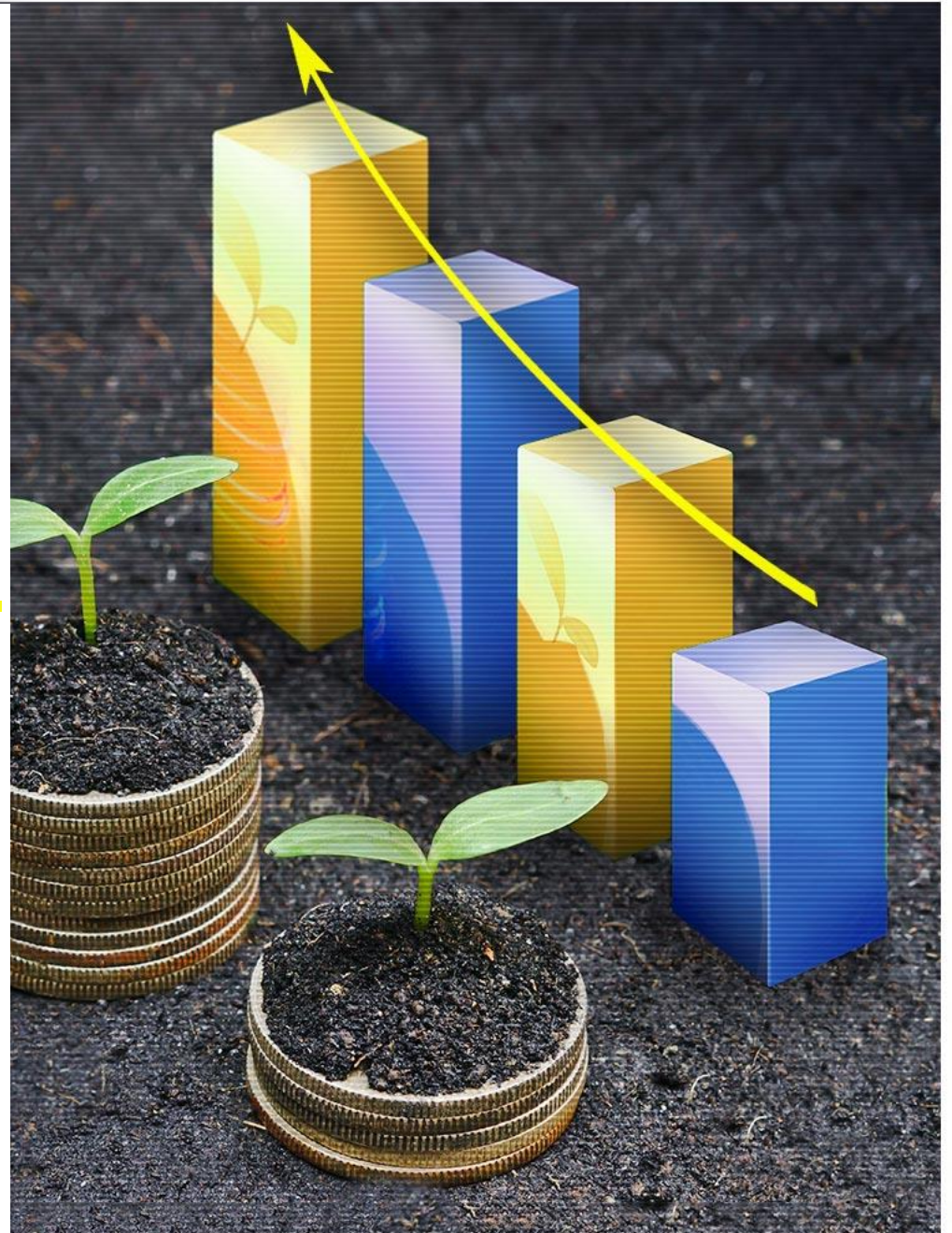
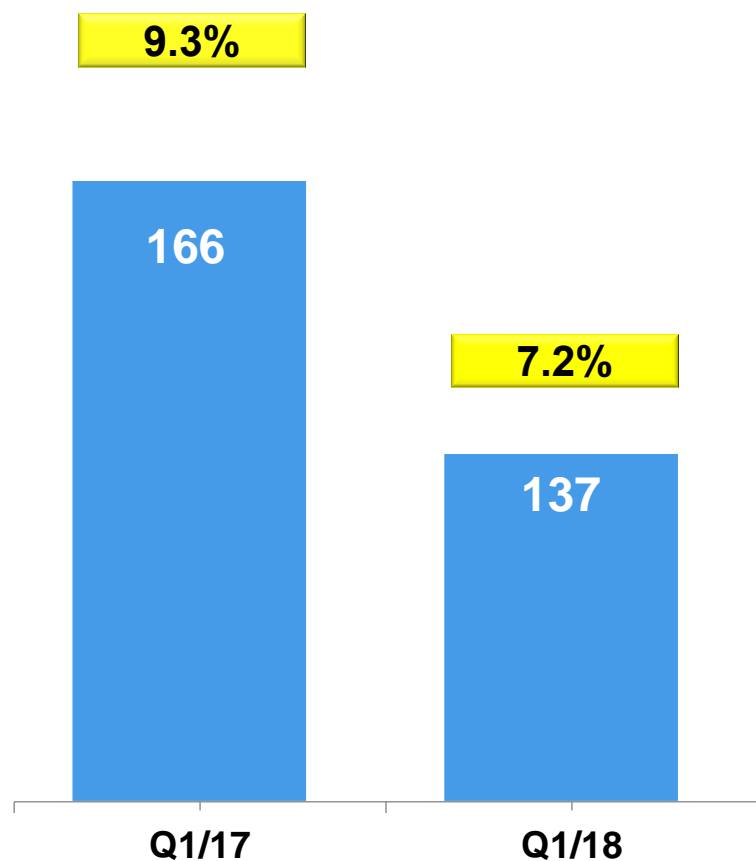


OVERVIEW

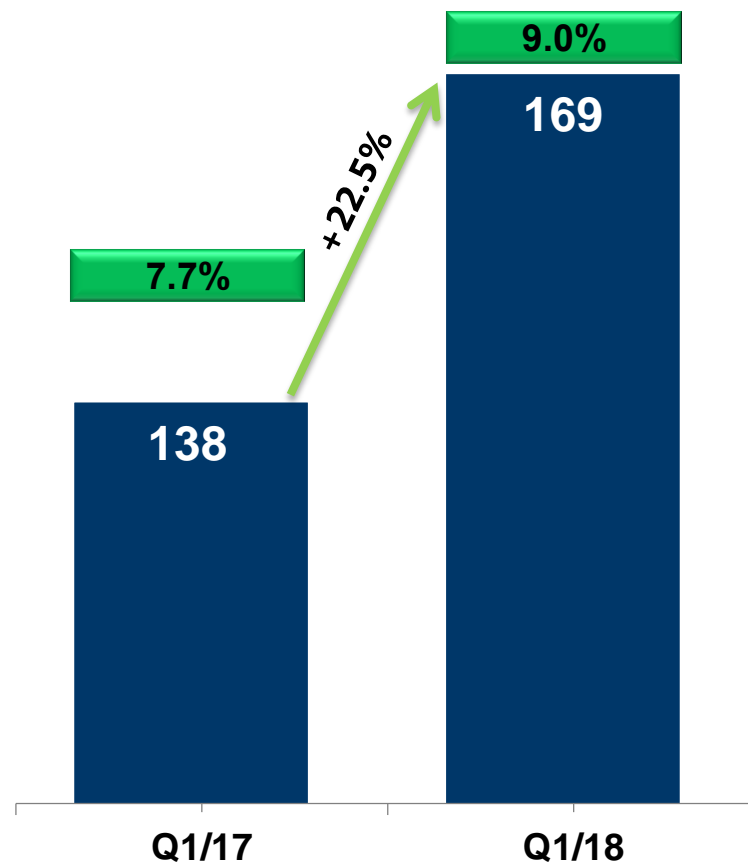
Q1 2018



NET PROFIT AND ROE (NIS MILLIONS)



Adjustment of financial results in respect of items of a nonrecurring nature:



10.12%
13.63%

10.07%
13.36%

Capital (Tier 1) to Risk weighted Assets Ratio

Capital to Risk Assets Total Ratio

GROWTH IN PROFITABILITY AND AN INCREASE IN ROE

Excluding non-recurring items

(NIS Millions)	Q1.2018	Q1.2017
Net profit	137	166
Net of tax effects below:		
Profit from sale of building in Switzerland & profit from last year sale of office building in Tel Aviv	13	28
Provision for employee award claims, net (gross 45)	(29)	-
Provision for efficiency measures in a subsidiary, net (gross 24)	(16)	-
Profit after eliminating non-recurring items	+22.5% ↑ 169	138
ROE eliminating non-recurring items	↑ 9.0%	7.7%
Efficiency ratio	74.8%	68.8%
Cost/income ratio excluding non-recurring items	↓ 69.2%	71.9%



STATEMENTS OF INCOME (MILLIONS NIS)

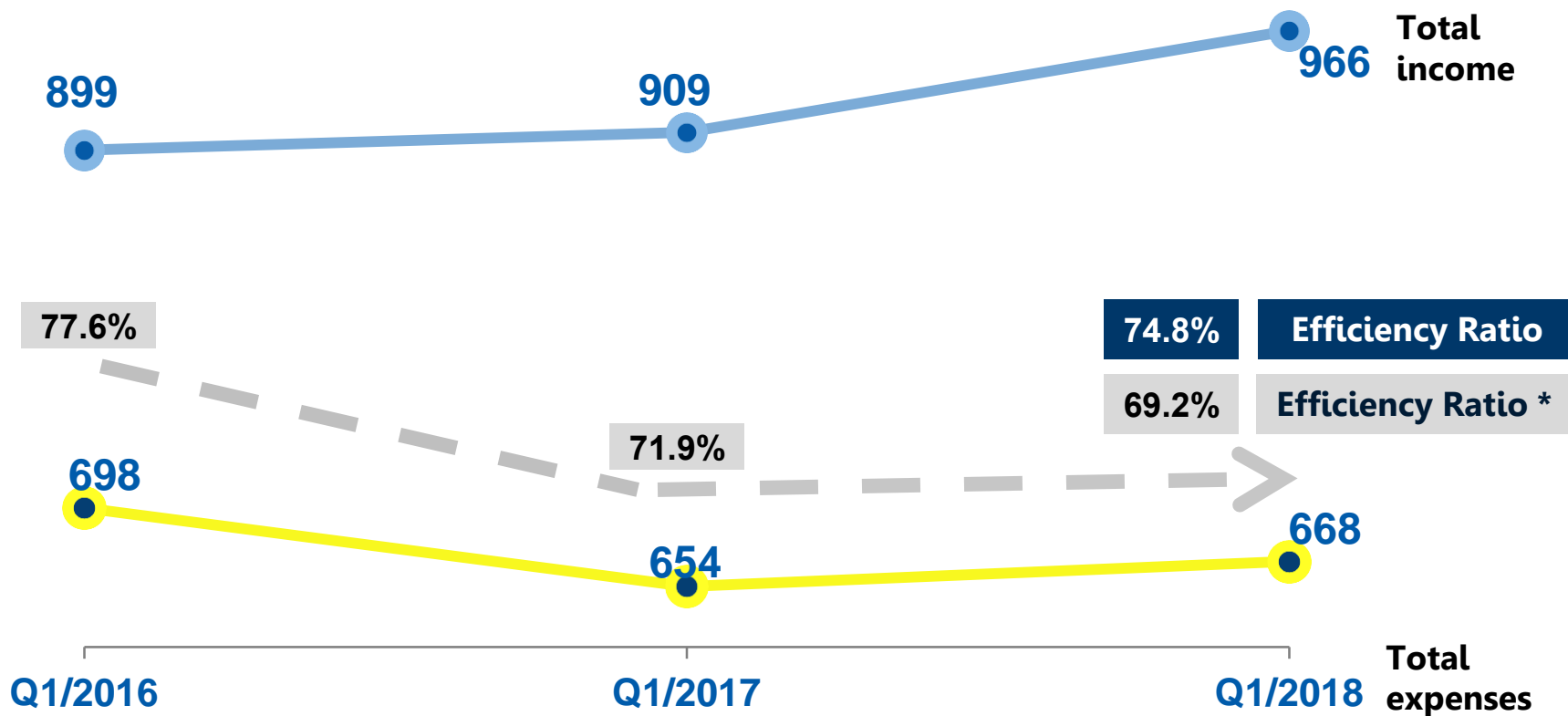
(NIS millions)	Q1.2018	Q1.2017	Change before tax	Change in %
Total financing income	624	574	50	8.7%
Expenses from Credit Losses (Provision rate of 0.13%)	27	34	(7)	
Commission income	338	334	4	1.3%
Other Income (Realization of real estate in Switzerland in 2018, Sale of a real estate property in Tel Aviv in 2017)	23	42	(19)	
Total Income (before Expenses from Credit Losses)	985	950	35	3.7%

STATEMENTS OF INCOME (MILLIONS NIS)

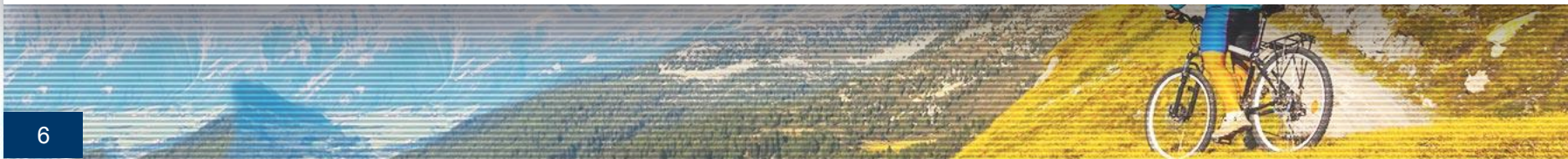
	Q1.2018	Q1.2017	Change before tax	Change in %
Salaries and Related Expenses (After eliminating provision for employee award claims)	401	403	(2)	(0.5%)
Provision for employee claims for award	45	-	45	
Maintenance of Buildings and Equipment, Depreciation and Amortization	96	99	(3)	(3.0%)
Amortization of Intangible Assets	23	23	-	0.0%
Other Expenses (After eliminating provision for restructuring of an organizational structure in a subsidiary)	148	129	19	14.7%
Provision for restructuring of organizational structure in a subsidiary	24	-	24	
Profit before Taxes	220	262	(42)	(16.0%)
Bank's Share in CAL Profit	6	10	(4)	
Net Profit	137	166	(29)	(17.5%)

CONTINUOUS IMPROVEMENT IN EFFICIENCY RATIO

Operating expenses to income (NIS millions)

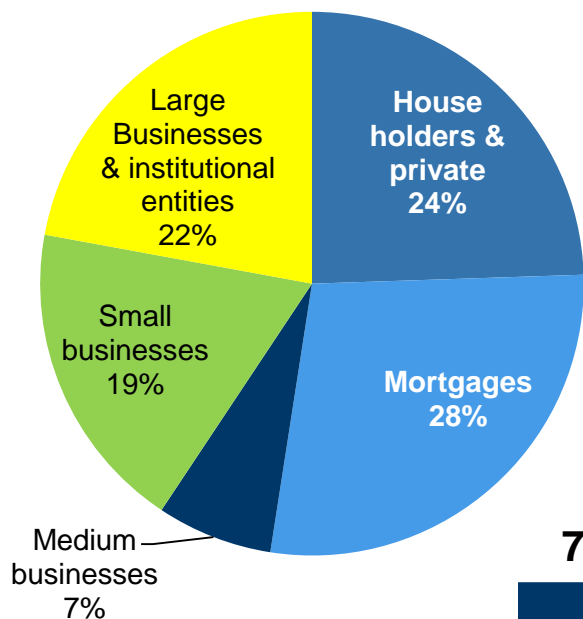


*Note: The efficiency ratio at Q1/2018, after eliminating the provision for employee claims for the award, provision for organizational restructuring in a subsidiary and the sale of property in Switzerland, on Q1/2017 after eliminating capital gain from the sale of an office building in Tel Aviv.

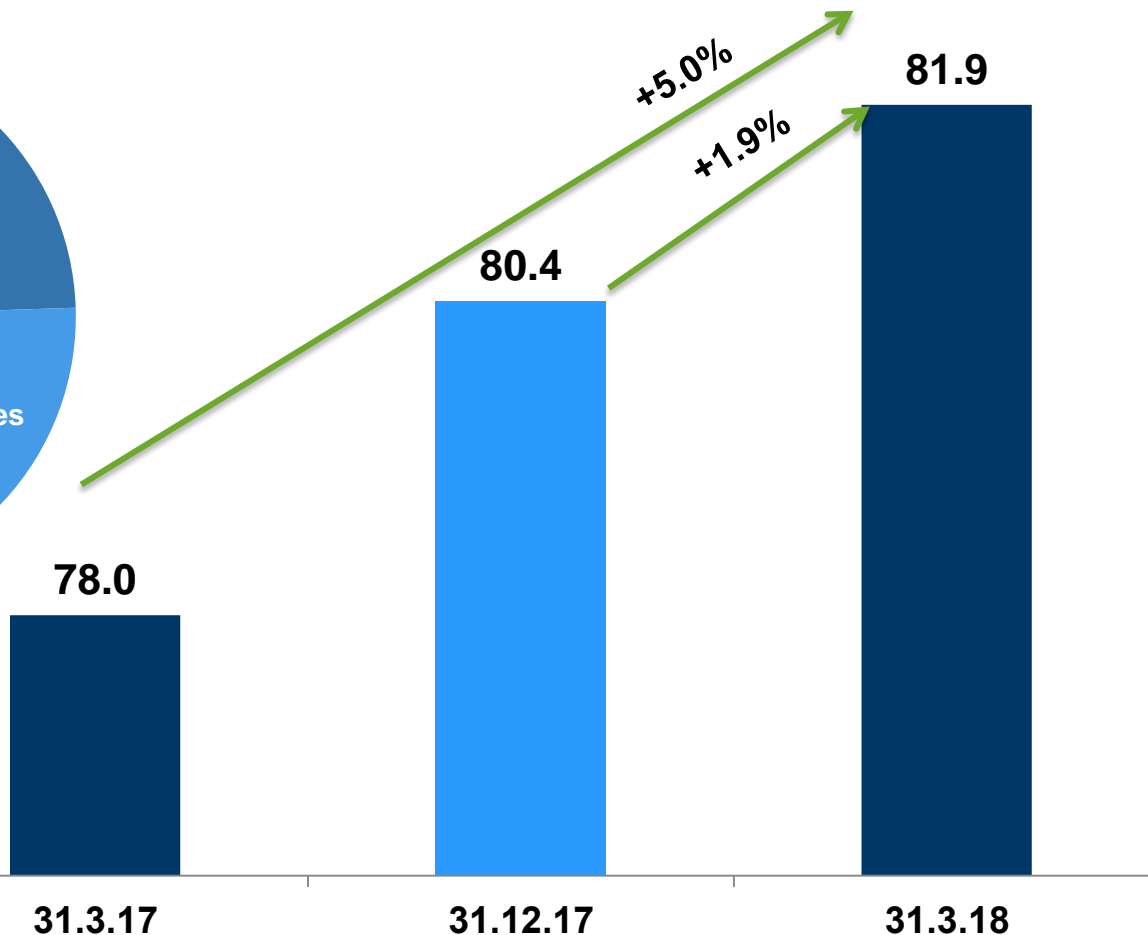


GROWTH IN CREDIT BALANCES (BILLIONS NIS)

31.3.18



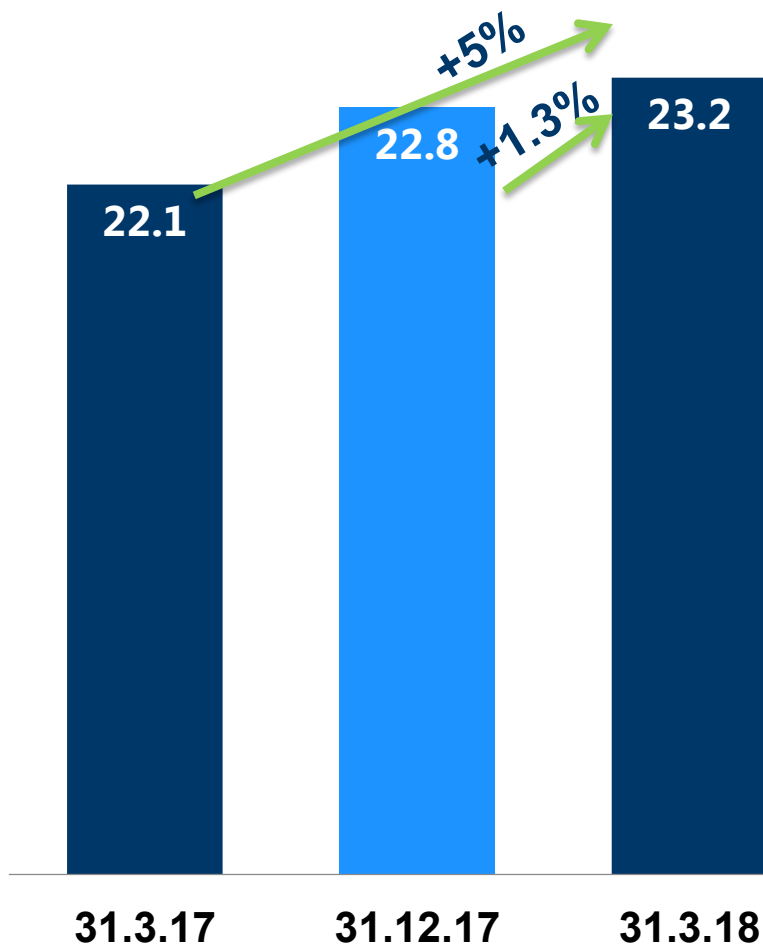
A qualitative and distributed mix of the credit portfolio - credit to individuals over 50% of the portfolio



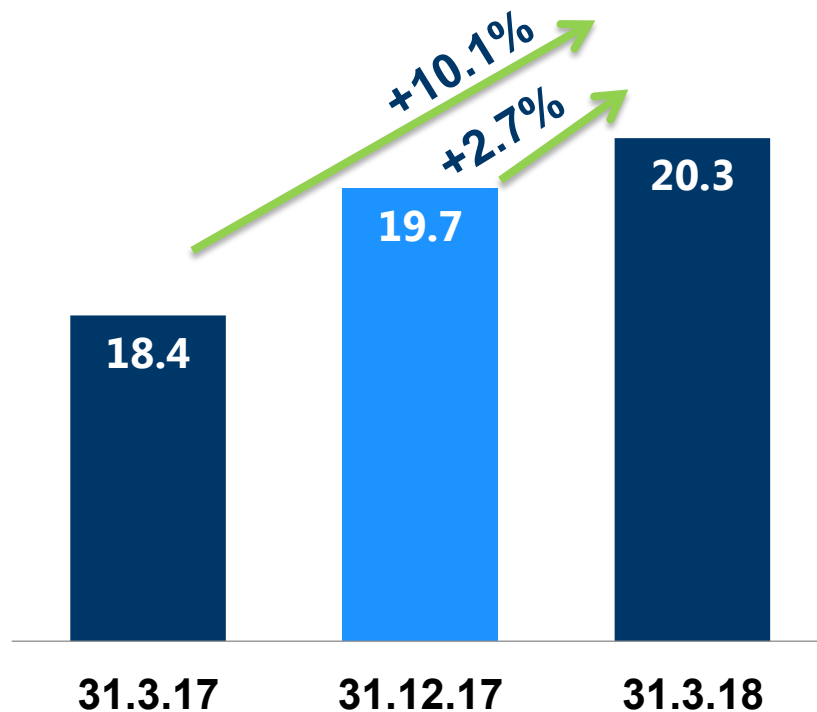
HOUSE HOLDERS & PRIVATE CREDIT TO THE PUBLIC

(Billion NIS)

Mortgages



Households & private



Supervisory segments definitions:

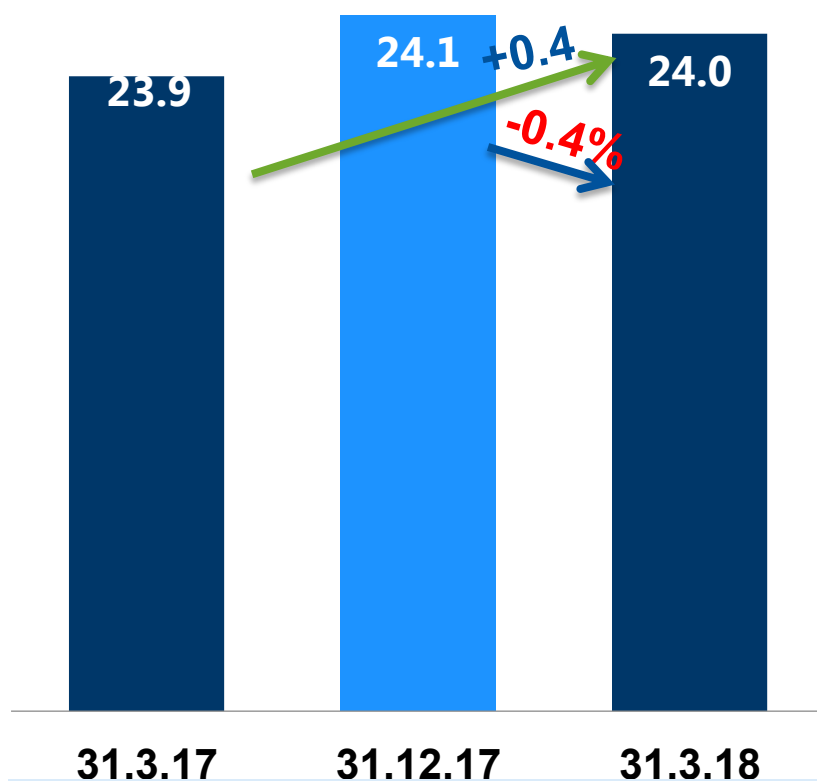
private banking segment - private individuals with financial asset portfolio that exceeds **NIS 3 Million**.

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

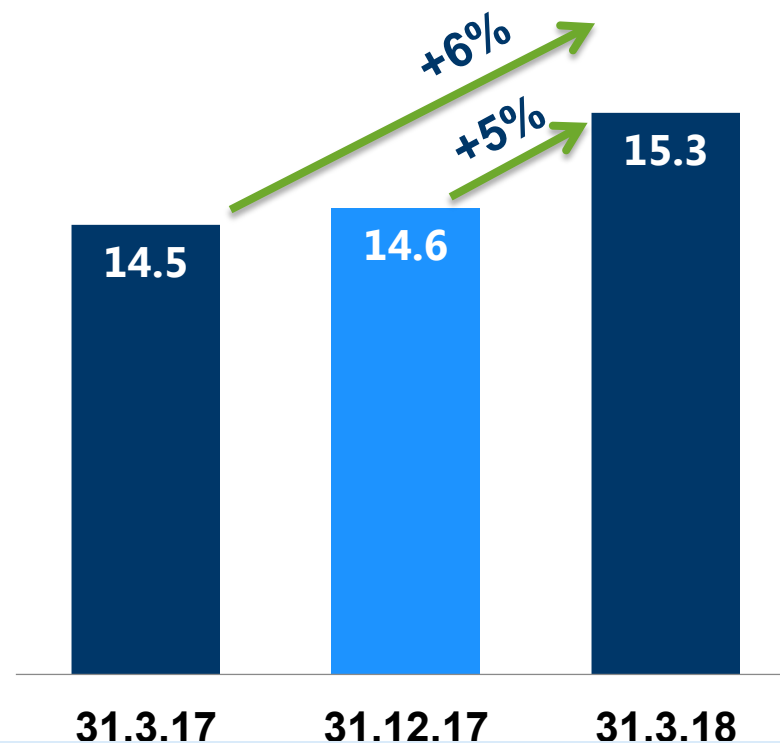
BUSINESSES CREDIT TO THE PUBLIC

(Billion NIS)

Medium & Large Businesses & institutional entities



Small & Minute businesses



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

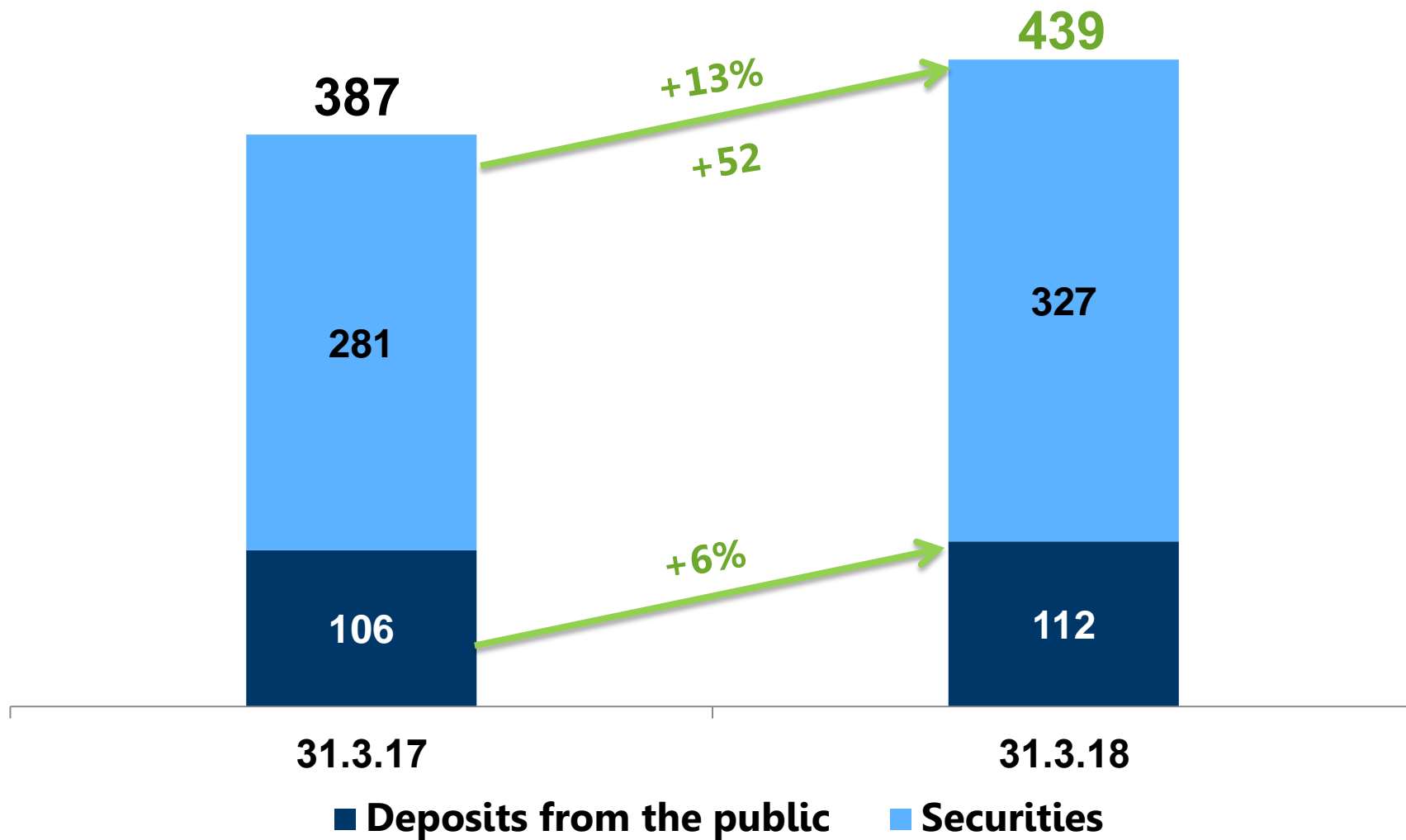
(MILLIONS NIS)	<u>31.3.18</u>	<u>31.3.17</u>	<u>Gross Change</u>
Impaired Credit Risk	629	892	(263)
Inferior Credit Risk	160	254	(94)
Credit Under Special Supervision Risk	824	835	(11)
Total Problematic Credit Risk	1,613	1,981	(368)
Ratio of provision for credit losses in respect of credit to the public to total impaired credit to the public (1) (High = good)	162%	111%	
Ratio of impaired debts or in arrears of 90 days or more to credit to the public (2) (Low = good)	0.91%	1.20%	
Ratio of credit loss expenses	0.13%	0.17%	

Comparison with the Israeli banking system as of 31.3.18:

- (1) 132%** (High = good)
- (2) 1.29%** (Low = good)

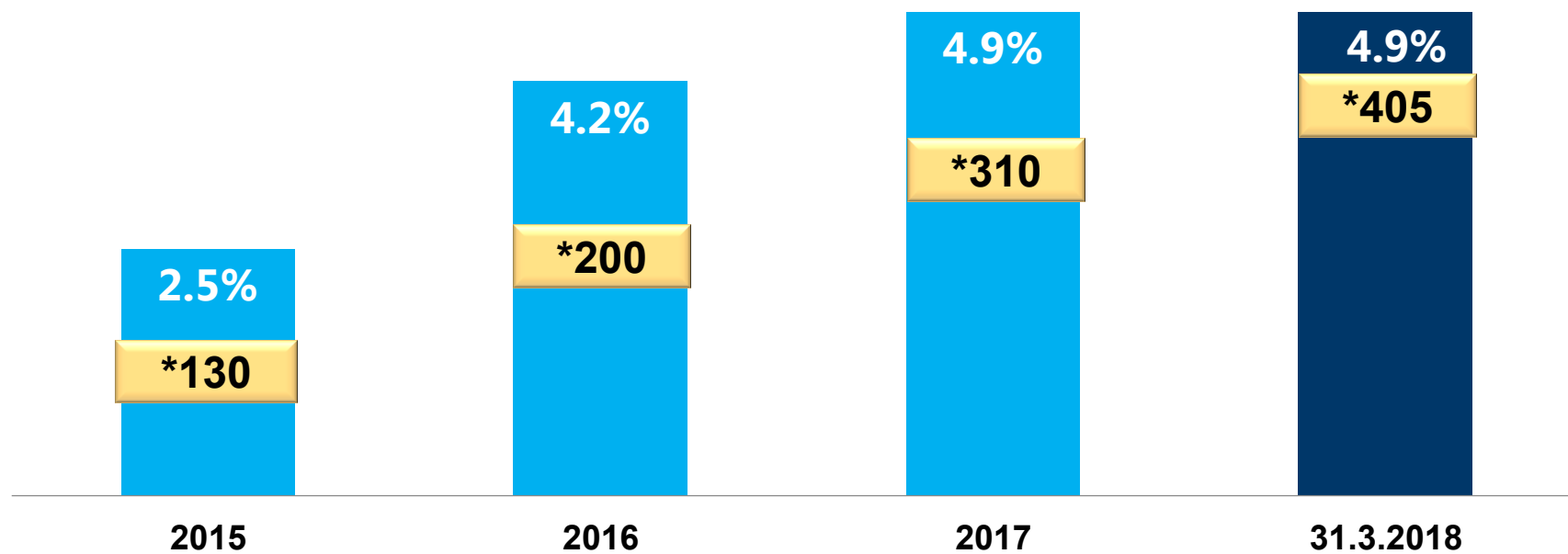
GROWTH IN THE BALANCE OF THE PUBLIC CLIENTS ASSETS

(BILLIONS NIS)



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 60 NIS Million Dividend Distribution

* Total dividend distributed in the last 12 months.

Results Highlights for Q1 2018 (comparison to Q1 2017)

Net profit amounted to NIS 137m; ROE of 7.2%

Net profit and ROE after elimination of non recurring items *

Group net profit of NIS **169m** vs NIS 138m, up 23% YoY
ROE net of **9.0%** vs 7.7%
Operational efficiency of **69.2%** vs 71.9%

High capital adequacy - High financial stability

Maintained high capital adequacy ratio (Tier 1, March 31, 2018): **10.07%**
(0.8% higher than the required minimal ratio)

High dividend return

High level of dividend: **NIS 405m** in past 12 months
Subsequent to March 31: additional dividend distribution of **NIS 60m**

*Adjustment of the results in respect of material effects of a nonrecurring nature:

Provision of NIS 29 million (net) in respect of employee claim for an award

Provision of NIS 16 million (net) in respect of structural changes in a consolidated subsidiary Net gains of NIS 13 million from the sale of an office building in Switzerland.

Results Highlights for Q1 2018 (comparison to Q1 2017)

		Growth versus:		
		<u>31.12.17</u>	<u>31.3.17</u>	
Growth in credit	Total credit to the public of NIS 83bn , growth of NIS 1.5bn (1.9%) since the beginning of the year and NIS 4 billion (5%) YoY	Private customers -	2.7%	10.1%
		Housing loans -	1.3%	5.0%
		Small businesses -	5.0%	6.0%
		Middle market businesses & Corporate businesses (including institutional bodies) -	(0.4%)	0.4%
Growth in deposits	Continuing growth in deposits among the public to NIS 112 billion, up 5.4% YoY.			
Growth in customer assets	Growth of 13% (over NIS 52 billion) in volume of customer asset portfolio vs Q1 2017.			
Growth of 3.7% in total income of the Group	Financing income – continuing growth in financing profits , up 10% in current financing profit (excluding sale of "Nostro" securities) on background of the growth in spread and in volume of operations. Growth of 1.3% in commissions, mainly due to the increase in capital market commissions.			

Results Highlights for Q1 2018 (comparison to Q1 2017)

Stable Payroll

Stability in payroll costs (after elimination of provision for employee claim)

Improvement in adjusted efficiency ratio

Efficiency ratio of **69.2%** vs 71.9% last year
Efficiency ratio before elimination of non-recurring items of 74.8%.

Provision for credit loss

Rate of credit loss expense of **0.13%** vs 0.17% last year
Improvement in provision rate mostly due to decrease in specific provision.
Continued decline in troubled debts of customers of the Group

Events subsequent to balance sheet date

- Agreement for sale of Head Office building of *Otsar Ha-Hayal* signed on May 23. Gain on sale expected at NIS 37 million
- Sale of shares in TASE – on April 16, the Stock Exchange accepted assent of the Bank to the sale of all its holdings in the Stock Exchange.

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