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Q3 2016

Results Presentation

November 16th 2016

The conference call does not replace the need to review the latest periodic/quarterly reports in which full information is contained, including forward looking information, as defined in the Israeli Securities Law, and set out in the aforementioned reports.

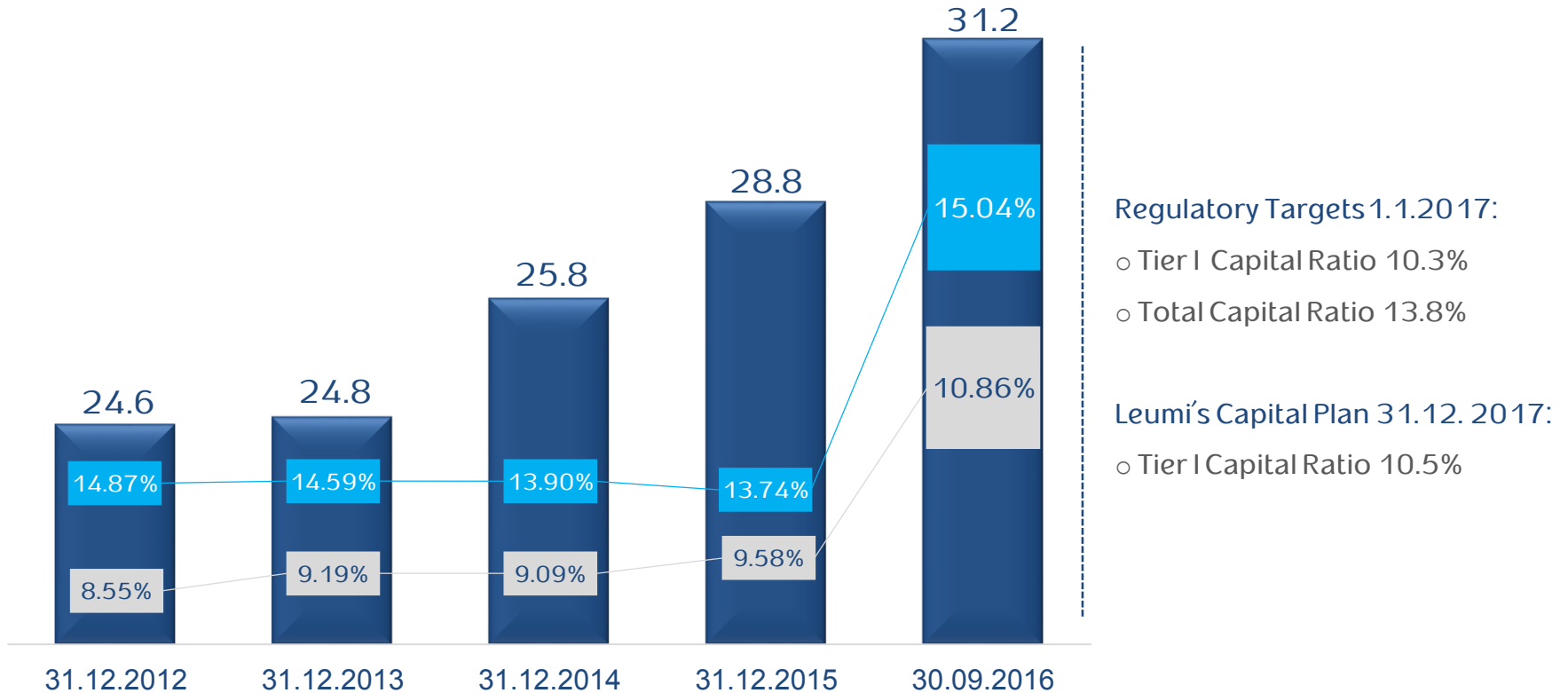
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# Capital Adequacy

NIS billions



- Common Equity Tier 1 Capital
- Total Capital Ratio
- Tier 1 Capital Ratio

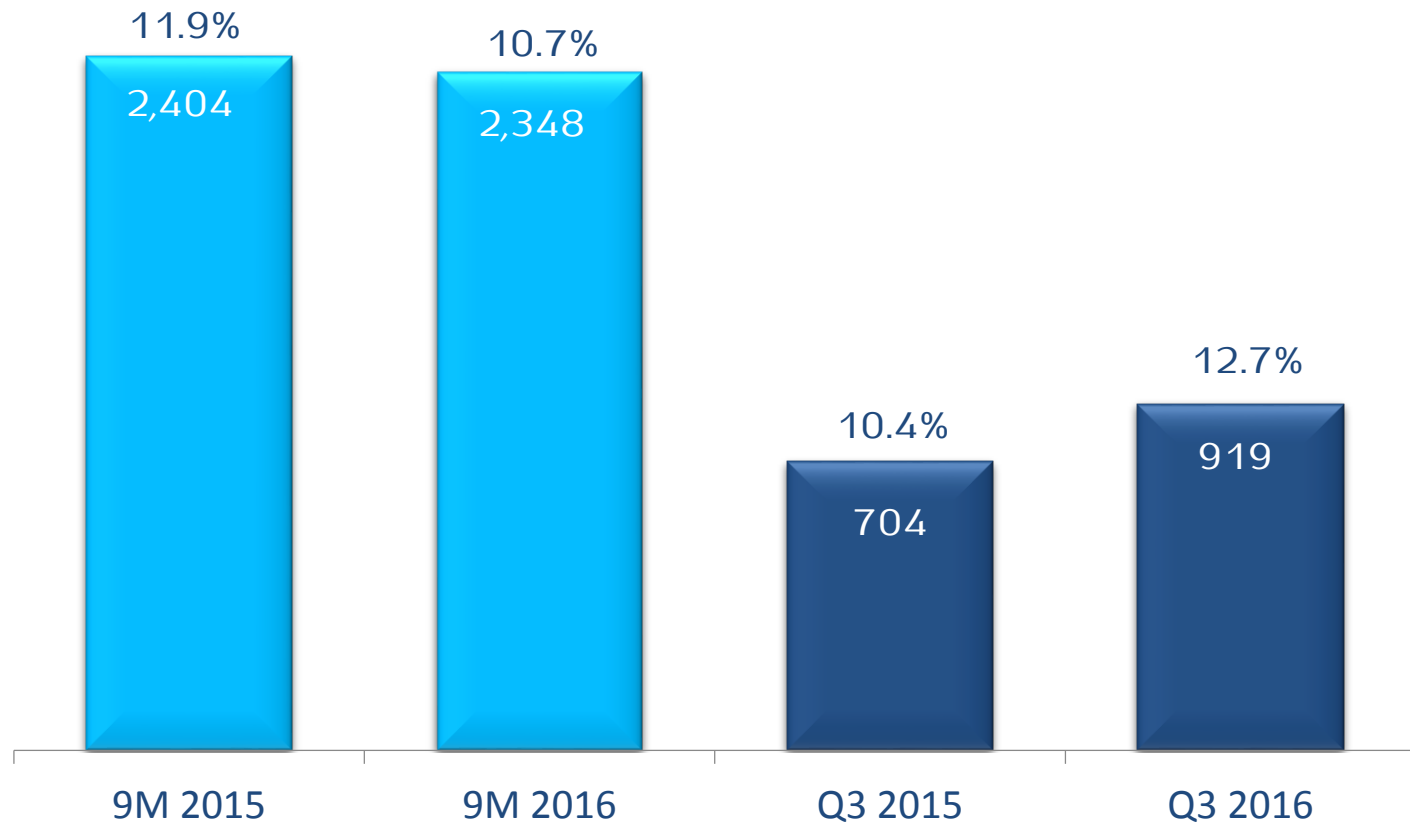
# The Israeli Economy

- Private consumption continues to lead robust economic growth
- Fiscal performance well on track with long-term debt reduction
- Highly resilient external account position
- Inflation remains very low
- Low unemployment; labor force participation continues to rise

	2015	2016*	2017*
GDP, rate of change, real terms	2.5%	2.8%	3.3%
Current account surplus, % of GDP	4.9%	4.6%	4.4%
Government budget deficit, % of GDP	(2.1%)	(2.5%)	(2.9%)
Government debt, % of GDP	62%	63%	63%
Unemployment, Annual Average	5.3%	4.9%	4.9%
CPI, year-end change	(1.0%)	(0.1)-0.4%	0.5-1.5%
NIS-USD, average exchange rate	3.89	3.75-3.95	3.70-3.90
NIS-EUR, average exchange rate	4.31	4.20-4.40	4.05-4.25
Bank of Israel average interest rate	0.1%	0.1-0.2%	0.0-0.5%

# Net profit & RoE

NIS millions



# One-time items (before tax)

NIS millions

	9M 2015	9M 2016	Q3 2015	Q3 2016
Income from sale of shares – Israel Corp.*	811*	-	289	-
Income from sale of shares – Mobileye	288	-	-	-
Income from dividend – Kenon Holdings	130	-	130	-
Insurance refund – settlement with overseas authorities	-	235	-	235
Income from sale of VISA Europe	-	378	-	-
Deferred taxes	-	52	-	-
<b>Total</b>	<b>1,229</b>	<b>665</b>	<b>419</b>	<b>235</b>

\*In addition, equity profits of NIS 114m from Israel Corp. were recorded

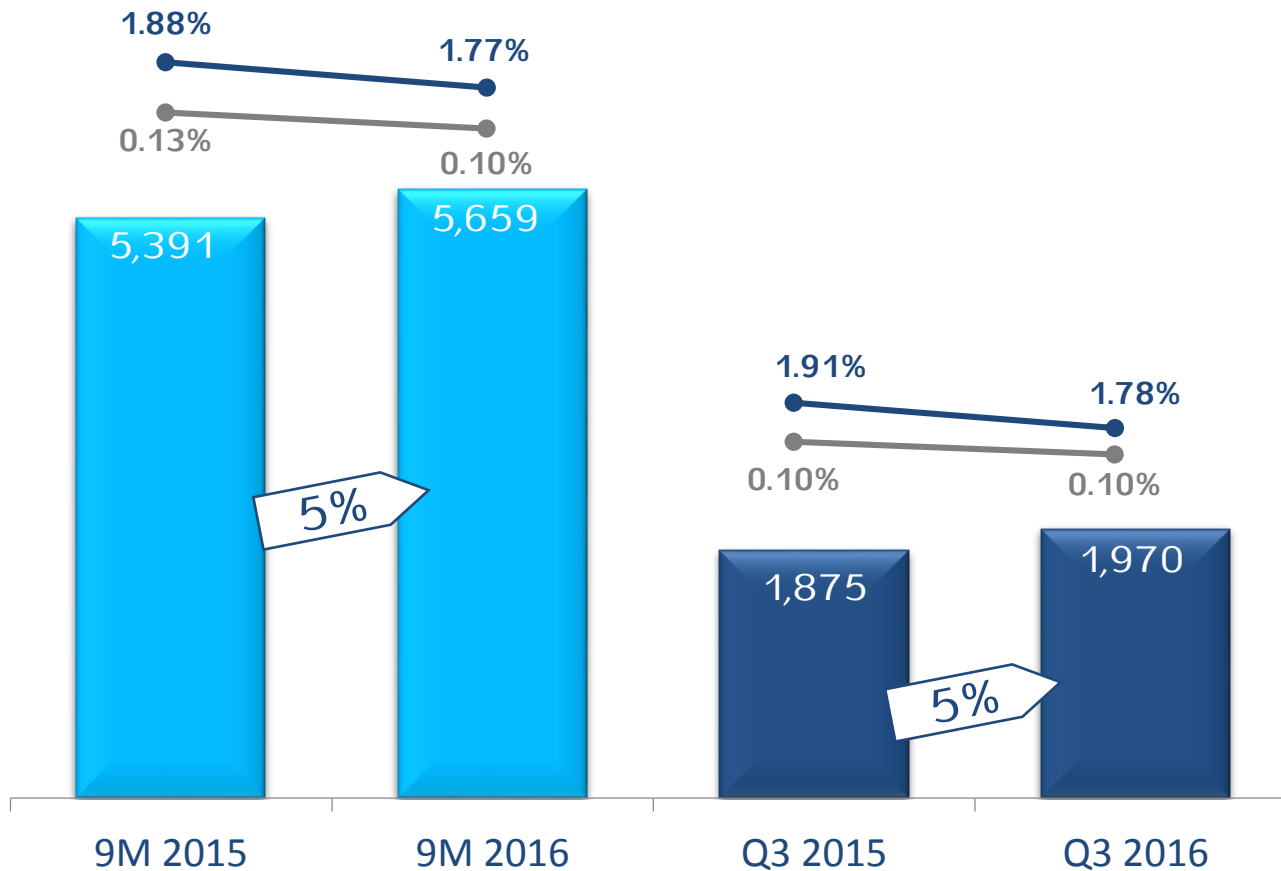


# Net interest income

NIS millions

● Interest margin

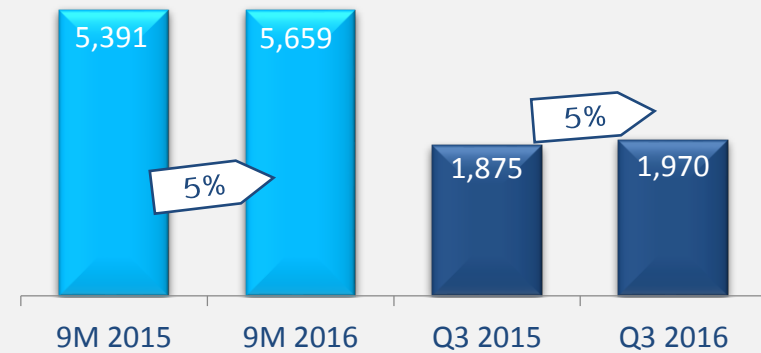
● Bol average interest rate



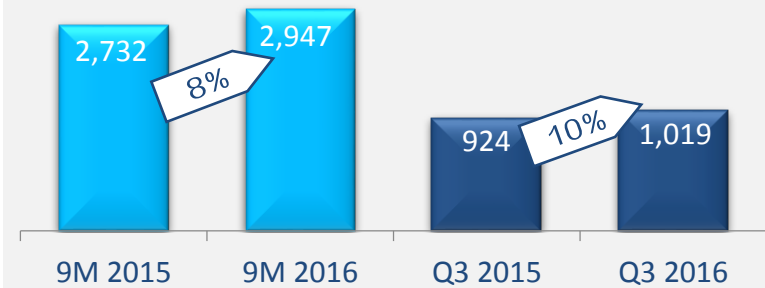
# Net interest income by Operating Segments

NIS millions

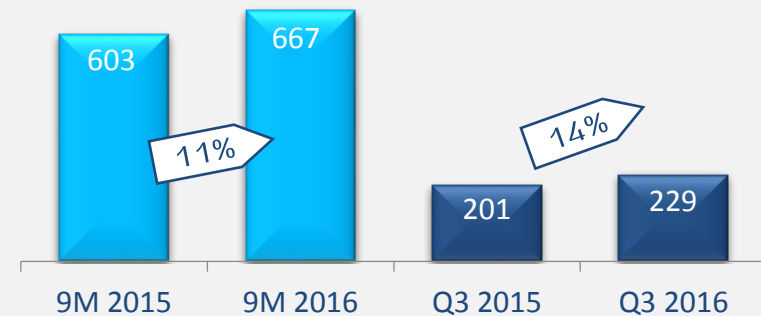
## Total Credit



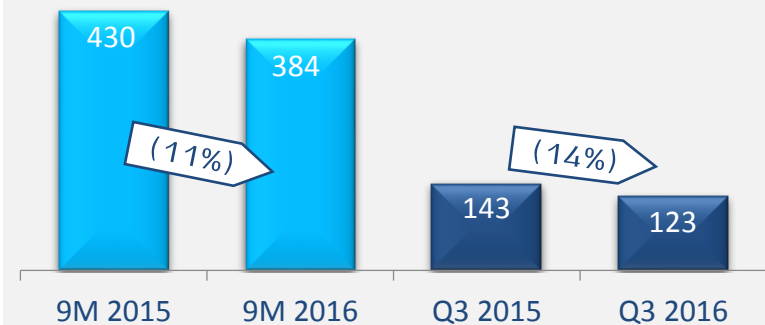
## Retail in Israel (including subsidiaries)



## Commercial Middle-Market in Israel



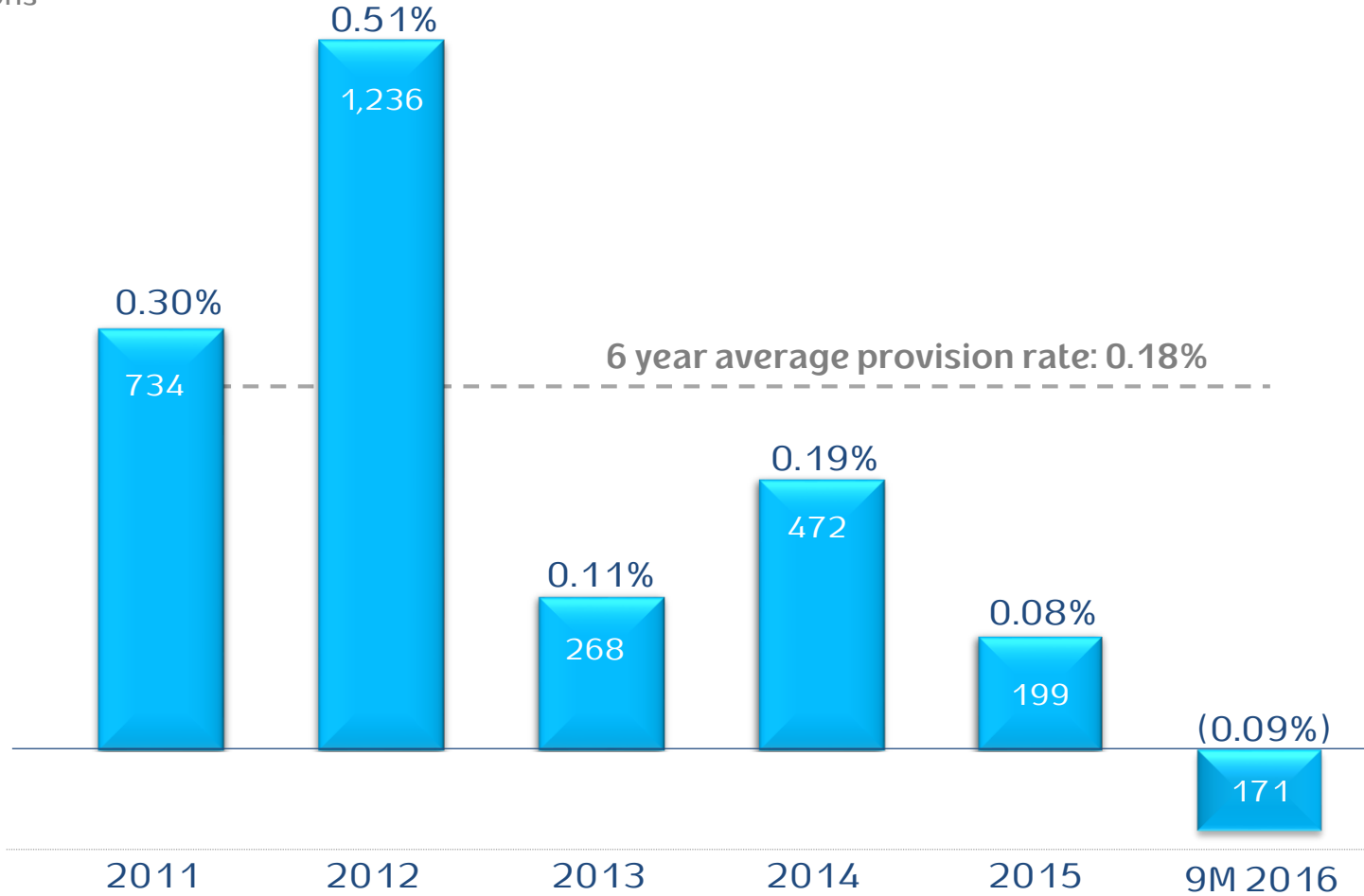
## Corporate in Israel





# Low provisions reflect high quality credit portfolio

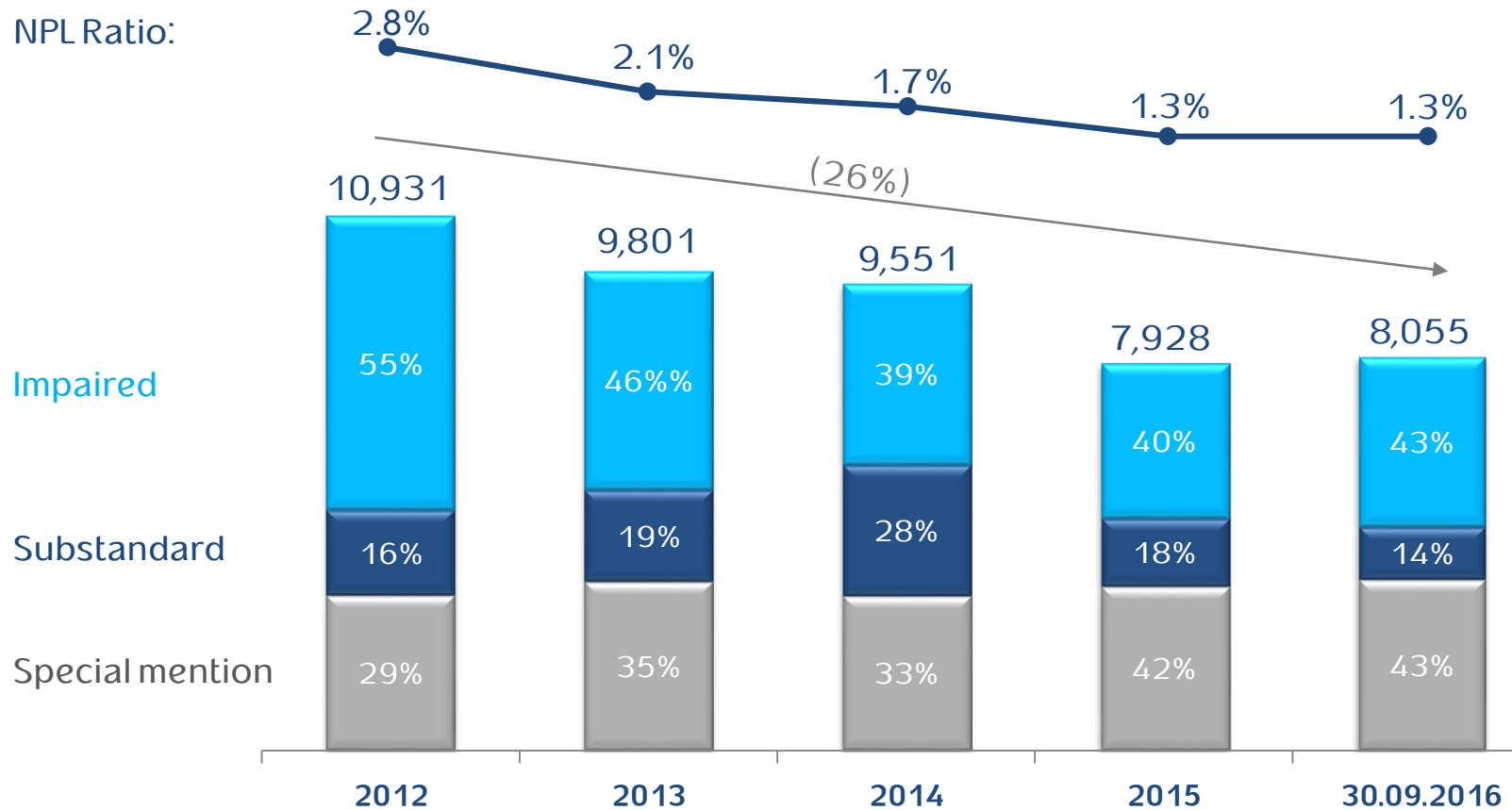
NIS millions



# Problem debts, NPL ratio

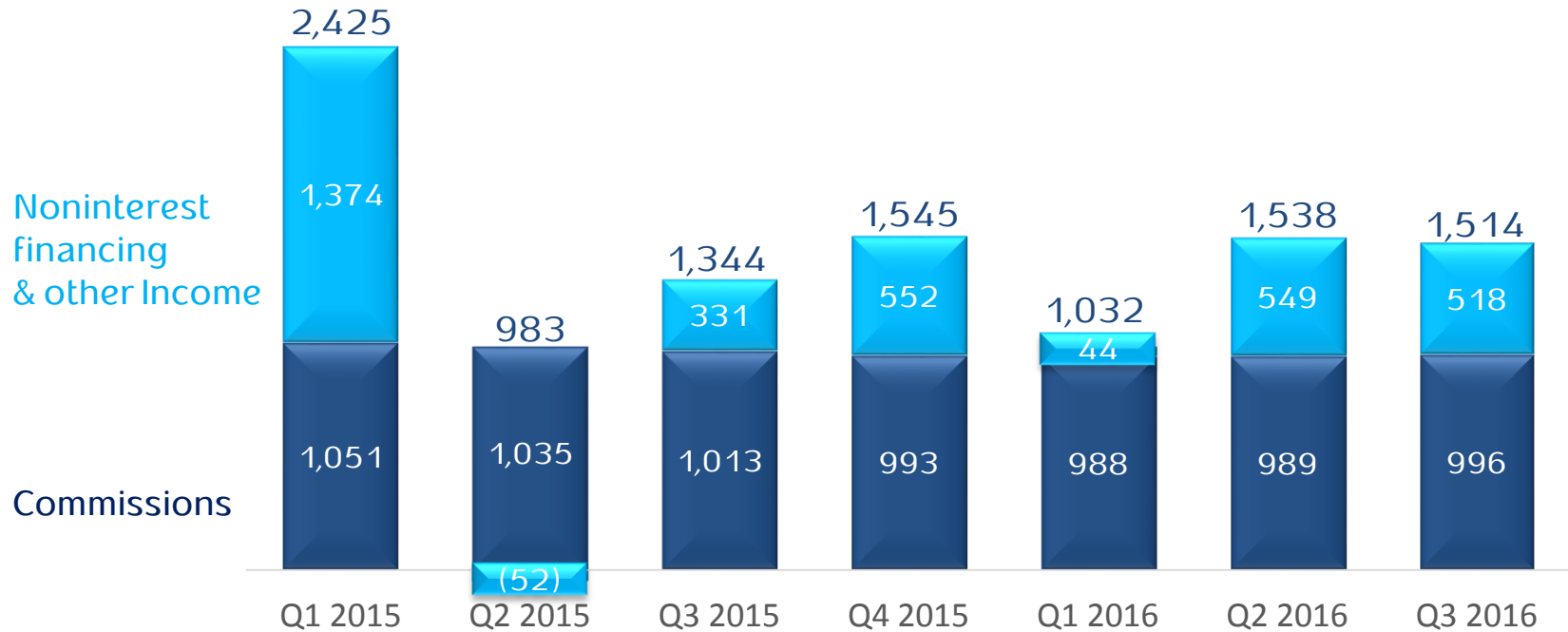
NIS millions

NPL Ratio:



# Noninterest income

NIS millions



Mobileye 288 Israel Corp. 522	Israel Corp. 289 Kenon 130	Sale of Buildings 380	Visa Europe 378
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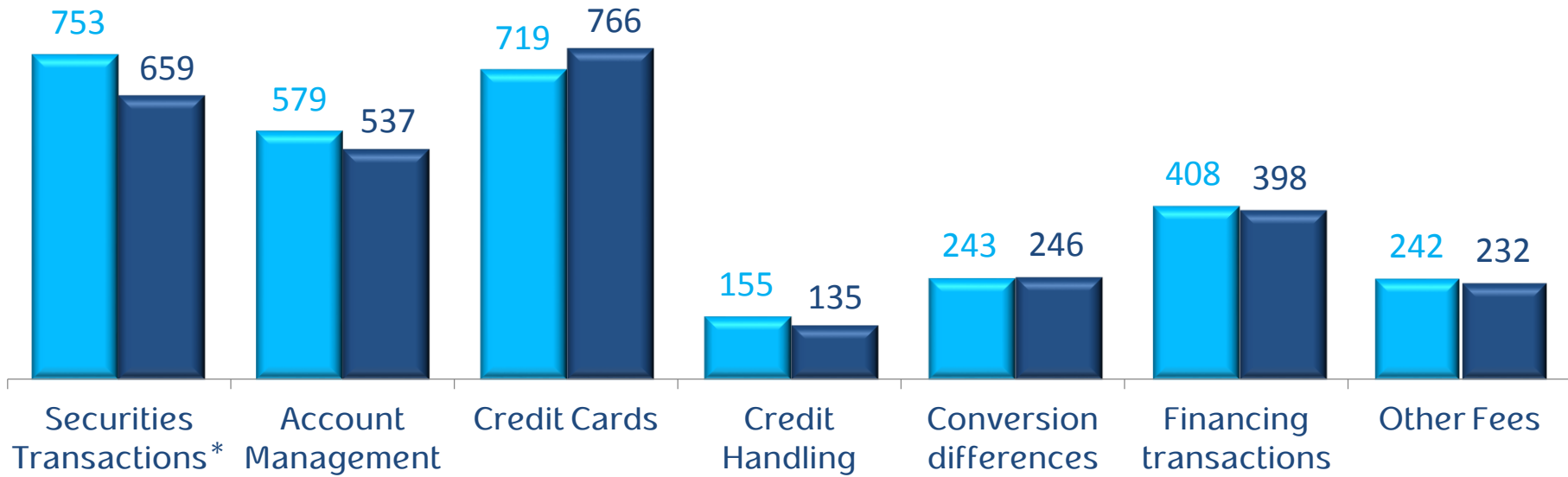


# Diverse commission revenue

NIS millions

Total 9M 2015: 3,099

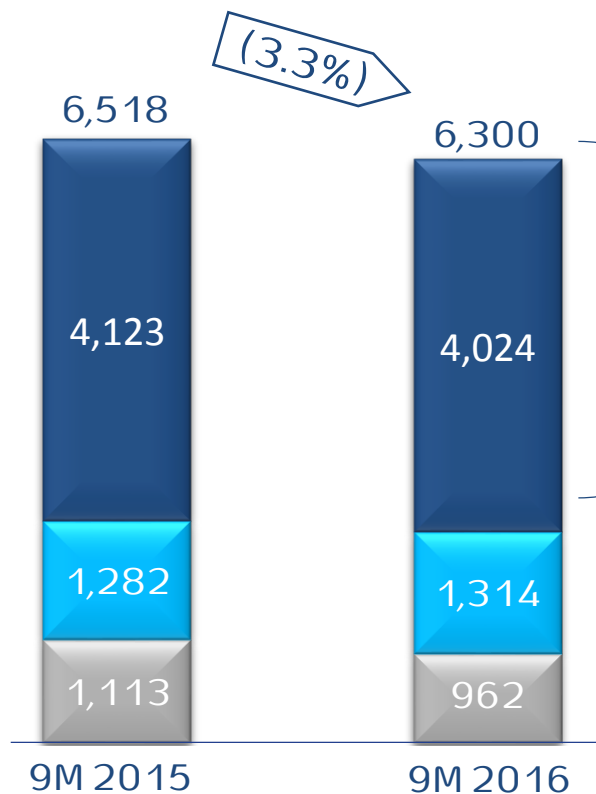
Total 9M 2016: 2,973



\*Includes financial product distribution commissions

# Operating & Other expenses

NIS millions

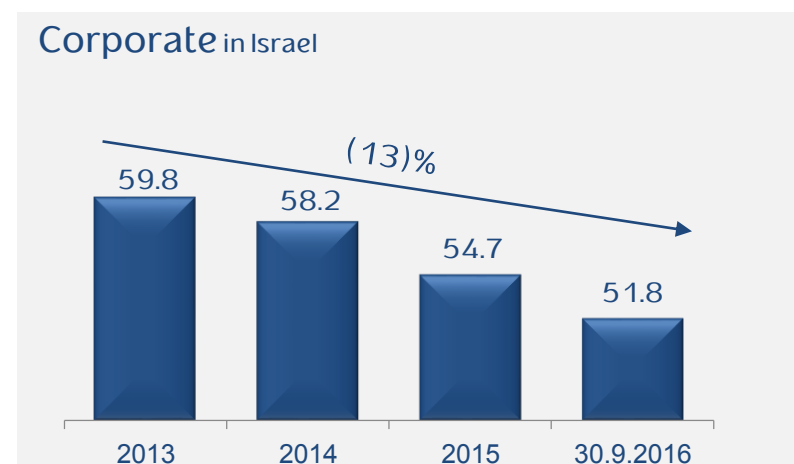
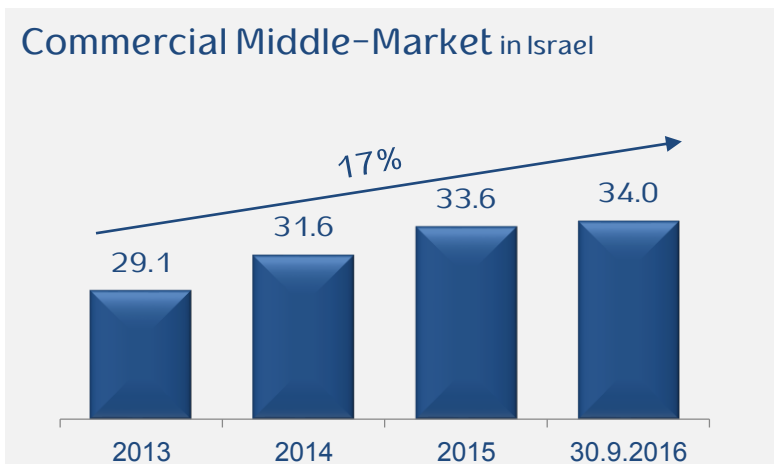
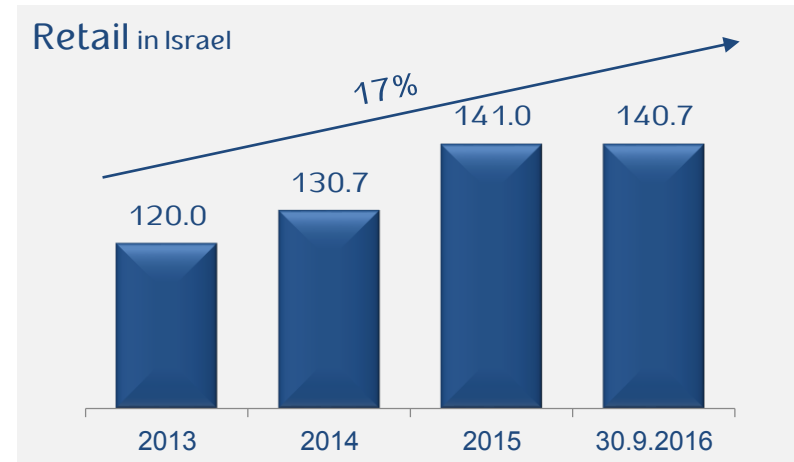
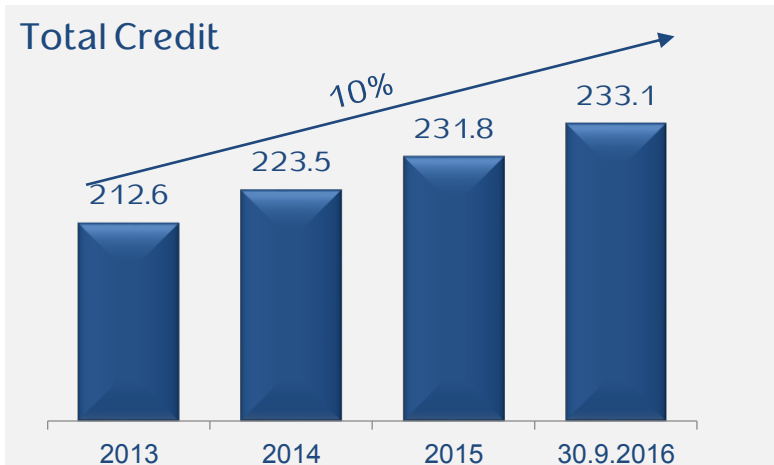


	9M 2015	9M 2016	Δ %
Salaries	2,864	2,853	(0.4)
Bonus	479	351	(26.7)
Post-retirement defined and other benefit expenses	873	727	(16.7)
<b>Total salary expenses without effect of one-time bonus &amp; collective wage agreements</b>	<b>4,216</b>	<b>3,931</b>	<b>(6.8)</b>
One-time bonus & effect of collective wage agreements	(93)	93	+
<b>Total salary &amp; related expenses</b>	<b>4,123</b>	<b>4,024</b>	<b>(2.4)</b>

- Salary & related expenses
- Maintenance & depreciation expenses
- Other expenses

# Credit growth (Credit to the public, net, Bank)

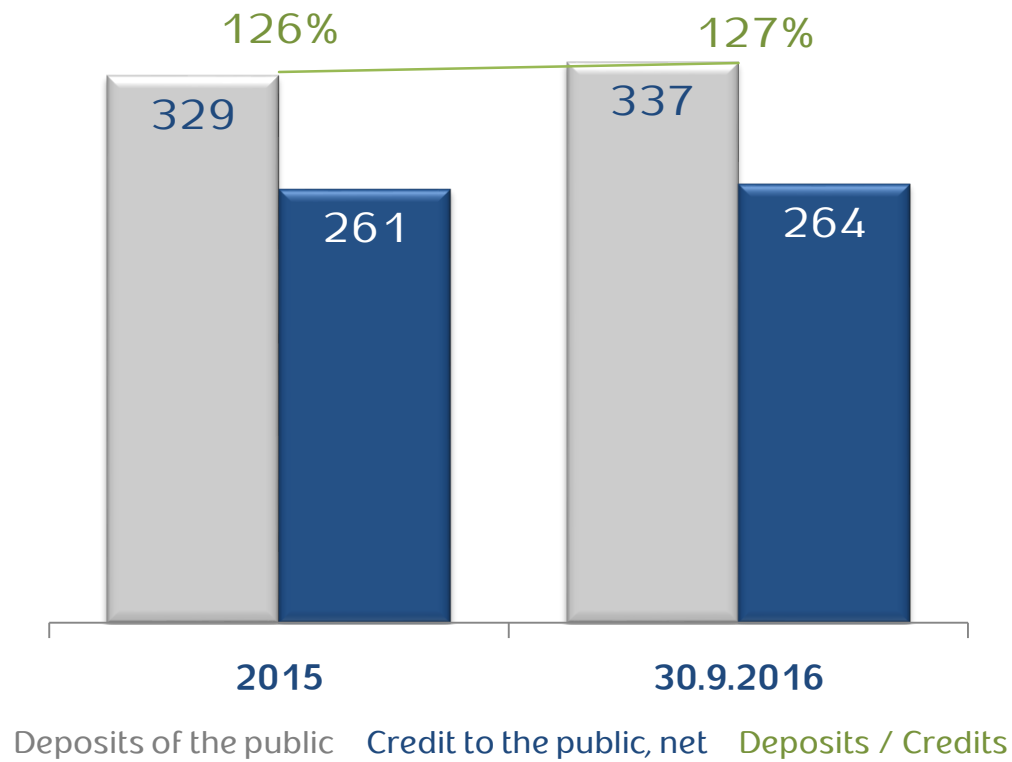
NIS billions



# Strong liquidity

NIS billions

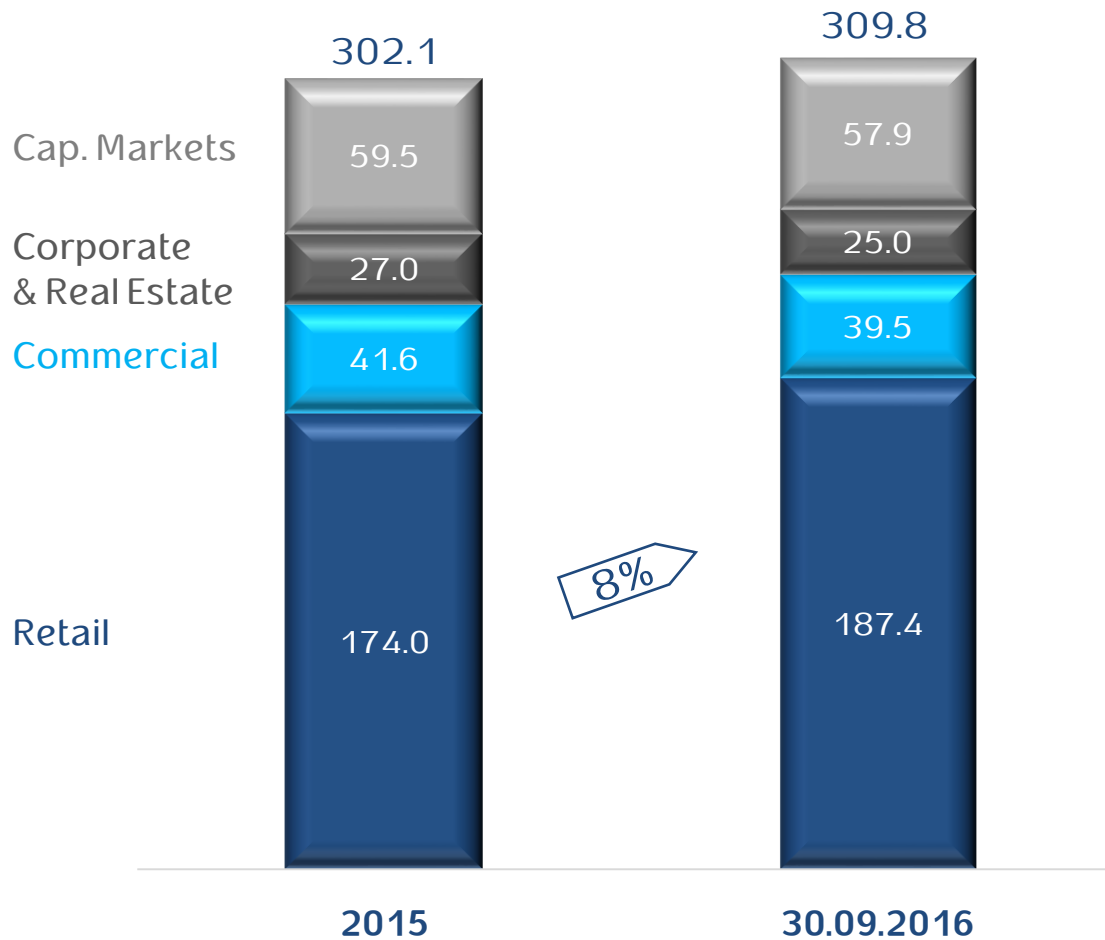
## Deposits and Credits





# Deposits stable and diverse (Deposits of the public, Bank)

NIS billions



Greater value for customers



Based on the newest and most innovative technology

More efficient retail model with a friendly and intuitive platform



Emphasis on simplicity, transparency and convenience

# Key Takeaways

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## Capital

- Tier 1 Capital Ratio: 10.86%
- Total Capital Ratio: 15.04%



- ROE for 3Q 2016 at 12.7%
- Strong credit growth in high ROE segments
- High quality credit portfolio: low provisions; low NPL ratio
- Diversified revenue mix

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# Thank you

