



# Financial statements

December 31, 2019

# Disclaimer

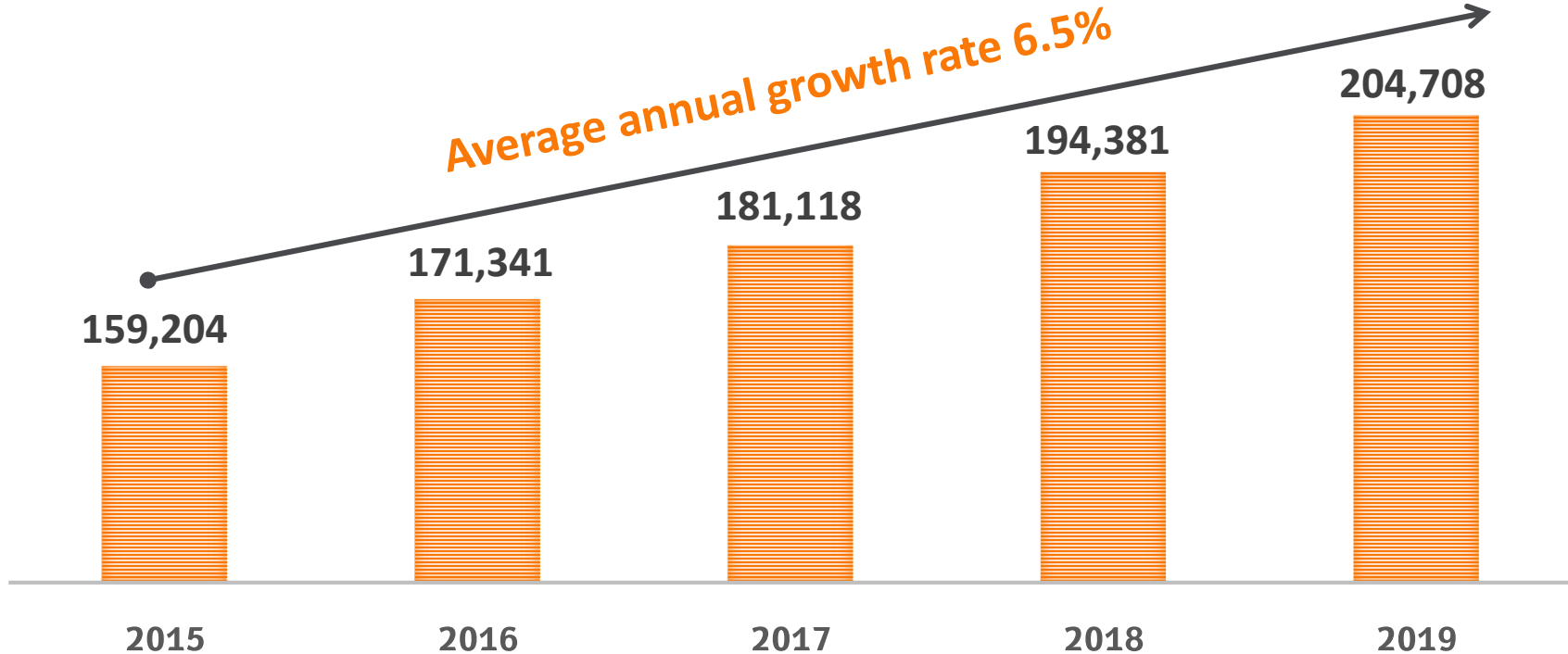
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**It's all about (long term) growth**

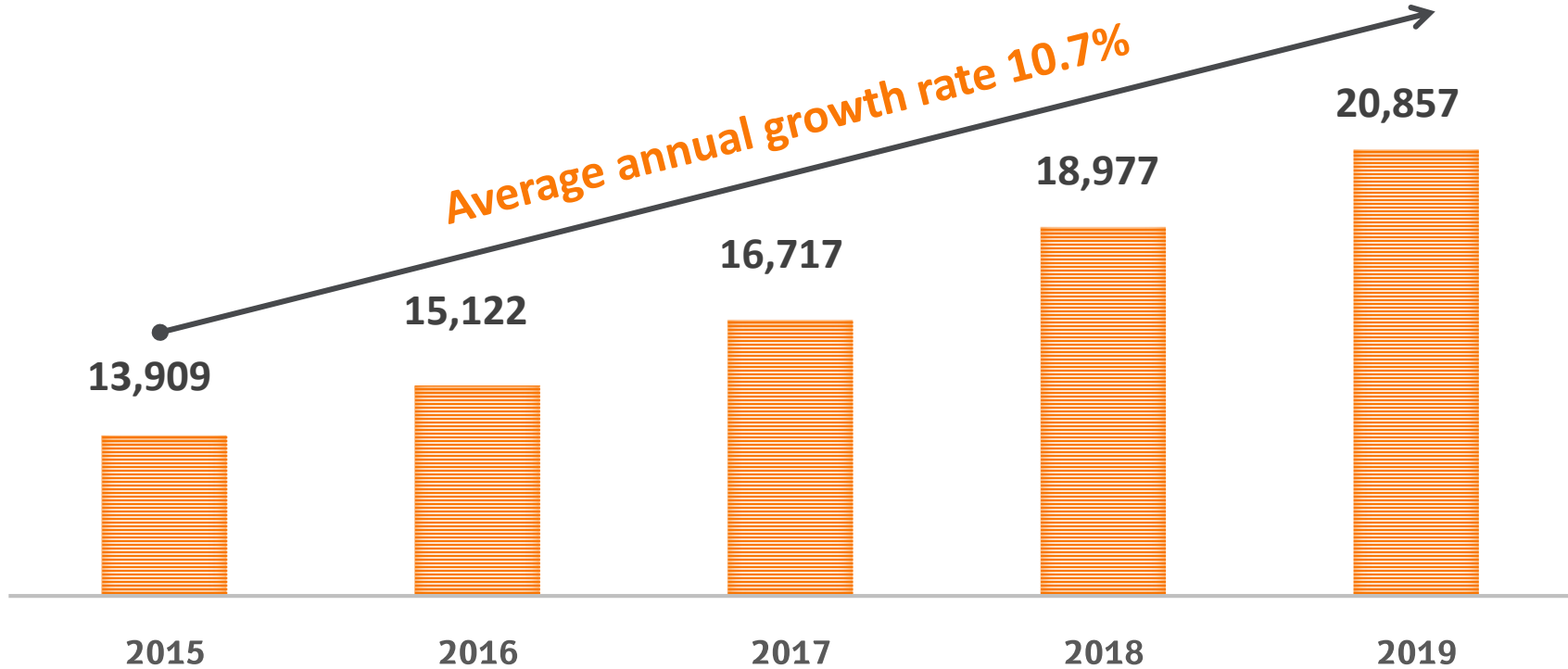
# Continuous loan growth while focusing on business segments

(NIS mil)



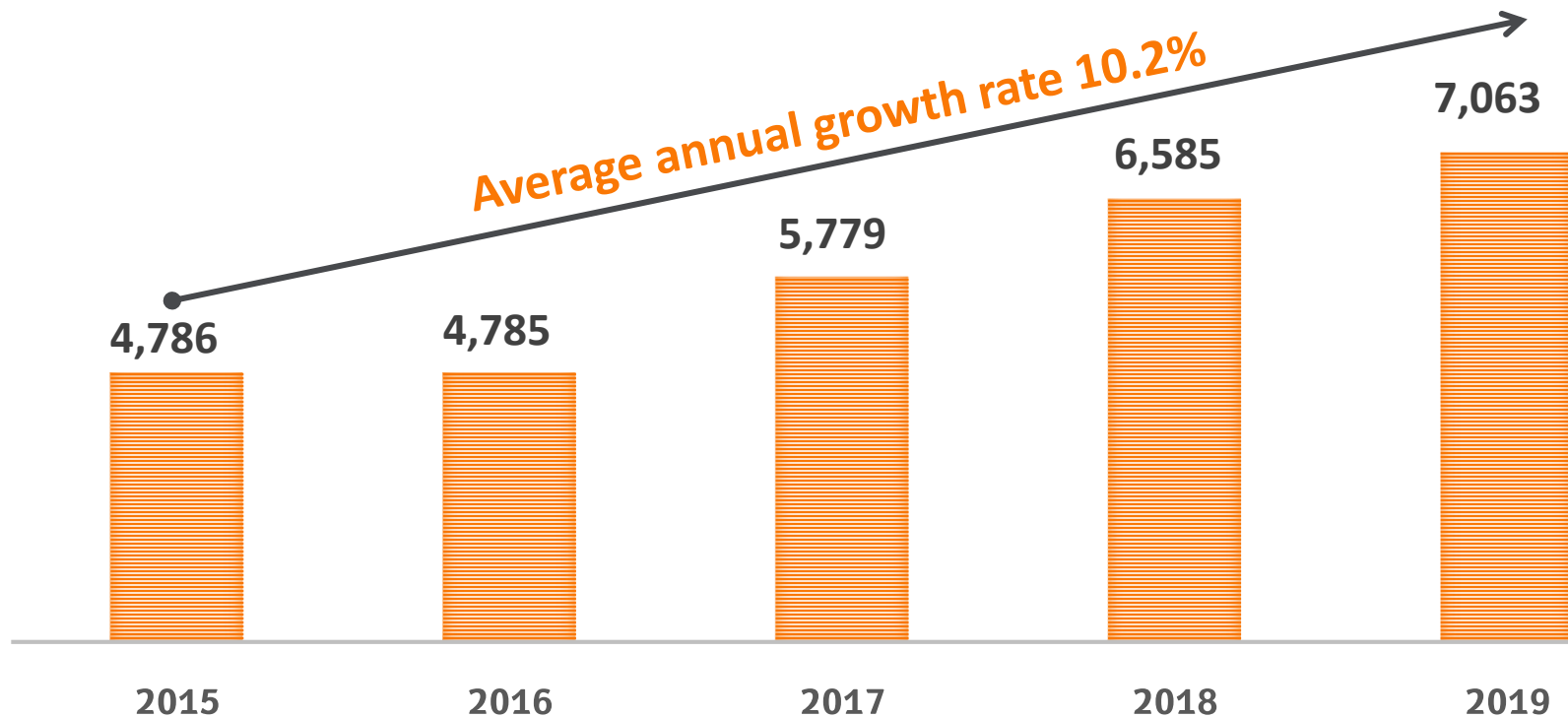
# Credit growth in small and micro businesses

(NIS mil)



# Credit growth in medium businesses

(NIS mil)

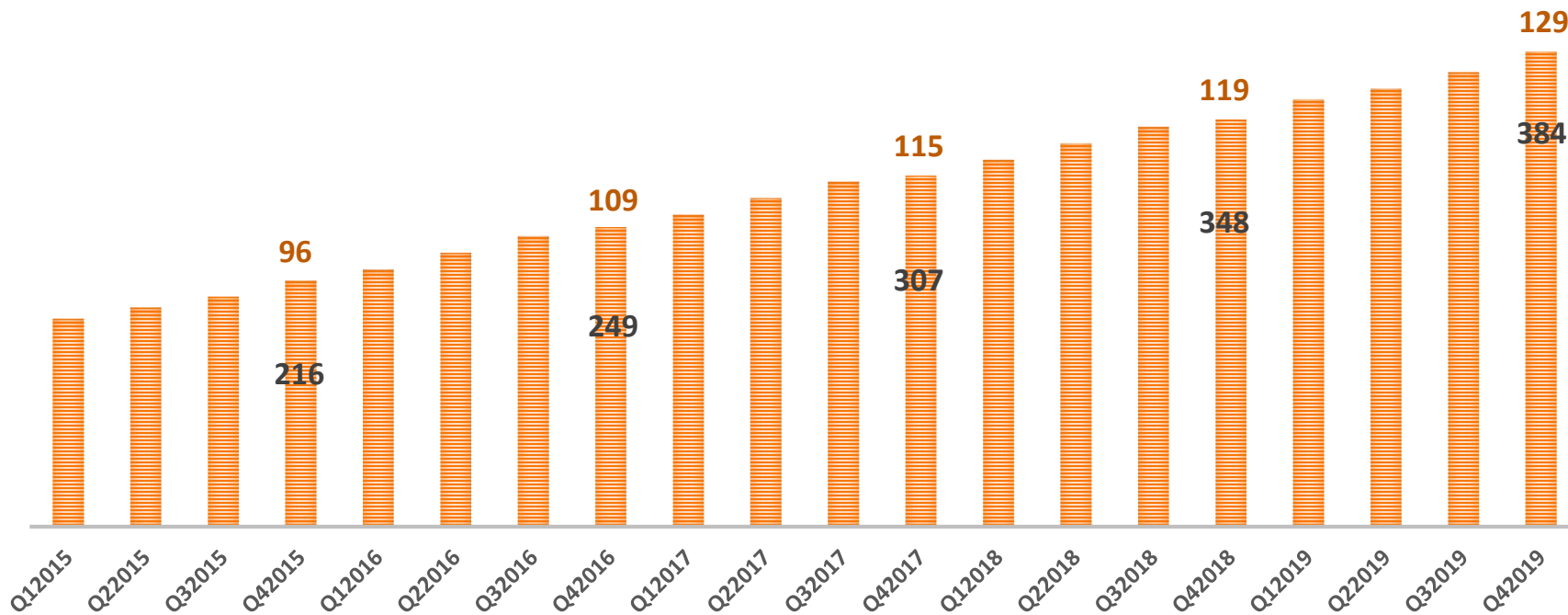


# Leading the mortgage market – continuous growth of balance and revenues



Total balance (average)(NIS bil)

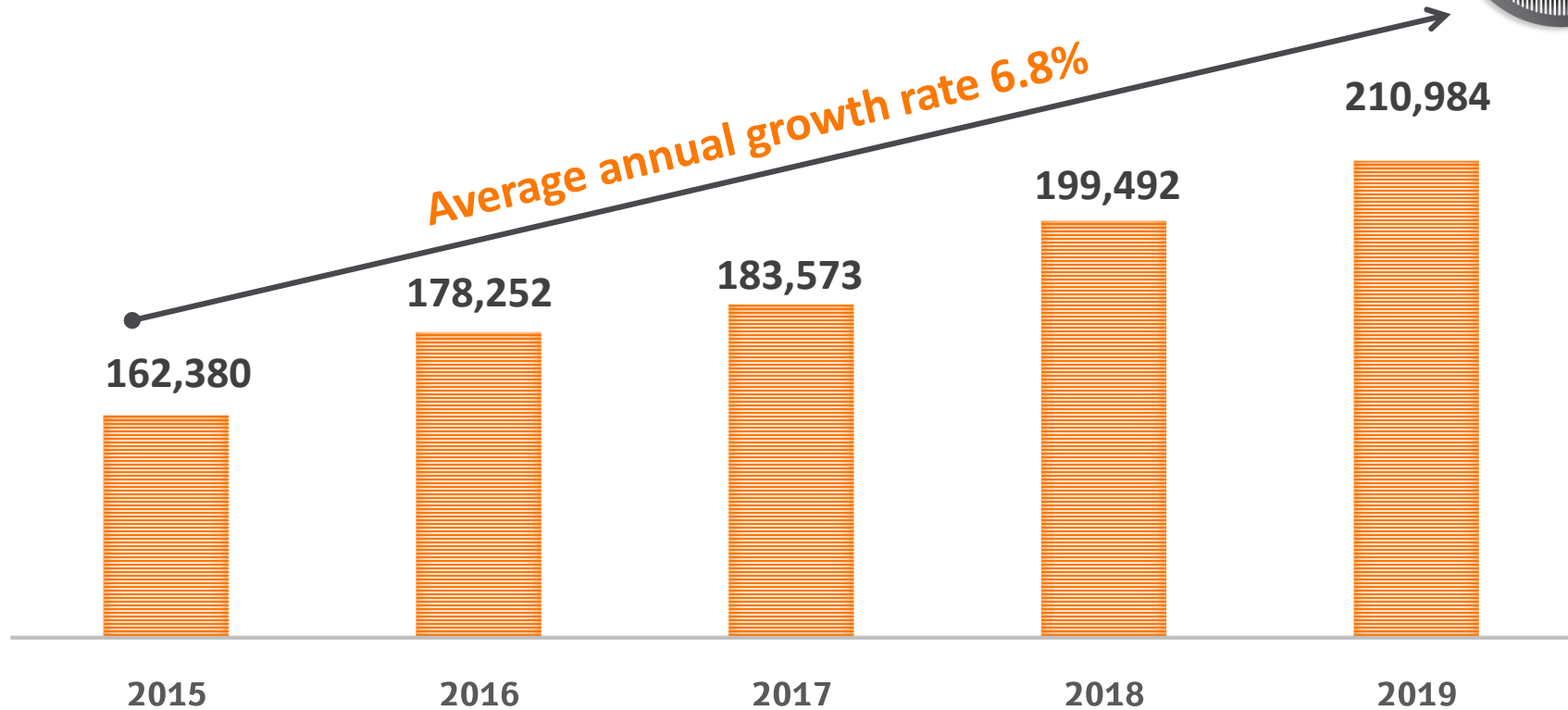
Total interest revenue (NIS mil)



\* Operating segments in conformity with management approach. Note 12 to quarterly reports, note 29 to the annual report

# Continuous deposit growth

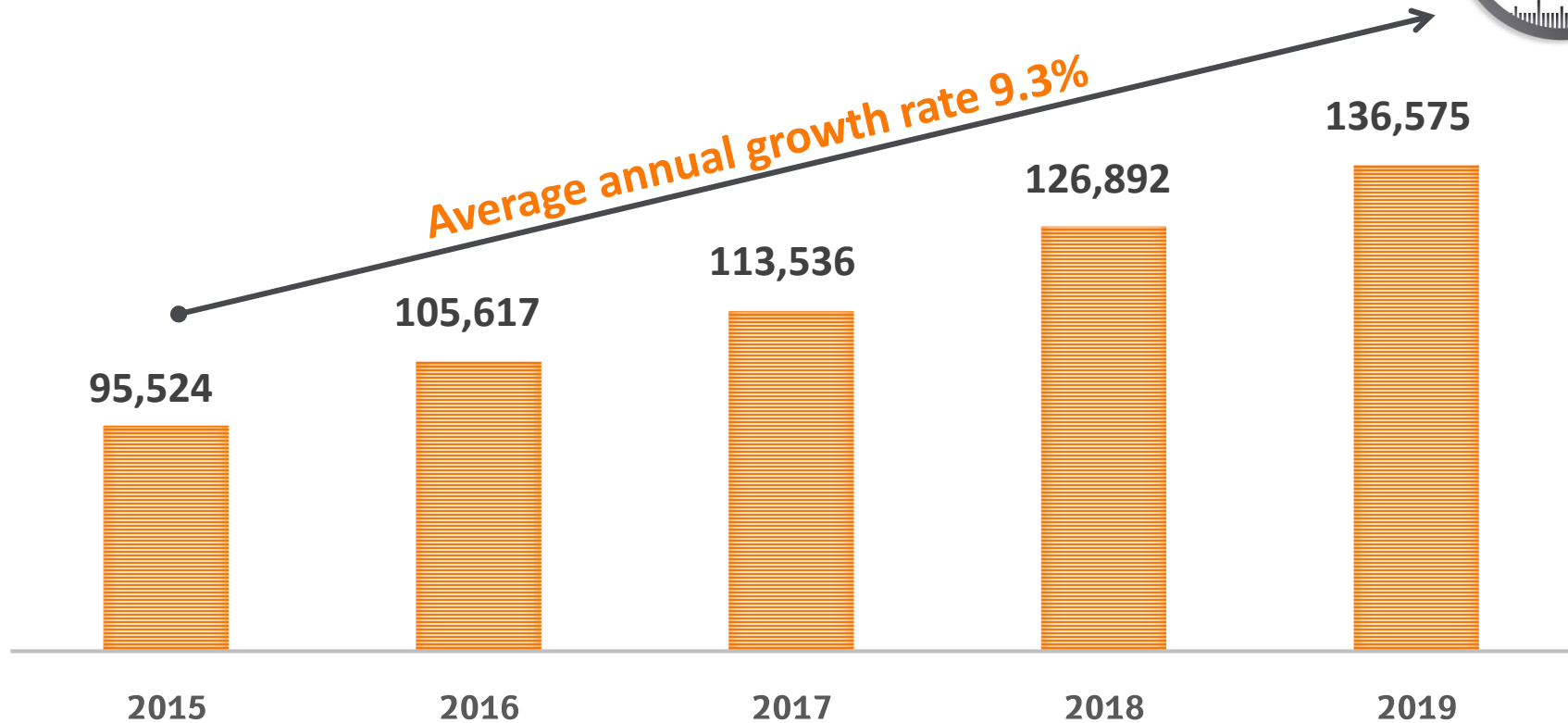
(NIS mil)





# Continuous growth of core\* deposits

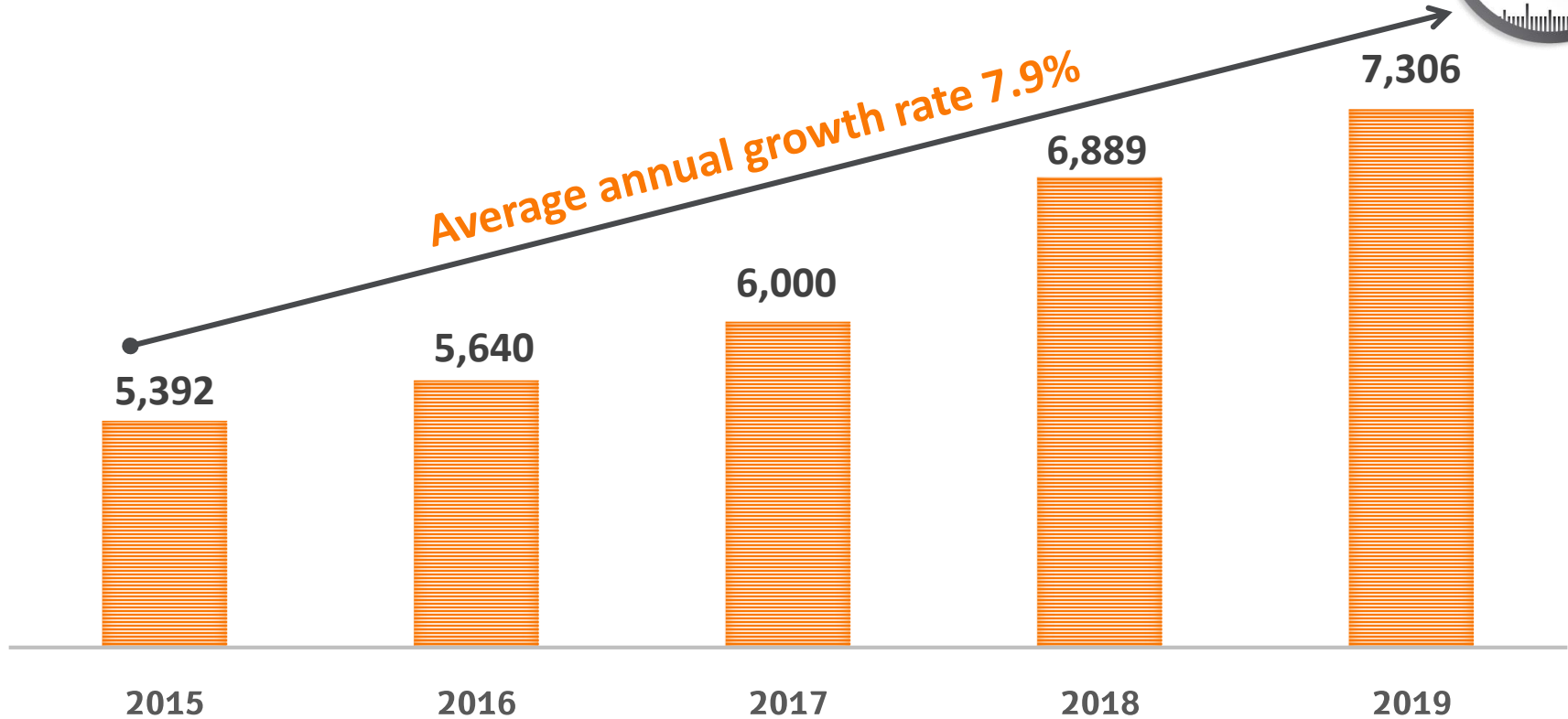
(NIS mil)



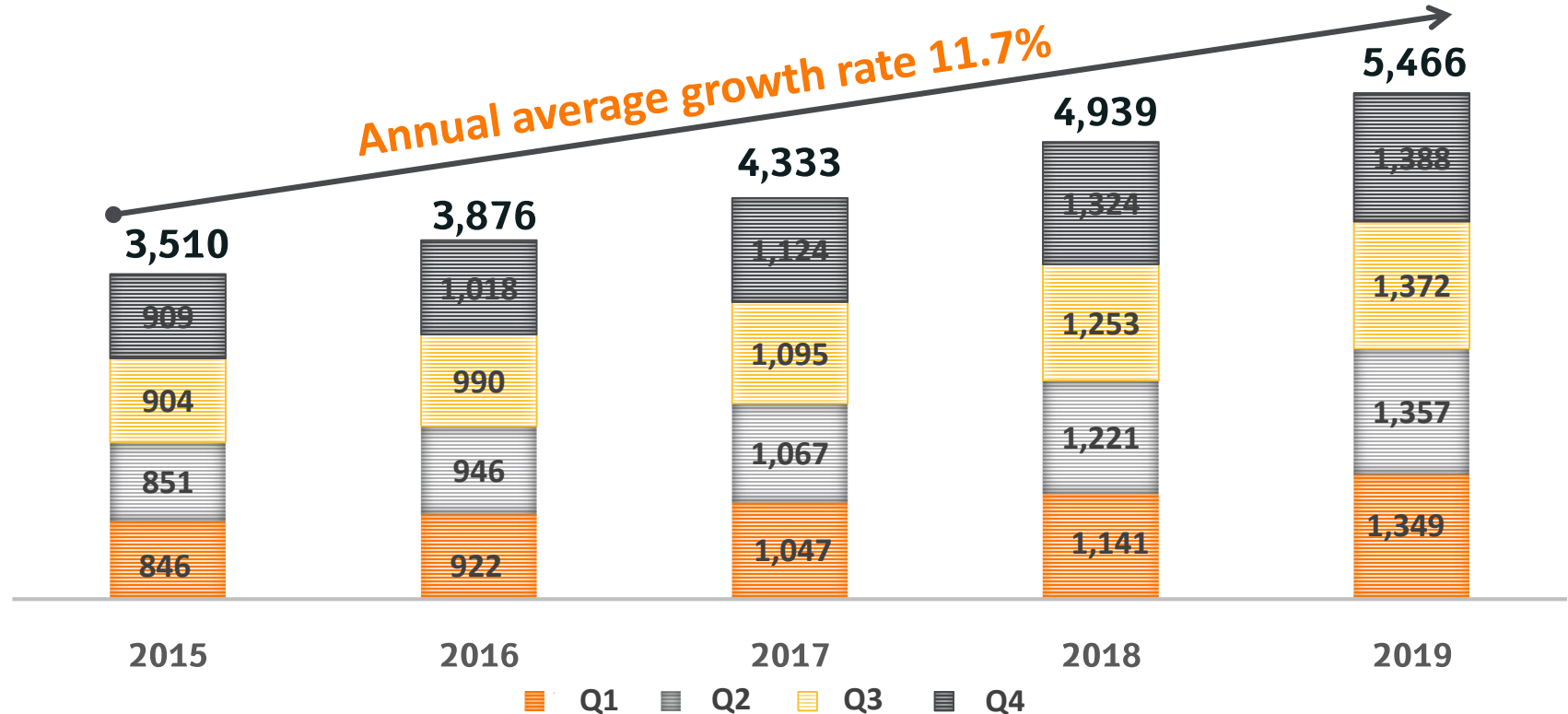
\* Households/small businesses/medium businesses

# The result is continuous growth in income

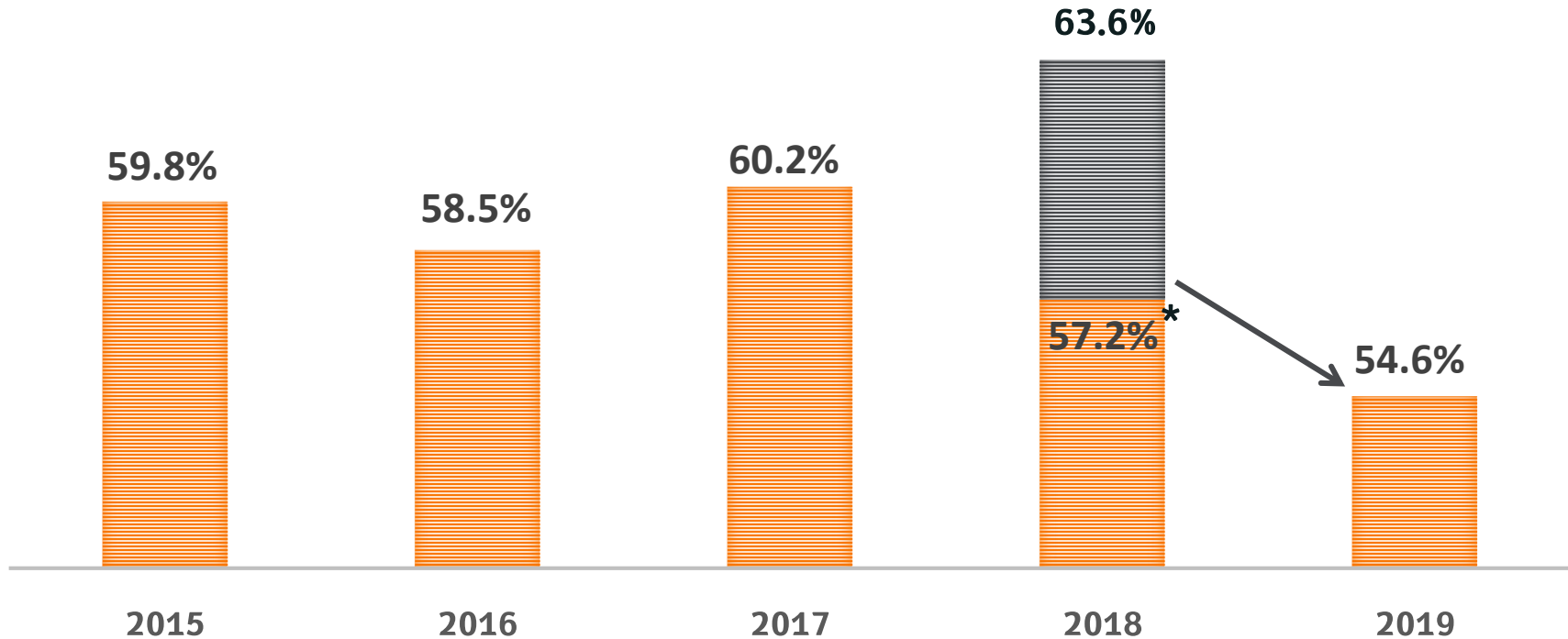
(NIS mil)



# Financing revenues from current operations continue to grow every quarter (NIS mil)



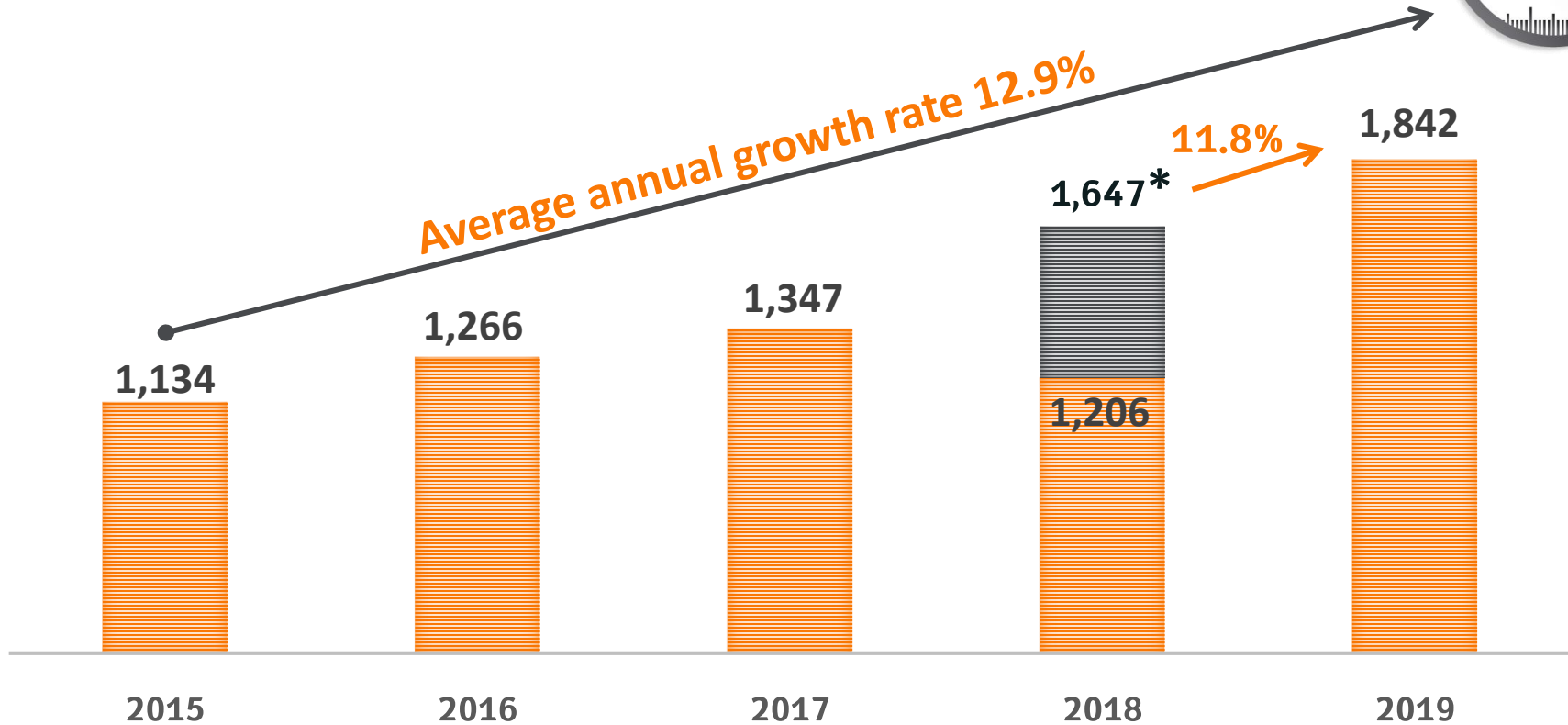
# Income growth combined with controlled expenses result in improving efficiency ratio



*\*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*

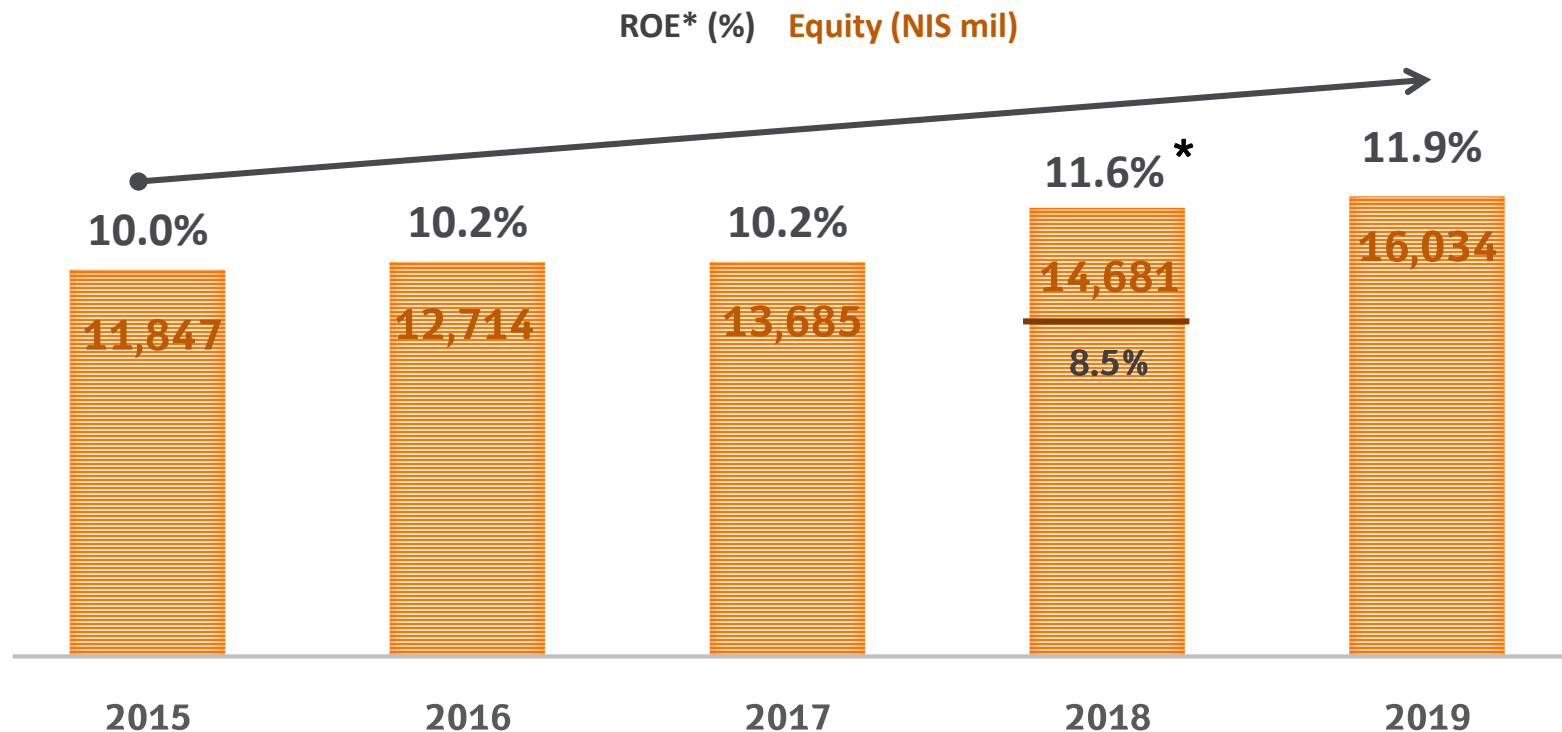
# Continuous growth in net profit

(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*

# Return on equity increasing while broadening the equity base



\* For 2018 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

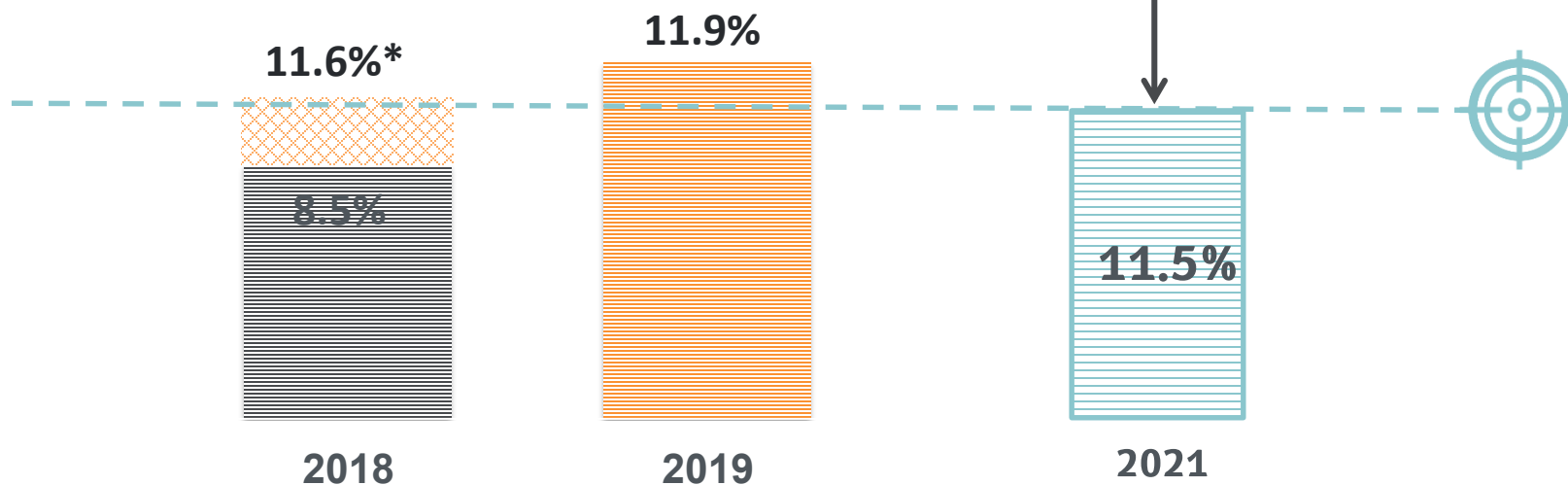


**Achieving the strategic plan  
targets two years in advance**

# Achieving ROE target



ROE 2021 target according to the strategic plan



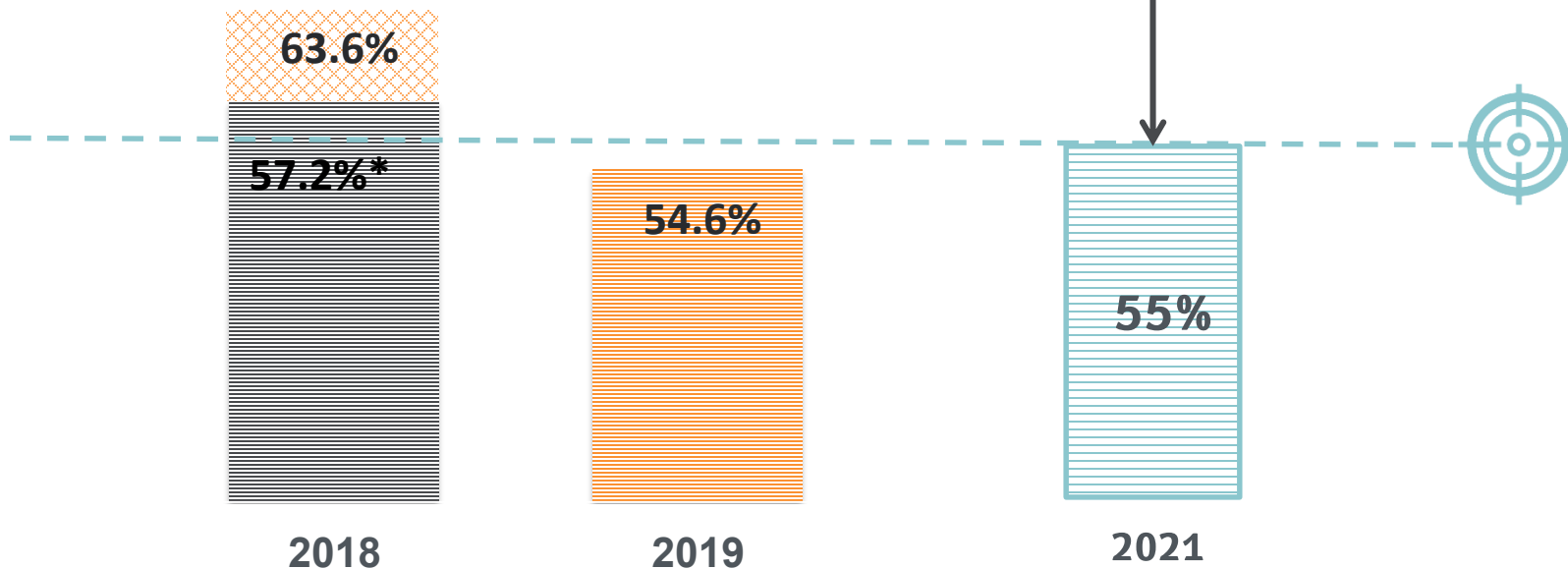
*\*Excluding the provisions for the US Department of Justice's investigation, and taking into account provisions for bonuses in line with the level of profitability from current operations, and the tax expenses derived from these*



# Achieving cost/income ratio target



Cost/income ratio 2021 target according to the strategic plan

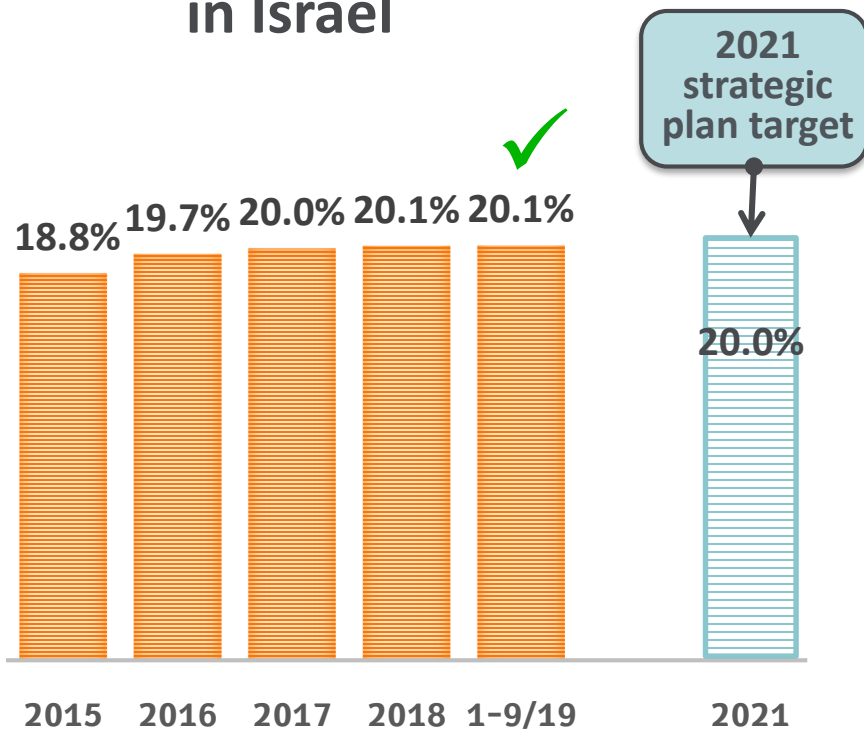


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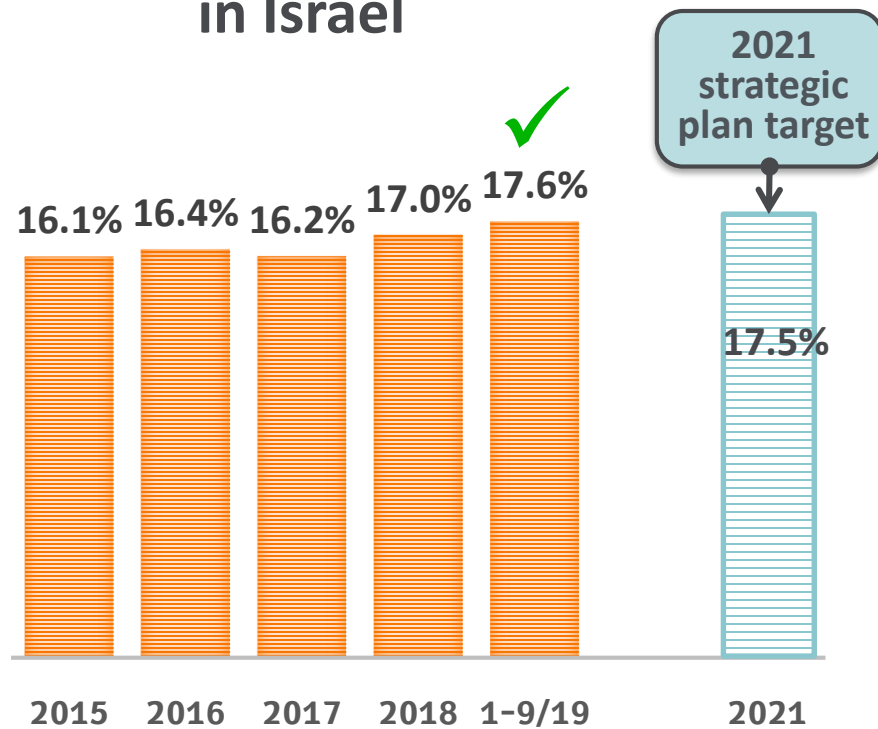
# Growing while taking market share



## Credit to the public in Israel



## Deposits from the public in Israel

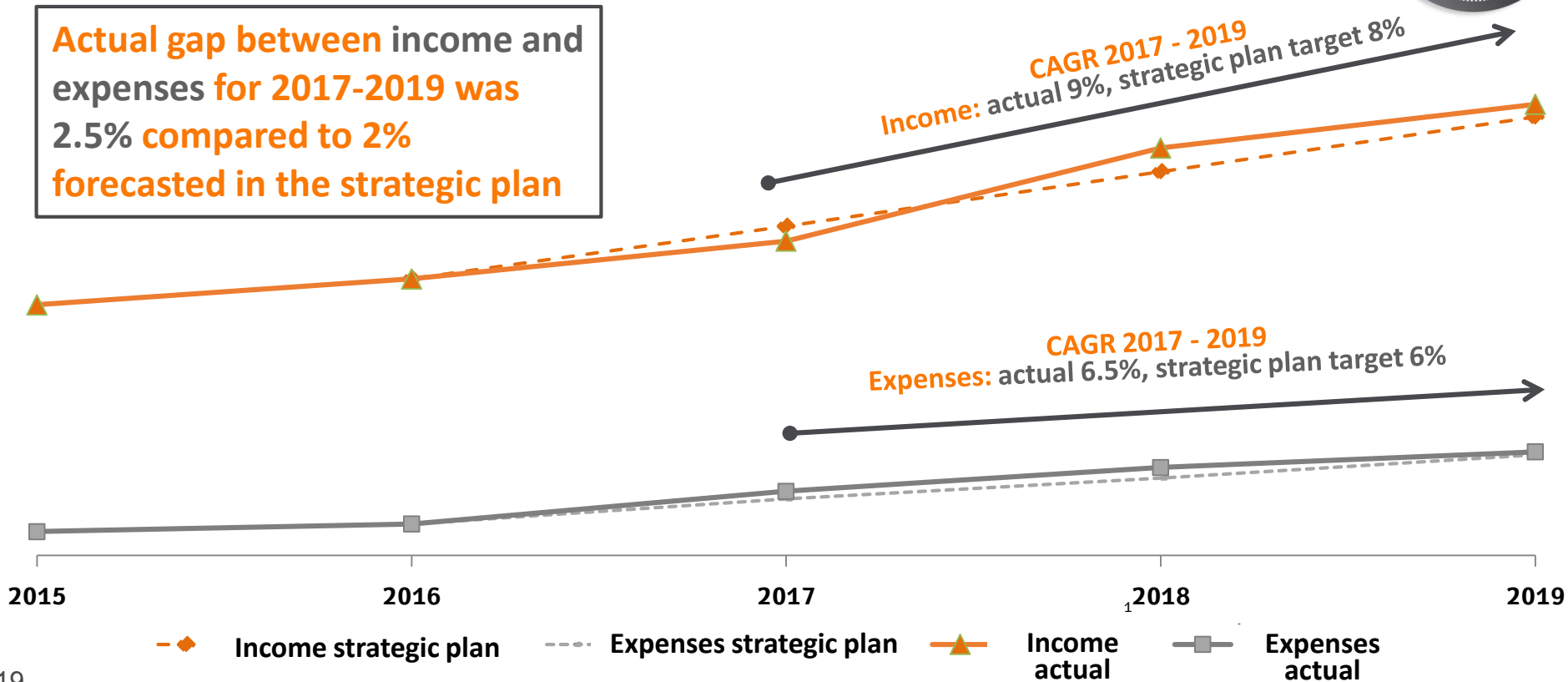


\* Out of the five major banks and credit cards companies

# Income and expenses



**Actual gap between income and expenses for 2017-2019 was 2.5% compared to 2% forecasted in the strategic plan**



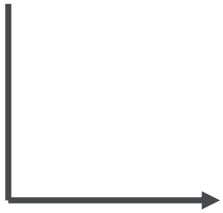
# It's time for a new strategic plan!



Achieving the strategic plan targets ahead of time **led the Bank's Board of Directors to instruct management to present a** new strategic plan for the years **2021-2025, during Q3/2020 .**



# Together with the merger of Union bank



- The antitrust court has approved the Union Bank transaction under several conditions
- The agreement with Union Bank controlling share holders was extended to May 2020
- The merger would be one of the main pillars of the new strategic plan
- The transaction would significantly increase the competitive position of the merged entity, as well as the competition level in the banking system

# The new plan together with the merger of Union Bank



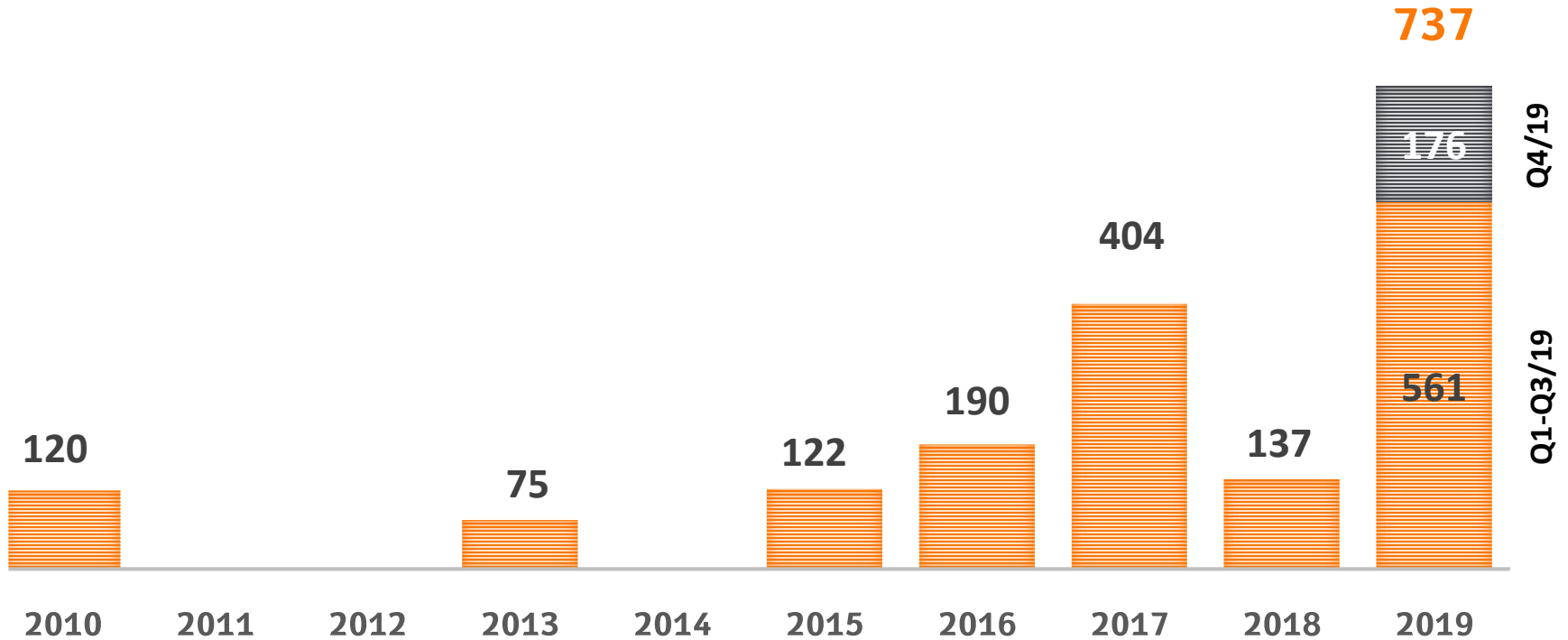
Strategic plan  
2021-2025



will take the Bank  
to the **next level**

# Continue to distribute dividend of 40% of net profit

(NIS mil)



\* For the relevant period

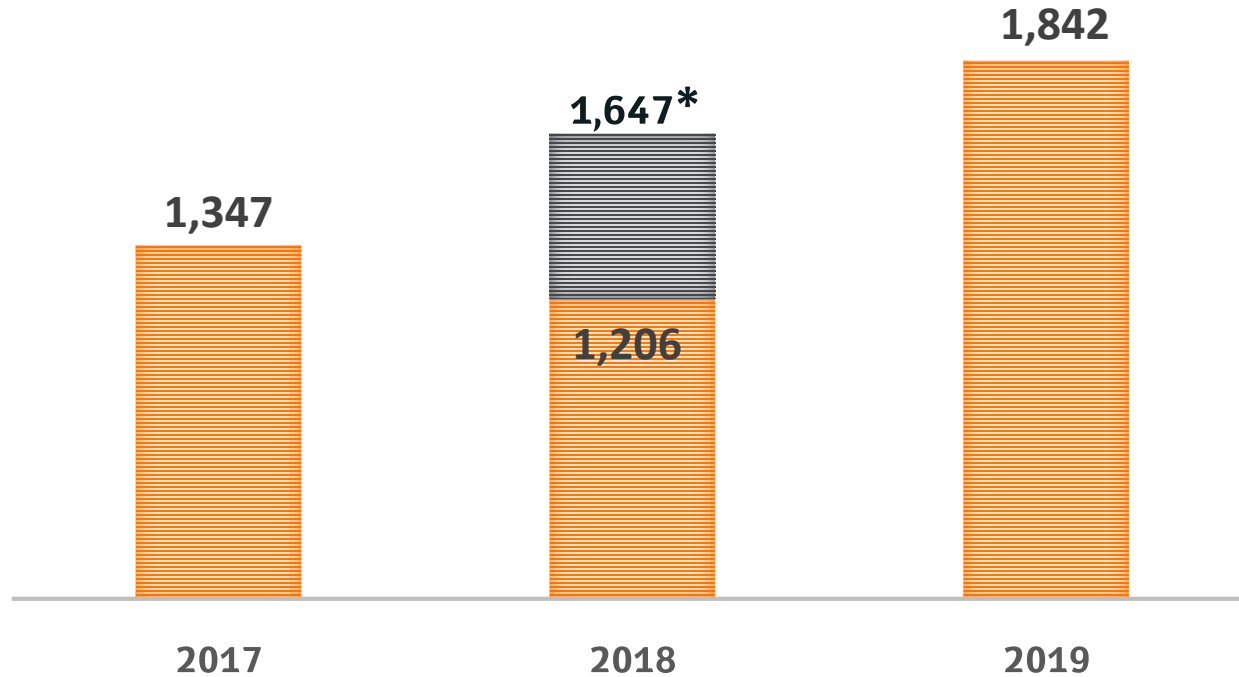


# Financial Statements



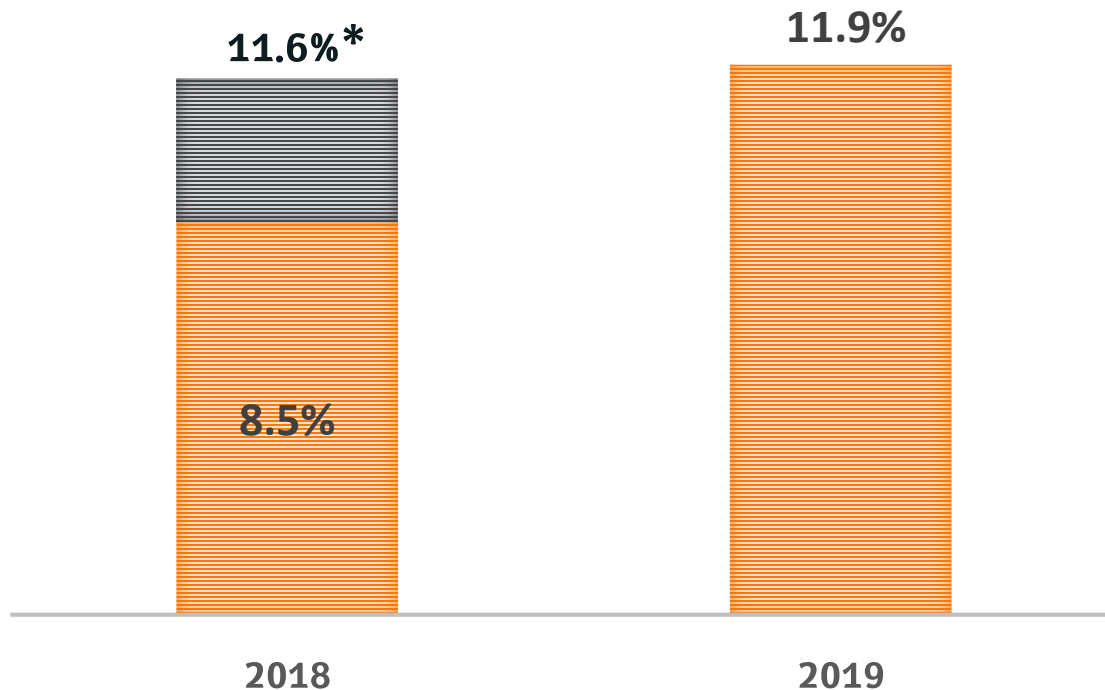
# Net profit

(NIS mil)



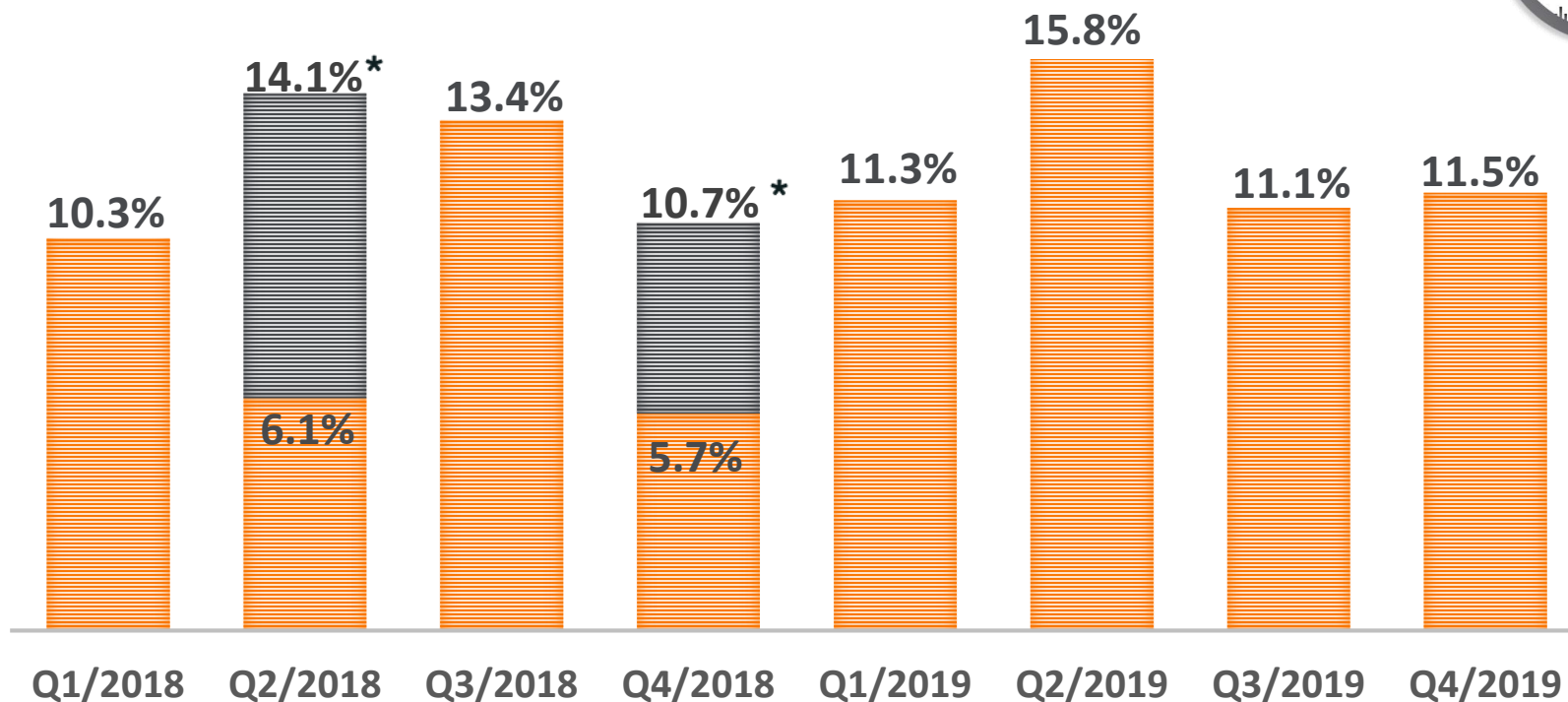
*\*Excluding the provisions for the US Department of Justice's investigation, and taking into account provisions for bonuses in line with the level of profitability from current operations, and the tax expenses derived from these*

# Net profit - ROE



*\*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*

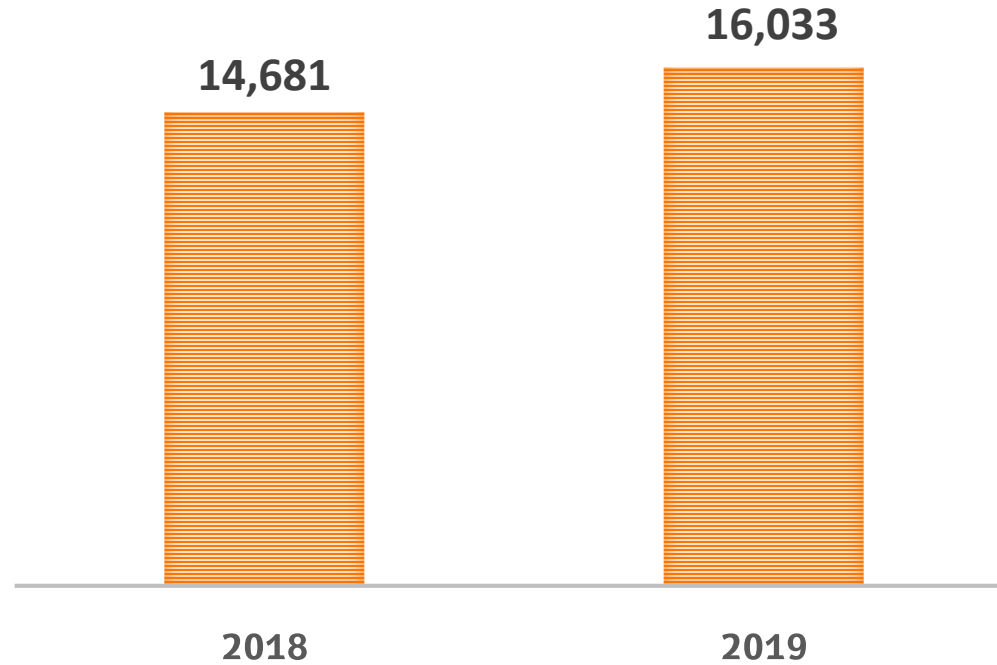
# Net profit - ROE



*\*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*

# Equity

(NIS mil)



# Condensed P&L report

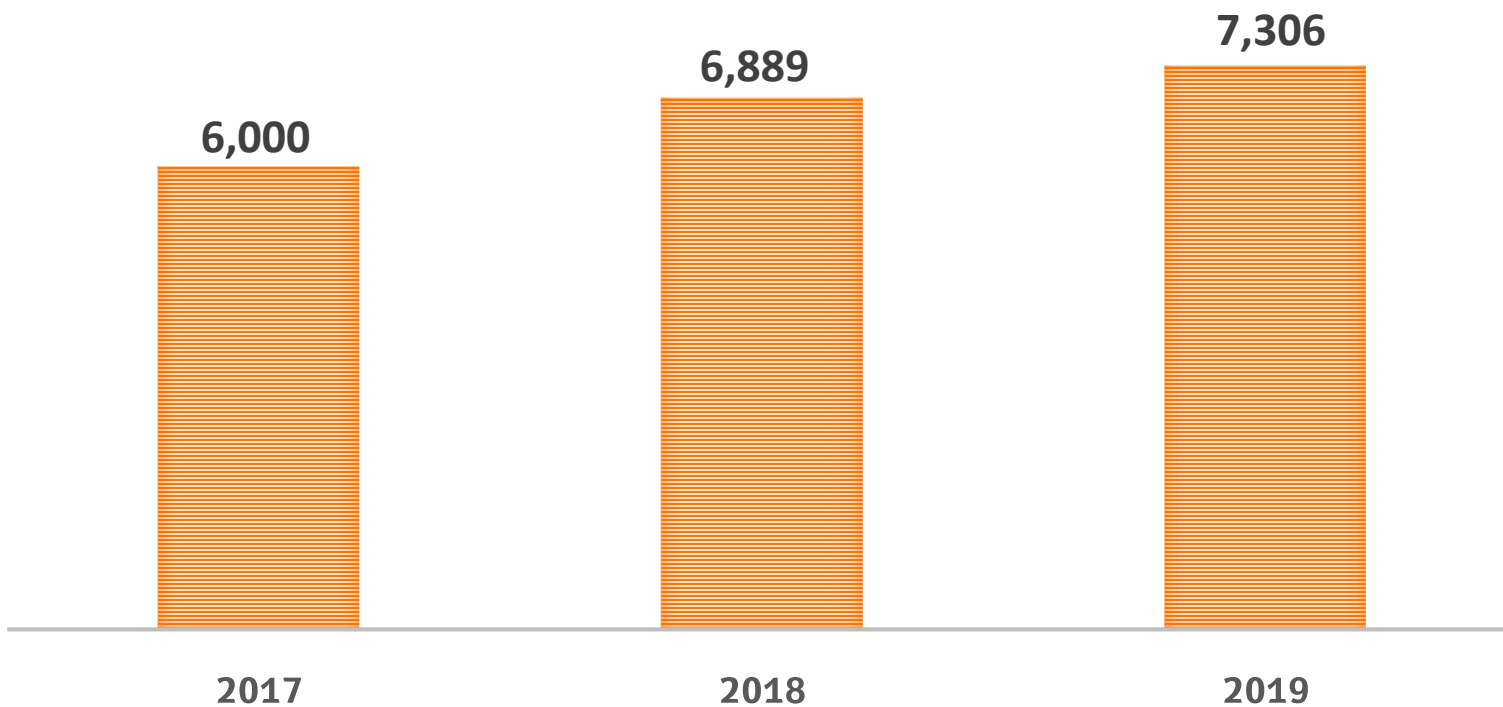
(NIS mil)



	2019	2018	% of change
Interest revenue, net	5,340	4,922	8.5
Non interest revenues	1,966	1,967	(0.1)
Total	7,306	6,889	6.1
Expenses with respect to credit losses	364	310	17.4
Operating and other expenses	3,988	4,384	(9.0)
Net profit	1,842	1,206	52.7

# Total revenues

(NIS mil)



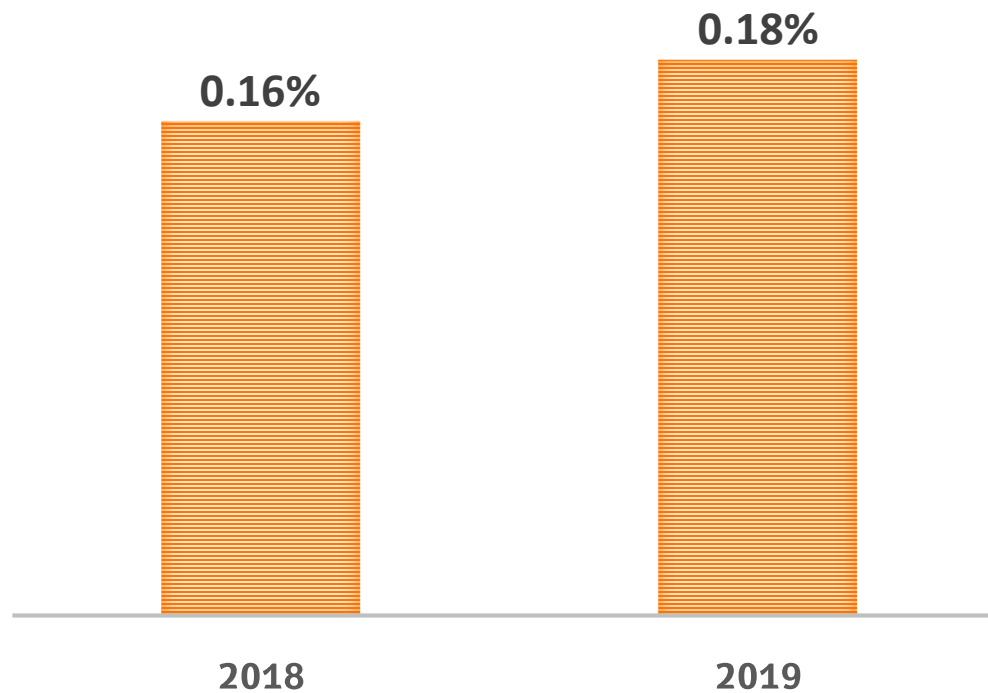
# Financing revenues

(NIS mil)



		2019	2018	% of change
Interest revenues, net		4,922	4,922	
Non-interest financing revenues		445	445	
Total financing revenues		5,367	5,367	6.1
Less:	Linkage differentials with respect to CPI position	76	182	
	Revenues from collection of interest on troubled debt	44	41	
	Gain from debentures	46	15	
	Effect of accounting treatment of derivatives at fair value and others	65	190	
Total effects other than current operations		231	428	
Total financing revenues from current operations		5,466	4,939	10.7

# Provisions/loans to the public





# Operating and other expenses

(NIS mil)



	2019	2018	% of change
Salaries	2,562	2,407	6.4
Building and equipment maintenance and depreciation	770	747	3.1
Others	656	1,230	-
Total	3,988	4,384	(9.0)

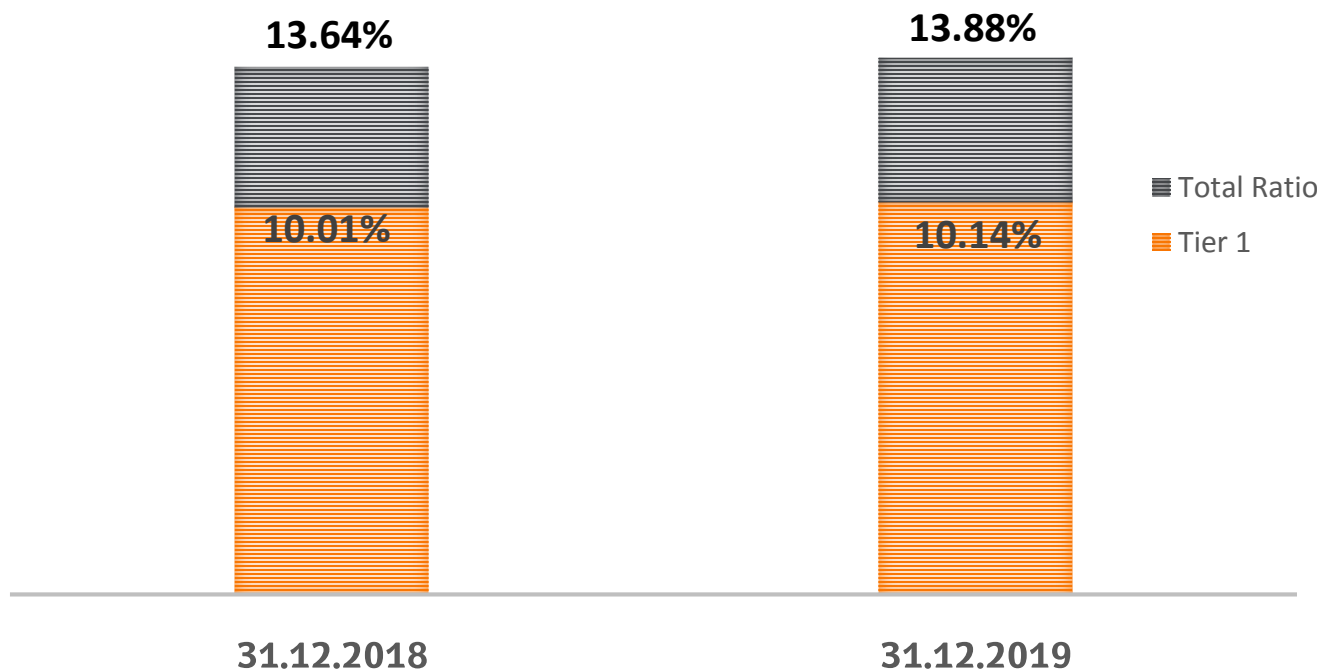
# Total balance sheet items development

(NIS mil)



	31.12.2019	31.12.2018	% of change
<b>Total balance sheet</b>	273,244	257,873	6.0
<b>Loans to the public, net</b>	204,708	194,381	5.3
<b>Deposits from the public</b>	210,984	199,492	5.8
<b>Securities</b>	10,113	11,081	(8.7)
<b>Equity</b>	16,033	14,681	9.2

# Capital adequacy





**Thank you**