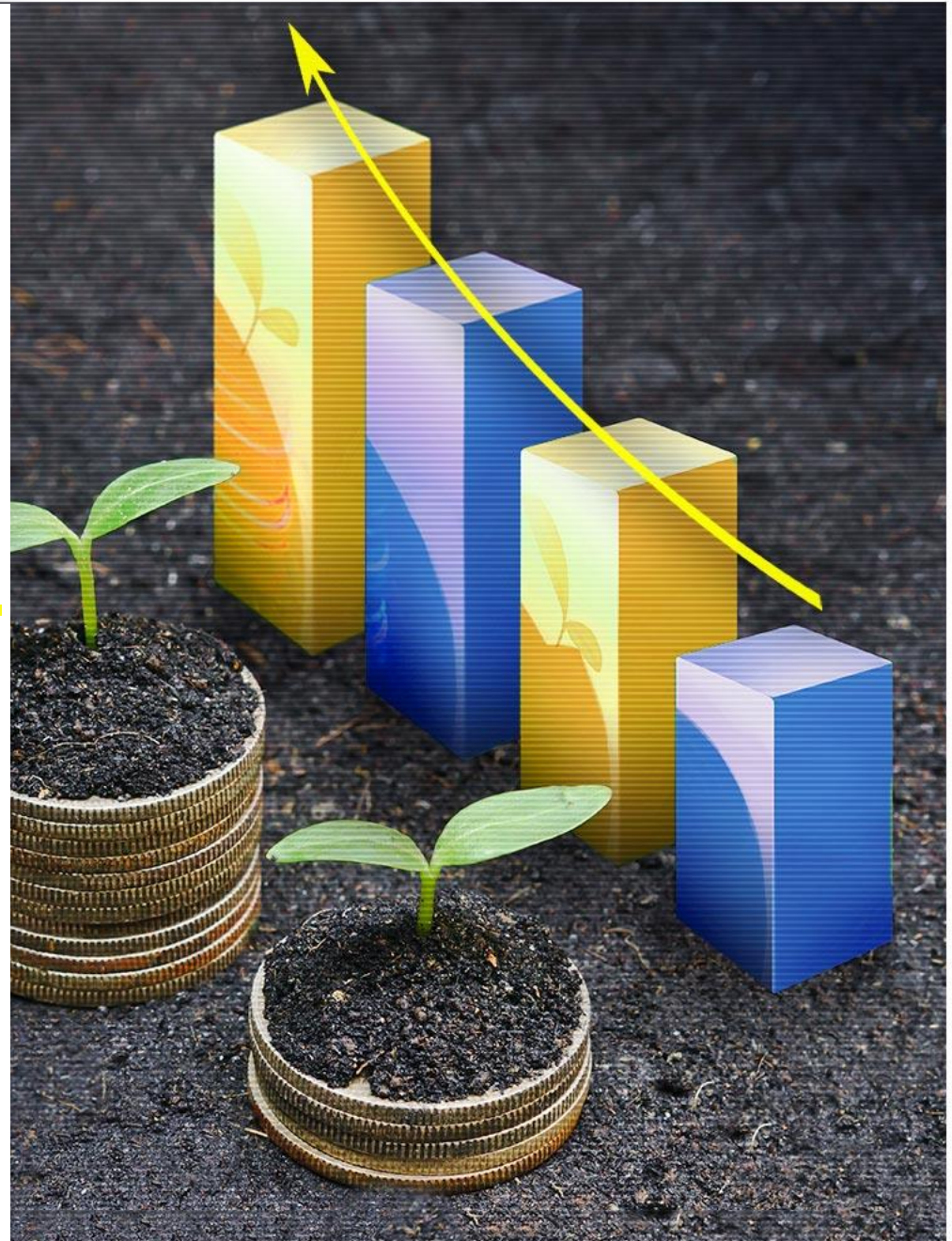


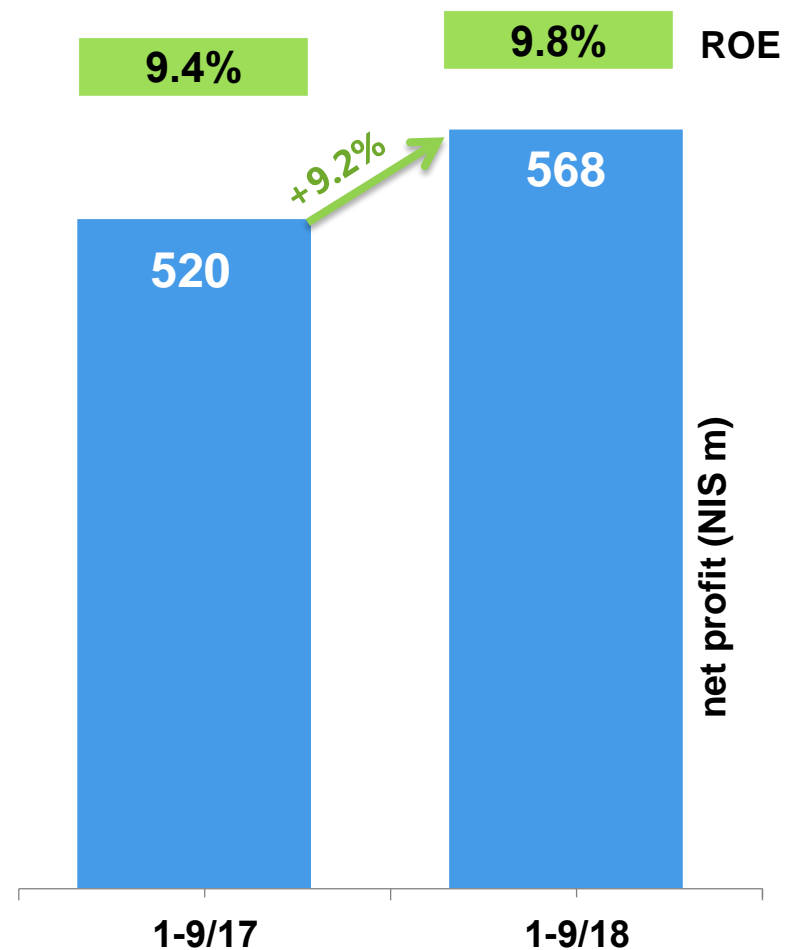
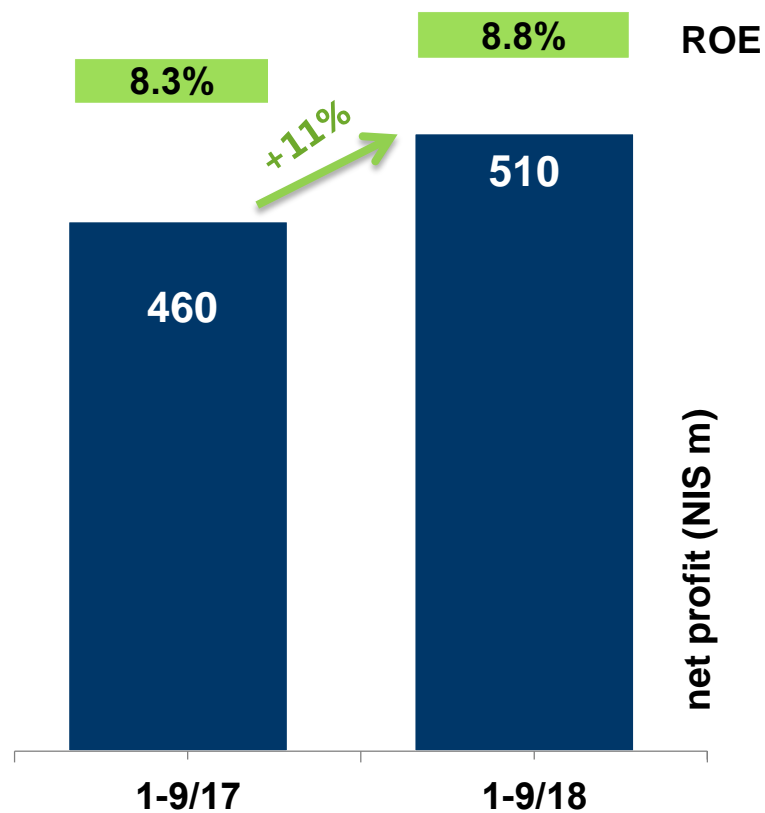
OVERVIEW

Third Quarter
and 1-9.18



NET PROFIT AND ROE 1-9.18

Adjusted financial results in respect of items of a nonrecurring nature



Capital (Tier 1) to Risk Weighted Assets Ratio 10.32%

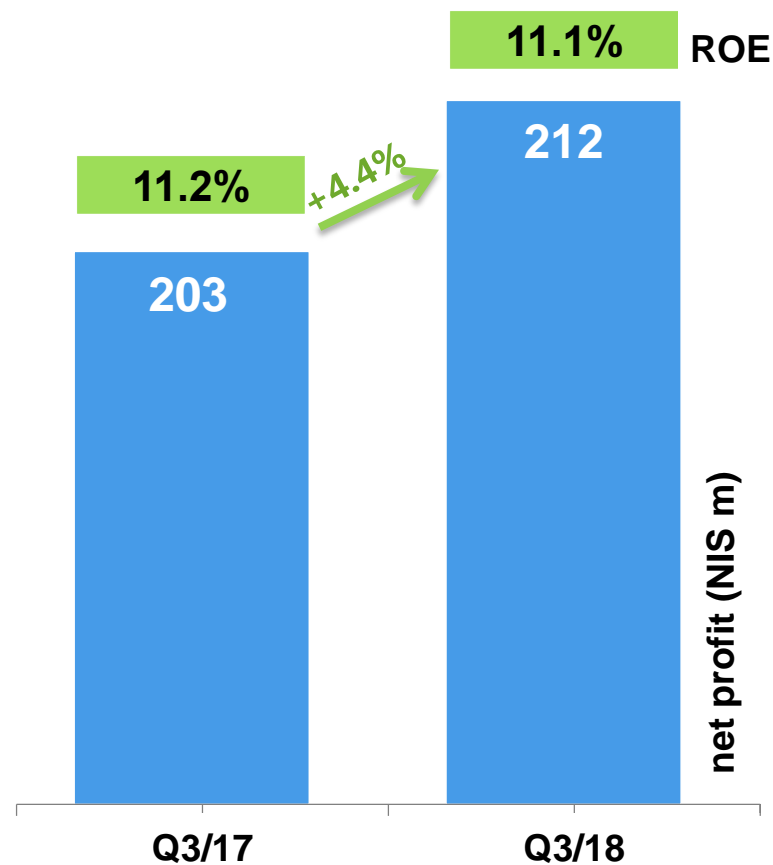
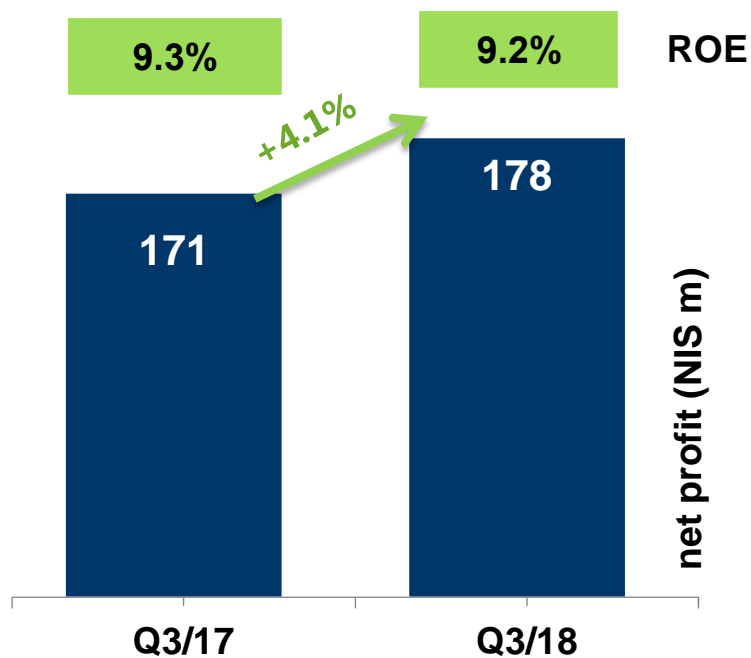
10.39%

Capital to Risk Assets Total Ratio 13.94%

13.80%





NET PROFIT AND ROE QUARTERLY 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)	1-9/18	1-9/17	Q3/18	Q3/17
Net profit	568	520	212	203
<u>Net of tax effects below:</u>				
Profit from sale of building in Switzerland building	13	-	-	-
Profit from the sale of rights in a subsidiary's management building & a real estate property in Tel Aviv in 2017	33	28	-	-
Profit from the sale of stock exchange shares	65	-	65	-
Income taxes from previous years	-	32	-	32
Provision for expenses in respect of the merger of a subsidiary (*)	(53)	-	(31)	-
Profit after eliminating non-recurring items +11% 	510	460	178	171
ROE eliminating non-recurring items 	8.8%	8.3%	9.2%	9.3%
Efficiency ratio 	67.7%	69.1%	65.8%	68.8%
Cost/income ratio excluding non-recurring items 	68.2%	70.1%	66.1%	68.8%
Includes: Provision for bonuses in respect of early retirement plans	(52)	-	(18)	-
Disposal expenses in respect of early retirement (*)	(12)	(6)	(3)	-

(*) Presented under other expenses and not salary expenses

Expenses in respect of the merger of a subsidiary and grants in respect of early retirement plans (Total 164 NIS Millions) will improve efficiency in the coming years.

STATEMENT OF INCOME

(NIS Millions)	1-9.18	1-9.17	Change before tax	Change in %
Total financing income (Without a Profit from the sale of TASE shares)	1,951	1,781	170	9.5%
Profit from the sale of TASE shares	77	-	77	
Expenses from credit losses (Provision rate of 0.21%)	130	96	34	
Commission income	985	972	13	1.3%
Other income (Mainly the sale of properties)	<u>77</u>	<u>61</u>	<u>16</u>	
Total income (before expenses from credit losses)	3,090	2,814	276	9.8%

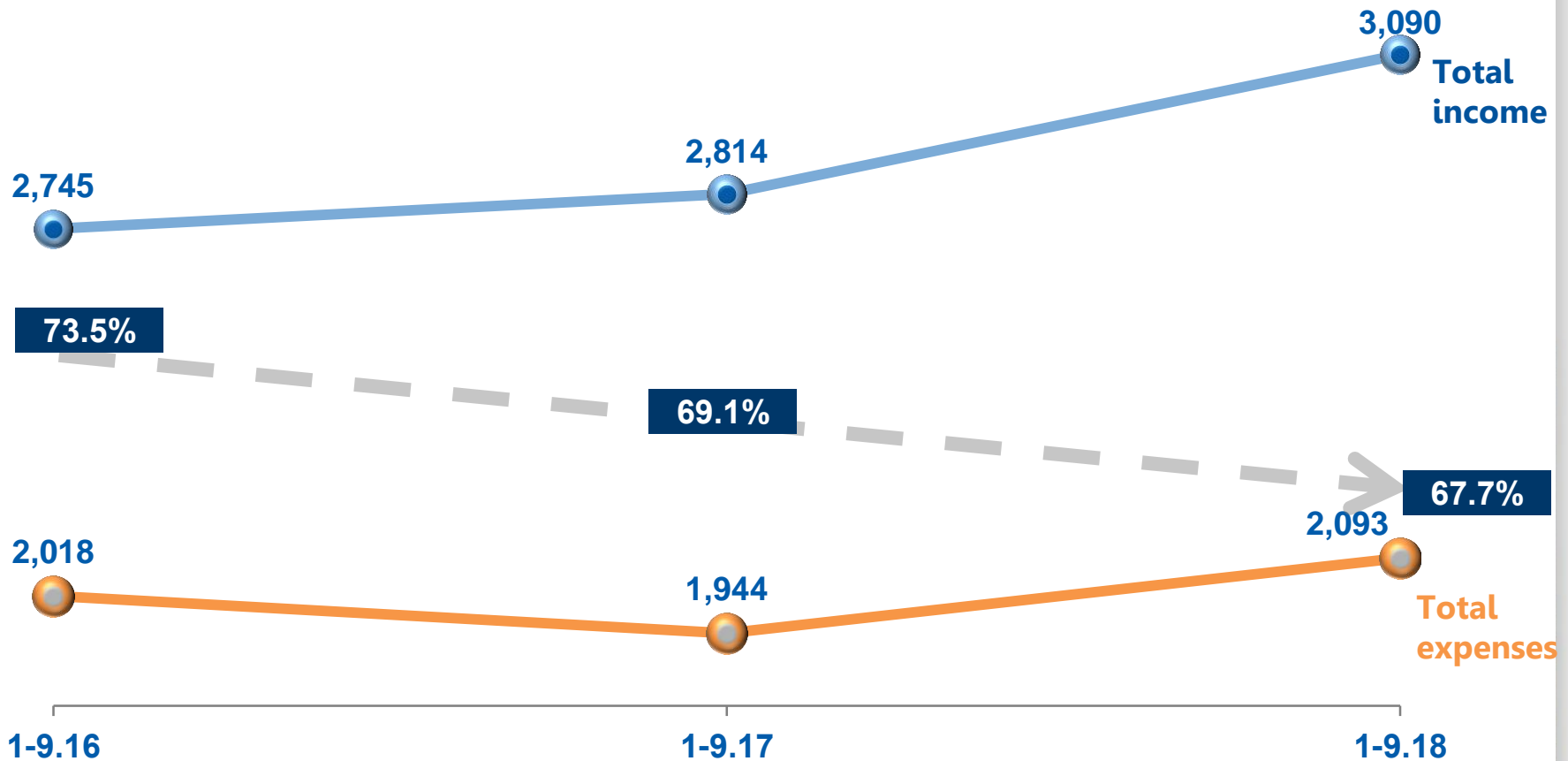
STATEMENT OF INCOME: EXPENSES & NET PROFIT

(NIS Millions)	1-9.18	1-9.17	Change before tax	Change in %
Total operating and other expenses	2,093	1,944	149	7.7%
Expenses in respect of the merger of a subsidiary	82	-	82	
Total operating and other expenses (After eliminating expenses for restructuring of an organizational structure in a subsidiary)	2,011	1,944	67	3.4%
Salaries and related expenses	1,159	1,184	(25)	(2.1%)
Grants to employees mainly in respect of early retirement plans	82	-	82	
Maintenance of buildings and equipment, depreciation and amortization	285	287	(2)	(0.7%)
Amortization of intangible assets	67	69	(2)	(2.9%)
Other expenses (excluding disposal)	401	394	7	1.8%
Disposal expenses	17	10	7	70.0%
Profit before taxes	867	774	143	12.0%
Bank's share in CAL profit	28	38	(10)	
Net profit	568	520	48	9.2%

Expenses in respect of the merger of a subsidiary and grants in respect of early retirement plans (Total 164 NIS Millions) will improve efficiency in the coming years.

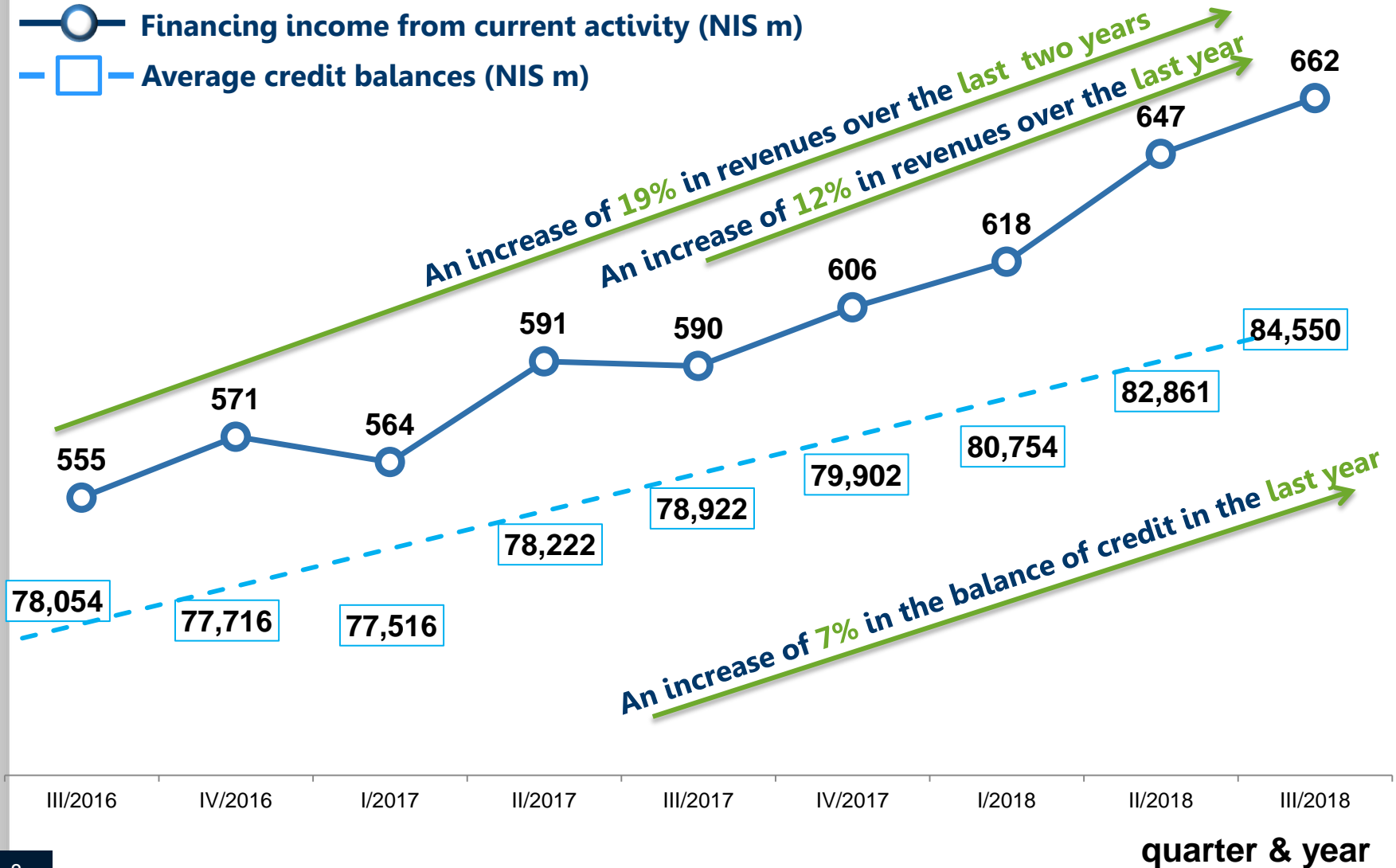
CONTINUOUS IMPROVEMENT IN EFFICIENCY RATIO

Operating expenses to income (NIS Millions)

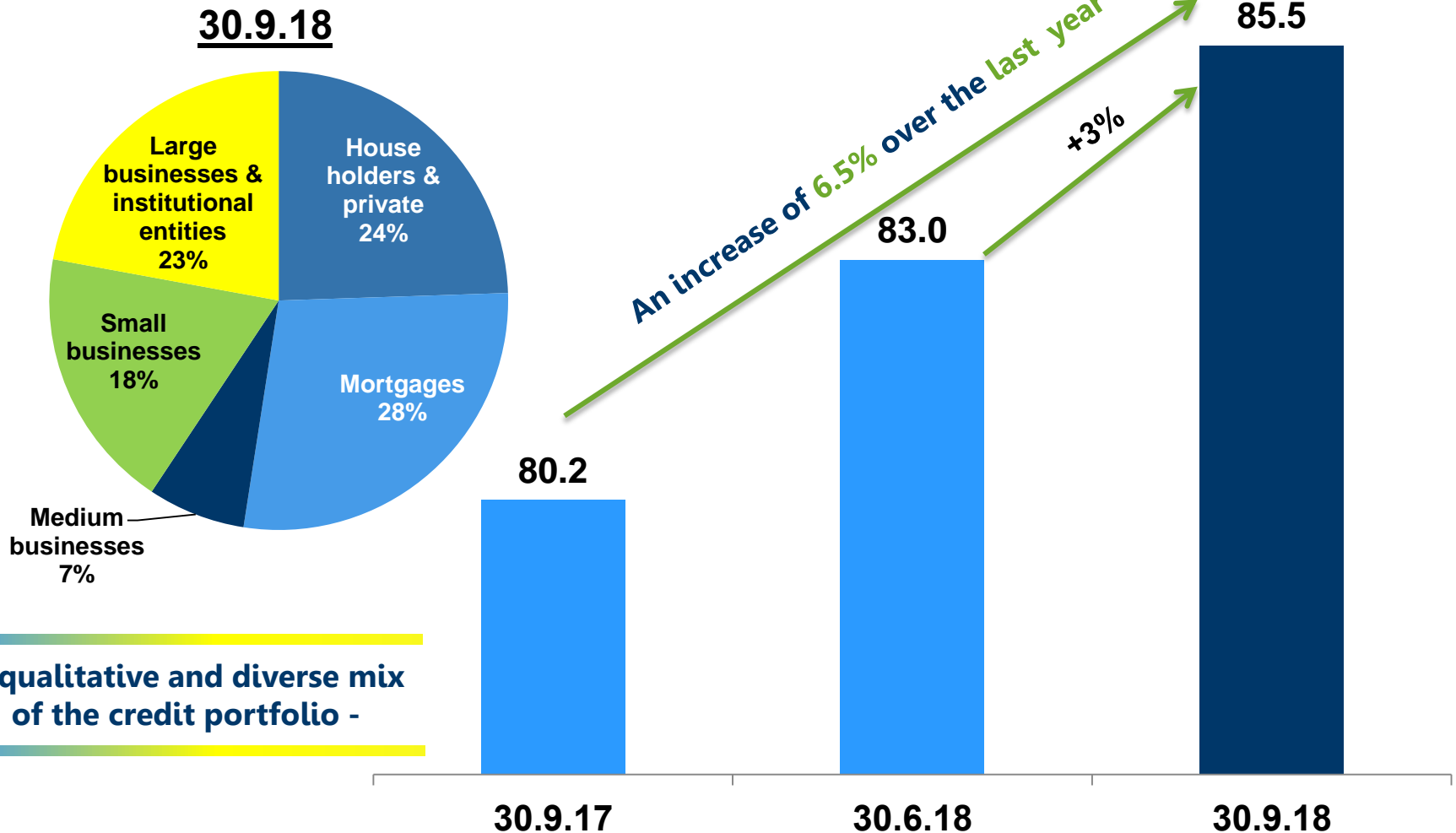


In Q3.2018, the efficiency ratio was 66%

GROWTH IN FINANCING INCOME & CREDIT BALANCES

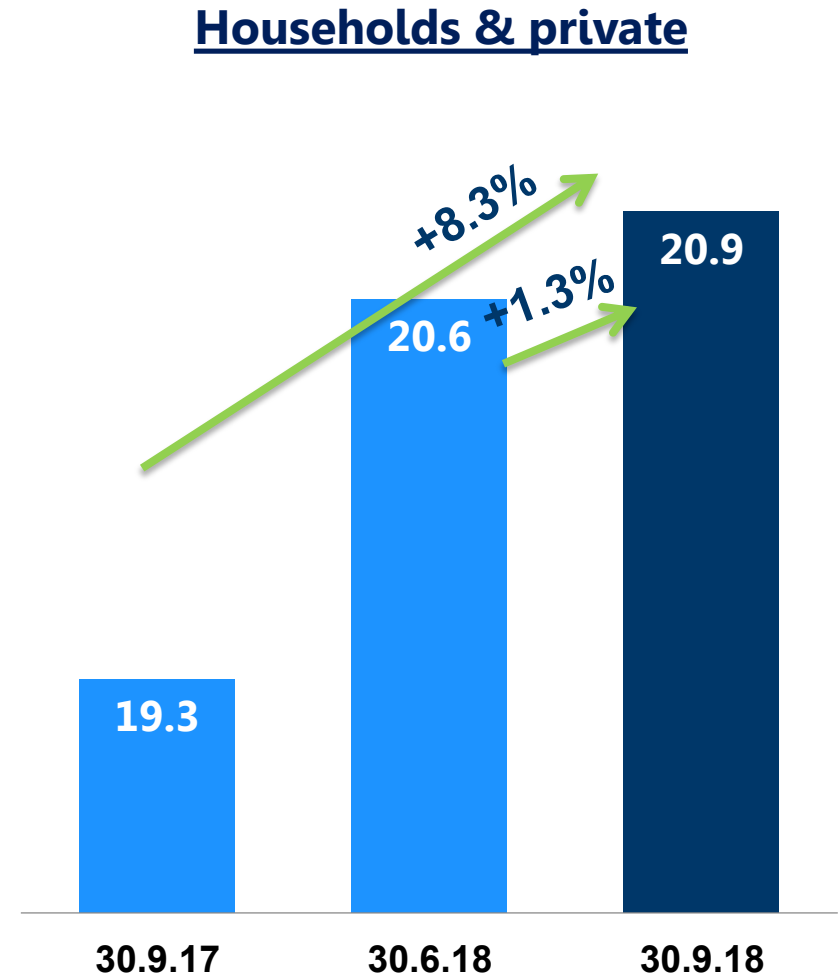
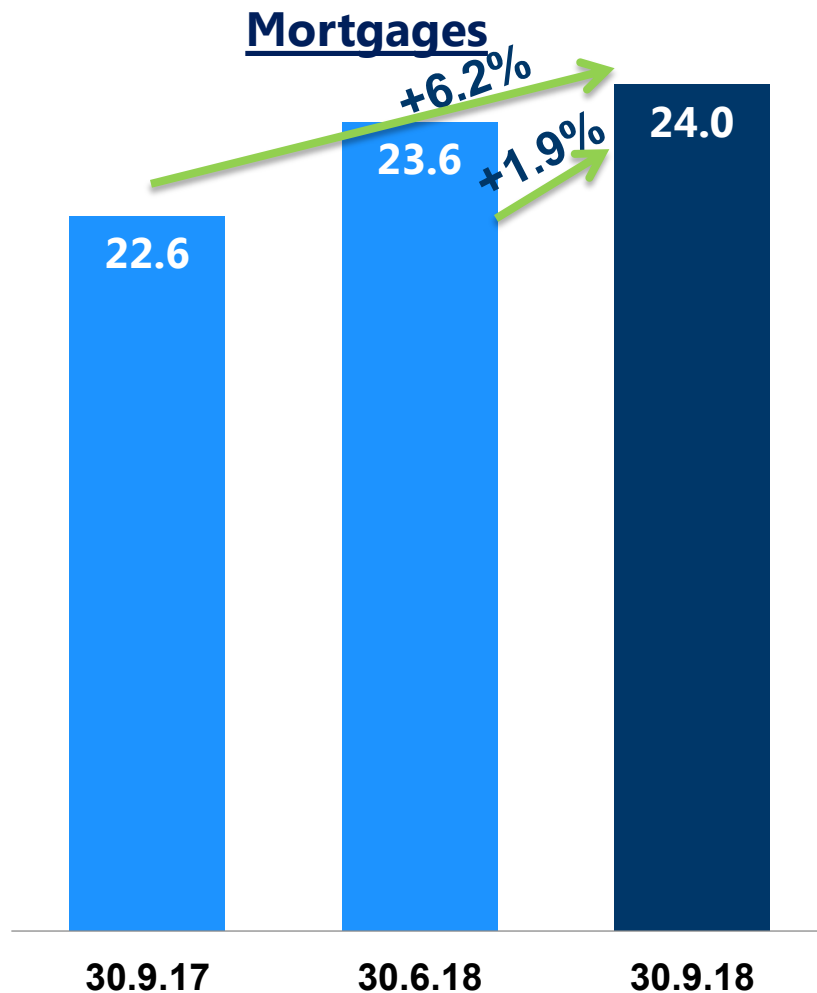


GROWTH IN CREDIT BALANCES (NIS Billions)



HOUSEHOLDS & PRIVATE CREDIT

(NIS Billions)



Supervisory segment definitions:

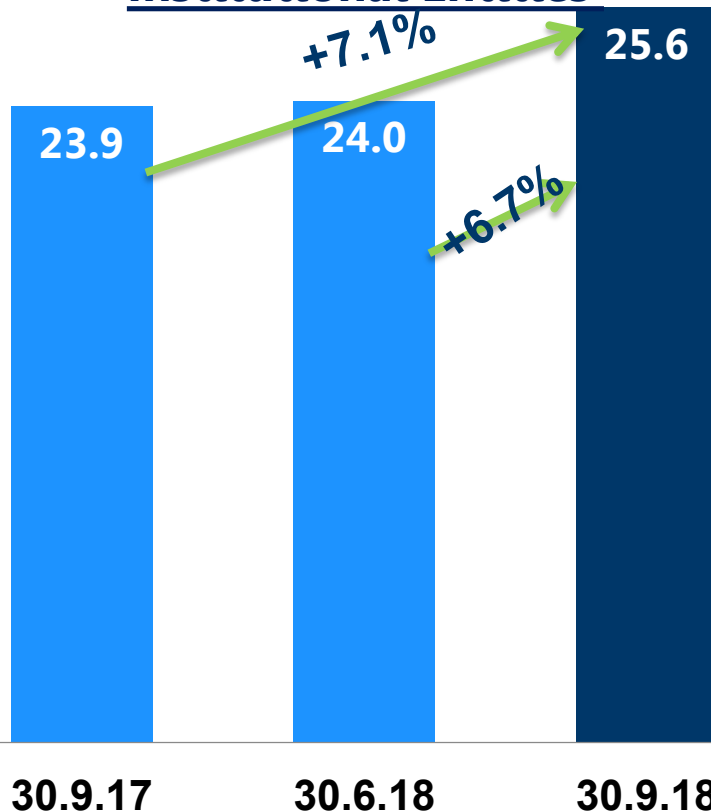
Private banking segment - private individuals with financial asset portfolios that exceed **NIS 3 Million**.

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

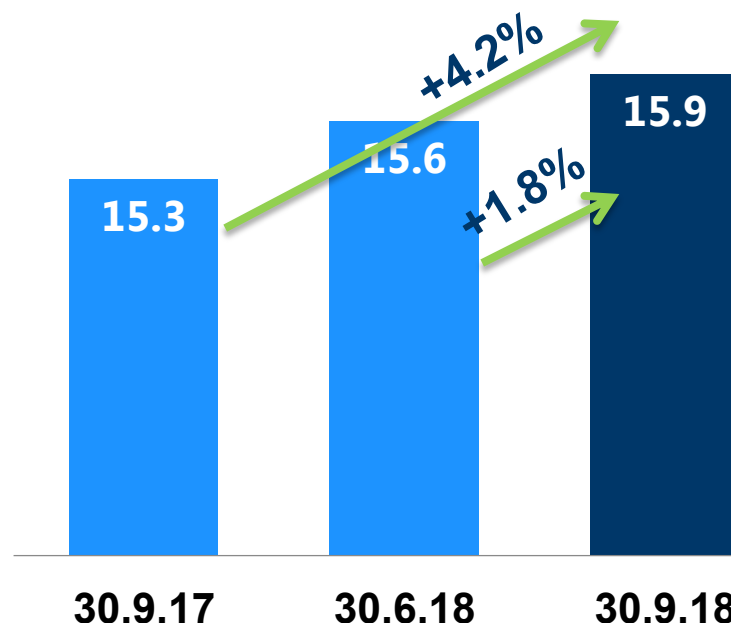
BUSINESS CREDIT

(NIS Billions)

Medium & Large Businesses & Institutional Entities



Small & Minute Businesses



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.

DECREASE IN CREDIT RISK DUE TO PROBLEMATIC DEBT

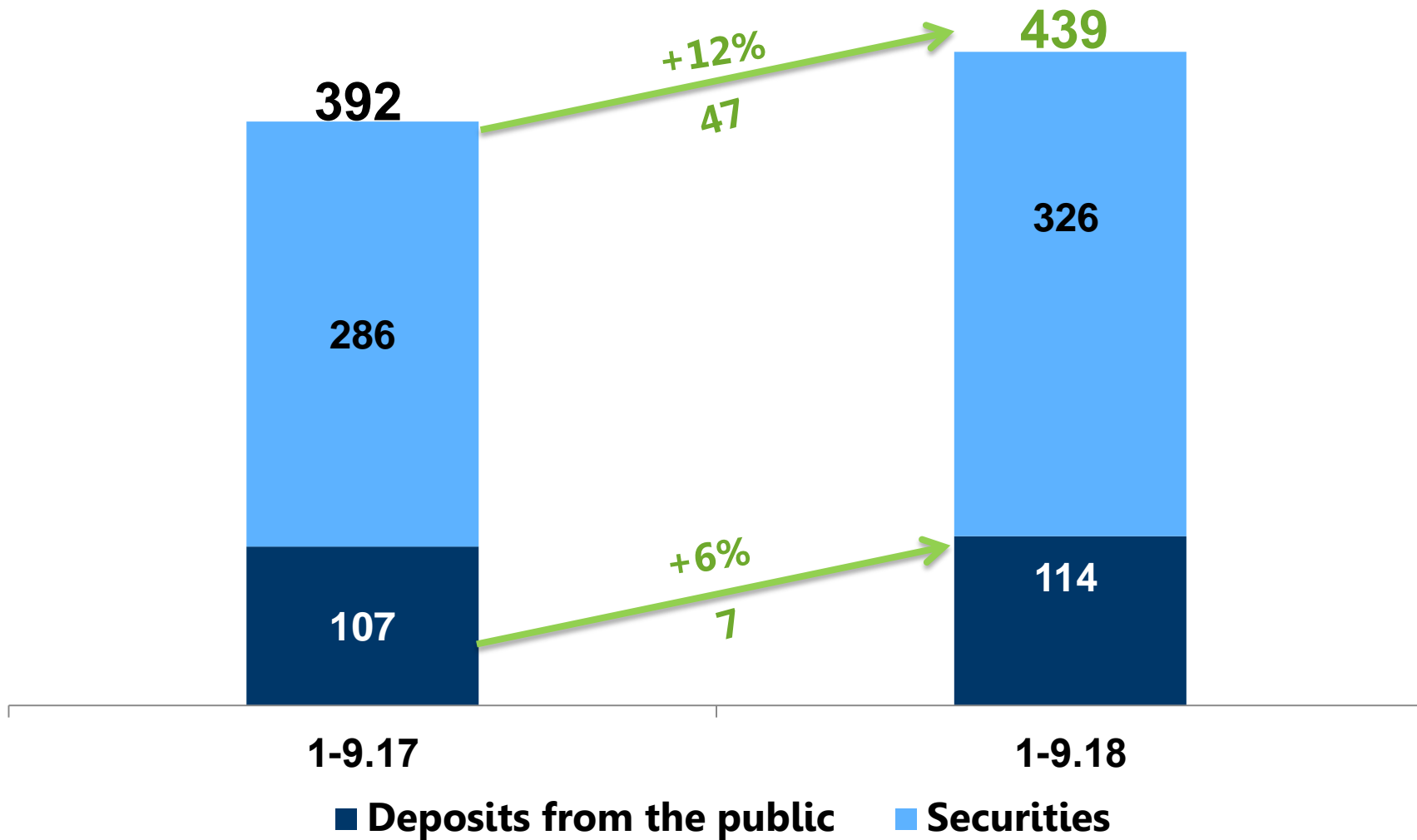
(MILLIONS NIS)	30.9.18	30.9.17	Gross Change
Impaired credit risk	601	704	(103)
Inferior credit risk	162	195	(33)
Credit under special supervision risk	1,030	908	122
Total problematic credit risk	1,793	1,807	(14)
Ratio of provision for credit losses in respect of credit to the public to total impaired credit to the public (1)	177% 	150%	
Ratio of impaired debts to the balance of credit to the public (2)	0.59% 	0.72%	
Ratio of impaired debts or in arrears of 90 days or more to credit to the public (3)	0.85% 	0.95%	
Ratio of credit loss expenses	0.21% 	0.16%	

Comparison with the Israeli banking system as of 30.9.18:

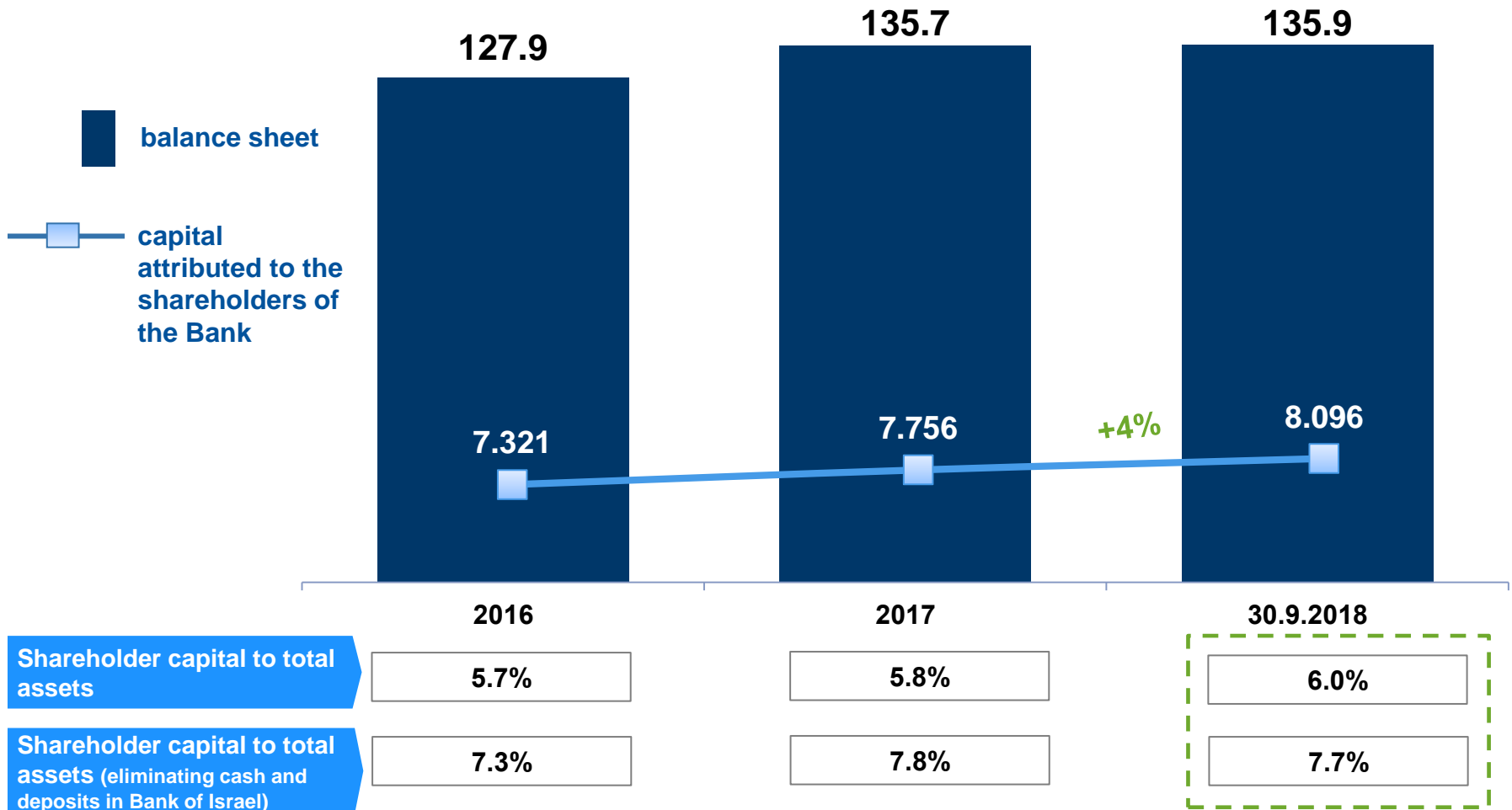
- (1) **132%** (Higher = better)
- (2) **0.91%** (Lower = better)
- (3) **1.30%** (Lower = better)

GROWTH IN THE BALANCE OF THE PUBLIC'S ASSETS

(NIS Billions)



RATIO OF SHAREHOLDER CAPITAL TO TOTAL ASSETS

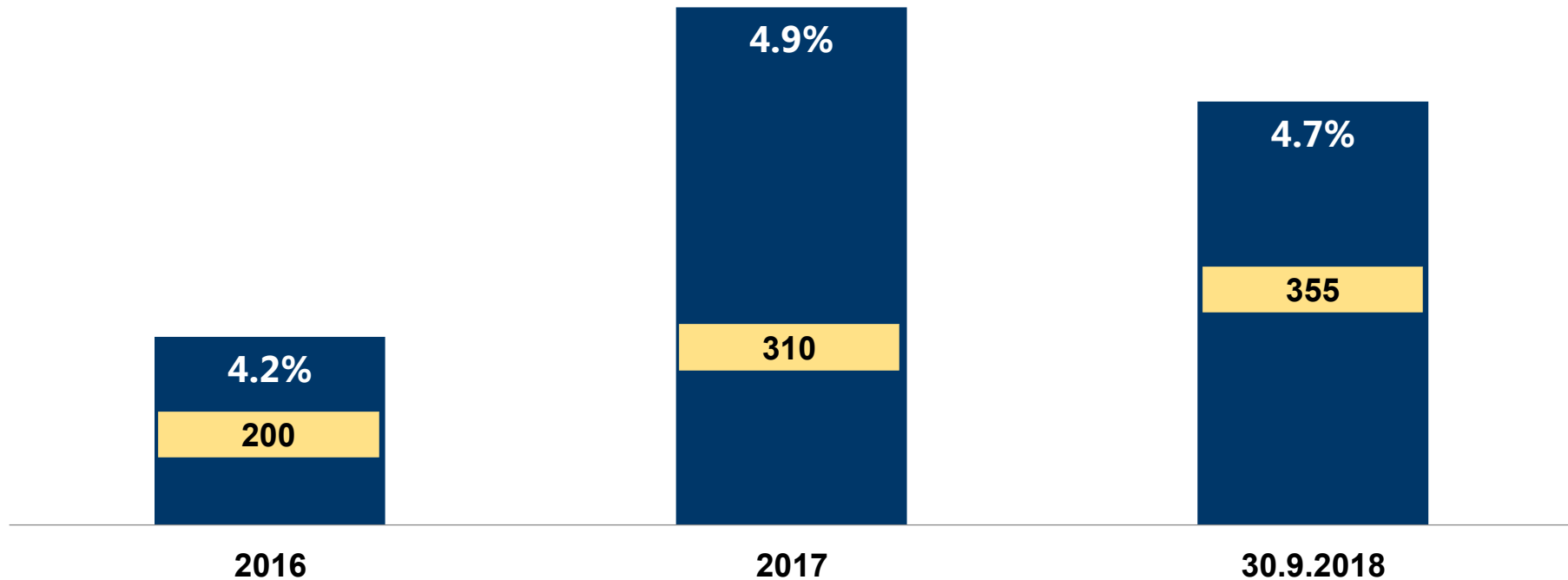


Liquidity Ratio (LCR): 123%
Leverage Ratio: 5.63%

DIVIDEND YIELD

Dividend yield of 4.7% in the last year

 Total dividend distributed in NIS millions



Subsequent to September 30: additional dividend distribution of **NIS 100 m**

Results Highlights for 1-9.18 (comparison to 1-9.17)

Growth in net profit and ROE

In 1-9.2018, group net profit of NIS **568** m , **9.2%** YoY growth. ROE net of **9.8%** .

11% YoY growth in the adjusted net profit.

In Q3.2018, group net profit of NIS **212** m, **4.4%** YoY growth. ROE net of **11.1%**.

Revenue growth

Group's revenues grew by **9.8%** YoY.

Efficiency measures

1-9.2018 includes **additional provisions** in the amount of NIS 164 m for continued efficiency measures, expectations of **further improvement in efficiency**.

Improvement in operating efficiency ratio

Group's efficiency ratio in 1-9.2018 was **67.7%**, vs 69.1% in 1-9.2017.

High capital adequacy & financial strength

Maintained high capital adequacy ratio (Tier 1, September 30, 2018): **10.39%** (1.1% over the regulatory ratio) and a capital ratio of **13.80%**.

Results Highlights for 1-9.18 (comparison to 1-9.17)

Growth in credit

Total credit to the public of NIS **86** b, growth of NIS 2.6 b (**3.0%**) since 30.6.18 and NIS 5.3 b (**6.5%**) YoY

Private customers -

Housing loans -

Small businesses -

Middle market businesses & Corporate businesses

(including institutional bodies) -

Growth in:

Q3/18

YOY

1.3%

8.4%

1.9%

6.5%

1.3%

5.1%

8.6%

6.2%

Growth in deposits & customer assets

Continued growth in deposits among the public to NIS 114 billion, up **6%** YoY. Growth of **12%** in volume of customers assets portfolio.

High dividend return

Group's dividend yield for the year ended September 30, 18 was **4.7%**
Subsequent to 9/18 : additional dividend distribution of NIS **100** m

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