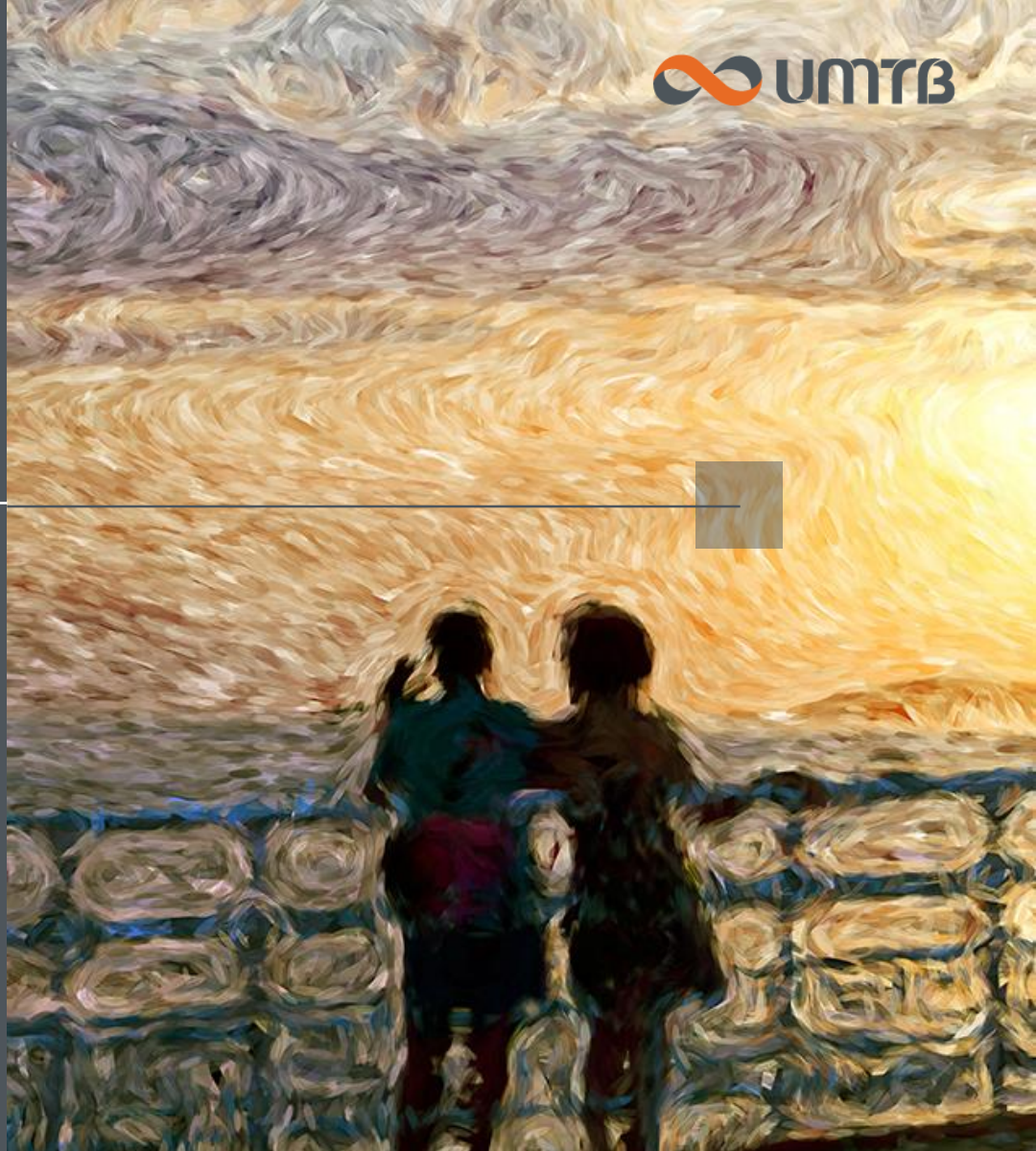


Financial Statements

June 30, 2019



Disclaimer

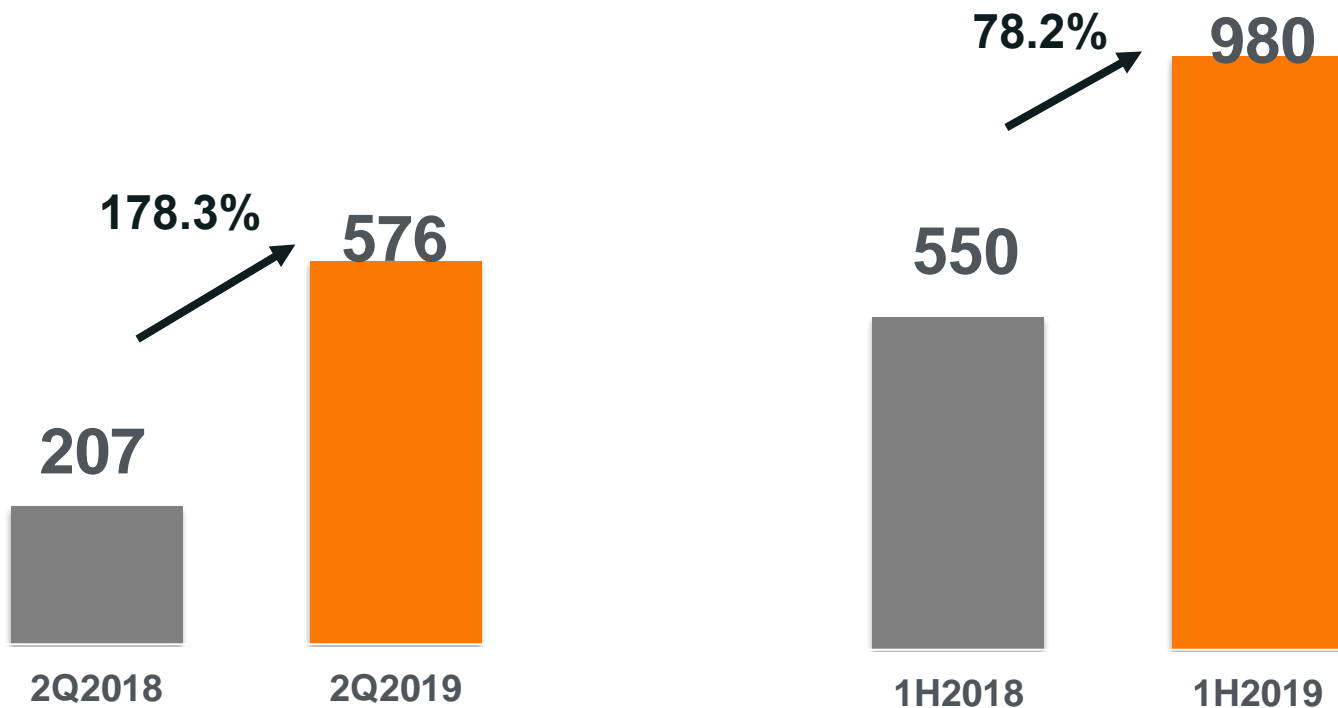
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- The forecasting information may change subject to risks and uncertainty, due to being based on the management's estimations regarding future events, which include, *inter alia*: global and local economic development forecasts, particularly regarding the economic situation in the market, including the effect of macro-economic and geo-political conditions; expectations for changes and developments in the currency and equity markets; forecasts related to other various factors affecting exposure to financial risks; forecasts with respect to changes to borrowers' financial strength, public preferences, changes in legislation and the provisions of regulators, competitors' behavior, the status of the bank's perception, technological developments and human resources developments.
- This document does not constitute an offer to sell, or a solicitation of an offer to buy, or a recommendation of any kind regarding any security or any interest in security.

**The strategy is
working**



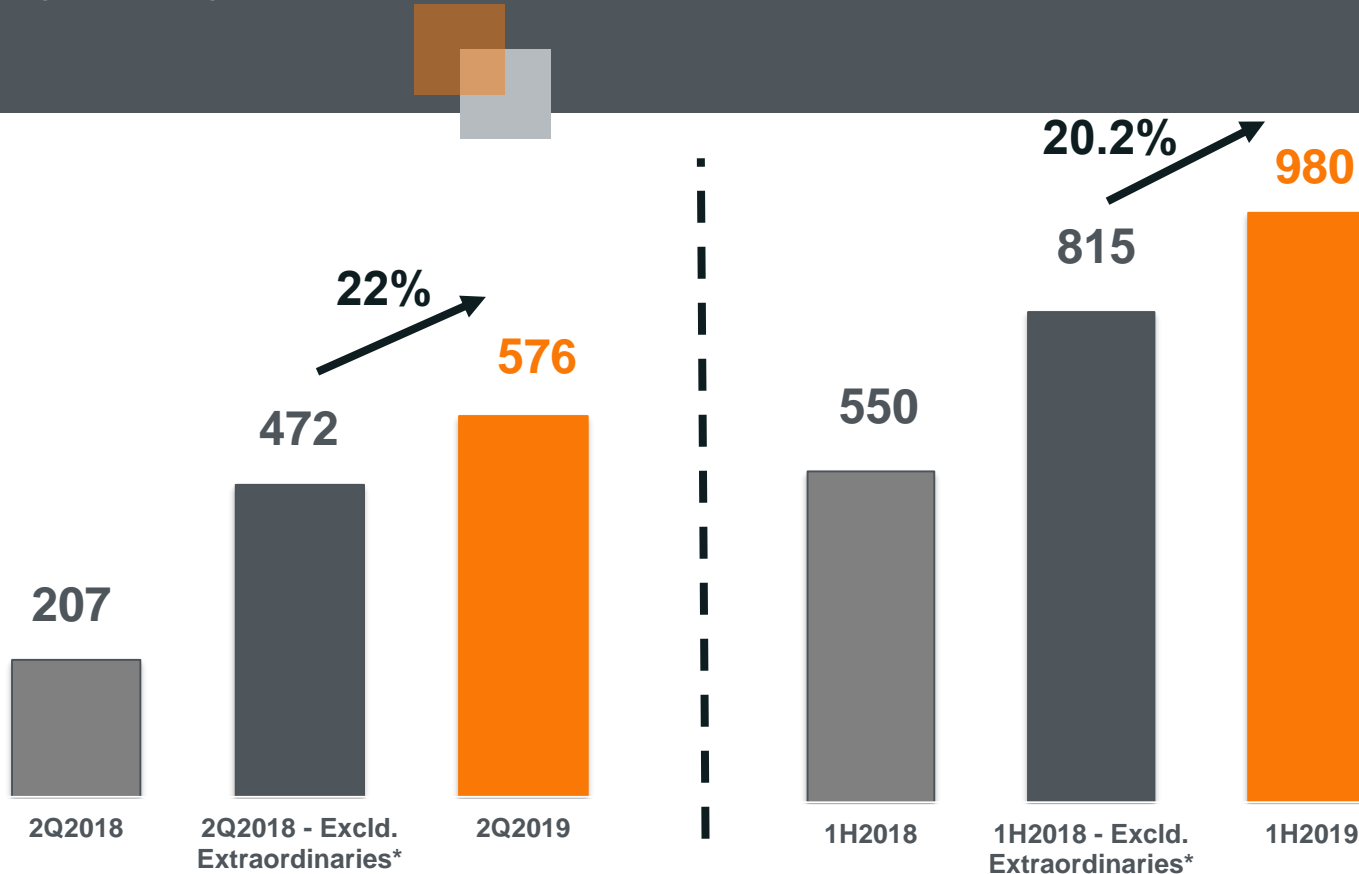
Net profit

(NIS mil)



Net profit

(NIS mil)



**Excluding the provisions for the US Department of Justice's investigation, and taking into account provisions for bonuses in line with the level of profitability from current operations, and the tax expenses derived from these*



Net profit - ROE

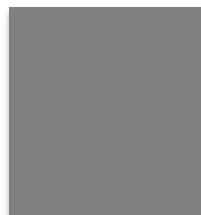
(NIS mil)



ROE target for 2021 according to the strategic plan

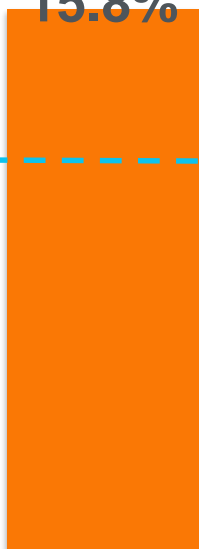


6.1%



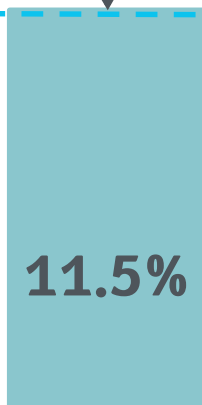
2Q2018

15.8%

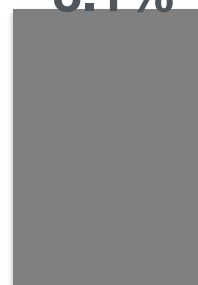


2Q2019

11.5%



8.1%



1H2018

13.3%



1H2019

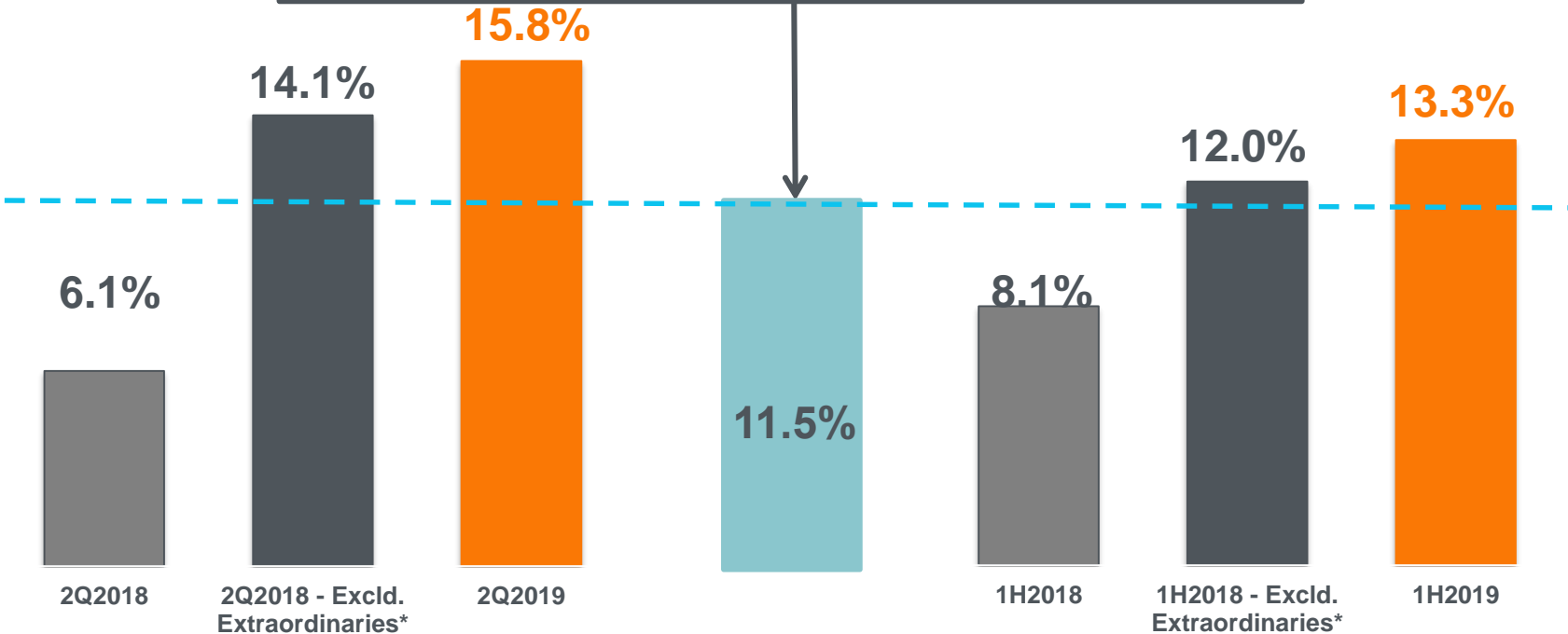


Net profit - ROE

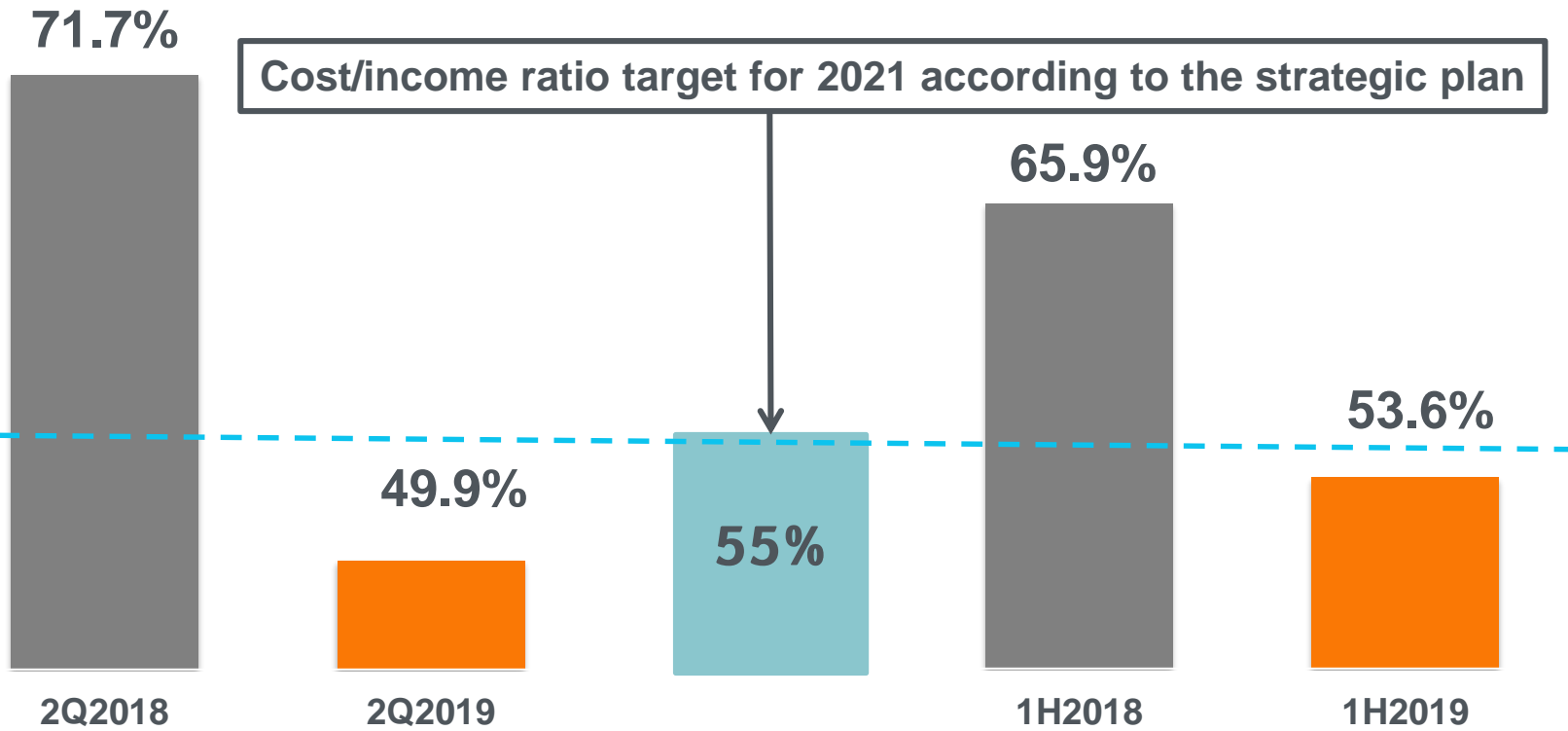
(NIS mil)



ROE target for 2021 according to the strategic plan



Cost/income ratio



Cost/income ratio



71.7%

Cost/income ratio target for 2021 according to the strategic plan



2Q2018

53.2%



2Q2018 - Excl.
Extraordinaries*

49.9%



2Q2019

55%



65.9%



1H2018

55.9%



1H2018 - Excl.
Extraordinaries*

53.6%



1H2019

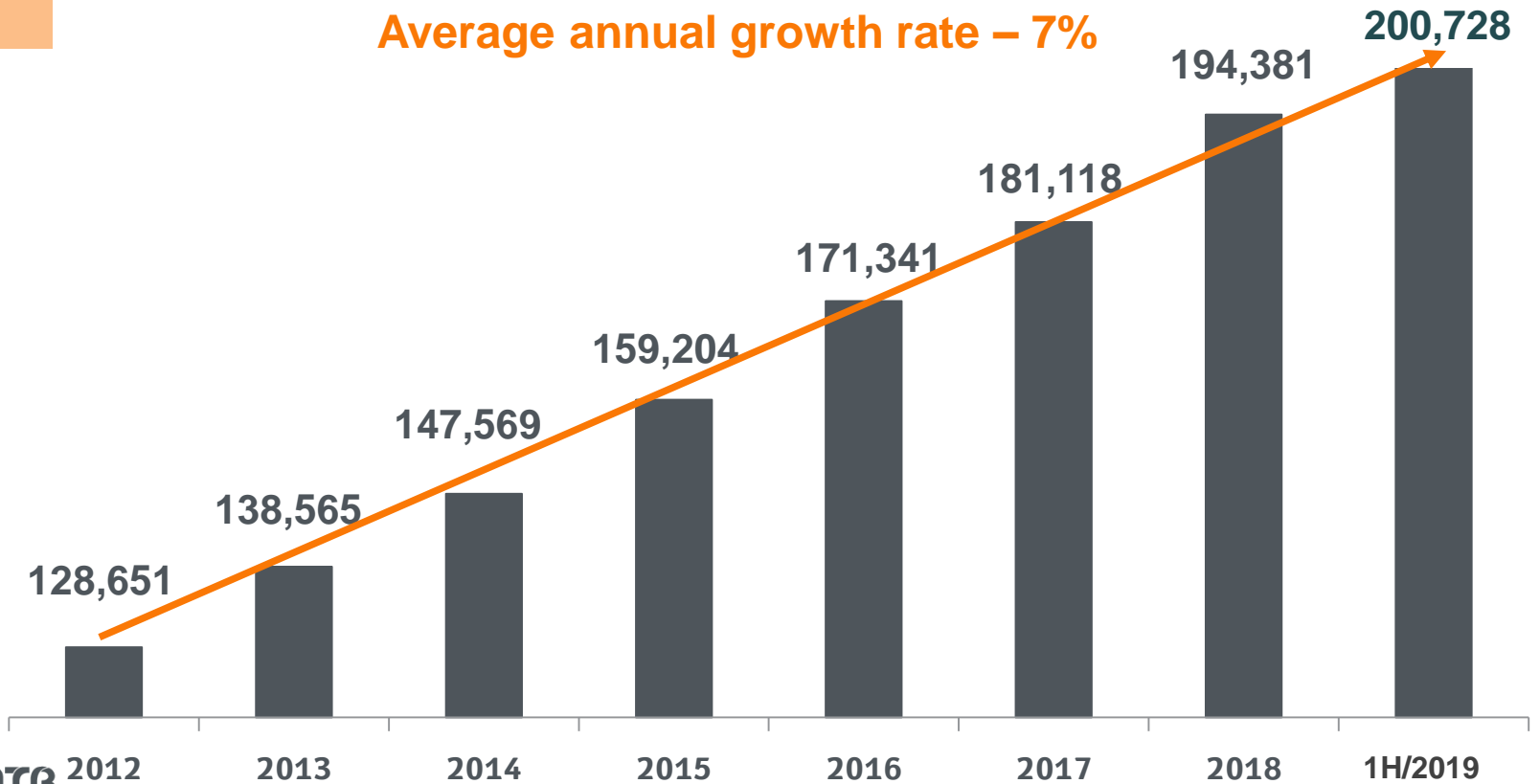


Continuous loan growth

Credit to the public (NIS mil)



Average annual growth rate – 7%



Credit growth in all segments: retail and business

(NIS mil)

	30.6.2019	30.6.2018	% of change
Housing loans	130,140	122,168	6.5%
Households and Private banking	21,165	20,688	2.3%
Small and micro businesses	20,059	17,775	12.8%
Medium businesses	7,196	5,822	23.6%
Large businesses and Institutional investors	18,205	17,028	6.9%
Overseas operations	3,963	3,574	10.9%
Total	200,728	187,055	7.3%

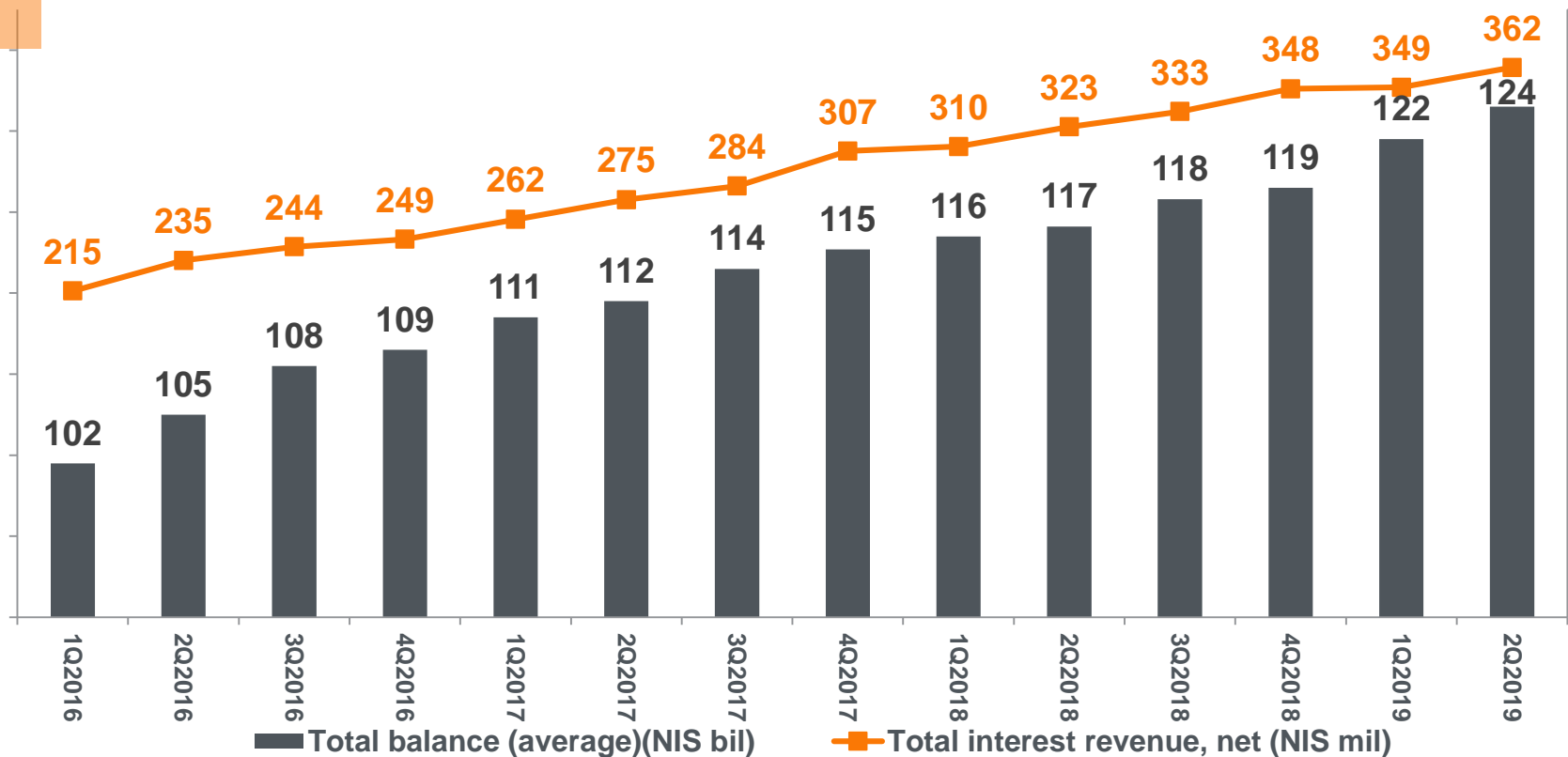
Significant growth in the business segments

(NIS mil)

	30.6.2019	30.6.2018	% of change
Housing loans	130,140	122,168	6.5%
Households and Private banking	21,165	20,688	2.3%
Small and micro businesses	20,059	17,775	Annual growth of 11.8% in business credit
Medium businesses	7,196	5,822	
Large businesses and Institutional investors	18,205	17,028	
Overseas operations	3,963	3,574	
Total	200,728	187,055	

Brackets in the table indicate that the total growth for business credit segments (Small, Medium, Large, and Overseas) is 49,423 in 2019 and 44,199 in 2018, contributing to the overall 11.8% annual growth in business credit.

Mortgage – continuous growth of balance and revenues*

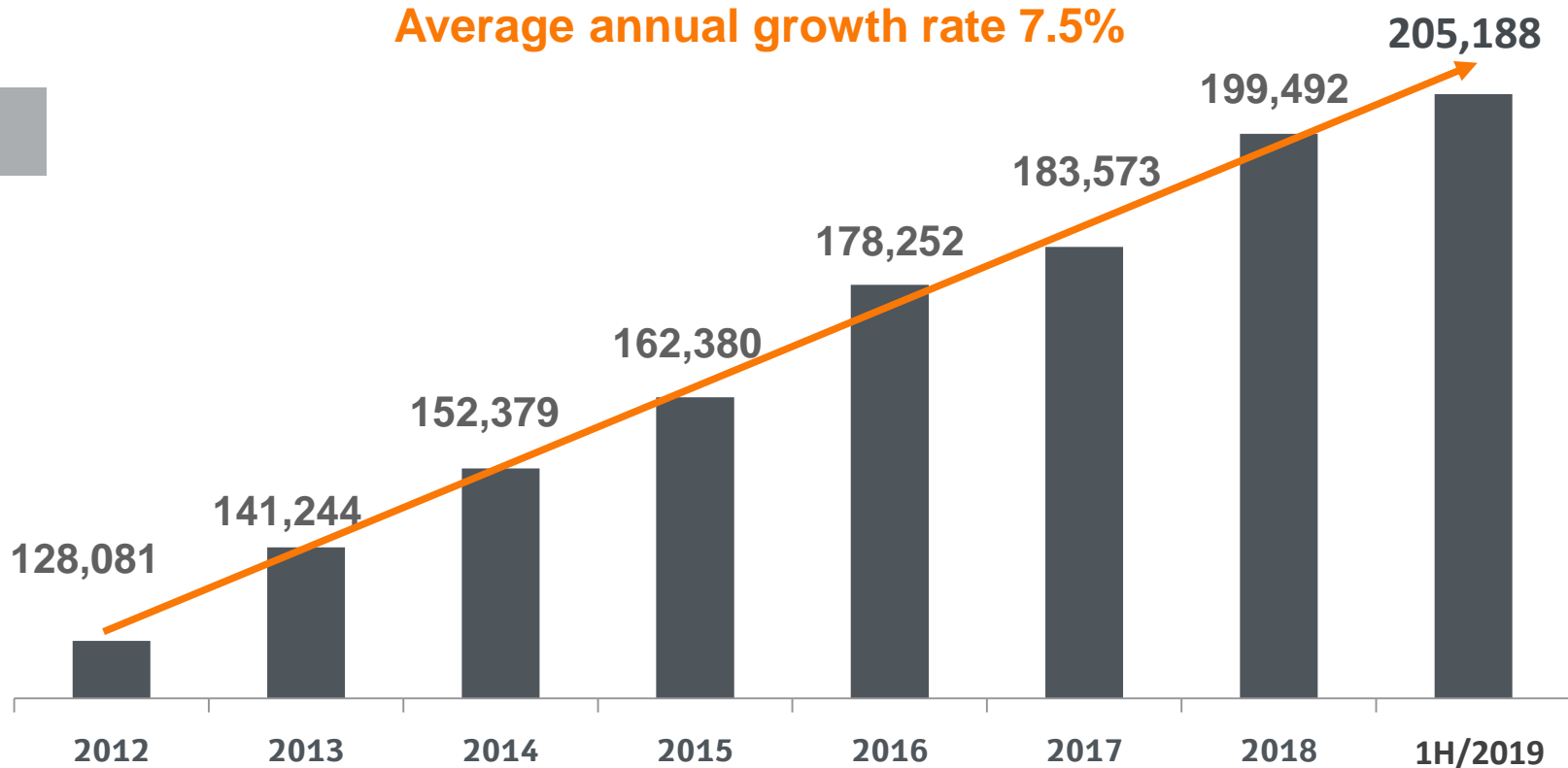


Continuous deposit growth

Deposits from the public (NIS mil)



Average annual growth rate 7.5%

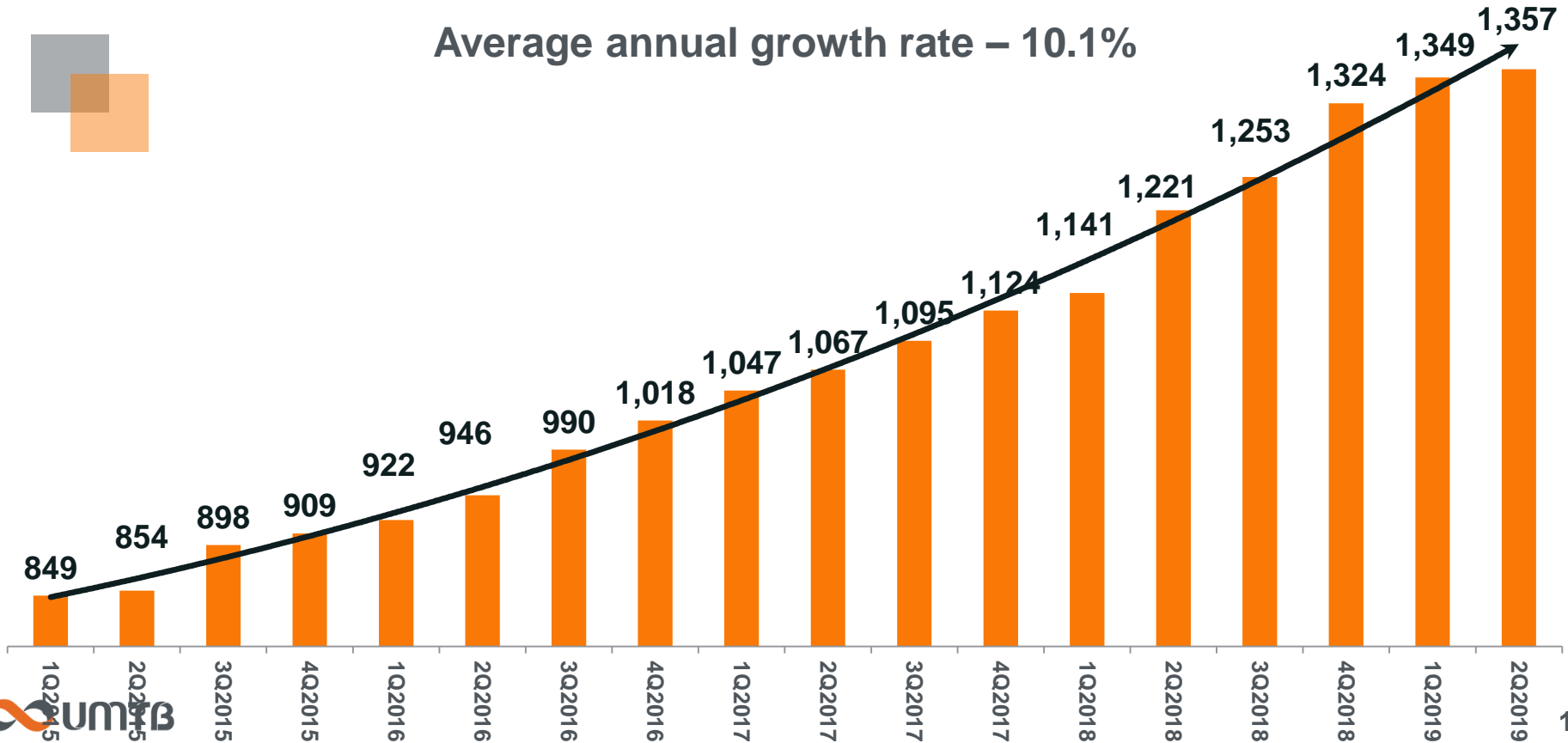


Financing revenues from current operations continue to grow

(NIS mil)



Average annual growth rate – 10.1%



Growth in financing revenues in all business segments

Financing revenues (NIS m)



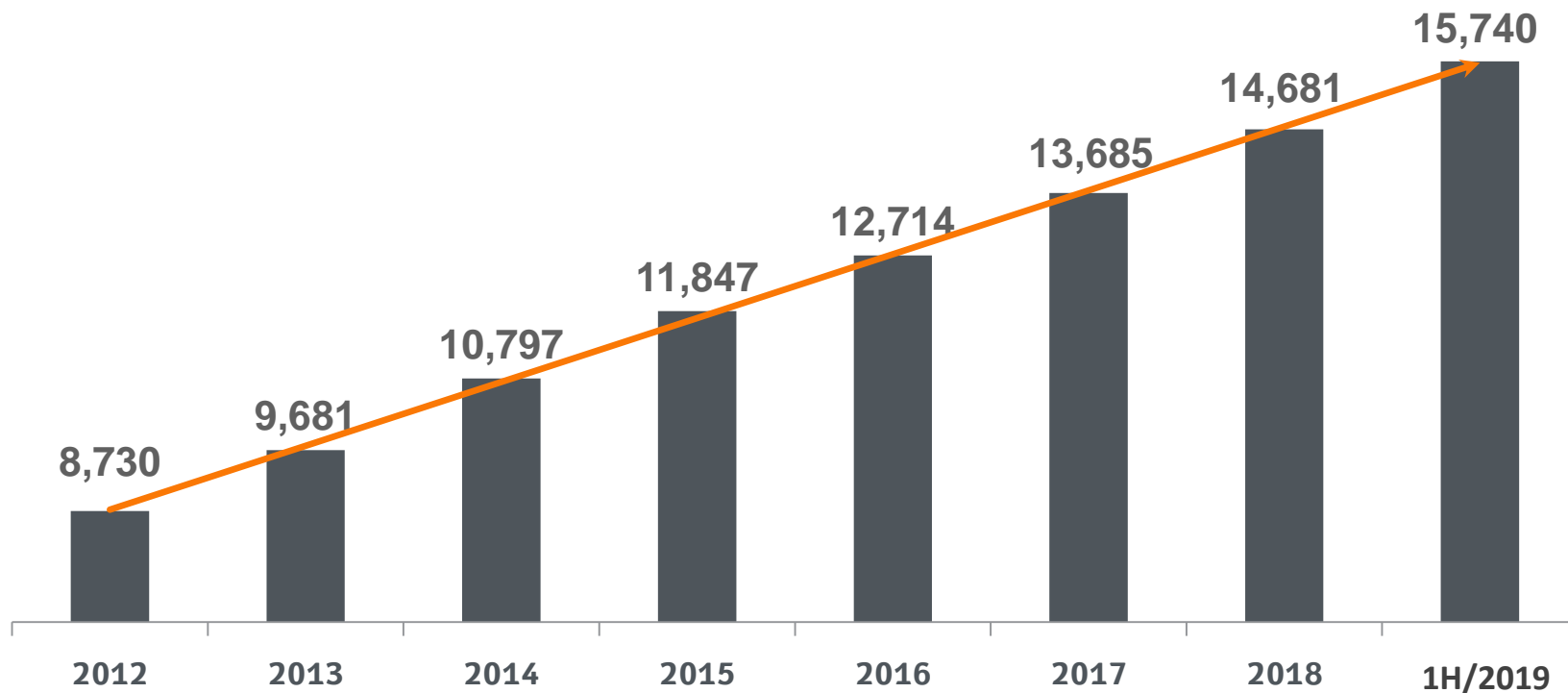
	H1/2019	H1/2018	% of change
Housing loans	818	729	12.2%
Households and private banking	716	641	11.7%
Small and micro businesses	567	479	18.4%
Medium businesses	143	117	22.2%
Large businesses and institutional investors	325	319	1.9%
Overseas operations	114	102	11.8%

Increasing equity base

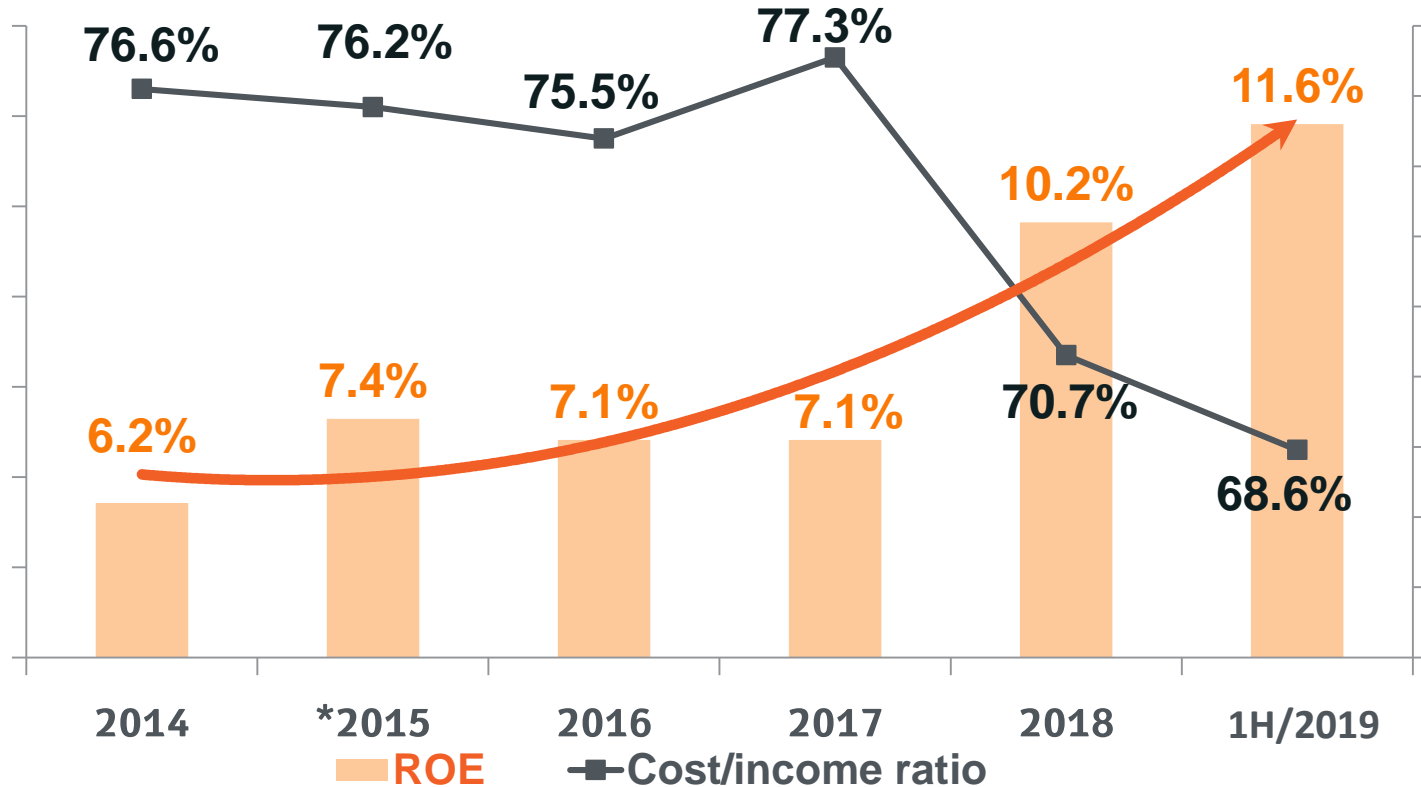
(NIS mil)



Average annual growth rate – 9.5%



Bank Yahav's business results continue to improve

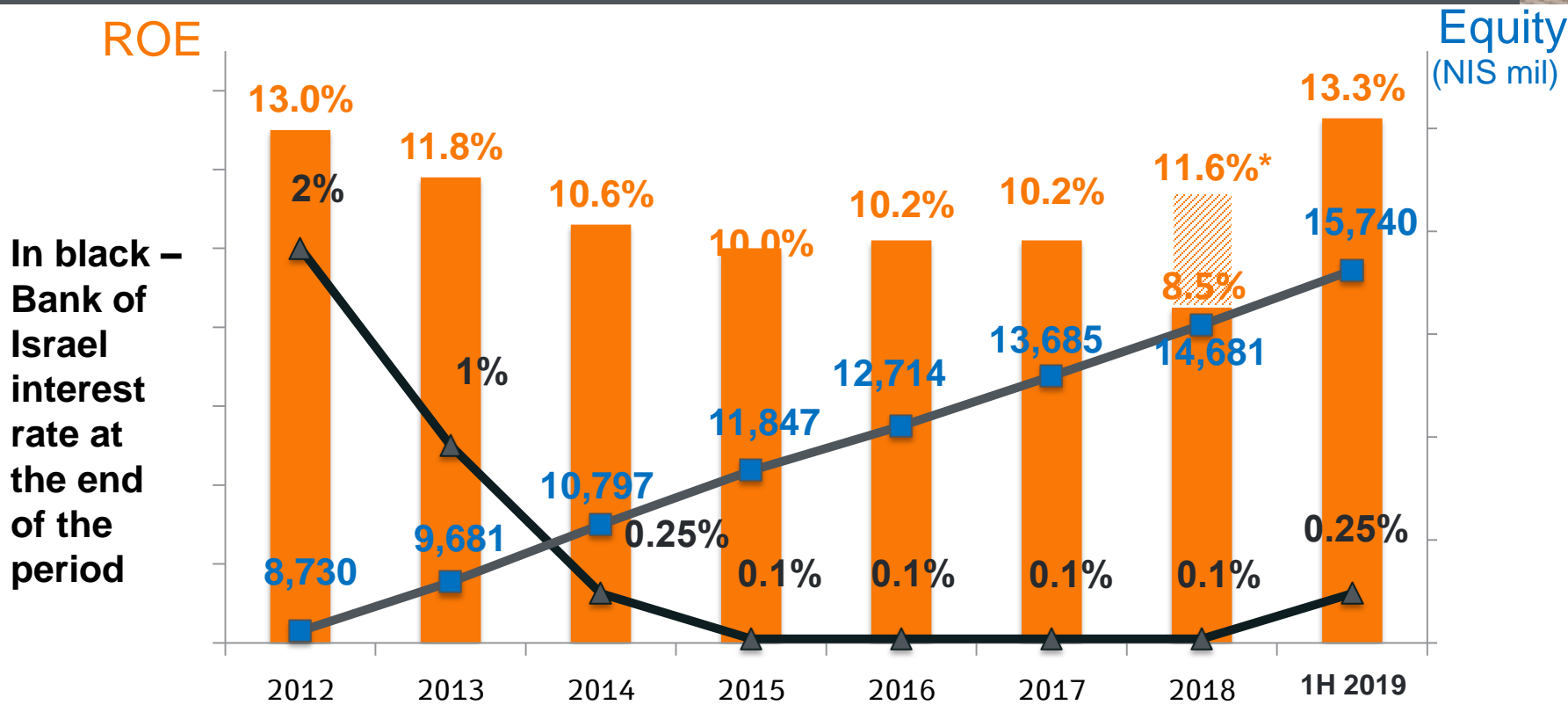


Becoming a significant financial assets administrator in the system

Financial assets administration services

	30.6.2019	30.6.2018	% of change
Securities	416,893	240,374	73.4%
Provident funds operation	89,914	80,257	12.0%
Trustee assets and mutual funds operations	82,721	93,929	(11.9)%
Other managed accounts	15,438	13,918	10.9%
Total	604,966	428,478	41.2%

Double digit ROE despite dramatic increase in equity and low interest rate



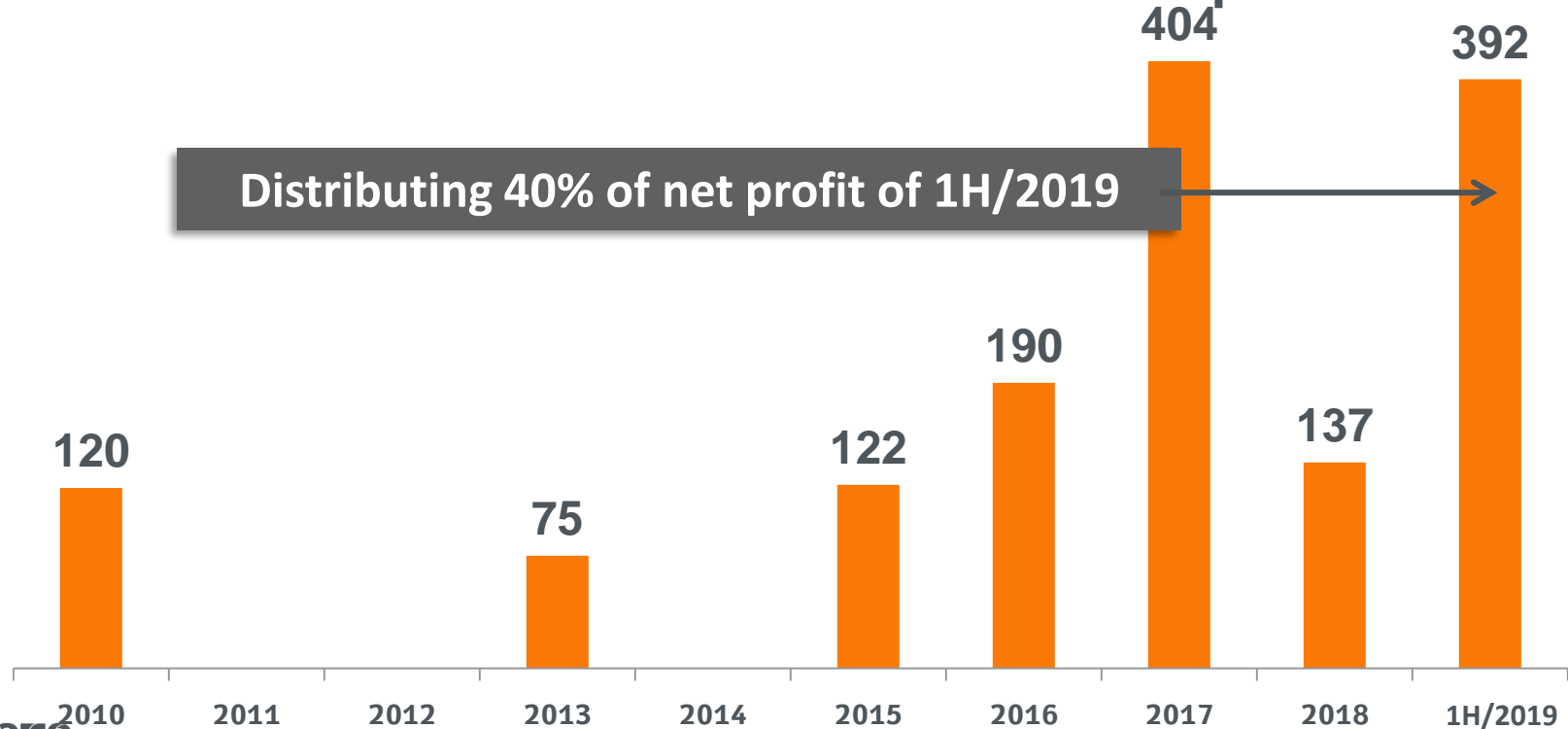
*Excluding the provisions for the US Department of Justice's investigation, and taking into account provisions for bonuses in line with the level of profitability from current operations, and the tax expenses derived from these

Return to dividend distribution – for the first time since Q1/2018

(NIS mil)



Dividend distribution for the relevant period

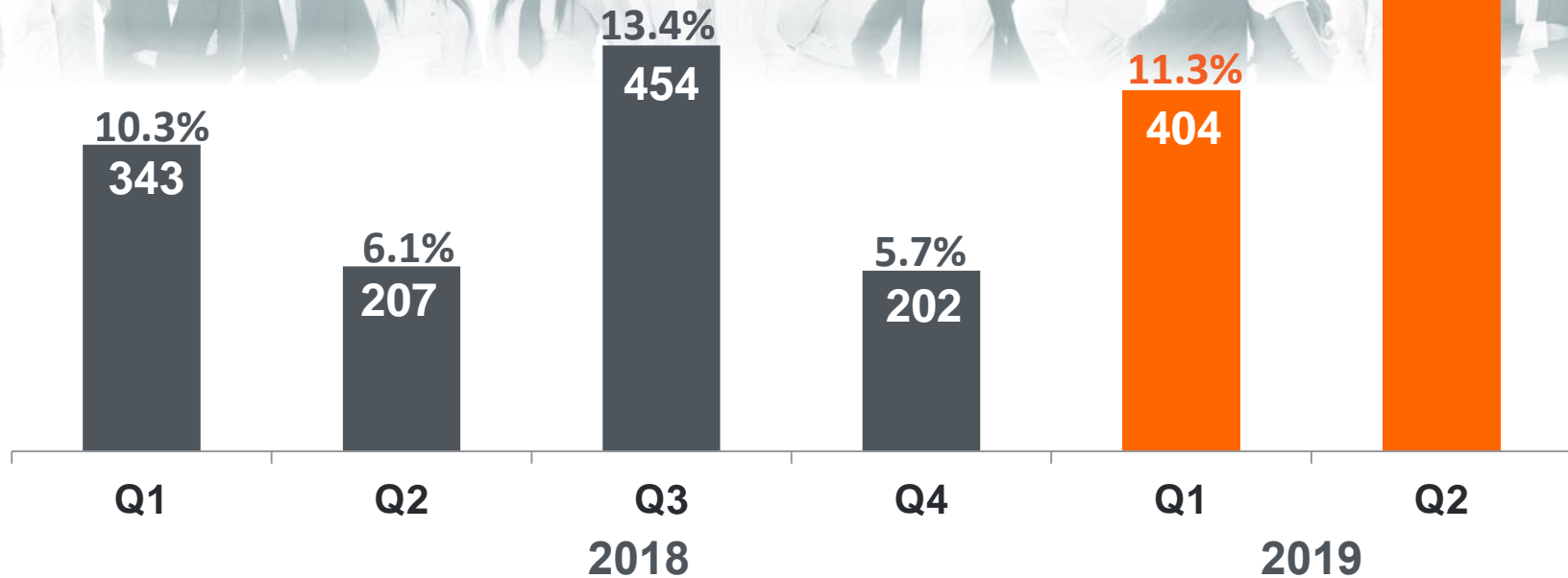


Financial results



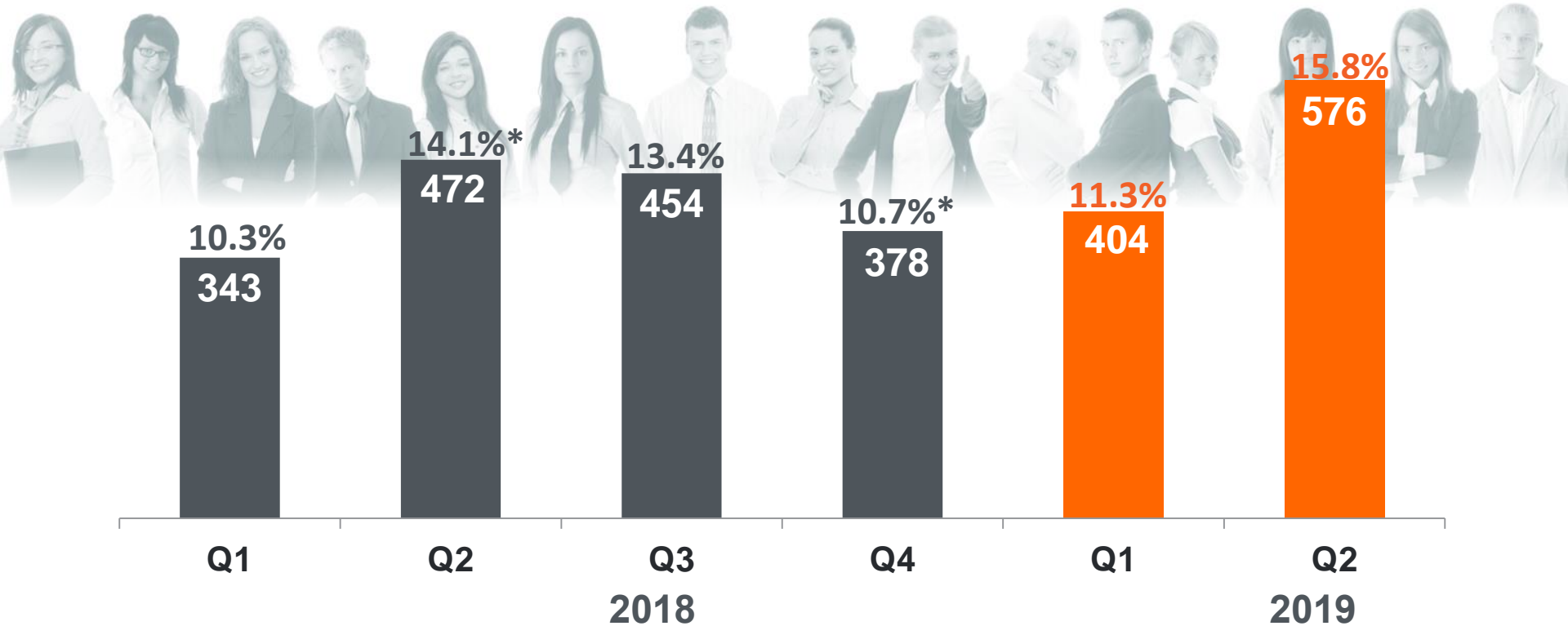
Net profit and ROE

(NIS mil)



Net profit* and ROE*

(NIS mil)



Condensed P&L report



	H1/2019	H1/2018	% of change
Interest revenue, net	2,774	2,426	14.3
Non interest revenues	950	967	(1.8)
Total	3,724	3,393	9.8
Expenses with respect to credit losses	175	172	1.7
Operating and other expenses	1,997	2,237	(10.7)
Net profit	980	550	78.2

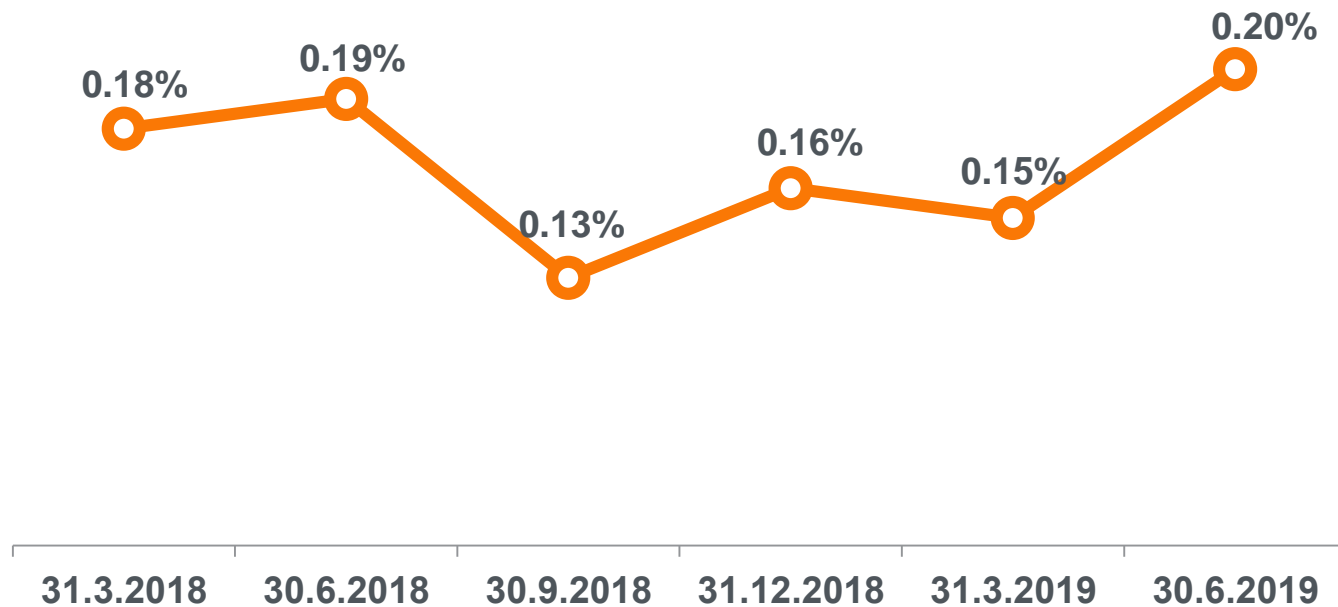
Financing revenues

(NIS mil)



		H1/2019	H1/2018	Rate of change
Interest revenues, net		2,774	2,426	
Non-interest financing revenues		146	219	
Total financing revenues		2,920	2,645	10.4
Less	Linkage differentials with respect to CPI position	193	133	
	Revenues from collection of interest on troubled debt	21	20	
	Gain from debentures	13	2	
	Effect of accounting treatment of derivatives at fair value and others	(13)	128	
Total effects other than current operations		214	283	
Total financing revenues from current operations		2,706	2,362	14.6

Provisions / loans to the public



Operating and other expenses



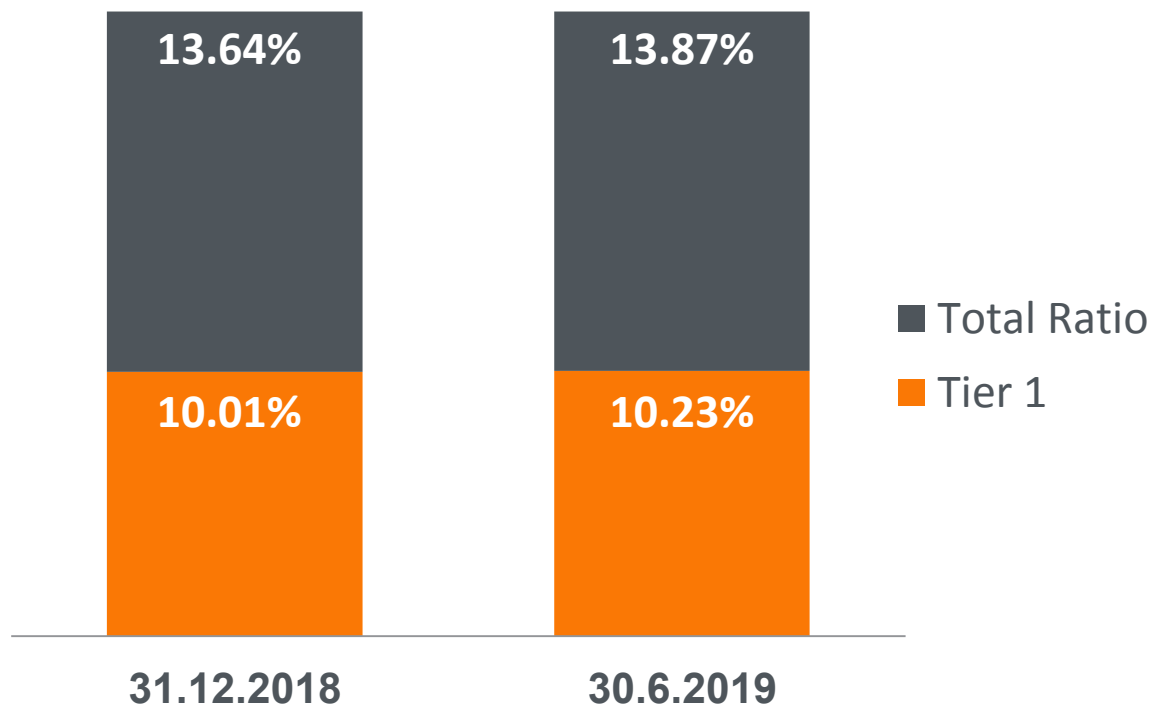
	H1/2019	H1/2018	% of change
Salaries	1,284	1,126	14.0
Building and equipment maintenance and depreciation	385	375	2.7
Others	328	311 [*]	5.5
Total	1,997	1,812[*]	10.2

Main balance sheet items development



	30.6.2019	30.6.2018	% of change
Total balance sheet	264,223	246,593	7.1
Loans to the public, net	200,728	187,055	7.3
Deposits from the public	205,188	189,900	8.1
Securities	8,816	9,926	(11.2)
Equity	15,740	13,986	12.5

Capital adequacy



Thank You

