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# LEUMI Q4 AND FULL YEAR 2016 RESULTS PRESENTATION

**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.**

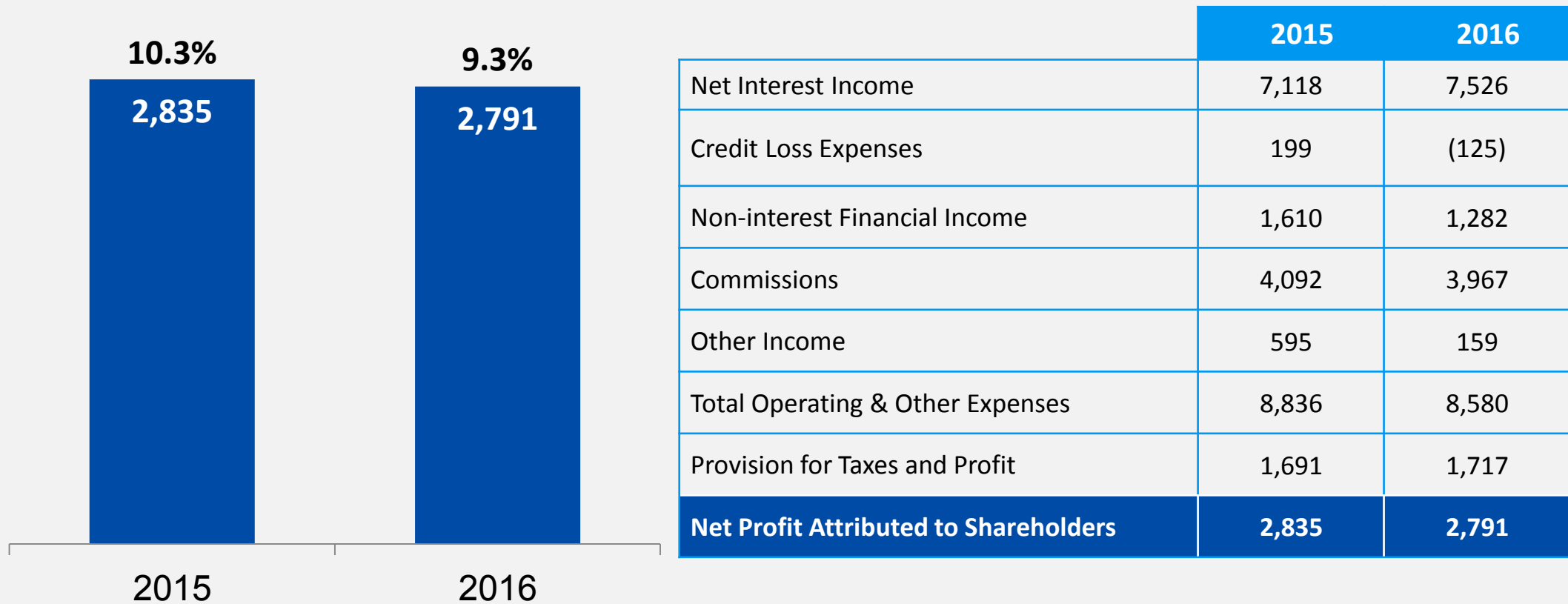
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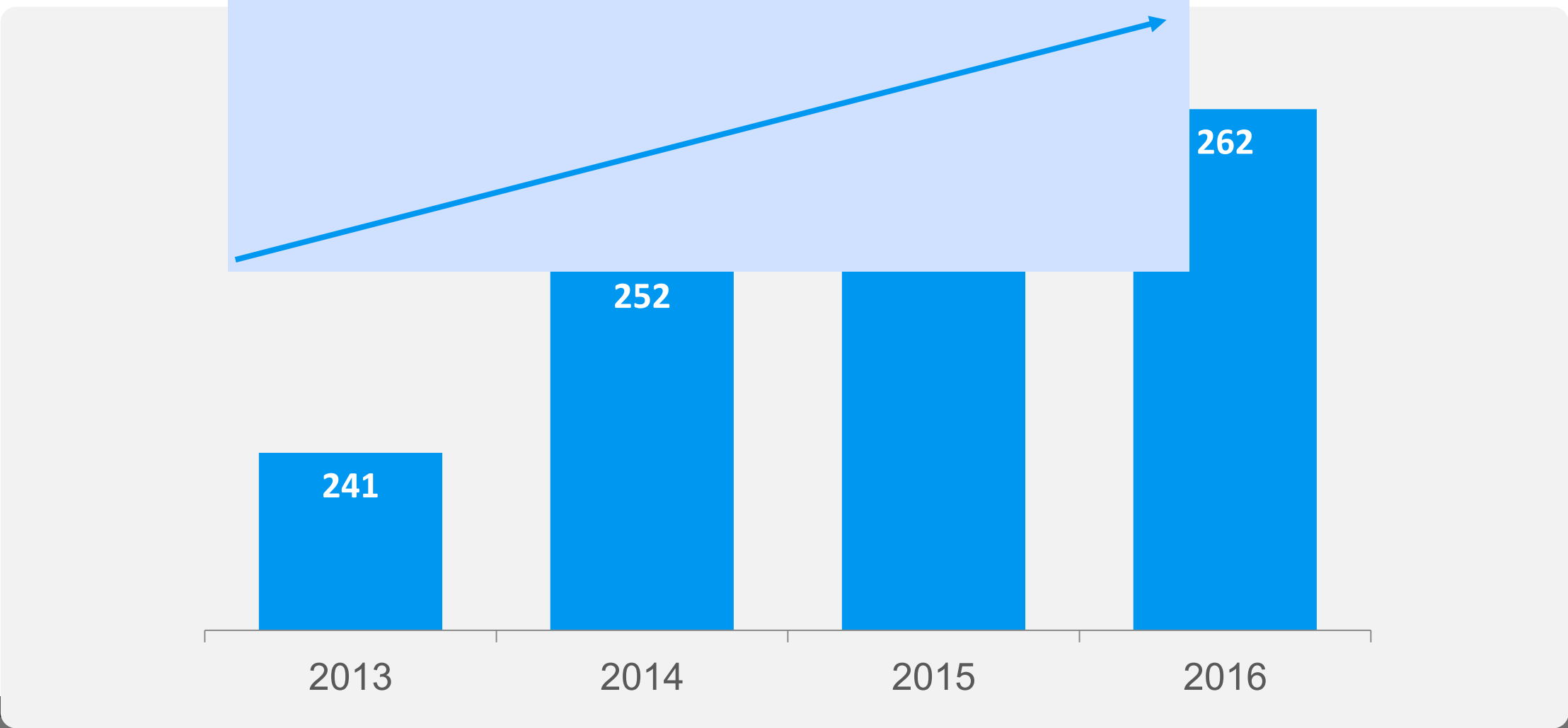
# MAINTAINED HIGH NET INCOME AND ROE



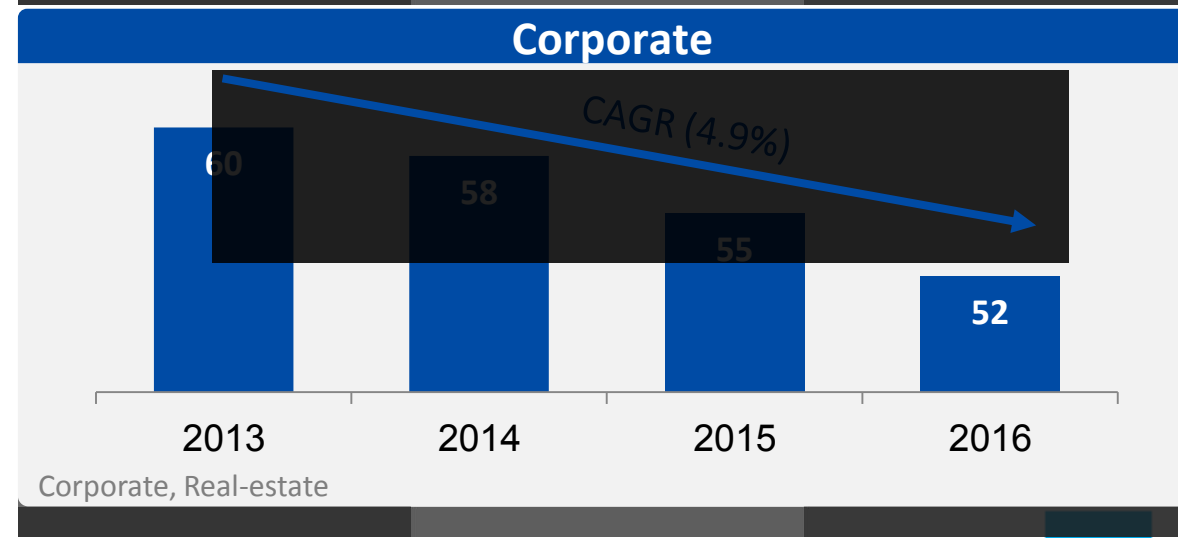
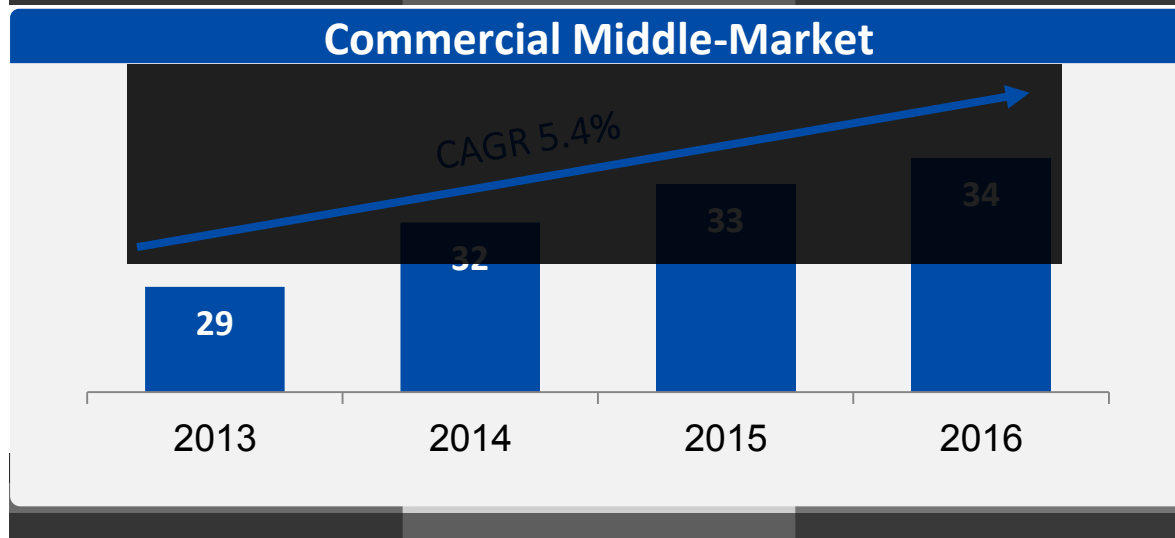
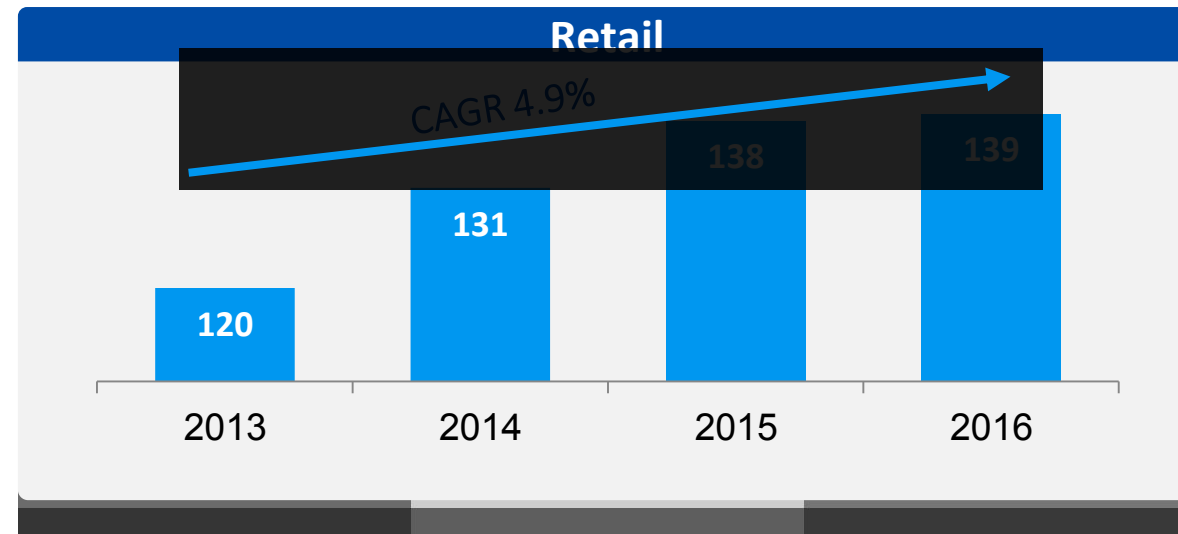
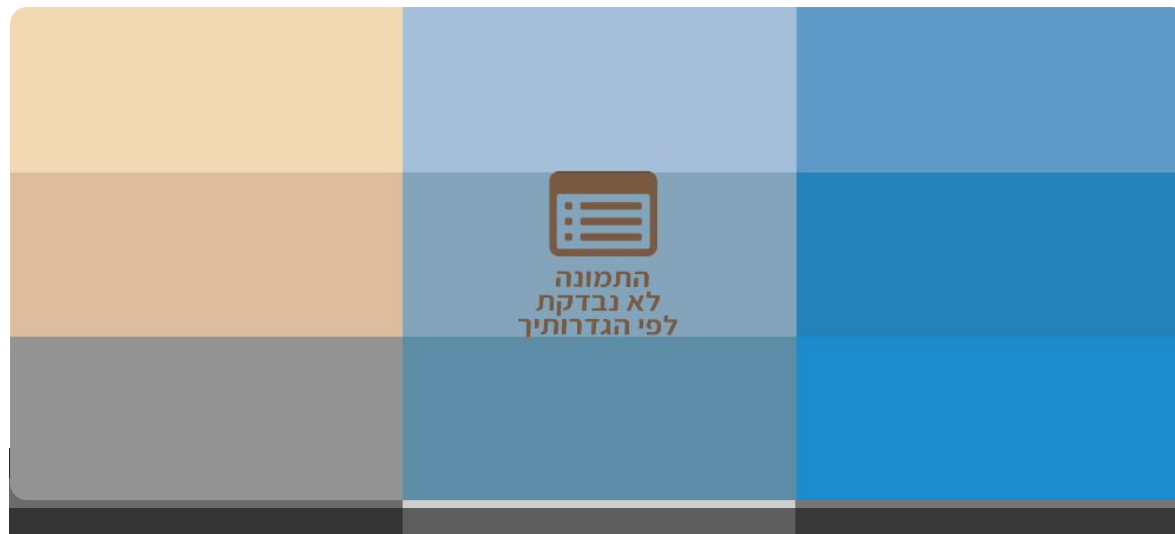
NIS Billions



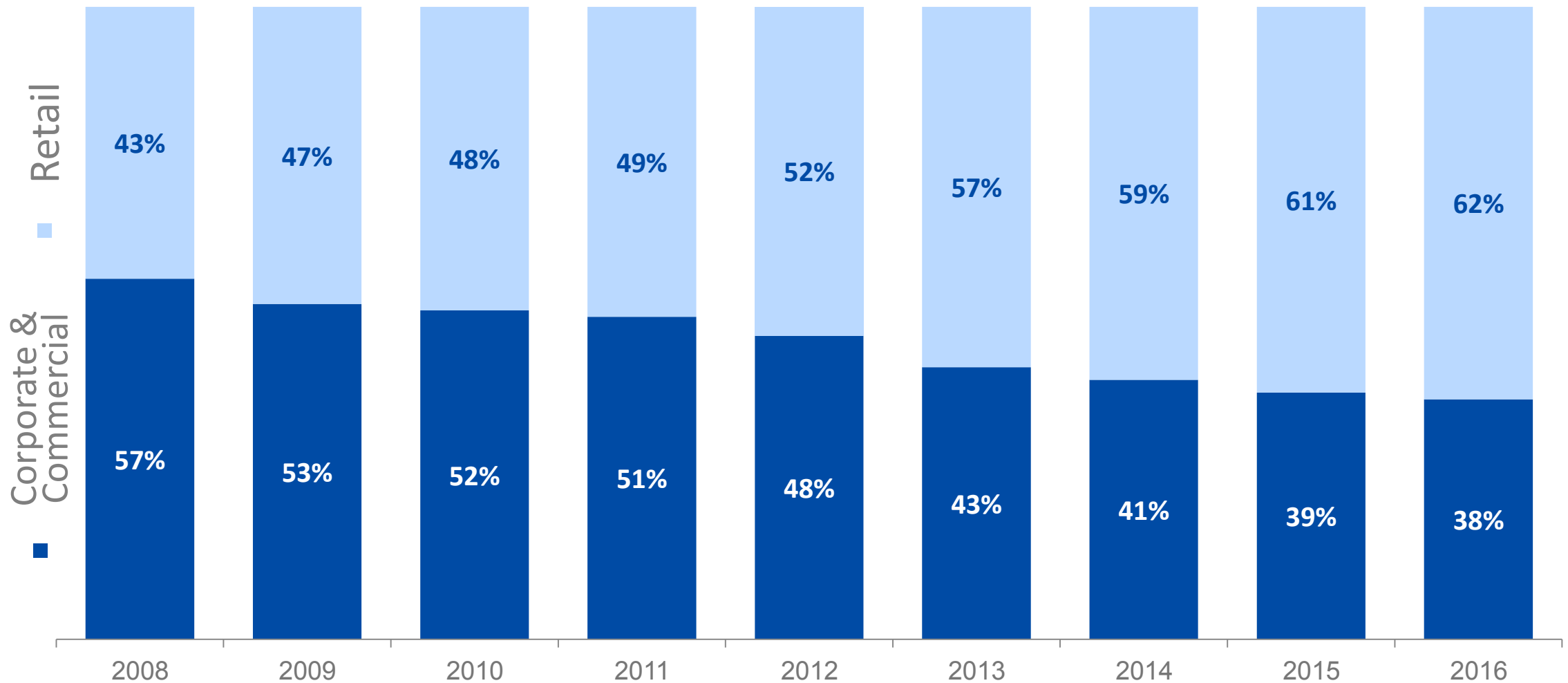
# CREDIT GROWTH IN MAIN FOCUS AREAS



# BANK'S CREDIT GROWS IN LINE WITH STRATEGIC FOCUS



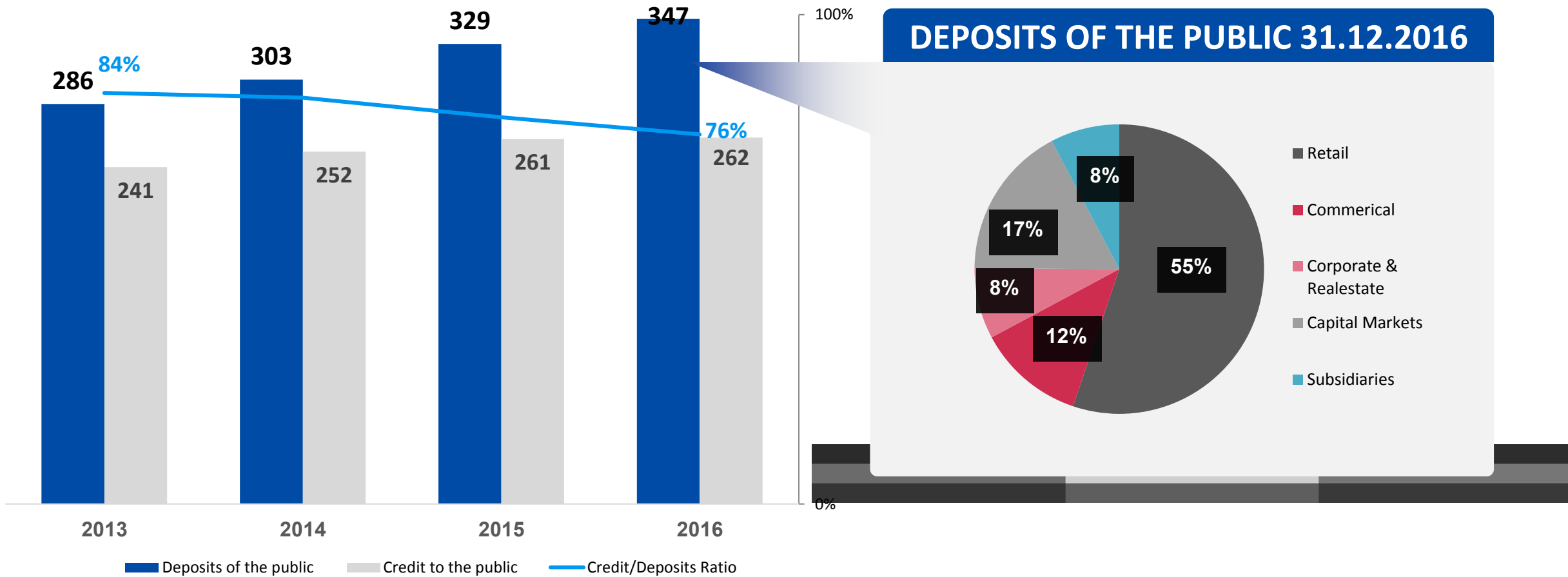
# BANK'S CREDIT MIX TRENDS IN LINE WITH STRATEGY



Retail: Household, Small Businesses, Private Banking; Corporate & Commercial: Commercial Banking, Real Estate, Corporate Banking  
Credit to the Public: Bank, Israel, Management Approach from 2015



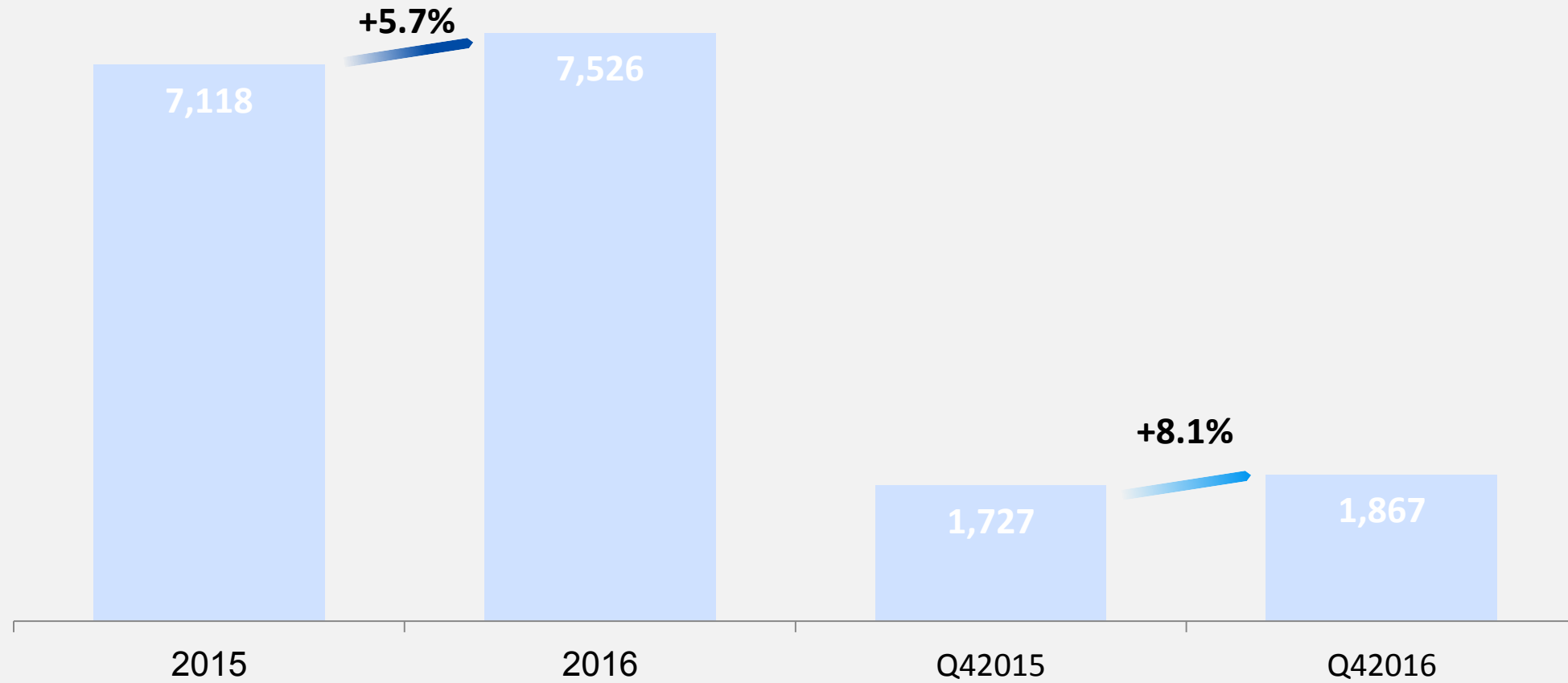
# DEPOSIT BASE GROWING AND DIVERSE, LIQUIDITY FURTHER STRENGTHENED



NIS Billions, Credit to the Public, Net; Deposits of the Public, Net



# NET INTEREST INCOME INCREASES YEAR OVER YEAR

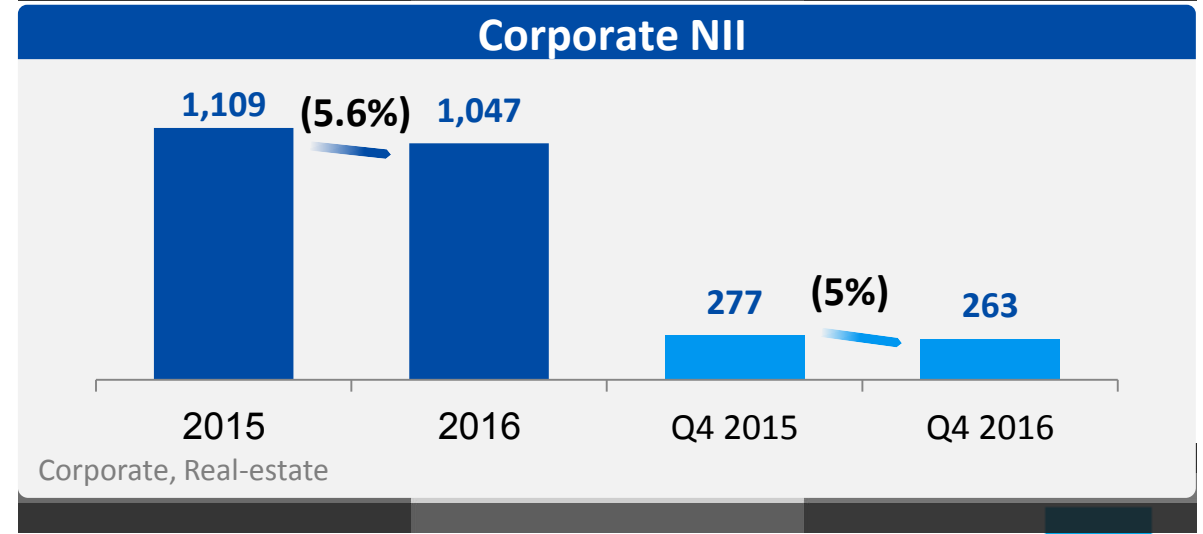
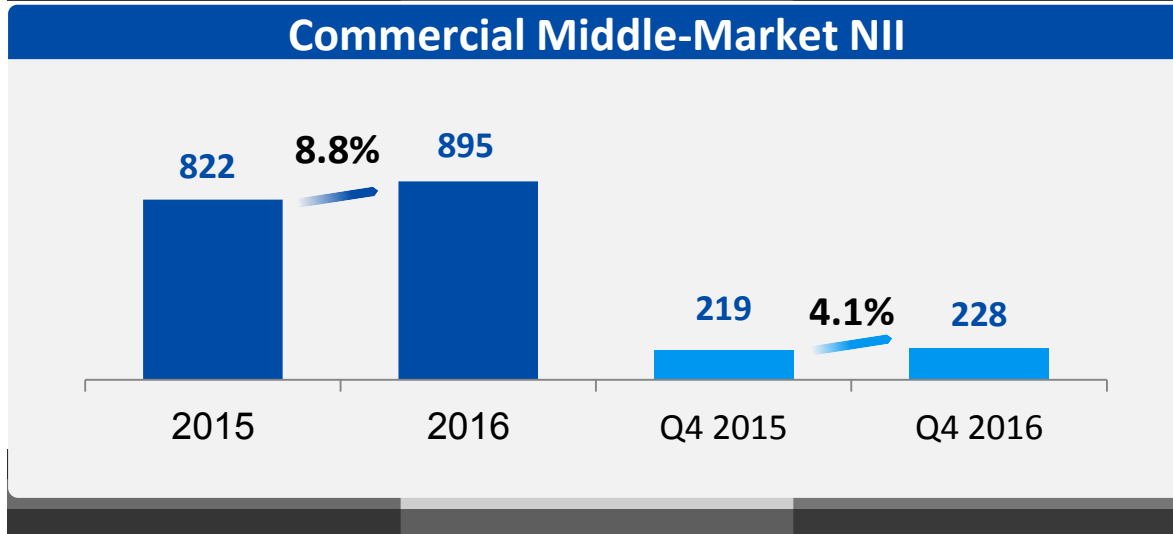
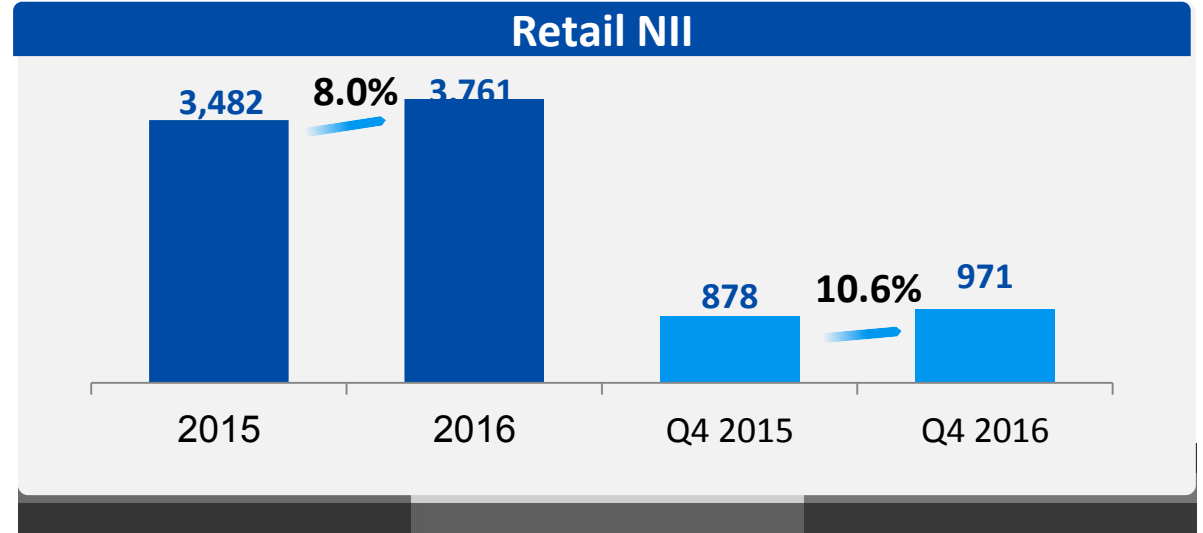
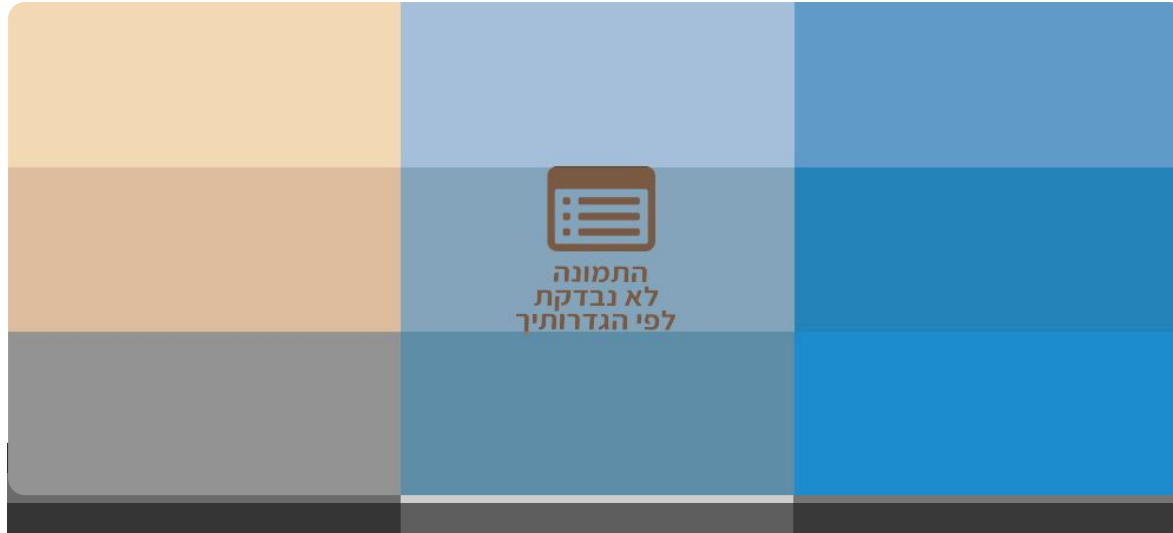


NIS millions

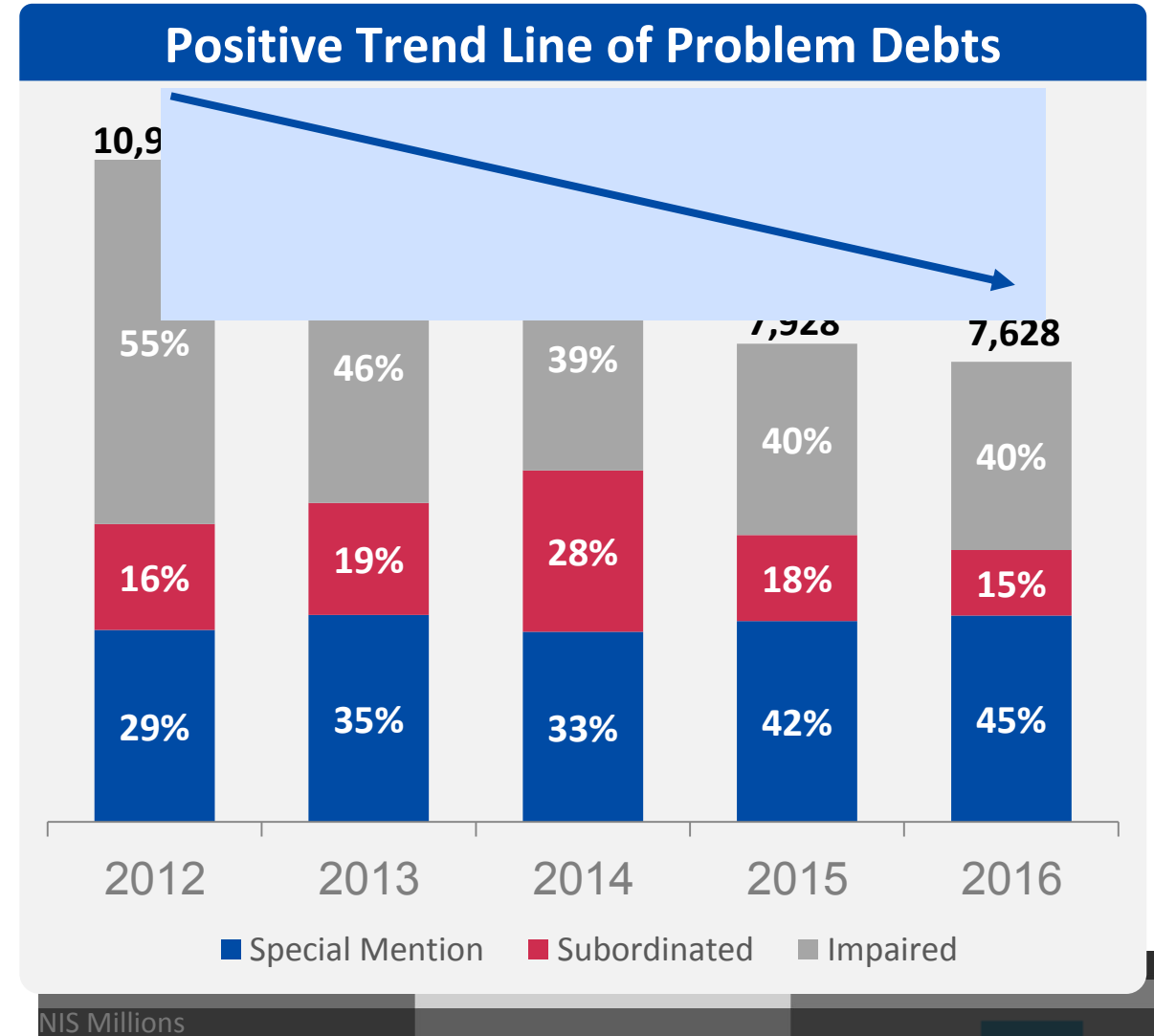
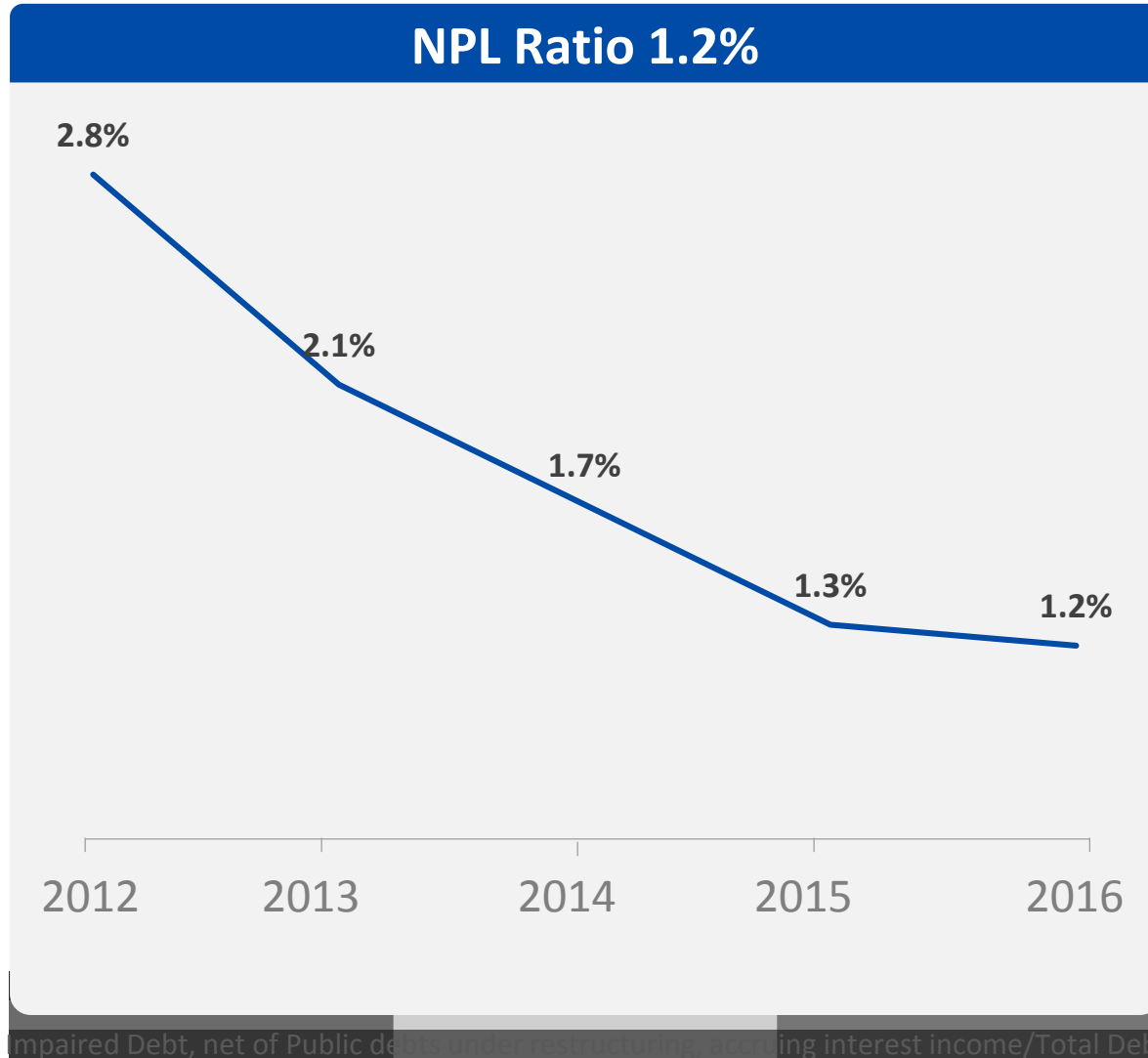




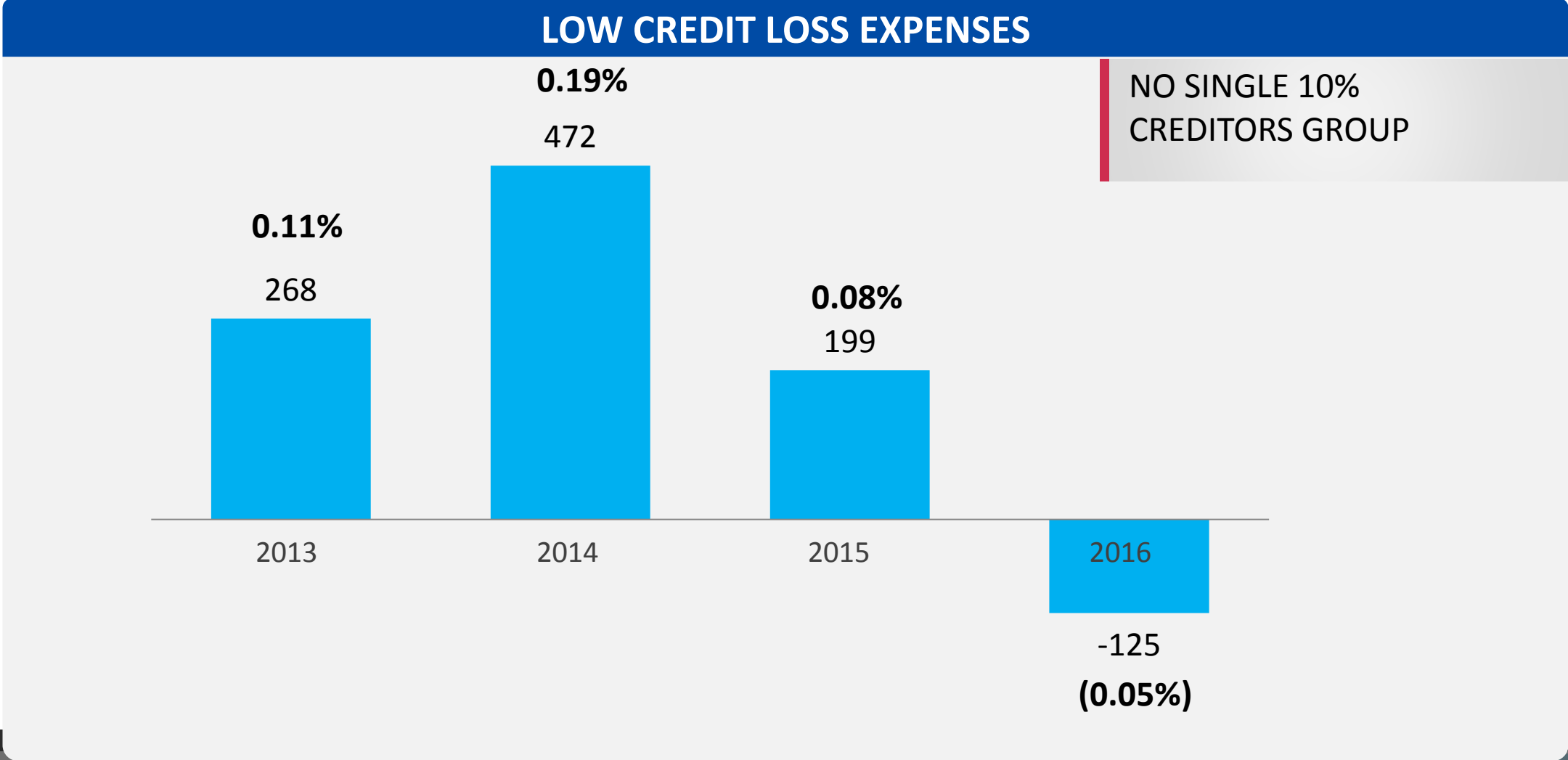
# BANK'S NET INTEREST INCOME GROWS IN LINE WITH THE STRATEGIC FOCUS



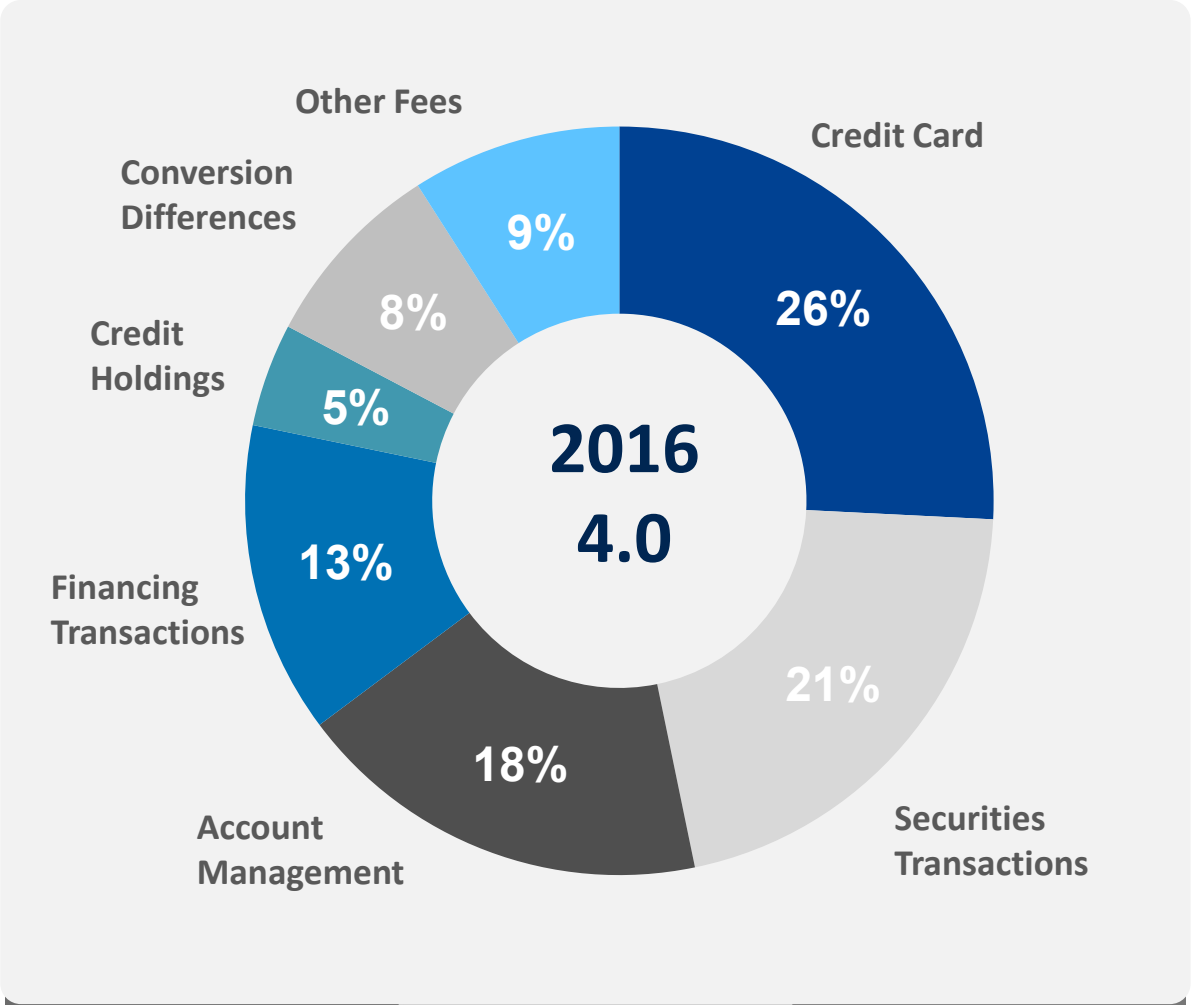
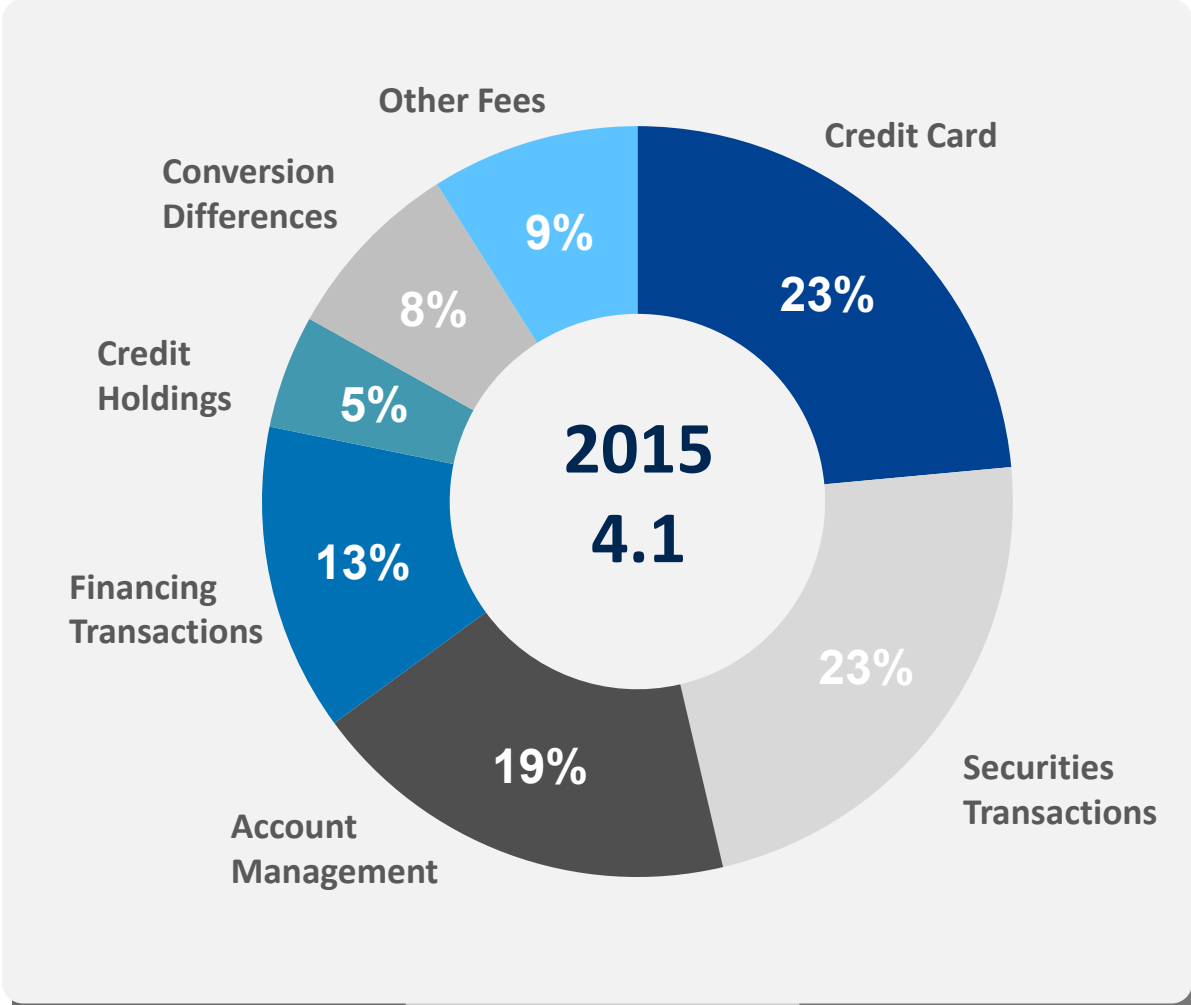
# HIGH QUALITY CREDIT PORTFOLIO IN A NUTSHELL



# ANOTHER VIEW OF THE HIGH QUALITY CREDIT PORTFOLIO



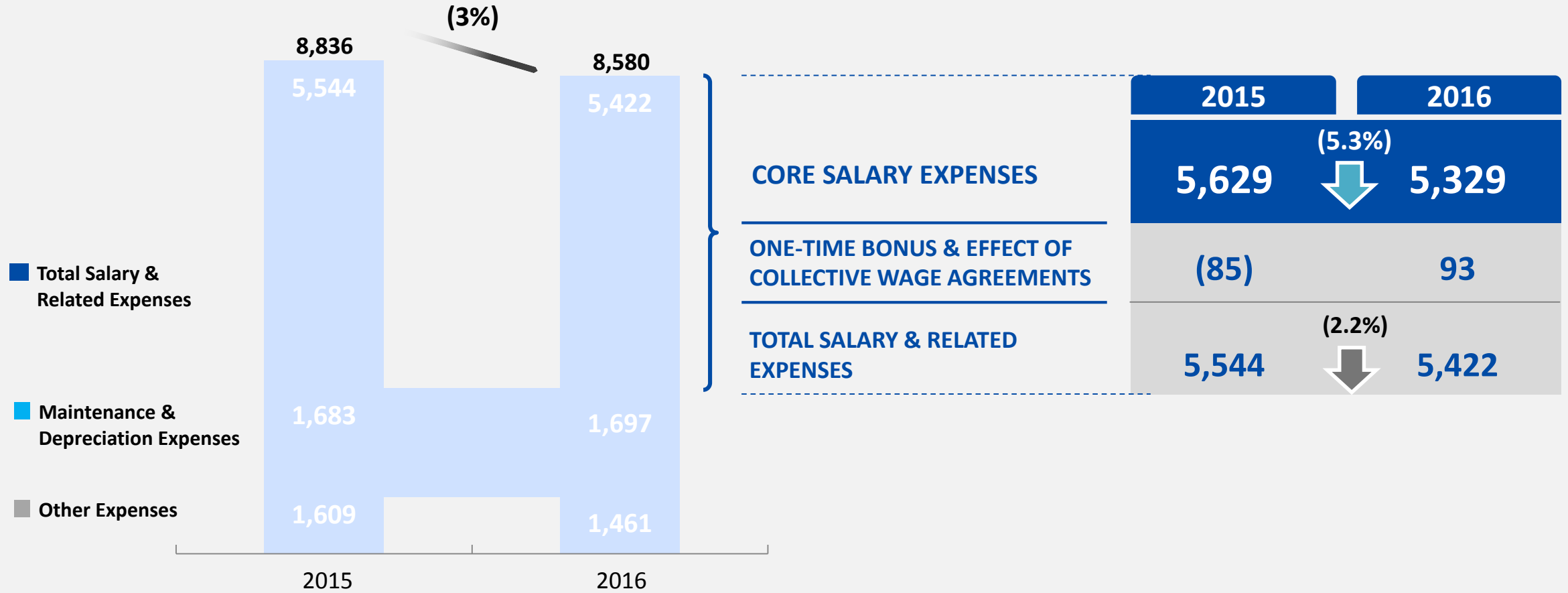
# DIVERSE AND STABLE COMMISSION REVENUE



NIS Billions



# OPERATING & OTHER EXPENSES REDUCED



NIS millions



# CONTINUOUS STREAMLINING OF THE BUSINESS

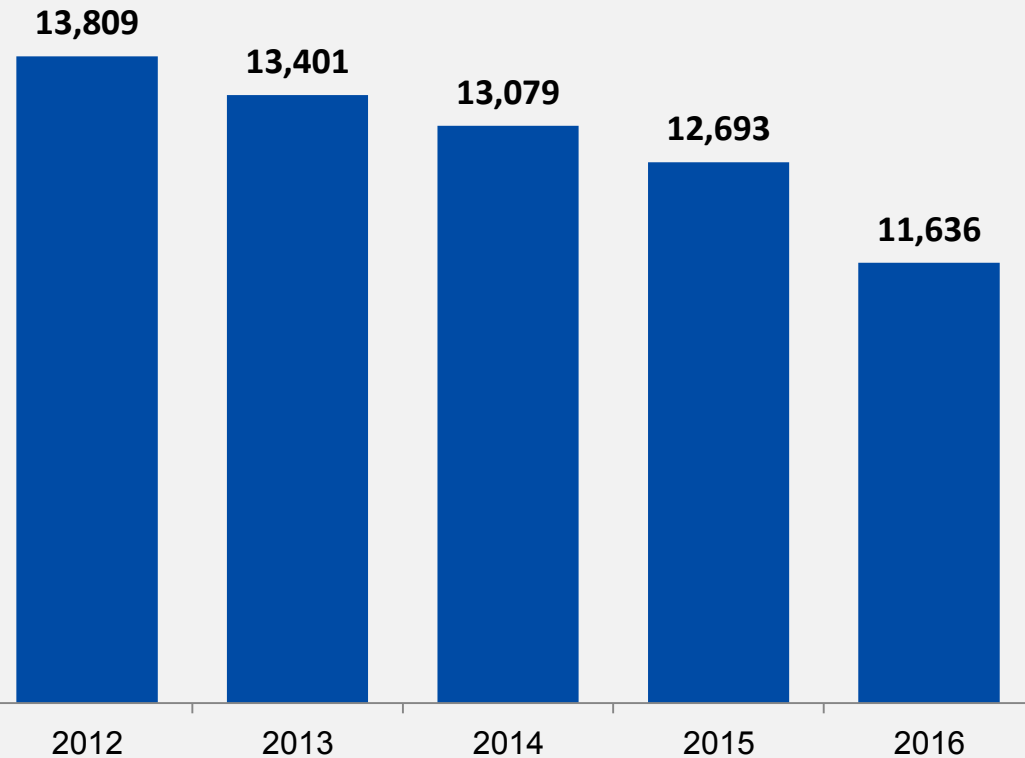


NUMBER OF EMPLOYEES REDUCED BY >1,000 YoY  
AND ~2,200 IN PAST 4 YEARS

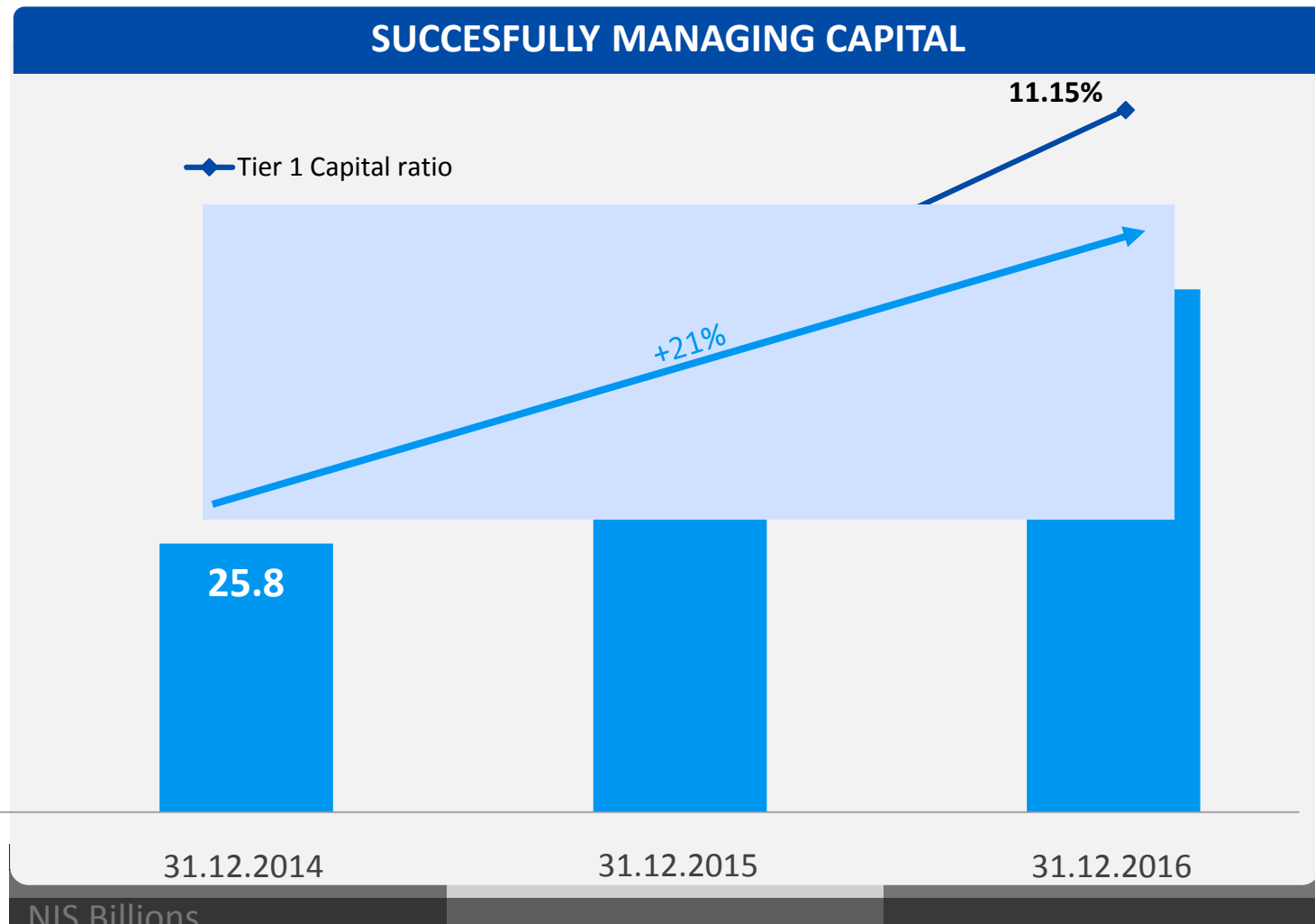
NATURAL RETIEMENT OF 630 DUE OVER NEXT 5  
YEARS

NATURAL RETIREMENT OF 1,700 DUE OVER NEXT  
10 YEARS

## NUMBER OF EMPLOYEES



# SET FOR GROWTH, SUCCESSFULLY MANAGING CAPITAL



REGULATORY CET-1 TARGET		
10.3%	<	1.1.2017

LEUMI'S CET-1 TARGET		
10.5%	<	31.12.2017

TOTAL CAPITAL RATIO		
13.8%	<	1.1.2017 REGULATORY TARGET
15.21%	<	31.12.2016 LEUMI ACTUAL



# NEW DIVIDEND POLICY ANNOUNCED

**PAYOUT TO RESUME BASED ON  
Q1 2017 RESULTS**



**20% PAYOUT REFLECTS A 2.3%  
ANNUAL YIELD**

**QUARTELY PAYOUT POLICY**





# 2016 HIGHLIGHTS – BEARING THE FRUIT

- IMPROVED CAPITAL ADEQUACY RATIO – NEW DIVIDEND POLICY
- ONLY ISRAELI BANK TO HAVE FULLY RESOLVED U.S. ISSUE
- CONTINUED DEMONSTRATION OF HIGH ROE
- STRONG CREDIT PORTFOLIO DEMONSTRATING ONGOING HIGH QUALITY
- CONTINUOUS IMPLEMENTATION OF EFFICIENCY PLAN OPERATING EXPENSES TRENDING DOWN
- LEADING DIGITAL BANKING TRANSFORMATION IN ISRAEL, LAUNCH OF PEPPER





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THANK YOU



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# APPENDIX

# STRONG MACRO PROFILE – A POSITIVE FOR LEUMI

Strong Economic Growth – Positive for Leumi

Robust Demographic Fundamentals – Another “Plus” for Leumi

An Innovation Nation - Leumi Partnering in High-Tech Financial Services

Natural Resources (Water and Natural Gas)– One More Area of Leumi’s Financing Expertise

Israeli Economy Enjoys Stability Indicators – A Positive Business Environment for Leumi

	2015	2016	E2017*
GDP, rate of change, real terms	2.5%	4.0%	3.4%
Current account surplus, % of GDP	4.6%	3.9%	2.5%
Government budget deficit, % of GDP	(2.1%)	(2.1%)	(2.6%)
Government debt, % of GDP	62.4%	60.5%	40.3%
Unemployment, Annual Average	5.3%	4.6%	4.5%
CPI, year-end change	(1.0%)	(0.2%)	0.5%-1.5%
NIS-USD, average exchange rate	3.89	3.84	3.65-3.85
NIS-EUR, average exchange rate	4.31	4.25	3.90-4.10
Bank of Israel average interest rate	0.1%	0.1%	0.0%-0.5%

Source: Central Bureau of Statistics, \*Leumi forecast

