



Q2 2018 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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Recent Major Business Achievements



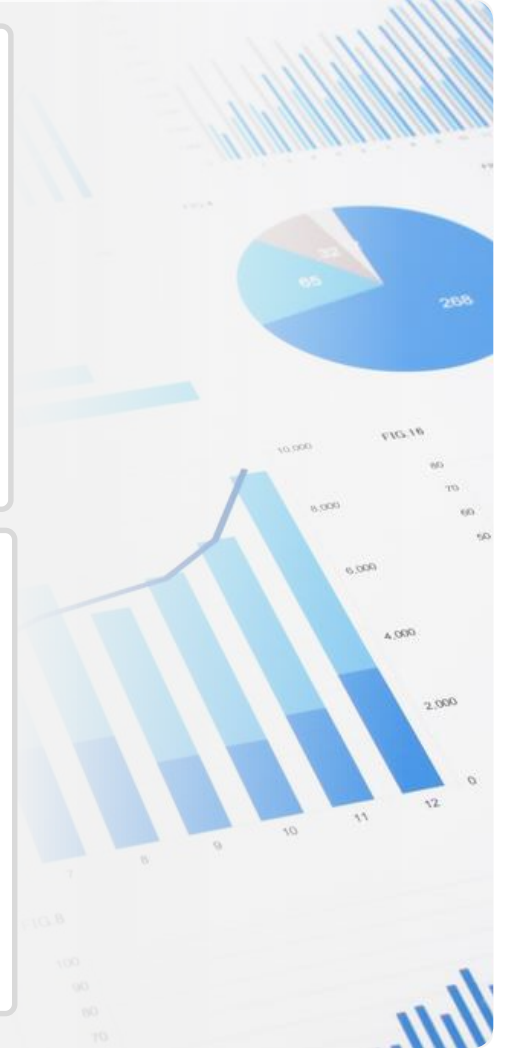
Selling Leumi Card to
Warburg Pincus

- Net Profit of NIS 234M (Upon completion. Expected in coming quarters)
- Additional upside of up to NIS 273M to sale price in coming years



Closed 15% Sale of BLUSA
to Endicott and MSD

Profit attributed to Capital Gain (Q2 2108)



Business and Financial Highlights

Digital

- **PEPPER** - on track
- 'Digital Mortgage' – Innovative, new and first of its kind in Israel
- Continued expansion of digital use across all customer segments



Streamlining

- New Operations Division - Simplify and improve efficiency
- Progressing at full steam, launching in 2019



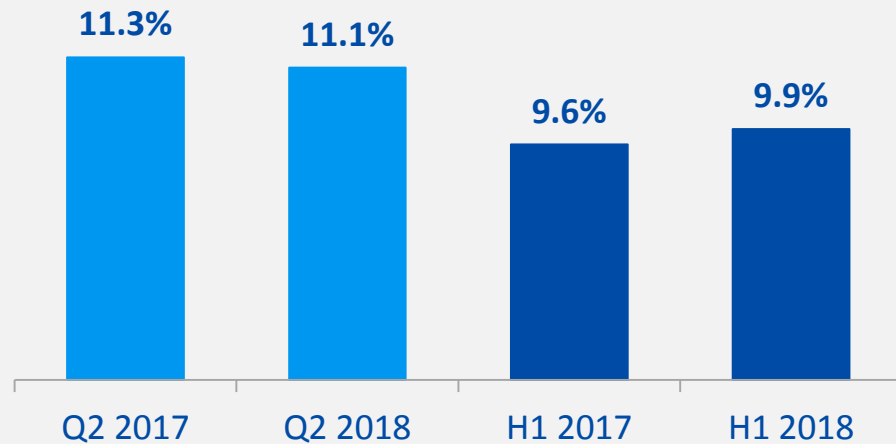
Financials

- ROE and Capital continue to rise
- High Quality Credit Portfolio with very low LLPs
- Dividends and Buy-back near NIS 1 Billion (to date, 2018)

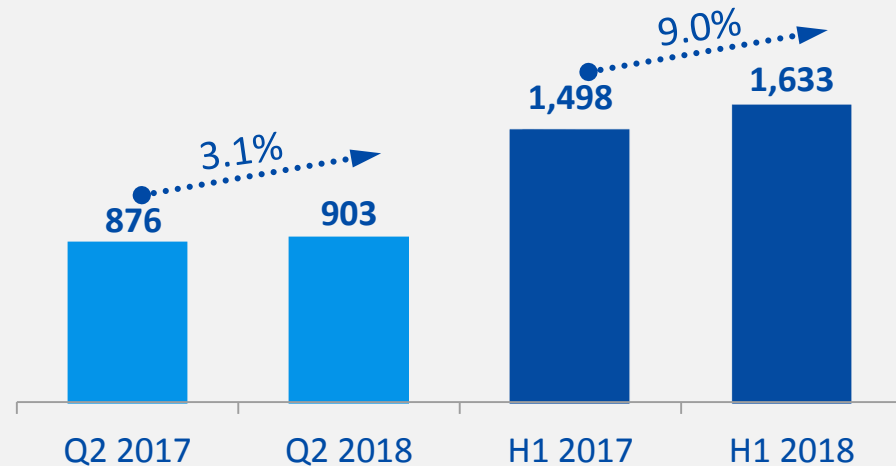


Strong Results, Income and Net Profit Increased YoY

Return on Equity



Net Profit



(NIS Millions)

Income Up – NII Up, Fees and Commissions Up; Noninterest income down, mainly attributed to depreciation of the NIS vs. USD and GBP, and the effect of derivatives

Credit Loss Expenses Down - Very low in H1 and below zero (income) in Q2 2018

Expenses – Increase in bonus expenses due to strong ROE and structural changes



Net Profit Up 9%, EPS up 9% from H1 2017



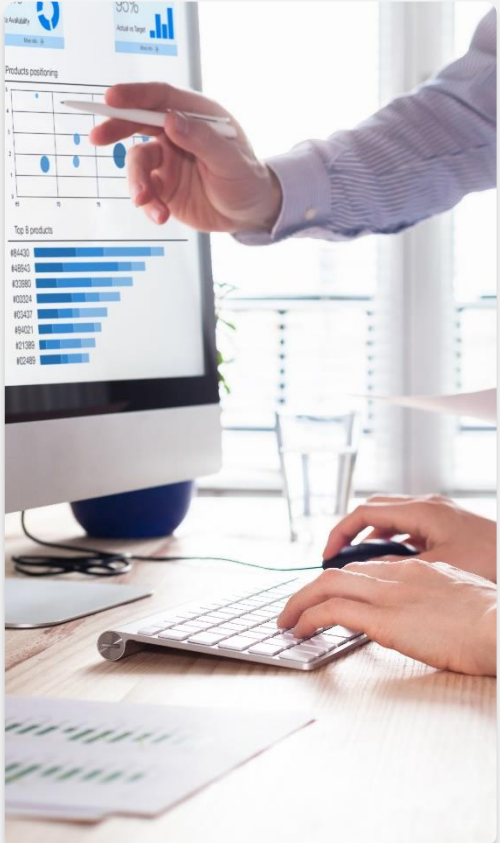
Year-over-Year, Core Business Continues to Improve

ROE	NIM	EFFICIENCY RATIO	CREDIT LOSS EXPENSES	NPL RATIO	LEVERAGE RATIO	CET-1
H1 2018						
9.9%	2.20%	61.9%	0.09%	0.86%	7.00%	11.17%
H1 2017						
9.6%	2.07%	62.2%	0.11%	1.24%	6.93%	11.21%

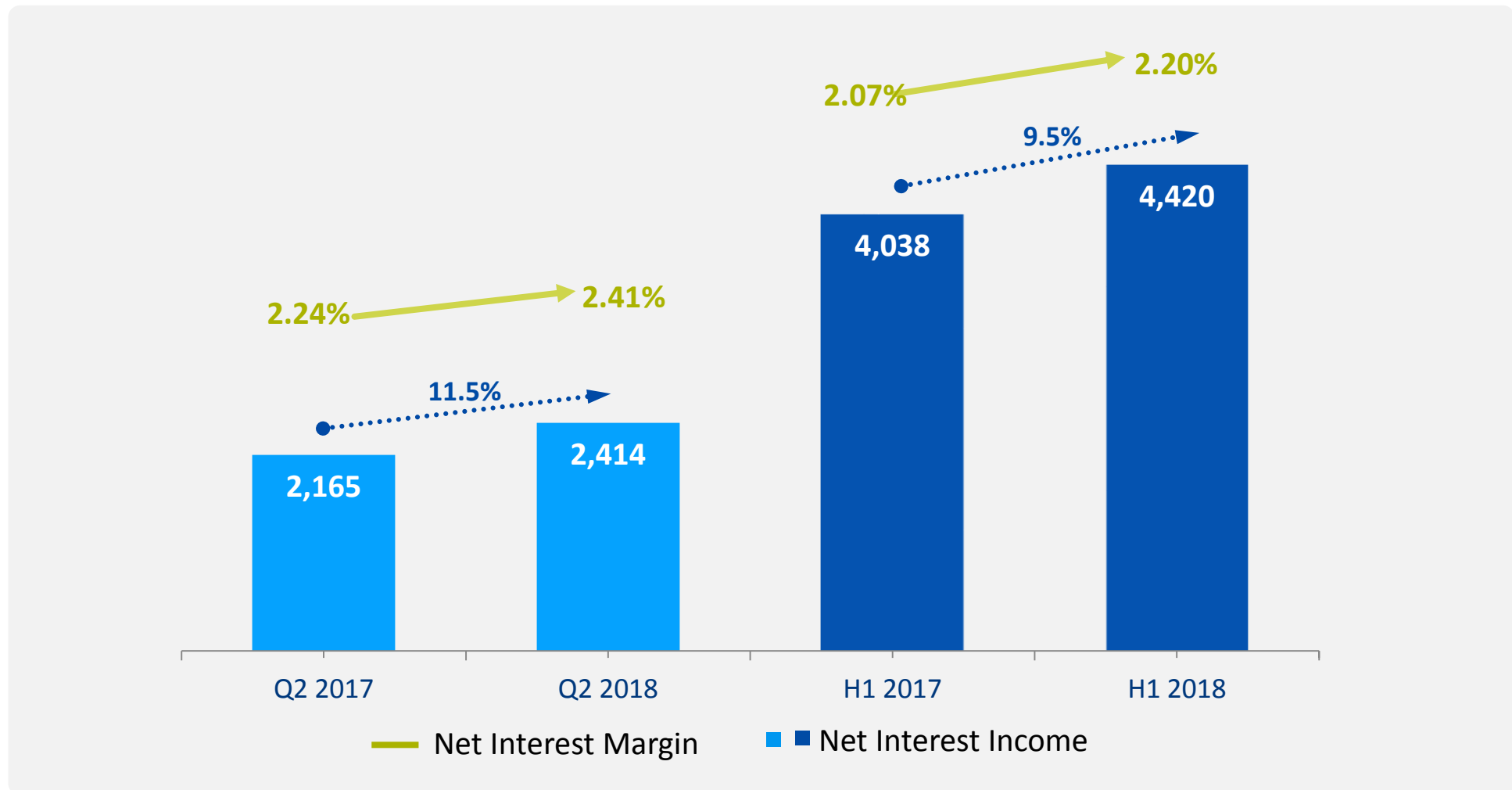


Year-over-Year, Core Business Continues to Improve

ROE	NIM	EFFICIENCY RATIO	LOAN LOSS PROVISIONS
Q2 2018			
11.1%	2.41%	60.1%	(0.02)%
Q2 2017			
11.3%	2.24%	59.7%	0.06%



Net Interest Income and Net Interest Margins on the Rise

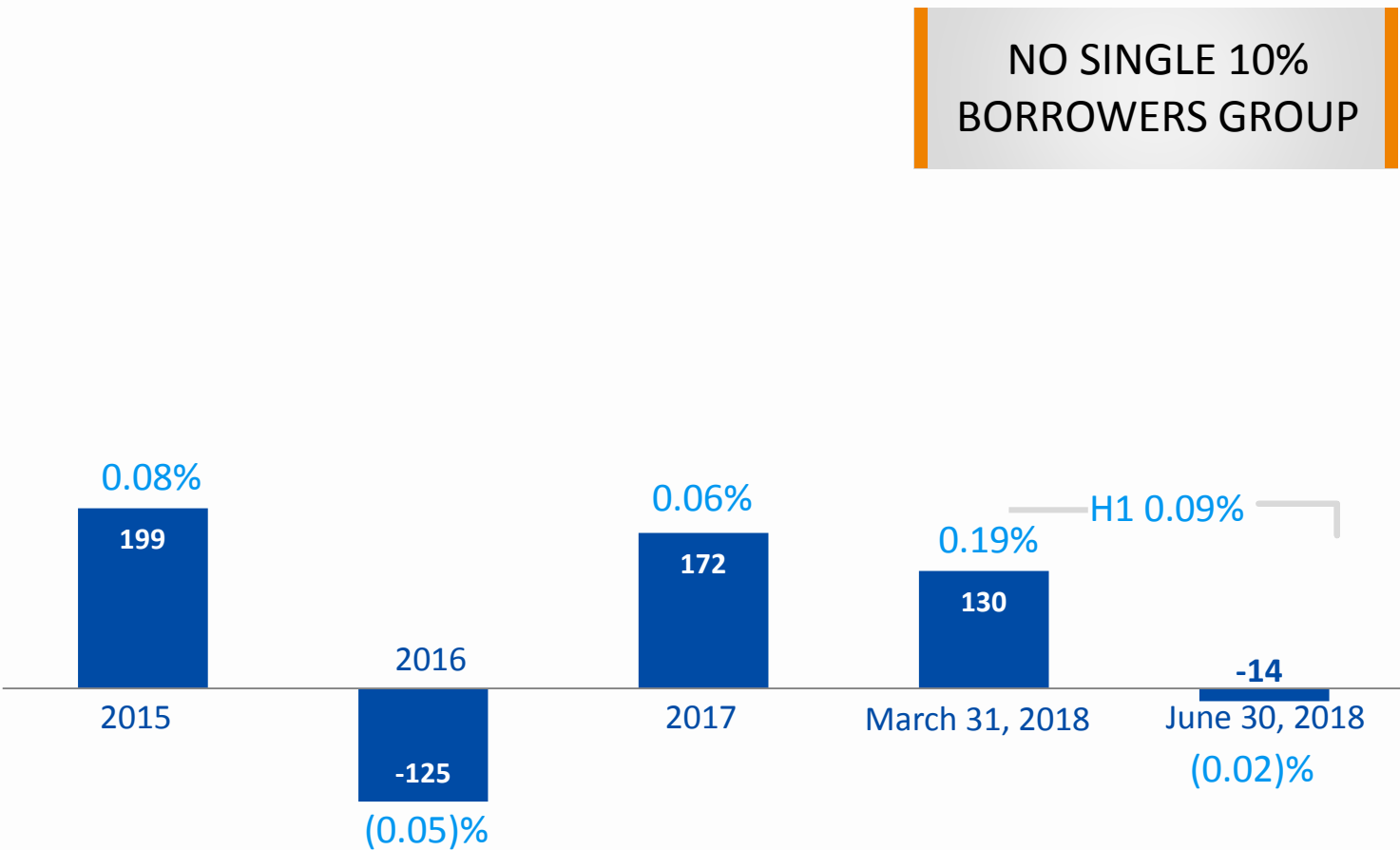


(NIS Millions)

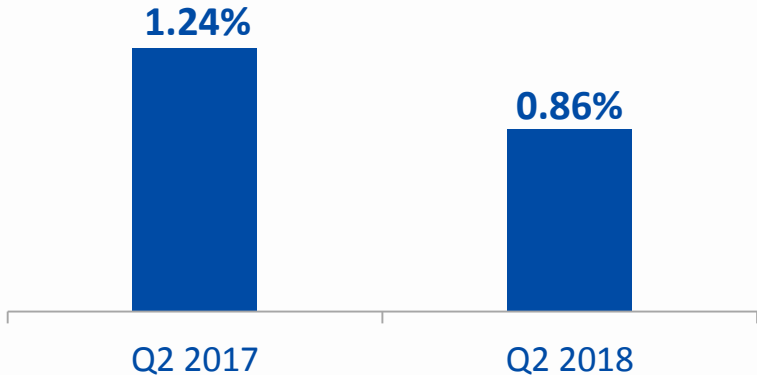


A Snapshot of our High Quality Credit Portfolio

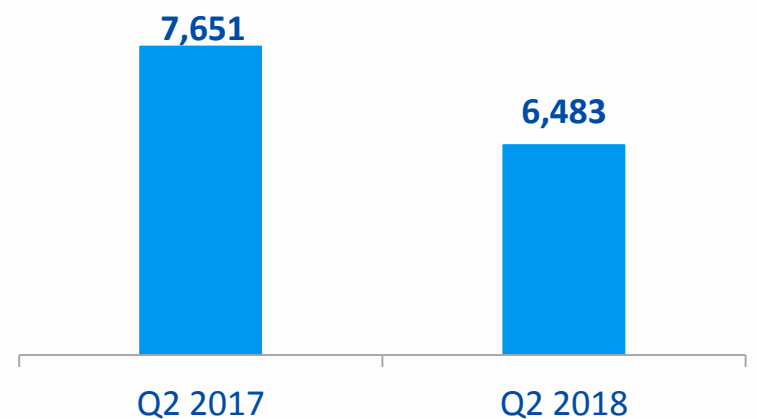
Low Credit Loss Expenses



NPL*



Total Problem Debts*

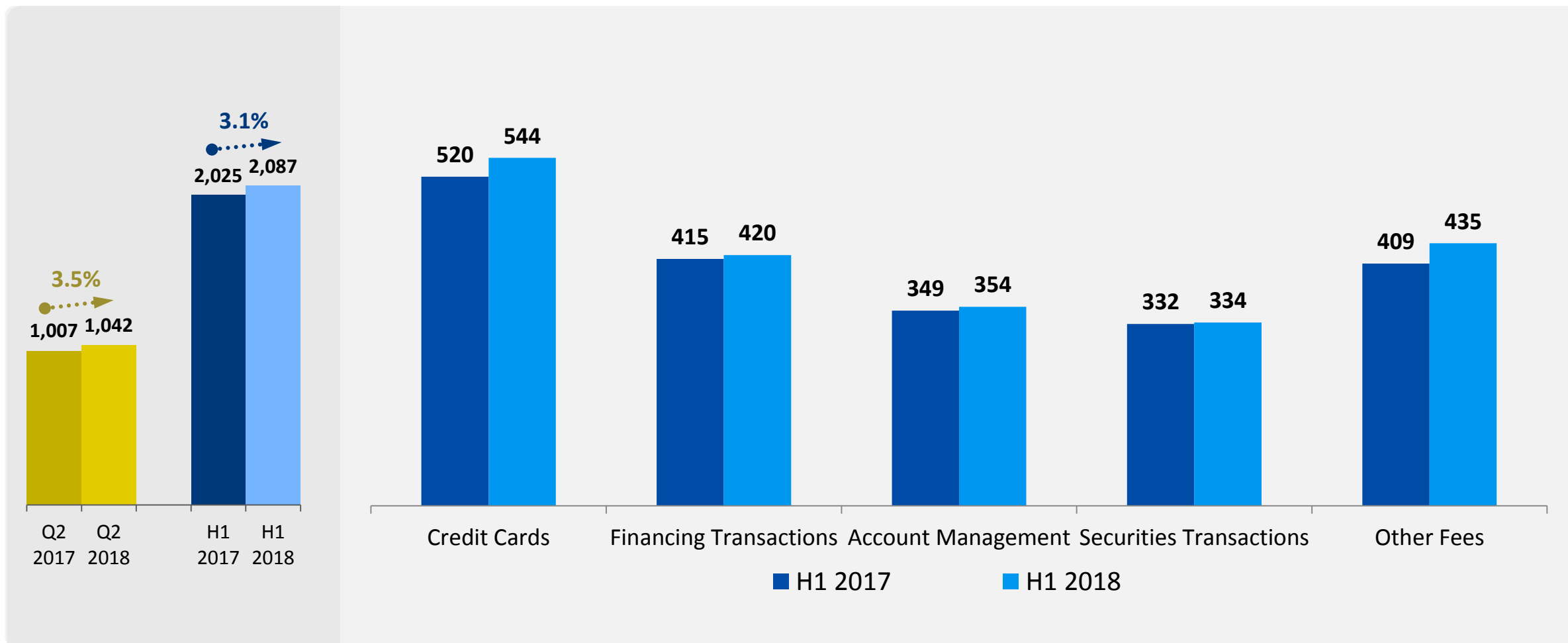


(NIS Millions)

* Including held-for-sale asset



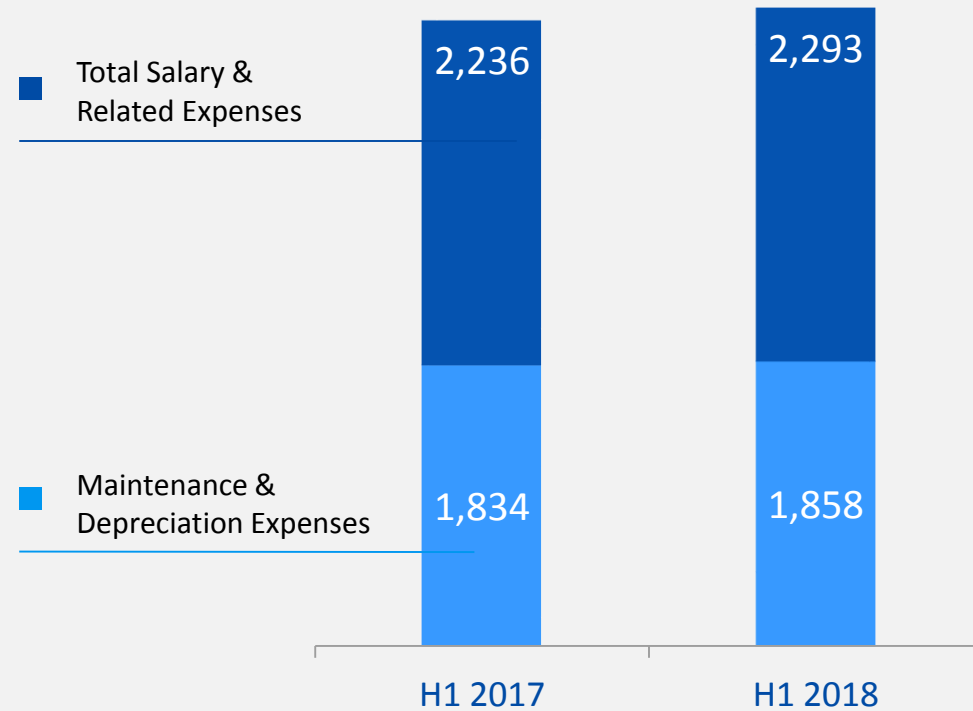
Fees and Commissions Up Year-over-Year



(NIS Millions)



First Half Expenses and Efficiency Ratio



Improved Efficiency Ratio

62.2%

61.9%

H1 2017

H1 2018

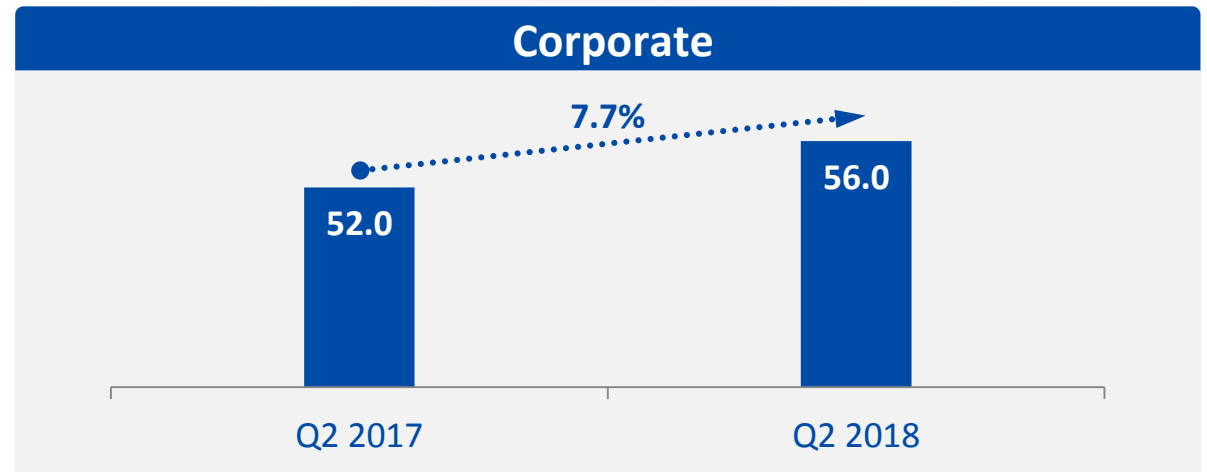
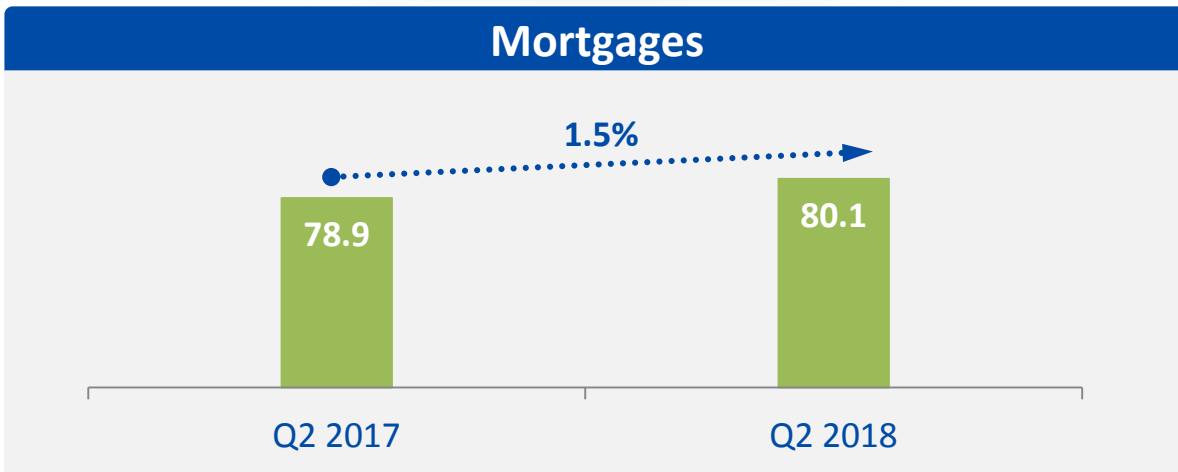
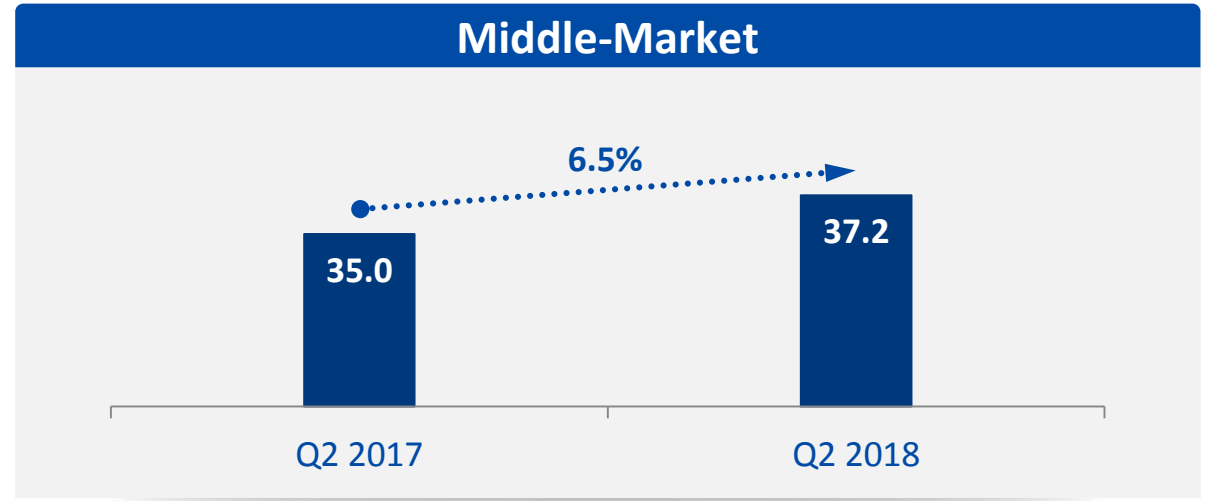
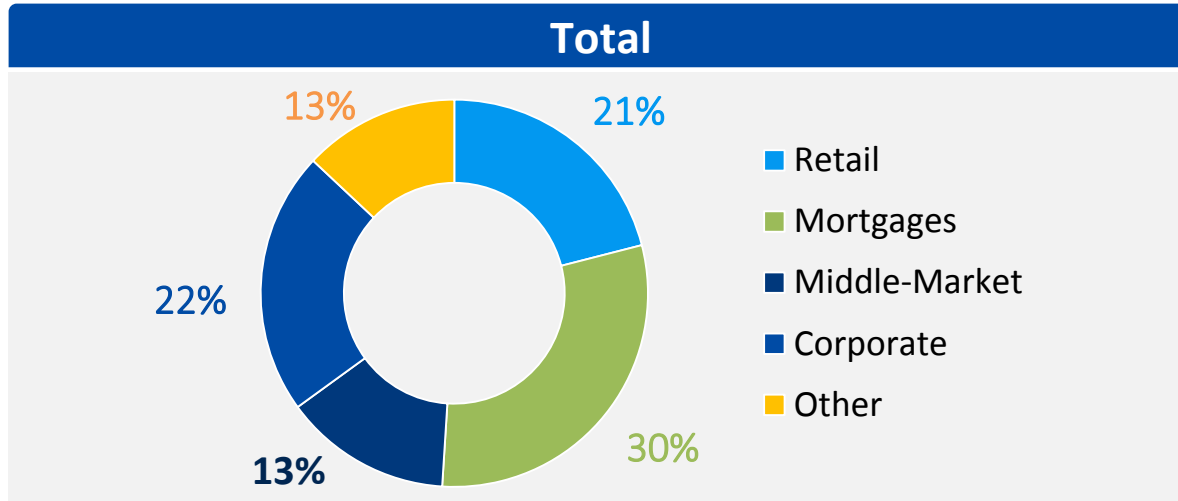
The change is mainly attributed to Salary and Related Expenses; linked to the high ROE in H1'18 and to a bonus due to structural changes

NIS Millions

In Q2 2017 our presentation featured a one-time bonus (NIS 43 million). In Q2 2018 an additional bonus was recorded due to structural changes. The bonuses for 2017 and 2018 are not presented as a one-time item



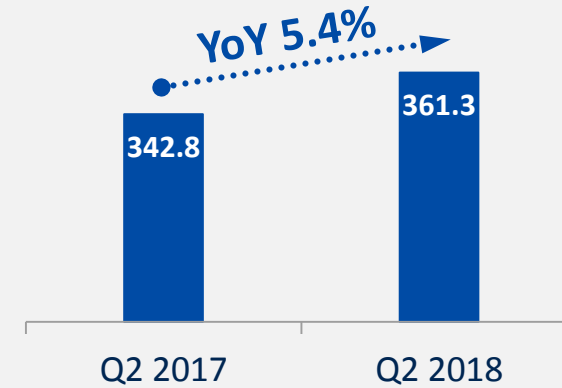
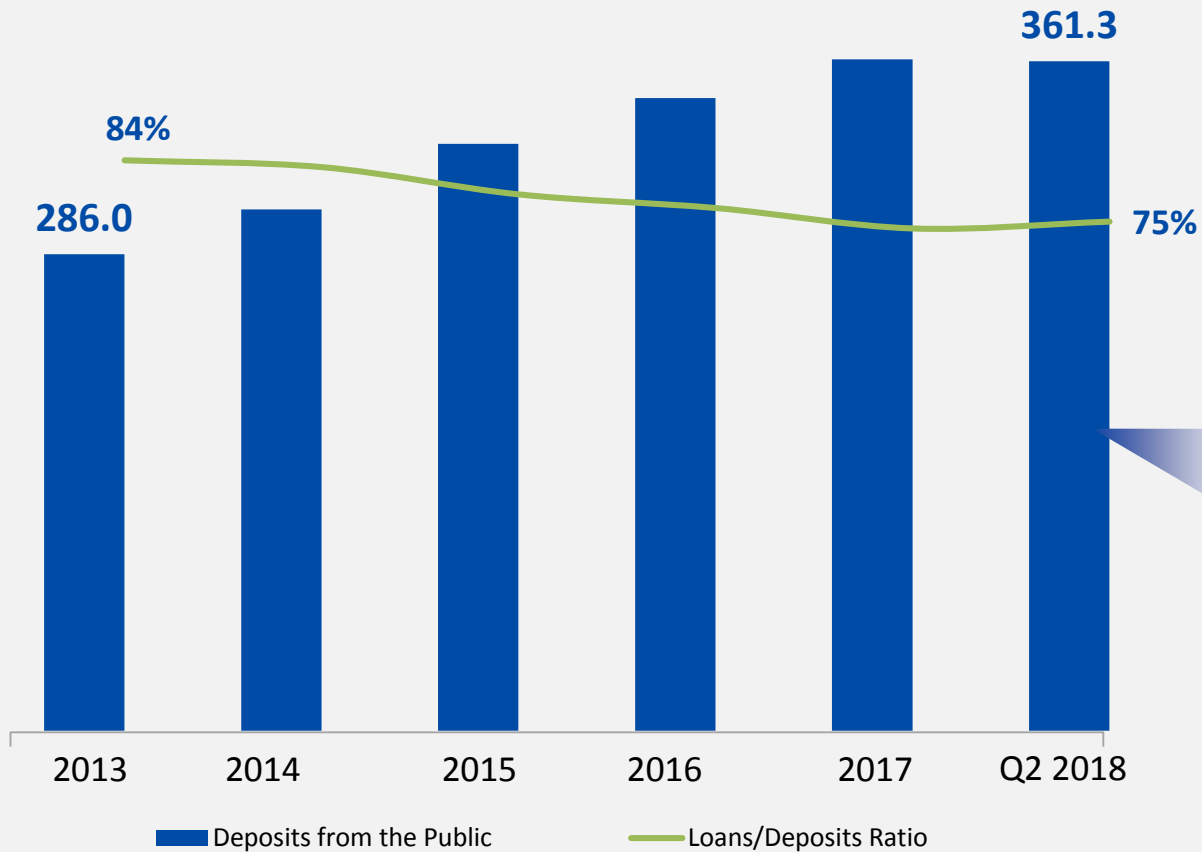
Loan Growth in Line with Strategy



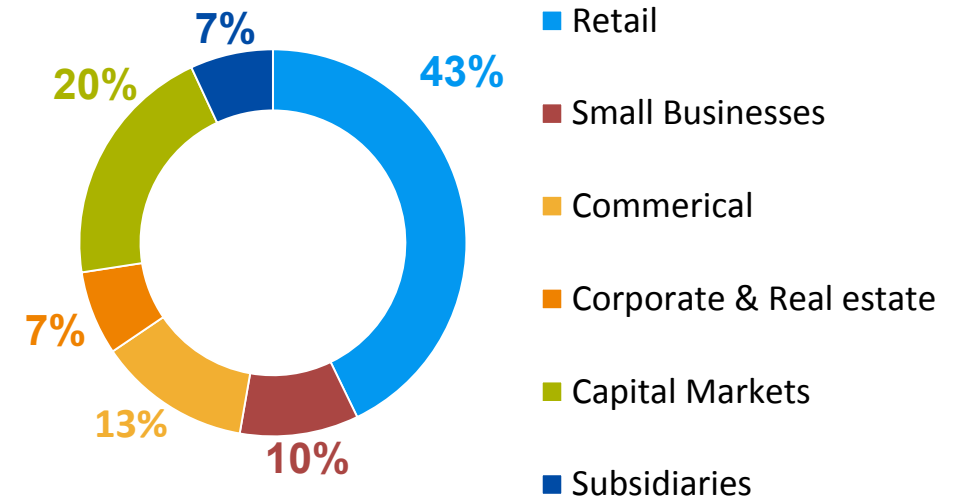
(NIS Billions)
Corporate includes Corporate and Real-Estate



High Quality and Diverse Deposit Base



Deposits from the Public June 30, 2018

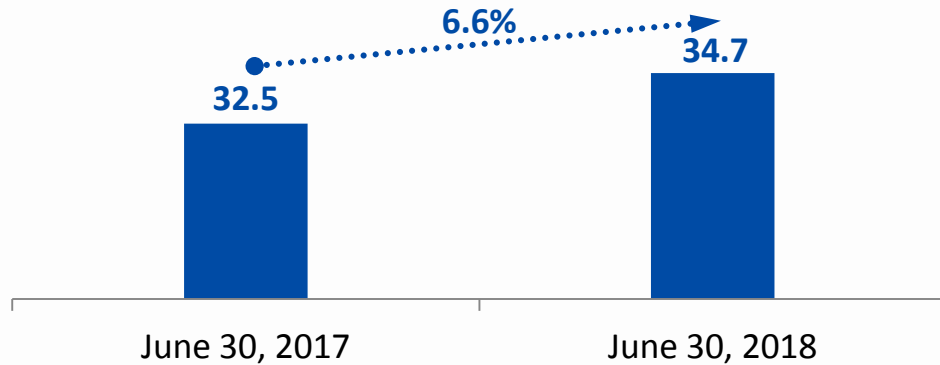


Deposits and Loans include assets and liabilities held to sale
(NIS Billions)

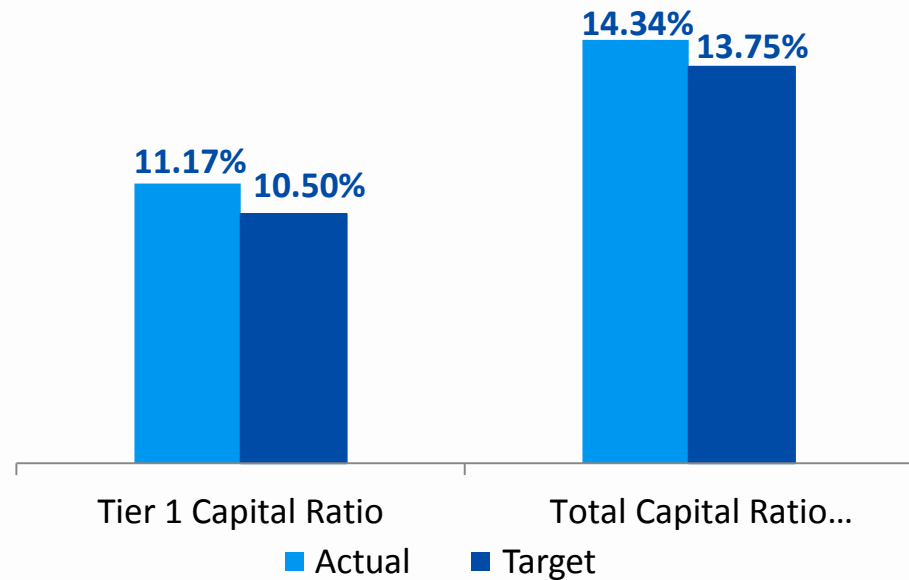


Strong Capital Adequacy Ratios - Along with 40% Dividend, Buy-Back in Place

Capital Increased, in Parallel to Return to Shareholders

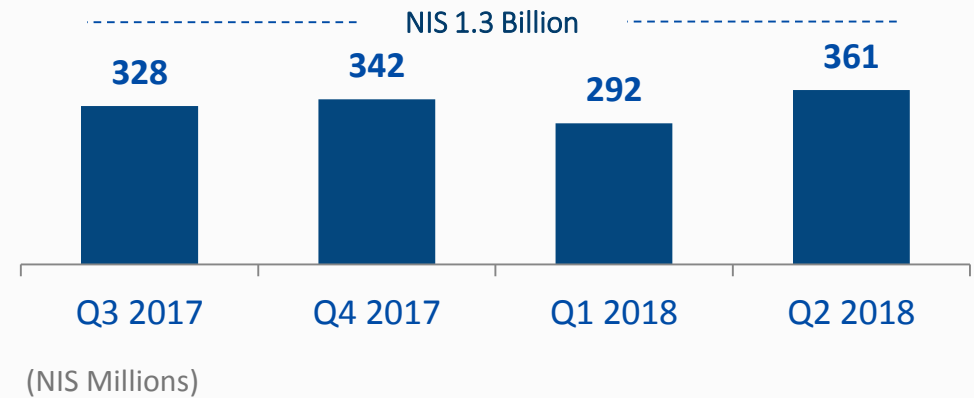


Capital Ratios Well-above Targets (June 30, 2018)



Dividends

- 40% Quarterly Payout
- 4.3% Q2 2018 Annualized Dividend Yield



Buy-back Plan

- Started implementing Late May 2018
- Utilized to date: NIS 303M
- Total plan: Up to NIS 700M



Wrapping Up First Half of 2018

➤ Digital transformation and offerings continue to play pivotal role

➤ Strong Return on Equity

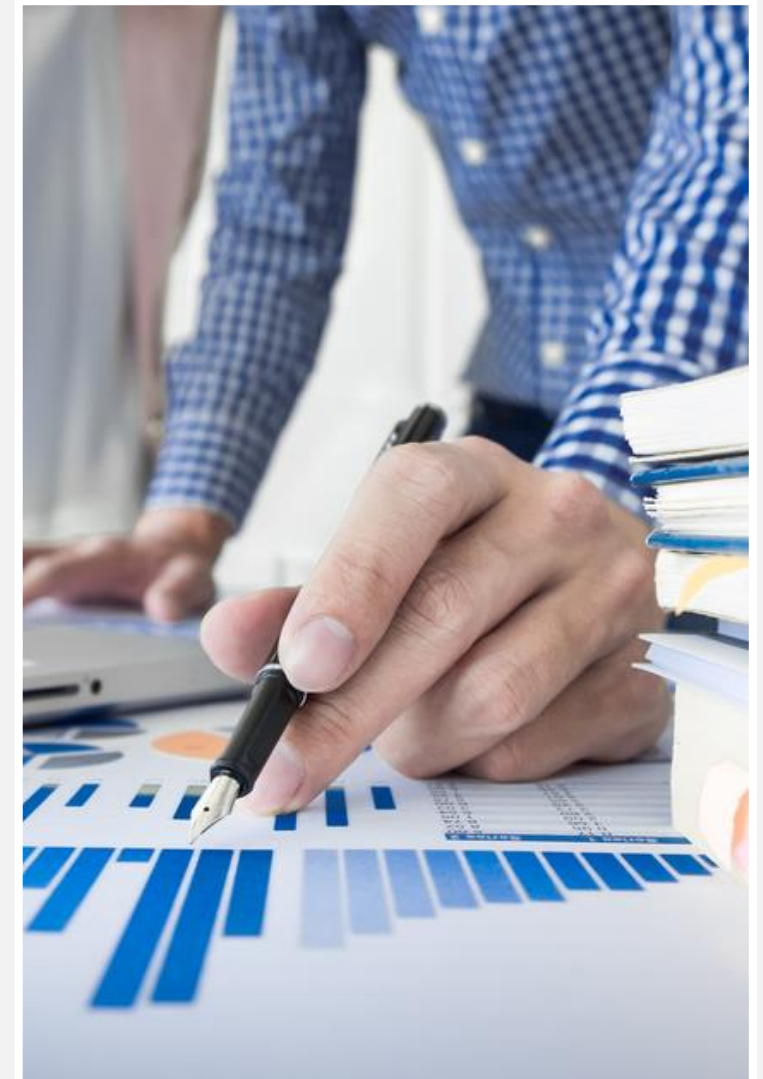
➤ High Quality Credit Portfolio – Low LLPs

➤ Growth in Credit led by Middle Market, Real estate and Mortgages

➤ Robust Capital Adequacy - 40% dividend payout and a Buy-back Plan

Looking Ahead:

- • Completion of Leumi Card sale in the coming quarters
- Sale of Avgol to contribute to Q3 earnings
- Market forecasts an increase in interest rates





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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

Israel’s credit rating - Upgraded to AA- by S&P, a Positive Business Environment for Leumi

	2016	2017	E2018*	E2019*
GDP, rate of change, real terms	4.0%	3.3%	3.7%	3.4%
Private Consumption	6.1%	3.3%	4.2%	4.3%
Current account surplus, % of GDP	3.8%	3.0%	2.8%	2.2%
Government budget deficit, % of GDP	(2.1%)	(2.0%)	(2.9%)	(2.7%)
Government debt, % of GDP	61%	59%	60%	60%
Unemployment, Annual Average	4.8%	4.2%	3.7%	3.7%
CPI, year-end change	(0.2%)	0.4%	1.0%-1.5%	0.1-1.1%
NIS-USD, average exchange rate	3.84	3.60	3.50-3.70	3.55-3.75
NIS-GBP, average exchange rate	5.21	4.67	4.85-5.05	5.00-5.20
NIS-EUR, average exchange rate	4.25	4.07	4.20-4.40	4.20-4.40
Bank of Israel average interest rate	0.1%	0.1%	0.1%-0.2%	0.25%-0.75%

Source: Central Bureau of Statistics, *Leumi forecast

