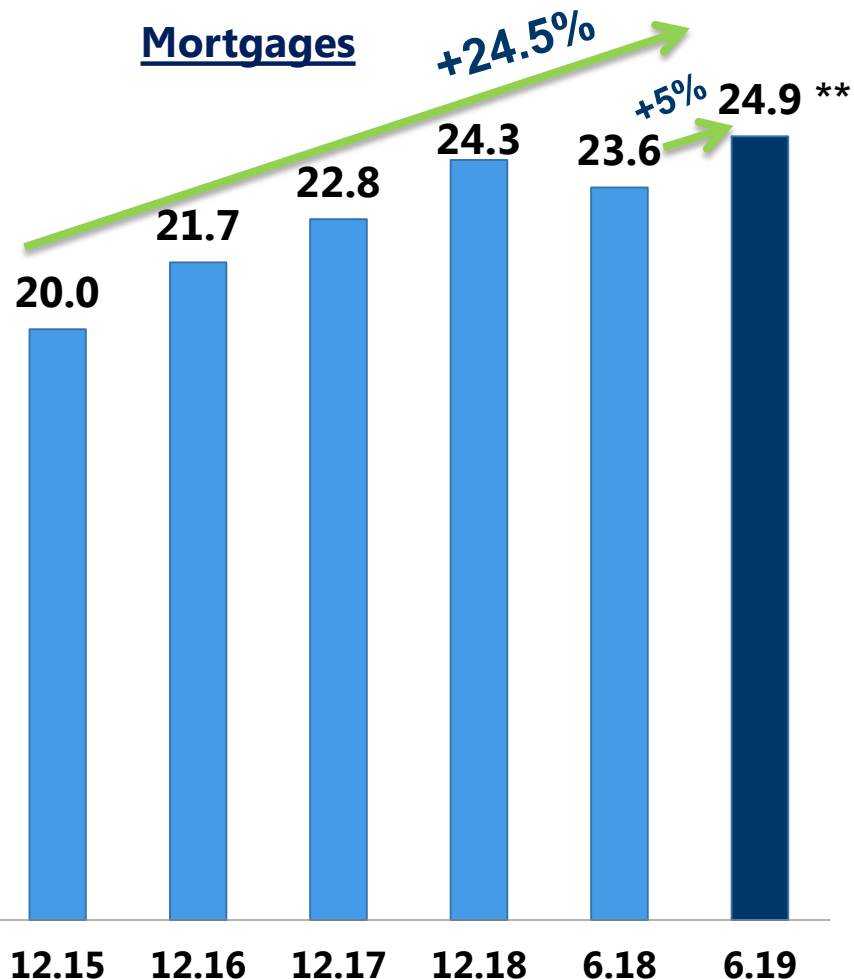


***Average Balance Sheets 1-6.19** Total credit increased by **4.1% (NIS 3.3 bn)**, compared with corresponding period last year

Households & Private Credit

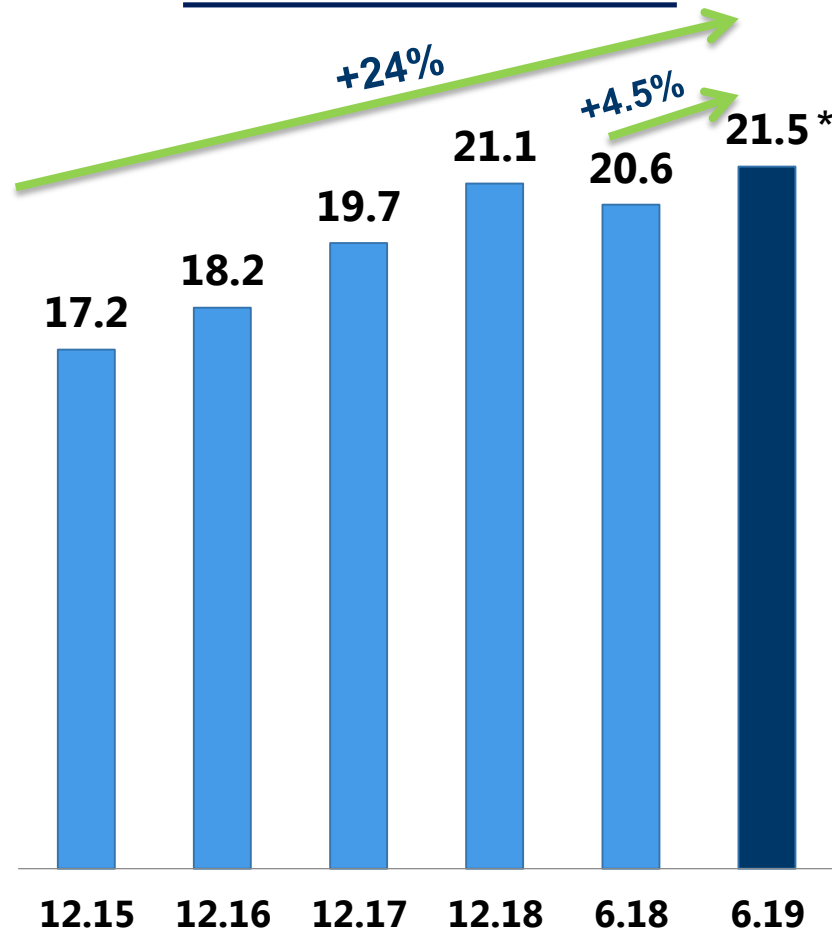
(NIS Billions)

Mortgages



** In H1.19 growth of about 2.2%

Households & Private



* In H1.19 growth of about 2.2%

Supervisory segment definitions:

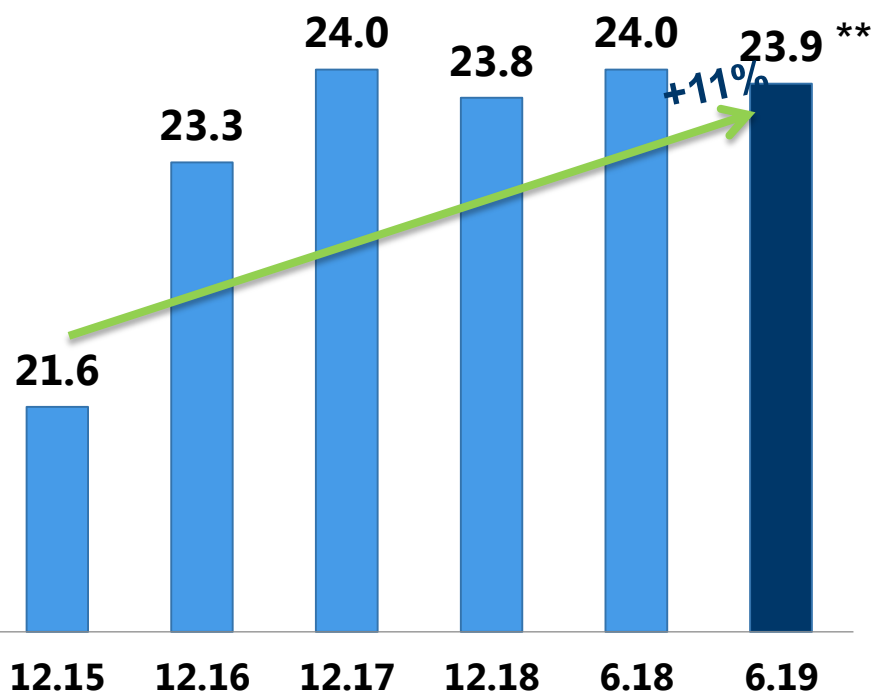
Private banking segment - private individuals with financial asset portfolios that exceed NIS 3 Million.

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

Business Credit

(NIS Billions)

Medium & Large Businesses & Institutional Entities



** In H1.19 growth of about 0.4%

Supervisory segment definitions:

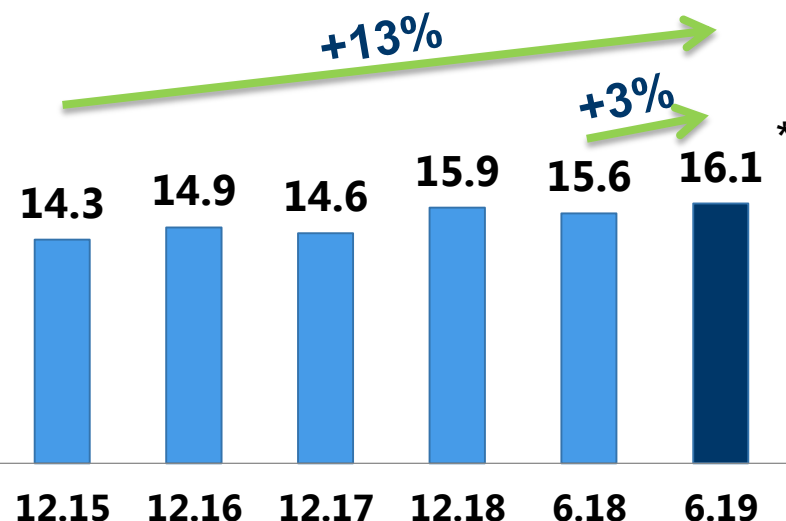
Minute Business - a business with an annual turnover of \leq NIS 10 Million.

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

Medium-market Business - a business with an annual turnover of between NIS 50 \leq 250 Million.

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

Small & Minute Businesses



* In H1.19 growth of about 1%

Credit Risk due to Problematic Debt- High asset quality

(MILLIONS NIS)	<u>Gross Change</u>		
	30.6.19	31.12.18	31.12.18
Impaired credit risk	649	576	73
Inferior credit risk	147	165	(18)
Credit under special supervision risk	<u>1,034</u>	<u>1,079</u>	<u>(45)</u>
Total problematic credit risk	1,830	1,820	10
<u>Comparison with Israeli banking system*</u>			
Ratio of provision for credit losses in respect of credit to the public to total impaired credit to the public	168%	186%	136% (Higher = better)
Ratio of provision for credit losses in respect of credit to the public to credit to the public	1.03%	1.02%	1.18% (Lower = better)
Ratio of impaired debt to the balance of credit to the public	0.61%	0.55%	0.99% (Lower = better)
Ratio of impaired debt or in arrears of 90 days or more to credit to the public	0.89%	0.83%	1.24% (Lower = better)
Ratio of credit loss expenses (increase in the collective)	0.14%	0.20%	0.14% (Lower = better)
As of 31.3.19: <input type="checkbox"/>			

Consistent improvement in financial strength and rating outlook

	30.6.19	2018	2017	2016	2015
Capital (Tier 1) to Risk Weighted Assets Ratio	10.86%	10.51%	10.38%	10.09%	9.81%
Leverage Ratio	5.92%	5.76%	5.50%	5.52%	5.43%
Liquidity Ratio (LCR)	123%	122%	123%	123%	104%
Deposits to Credit Ratio	133%	133%	141%	137%	142%

Midroog and Ma'alot Raise Rating to Aaa

Midroog (Moody's) Report on FIBI – June 2019

Midroog raised the rating of FIBI's long-term deposits and senior debt, to Aaa

"The raised rating is due to the continuous improvement in profitability, supported by implementation of streamlining measures along with growth potential in the credit portfolio.

The assessment of the Bank's internal financial resilience is supported by an appropriate business profile, based on strong brand, reasonable market shares, wide and diversified client base, diversified revenue sources and business with niche demographics, that contribute to the Bank's revenue recovery capability.

The merger of Bank Otzar Hahayal with and into the bank in early 2019, should further improve and expand the product offering and bolster the Group's position in the retail segment."

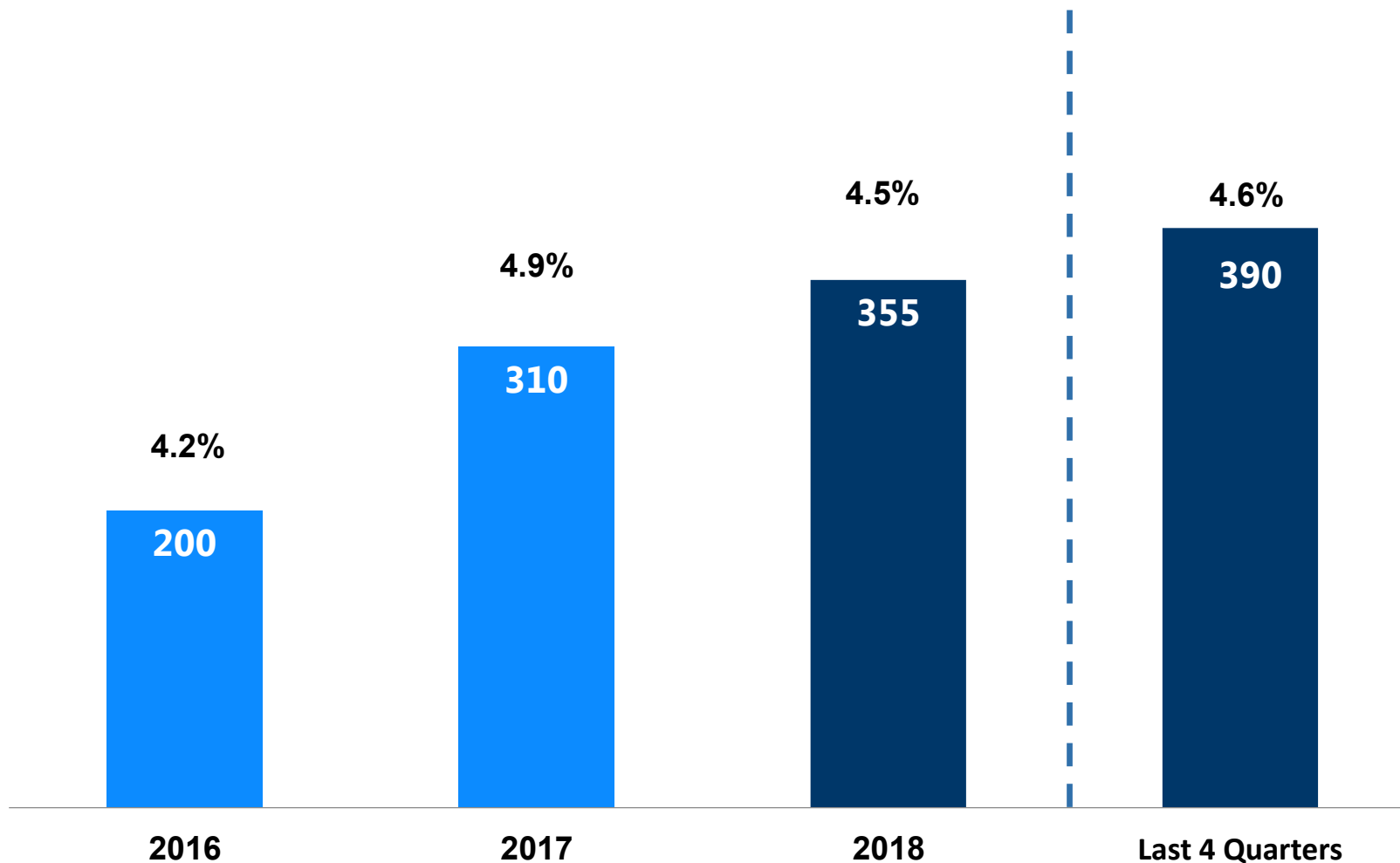
Ma'alot (S&P) Report on FIBI – July 2019

Ma'alot raised Benleumi's issuer rating and rating of its senior, un-secured debenture series, to AAA

"The raised rating is due to the supportive business environment and expectation of further improvement in the Bank's profitability and efficiency."

Dividend Yield

(Bank distributed annual dividends of up to **50%** of profits) (NIS Millions)



Subsequent to 30.6.19 : additional dividend distribution of **NIS 110 m**

Highlights for H1 2019

Results in H1 2019 reflect continued growth Streamlining and voluntary retirement programs resulted in reduced Operational Expenses

Net Income and Return On Equity

Net income grew 14.3% – amounting to **NIS 407 million**, vs to NIS 356 million in H1 2018

ROE of **10.2%**, vs 9.3% in both H1 2018 and FY 2018.

Q2 2019: Net income of NIS 224 million, up 2.3% YoY, with ROE at 11.3%. Excluding certain items, net income **grew by 16%** YoY.

High Capital Adequacy High Financial Resilience

Increase in Shareholder Equity to NIS 8.4 billion.

Primary capital adequacy ratio at **10.86%** (or 1.55% over regulatory 9.31%)

Total capital adequacy ratio at **13.86%** (of 1.05% over regulatory 12.81%).

High Dividend Yield

Dividend distribution over past year amounted to NIS 390 million;
Dividend Yield for the twelve months ended June 30, 2019 was **4.6%**.

Highlights for H1 2019 (cont.)

Growth in Credit

Growth in credit balances, by **4%** for average balances for the year, and by **3%** for maximum balances for the year

<u>Change in % compared to</u>	<u>31.12.18</u>
Households & private	2.2%
Mortgages	2.2%
Small & Minute Businesses	1.0%
Medium businesses	0.4%
Large Businesses & Institutional Entities	0.5%

Group revenues grew by 4.6%
(ex. gain from realized buildings last year)

Continued growth in Financing Income (NIS 126 million, or +9.8%)

Decrease in Operating Expenses

Operating Expenses decreased by **3% (or NIS 41 million)**, due to streamlining measures

Improve in Efficiency Ratio

Efficiency Ratio improved to **65.9%** vs 68.4% last year

Raised rating

Rating agencies S&P Ma'alot and Moody's Midroog raised Bank's rating to highest level of banking quality, efficiency and stability benchmarks (Midroog – **Aaa**, S&P Ma'alot– **AAA**).

Digital Innovation

The Group continued its Digital Innovation, expanding service offering (new marketing website, API for client systems, Advise Me).

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