



Q4 AND FULL YEAR 2017 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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Summarizing 2017 - Strategy Translated into Achievements with Continued Leverage Expected in 2018

2017 Main Developments

Continued Improvement of our Results;
Income Up, Expenses Down

ROE and Capital Continued to Rise

High Quality Credit Portfolio –
Very Low Rate of Loan Loss Provisions

Launched 1st Mobile-only Bank in
Israel Mid-2017, Challenging the
Status Quo of the Banking Industry

PEPPER.

Looking Ahead

2017 Efficiency Plan came into
effect in December 2017; to be
translated into results starting 2018

Cost-cutting to Continue

Conservative, Low-Risk Strategic
Approach to Continue

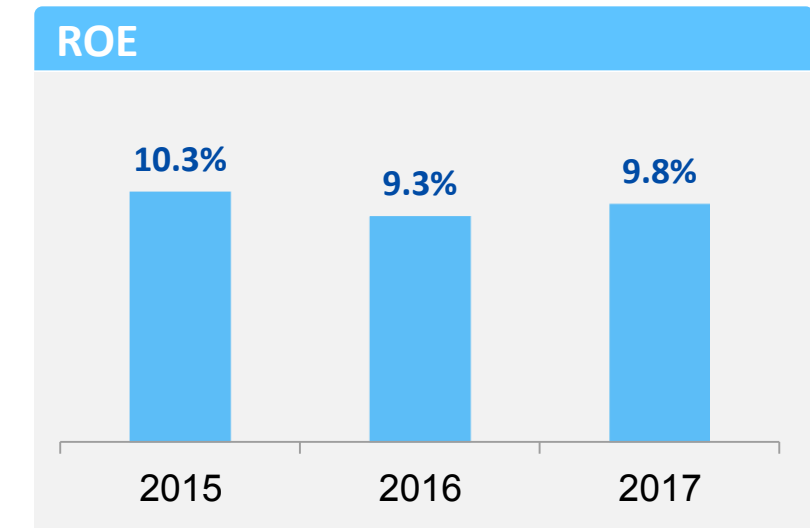
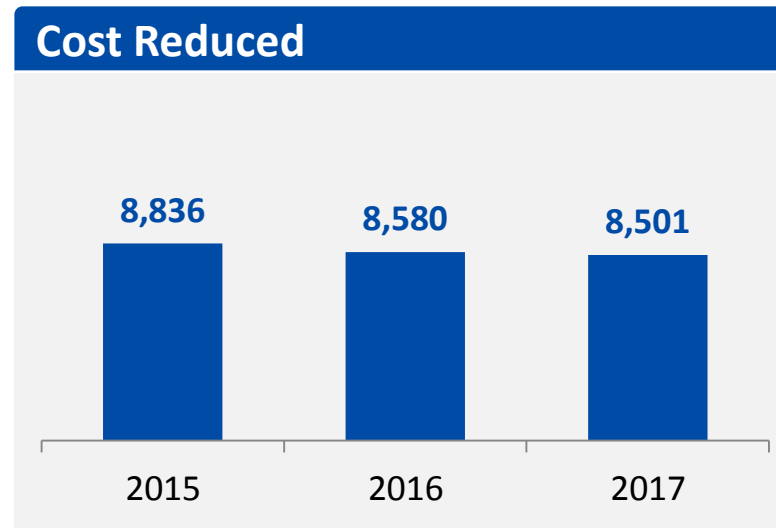
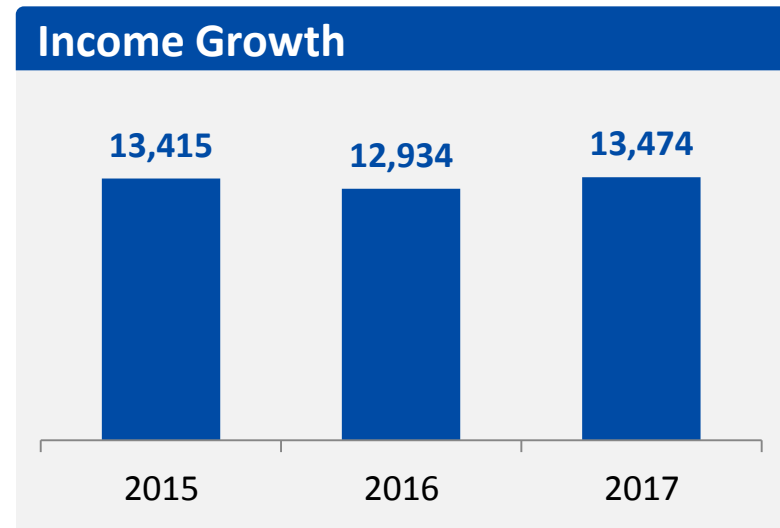
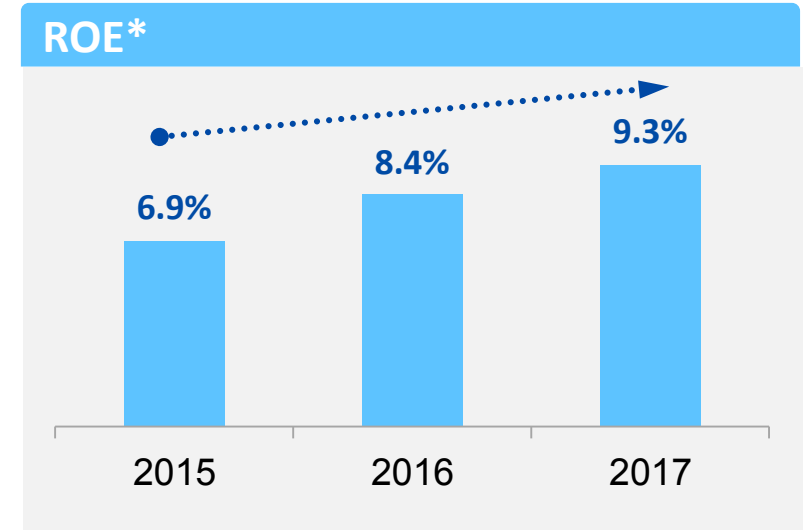
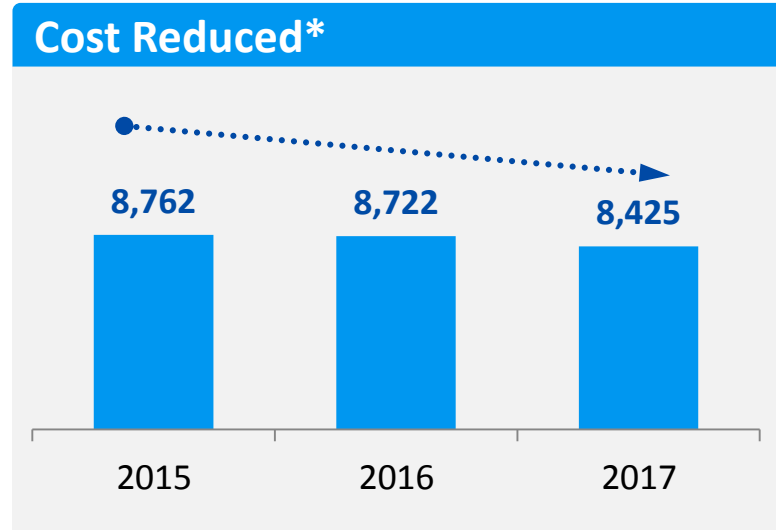
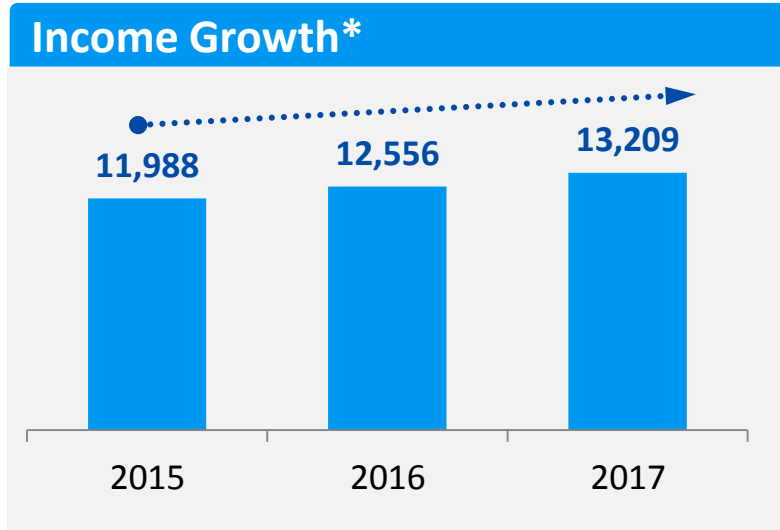
Consolidation of business lines and
accelerating digital transformation to
continue

Total Dividend for 2017 - ~ NIS 1 Billion

Buy-back Plan of up to NIS 700M



Leumi in a Nutshell – Income Up Expenses Down, Increasing Jaws

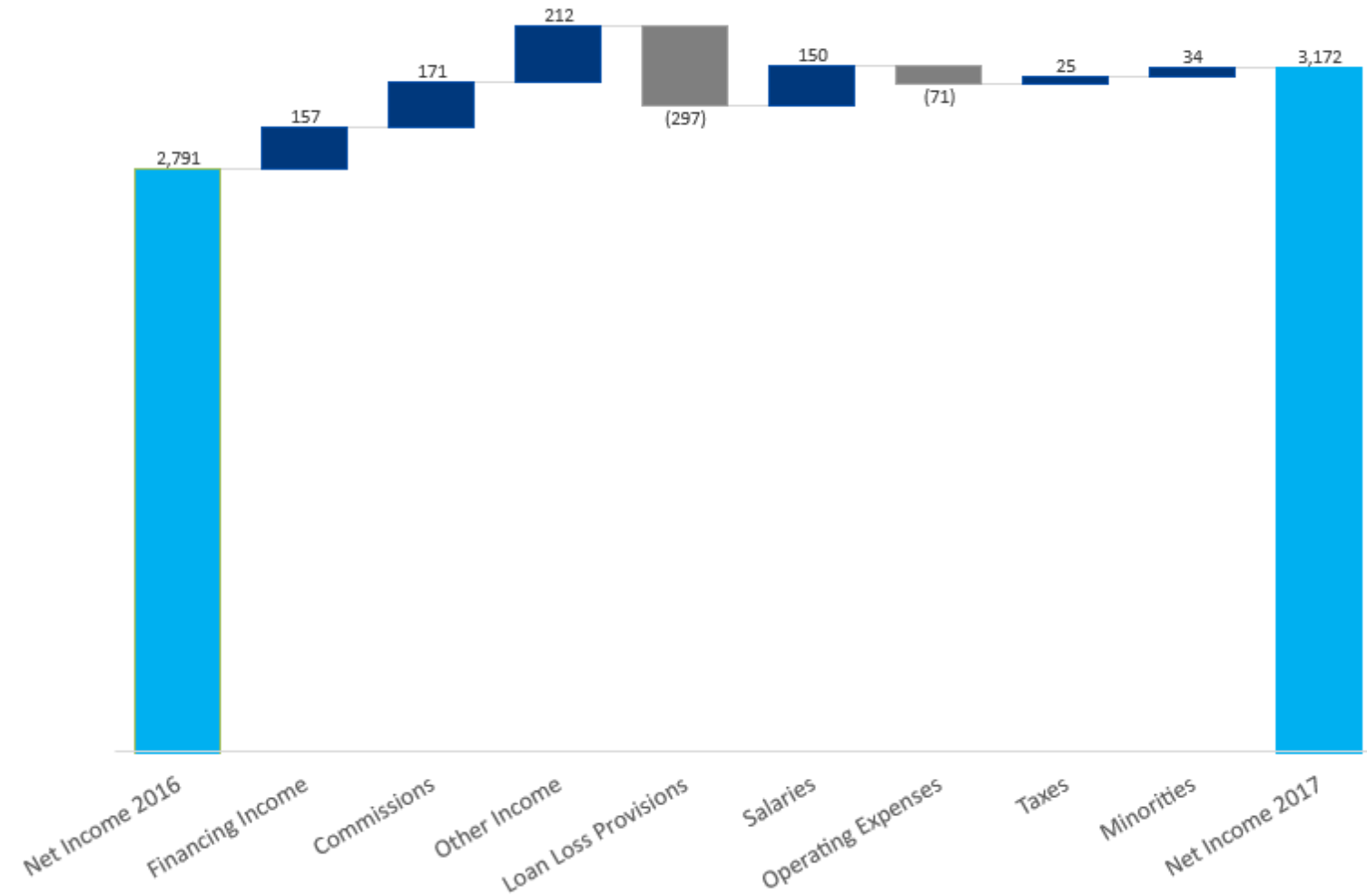


(NIS Millions)

* Adjusted to reflect one-time items as per the respective financial statements



Delivering Responsible Growth, Net Income Grows Year-over-Year



(NIS Millions)



Year to Year, Core Business Continues to Improve - Key Financial Metrics

ROE	NIM	EFFICIENCY RATIO	LOAN LOSS PROVISIONS	CET1	NPL RATIO	LEVERAGE RATIO	LCR
2017							
9.8%	2.05%	63.1%	0.06%	11.43%	0.83%	6.94%	122%
2016							
9.3%	1.94%	66.3%	(0.05)%	11.15%	1.21%	6.77%	132%

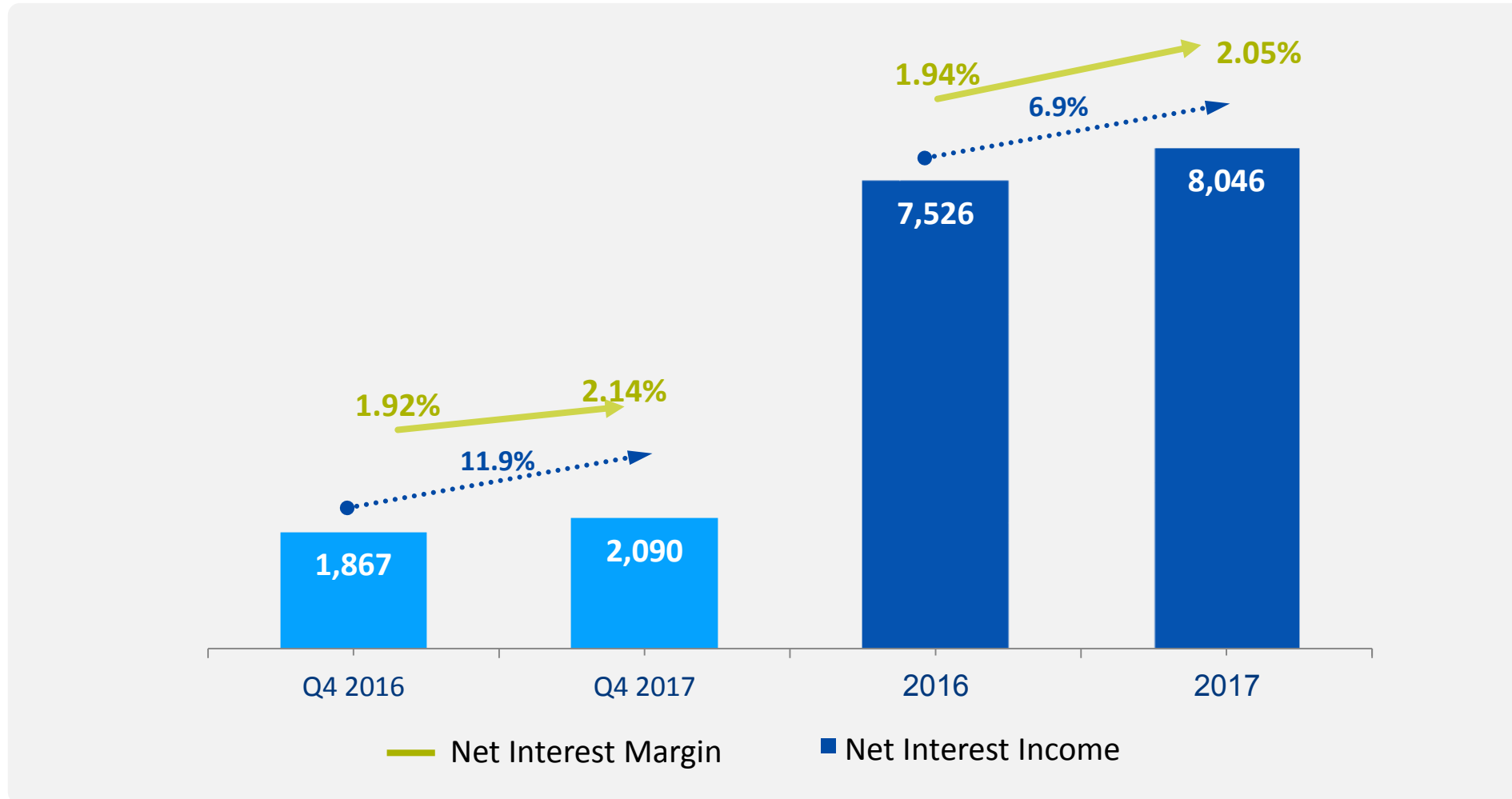


Q to Q, Core Business Continues to Improve - Key Financial Metrics

	ROE	NIM	EFFICIENCY RATIO	LOAN LOSS PROVISIONS	CET1	NPL RATIO
Q4 2017	10.8%	2.14%	63.6%	0.04%	11.43%	0.83%
Q3 2017	10.3%	1.96%	64.4%	0.00%	11.35%	0.94%
Q4 2016	5.8%	1.92%	71.5%	0.07%	11.15%	1.21%



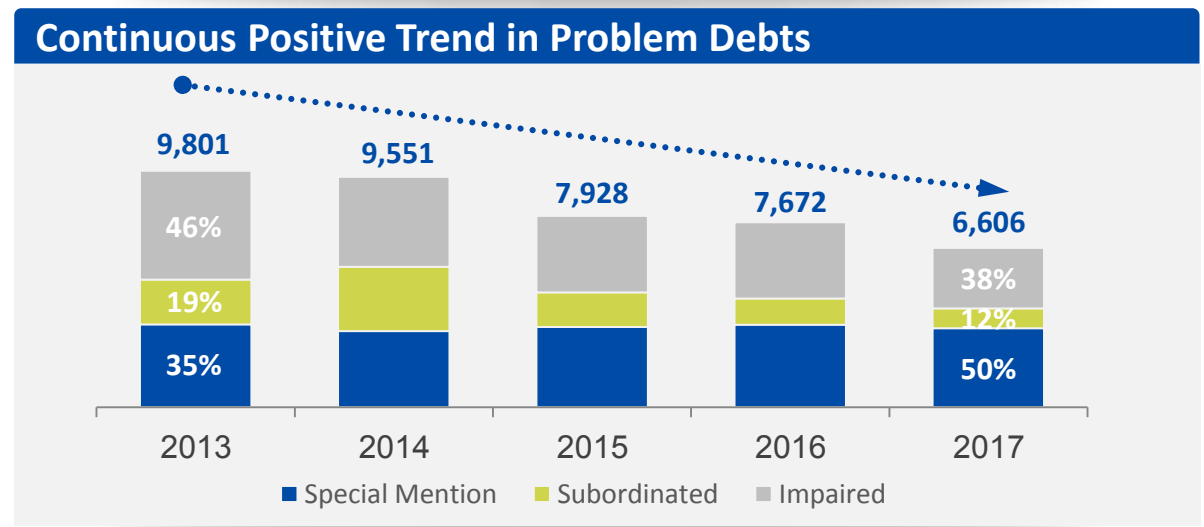
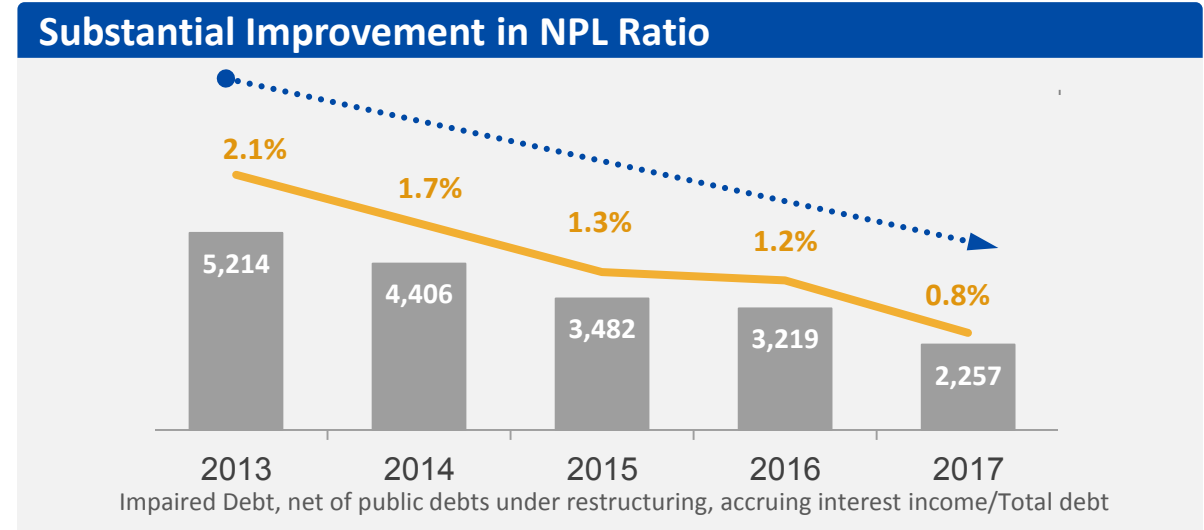
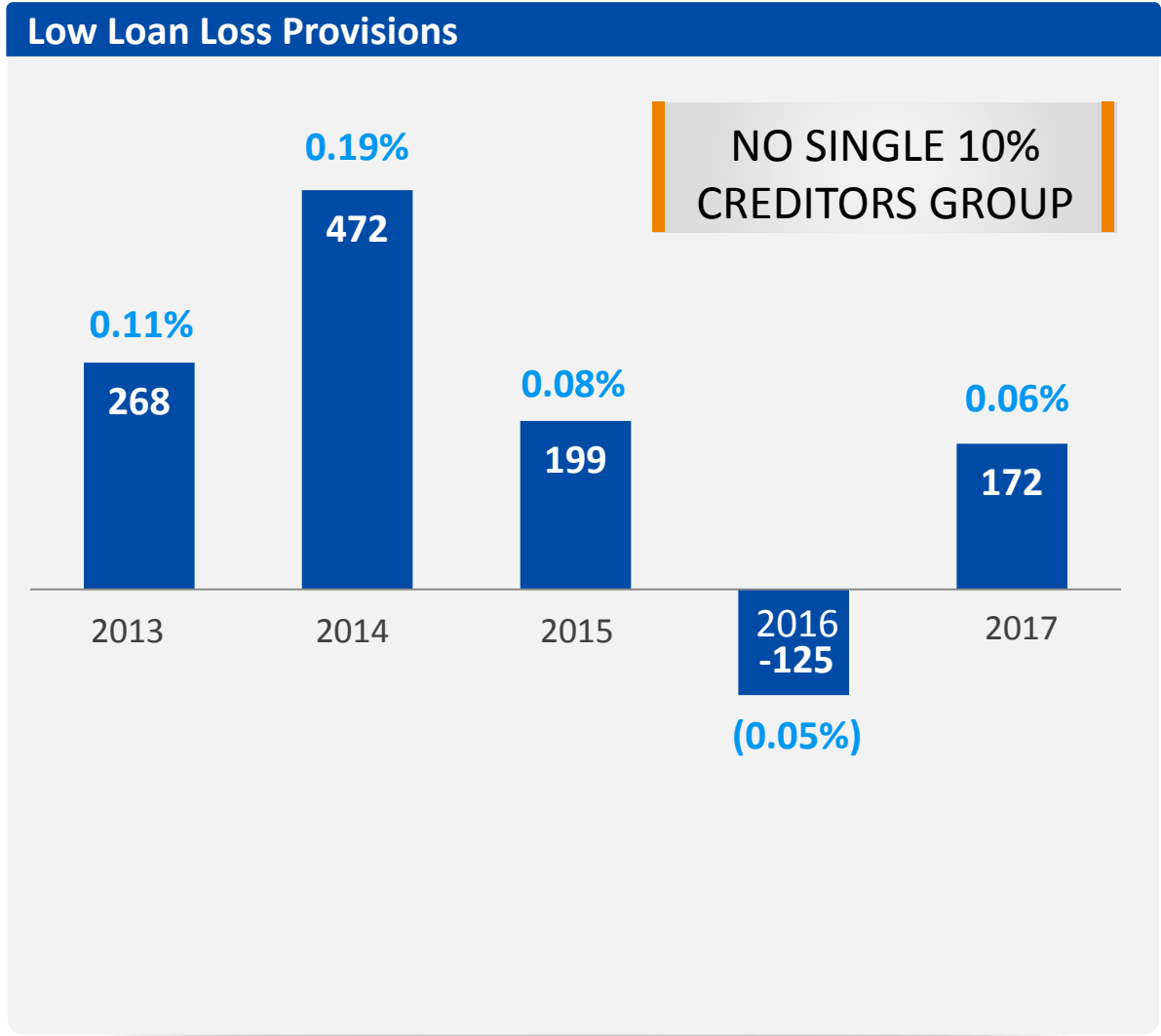
Strong and Increasing Net Interest Income and Net Interest Margins



(NIS Millions)



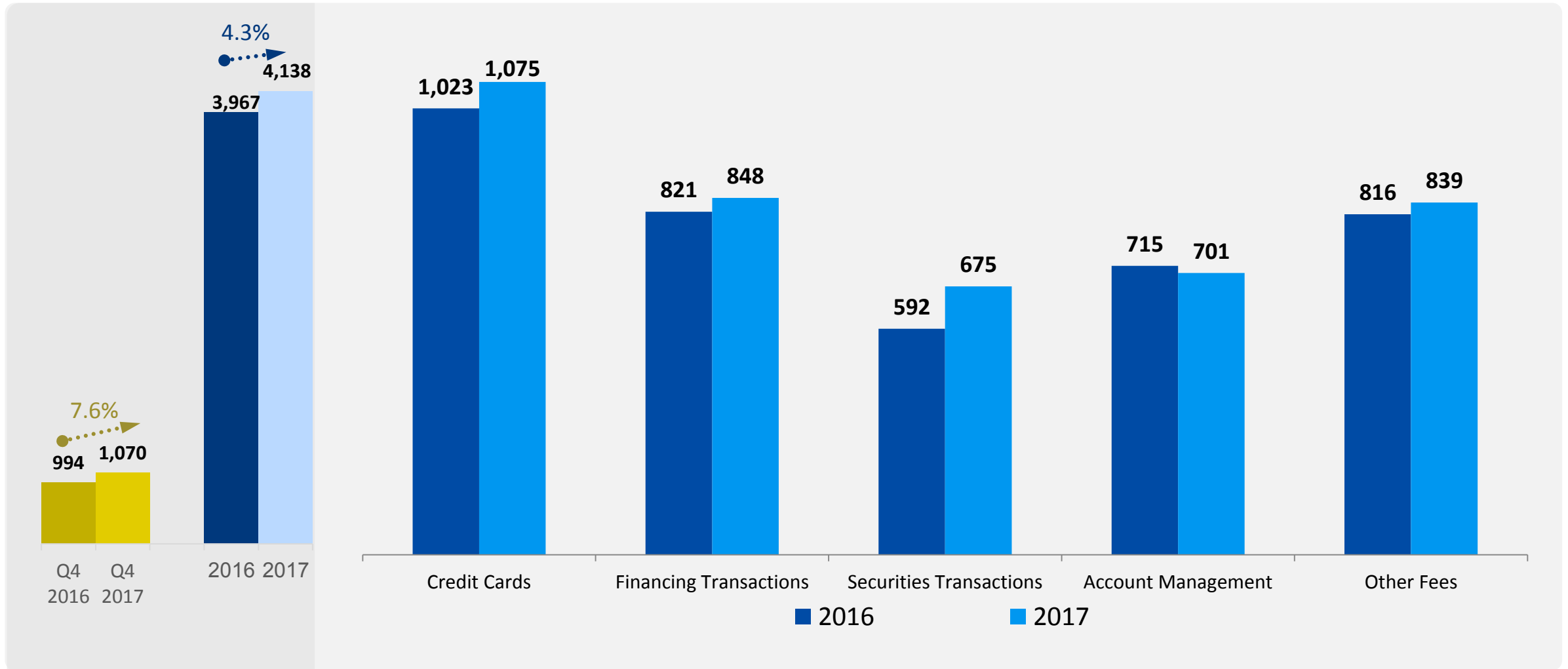
A Holistic View of our High Quality Credit Portfolio



(NIS Millions)



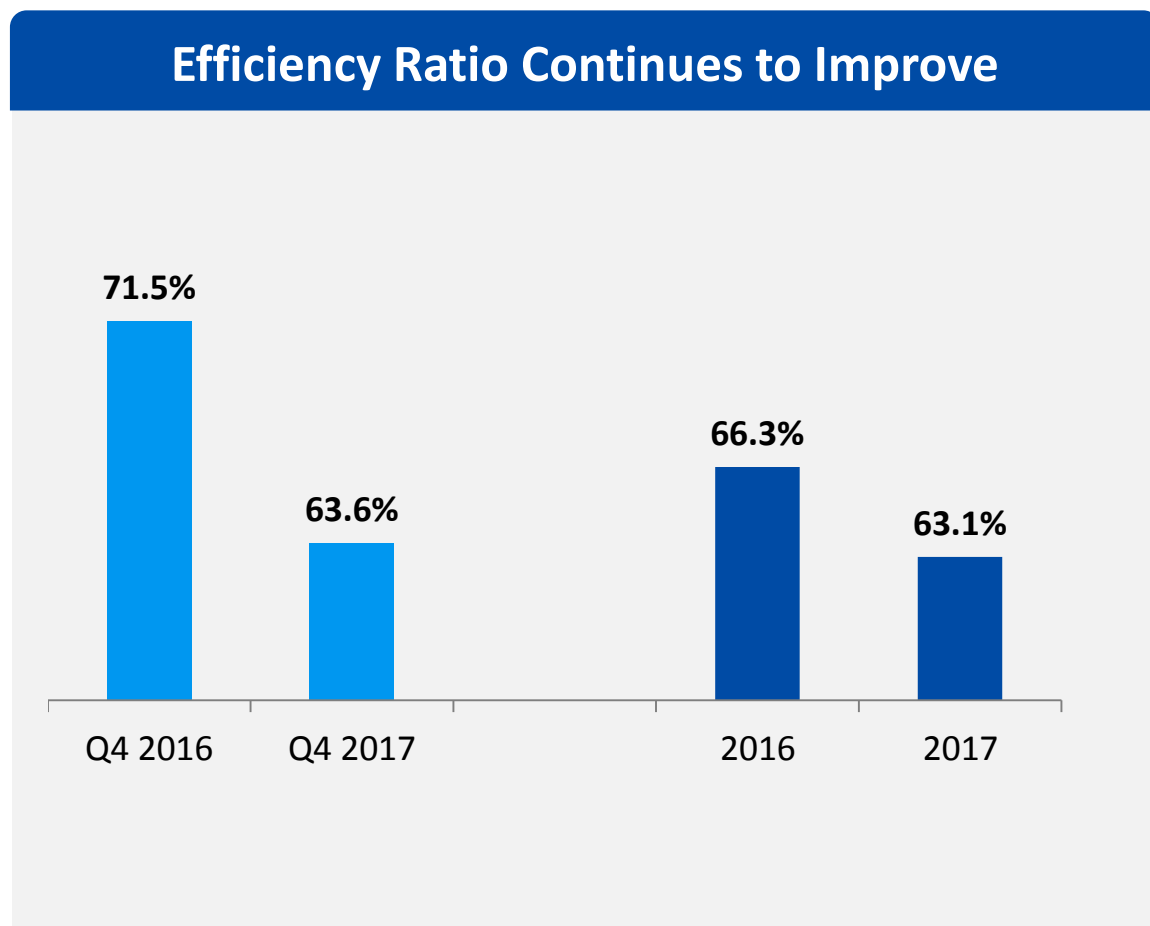
Diverse and Increased Commission Revenue



(NIS Millions)



C/I Ratio Continues to Improve - a Snapshot of Expense Reductions



	2016	2017
TOTAL SALARY & RELATED EXPENSES	5,422	5,272
ONE-TIME BONUS & EFFECT OF COLLECTIVE WAGE AGREEMENTS	93	76
CORE SALARY EXPENSES	5,329	(2.5%) 5,196
MAINTENANCE, DEPRECIATION & OTHER EXPENSES	3,158	3,229
ONE-TIME INSURANCE REFUND	235	
MAINTENANCE, DEPRECIATION & OTHER EXPENSES EXCLUDING REFUND*	3,393	(4.8%) 3,229
TOTAL	8,722	(3.4%) 8,425

(NIS Millions)



Continuous Streamlining of the Business

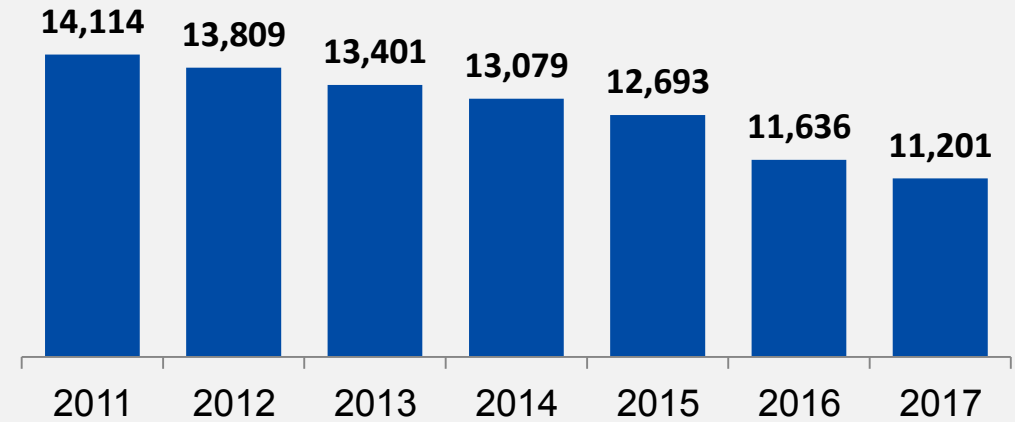


Number of employees reduced by 21%, or >2,900 in past 6 years

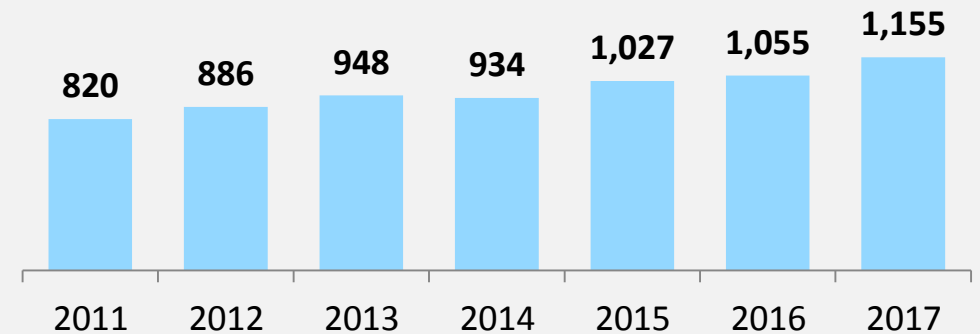
Natural retirement of 480 due over next 5 years

Cost cutting continued

Number of Positions Continued to Fall



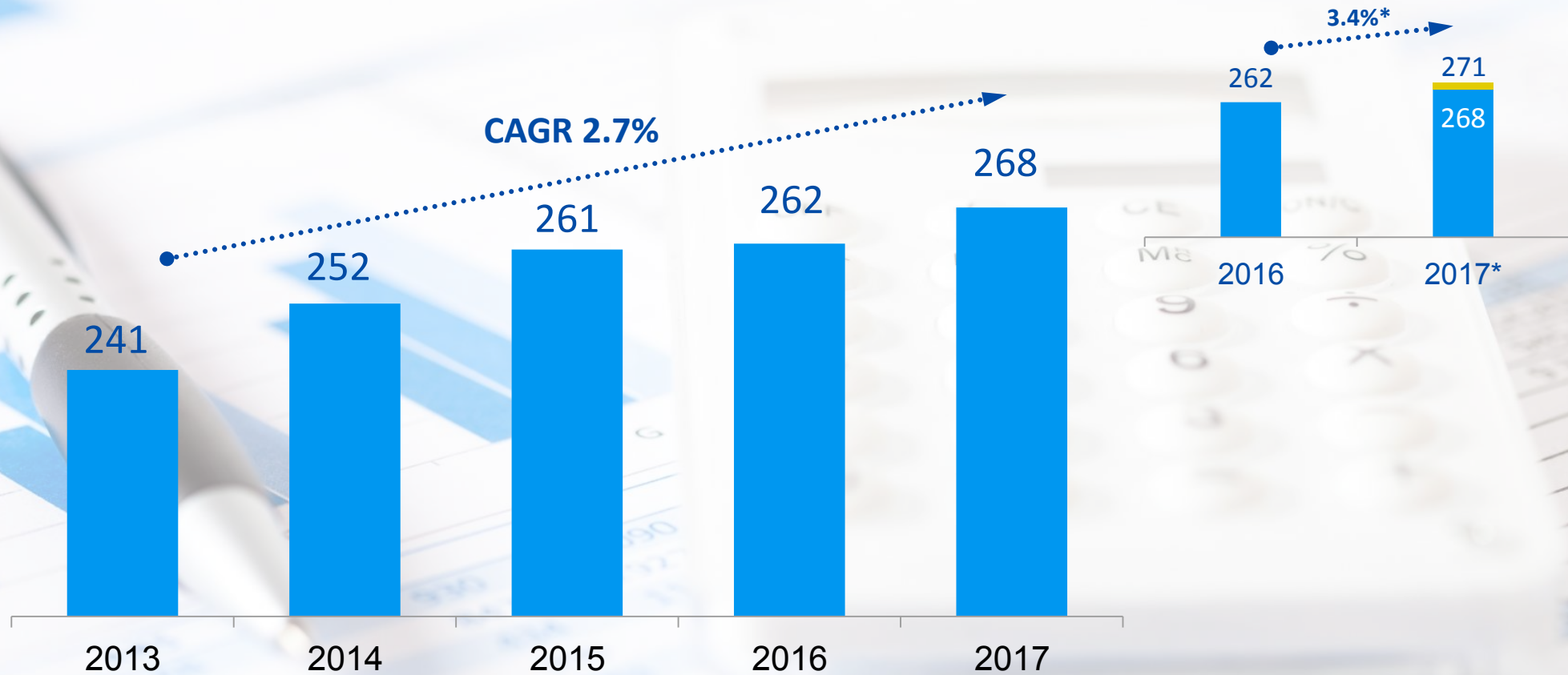
Income Per Employee is on the Rise



Income (NIS Thousands) per average Number of Positions



Long Term View of our Loan Growth

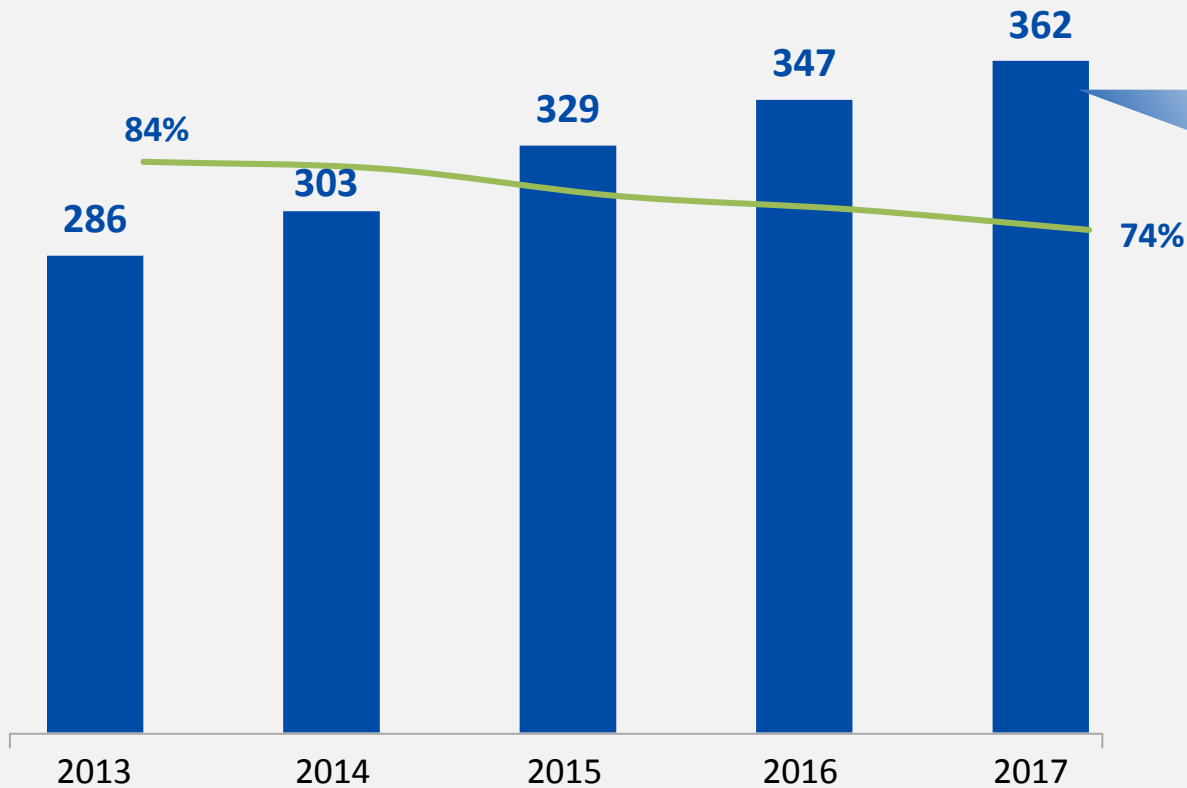


(NIS Billions)

*Excluding the effect of the shekel appreciation

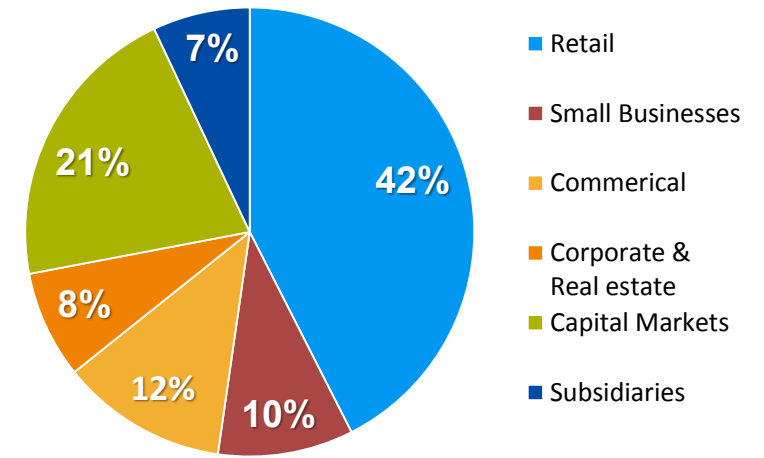


Solid and Diverse Deposit Base. Conservative, Well-funded Portfolio



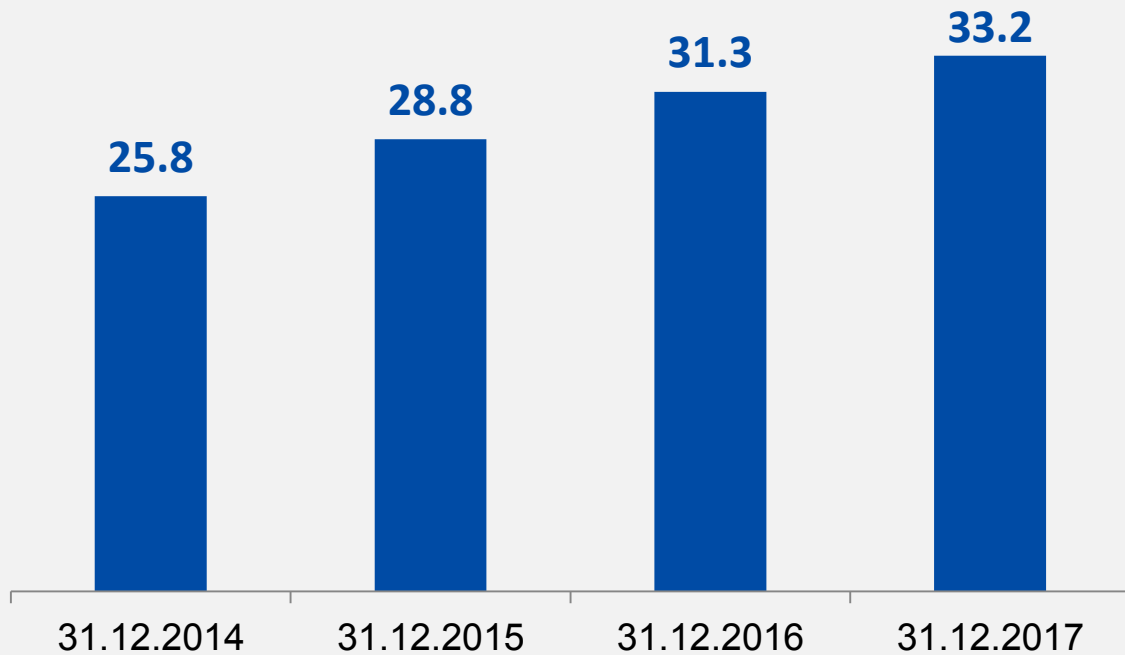
■ Deposits from the Public — Loans/Deposits Ratio
(NIS Billions)

Deposits from the Public Dec 31, 2017



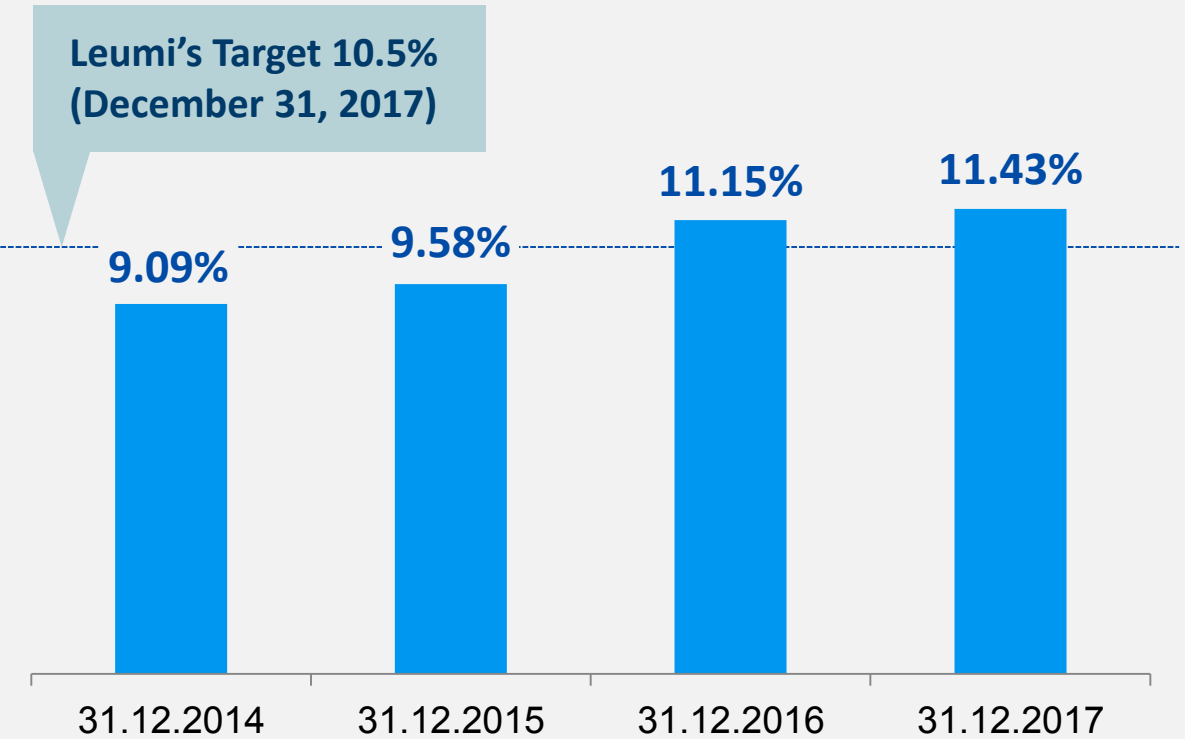
Strong Capital Adequacy Ratios Enable Adjusting Our Share Capital

Capital Up, Dividend Policy in Place, Introduced Buy-back Plan



(NIS Billions)

Tier 1 Capital Ratio



Boosting our Capital Returns Policy, Returning Excess Capital to Shareholders

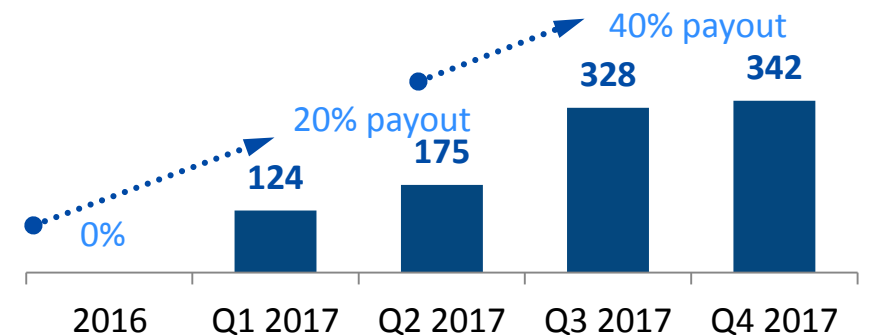
Buy-back Plan

- Introducing New and Advanced Buy-back Plan
- Buy-back to help Manage Excess Capital
- Up to NIS 700 Million

Dividends

- 40% Quarterly Payout
- Reflecting a 4.4% Annual Dividend Yield
- FY 2017 Dividend Nears NIS 1 Billion

CET-1 \geq 10.9%



Highlights – Bank Continues to Enhance its Core Business

- Substantial Increase in Return on Equity from Core Business without Increasing Credit Portfolio Risk
- Efficiency Ratio Improved – Income Up, Expenses Down
- High Quality Credit Portfolio
- Leading Digital Banking Transformation In Israel, PEPPER
- Total Dividend for 2017 approx. NIS 1 Billion
- Adopted a Buy-back Plan of up to NIS 700 Million





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Q&A



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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

	2016	2017	E2018*
GDP, rate of change, real terms	4.0%	3.3%	3.4%
Private Consumption	6.1%	3.3%	4.8%
Current account surplus, % of GDP	3.8%	3.0%	2.9%
Government budget deficit, % of GDP	(2.1%)	(2.0%)	(2.6%)
Government debt, % of GDP	61%	60%	61%
Unemployment, Annual Average	4.8%	4.2%	3.9%
CPI, year-end change	(0.2%)	0.4%	0.5%-1.5%
NIS-USD, average exchange rate	3.84	3.60	3.40-3.60
NIS-EUR, average exchange rate	4.25	4.07	4.20-4.40
Bank of Israel average interest rate	0.1%	0.1%	0.1%-0.3%

Source: Central Bureau of Statistics, *Leumi forecast

