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LEUMI Q1 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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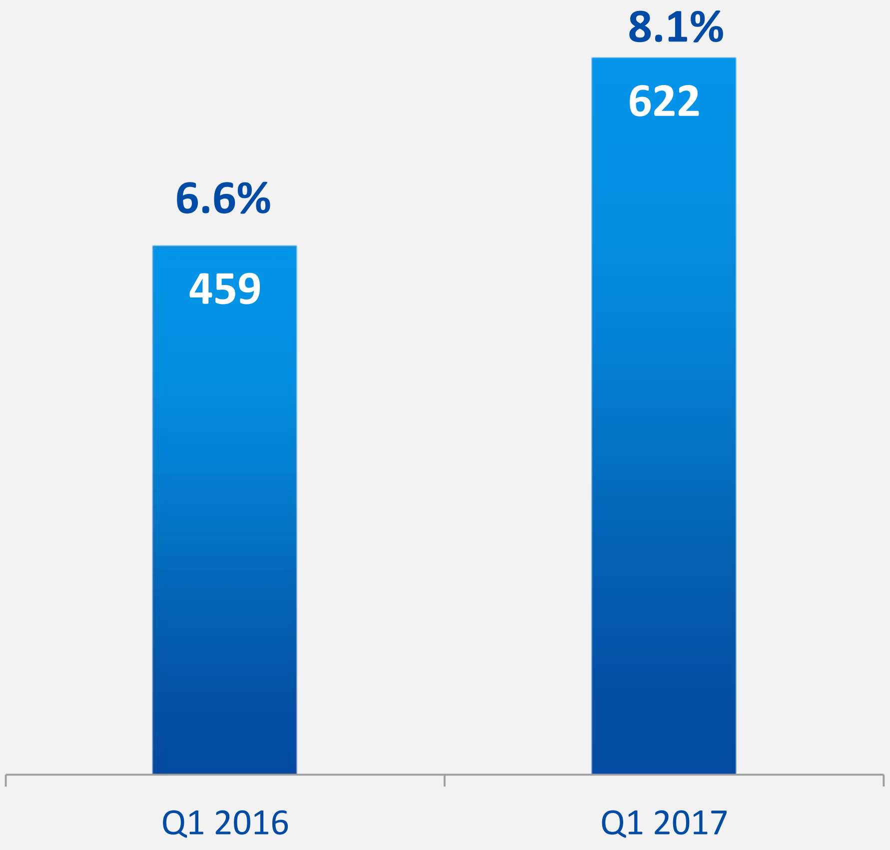
Q1 2017 Demonstrates a Strong Start, with underlying ROE at 8.1%

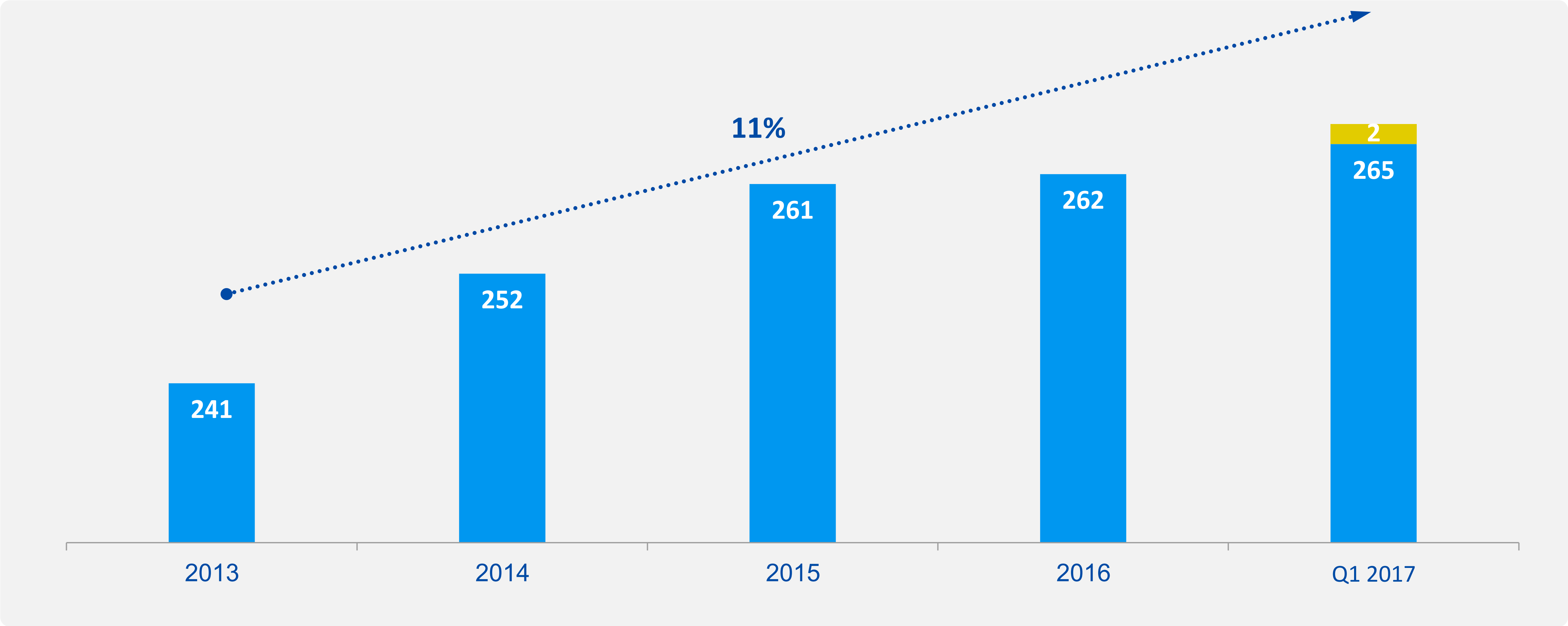


	Q1 2016	Q1 2017
Financing Income, Net*	1,802	2,027
Commissions	988	1,018
Total Operating & Other Expenses	1,990	2,050
Provision for Taxes and Profit	371	388
Net Profit	**459**	**622**

* Includes: Interest Income, Net , Credit Losses and Non-interest financing Income

(NIS Millions)

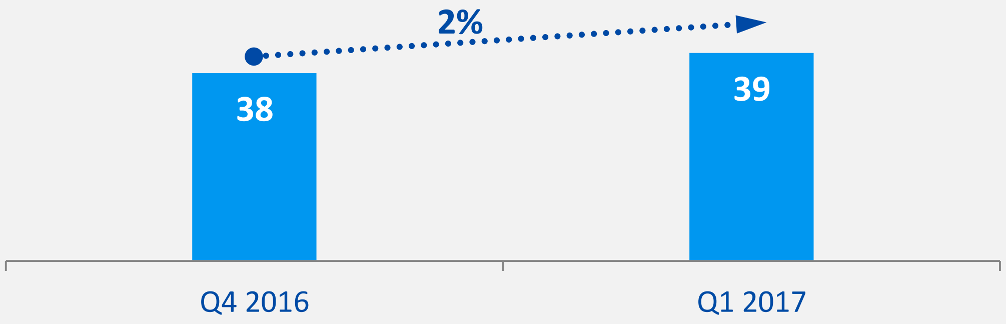
Credit Continues to Rise



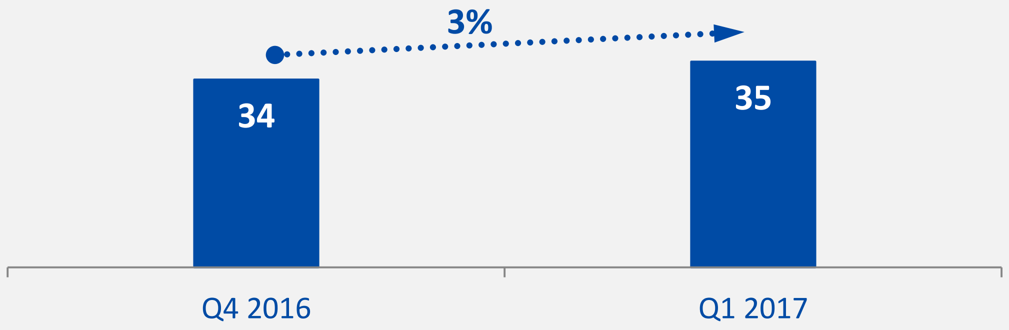
(NIS Billions)
*Q1 2017 Foreign Currency Rate Impact of 2 NIS Billions

Credit Growth by Segments

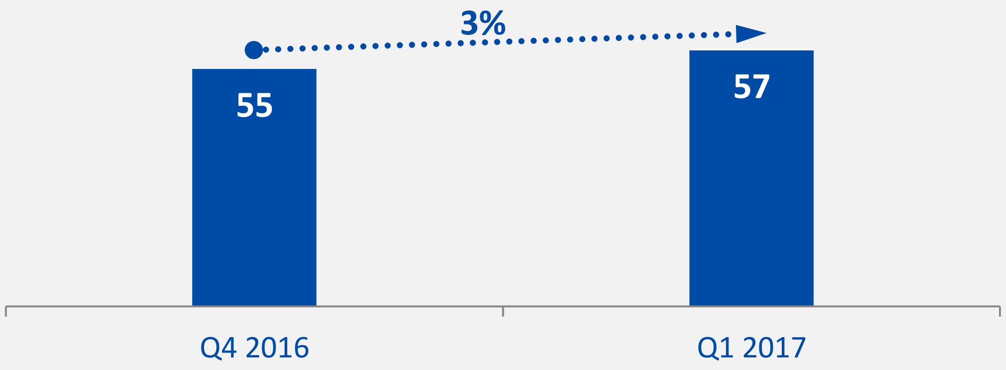
Individuals



Commercial Middle-Market

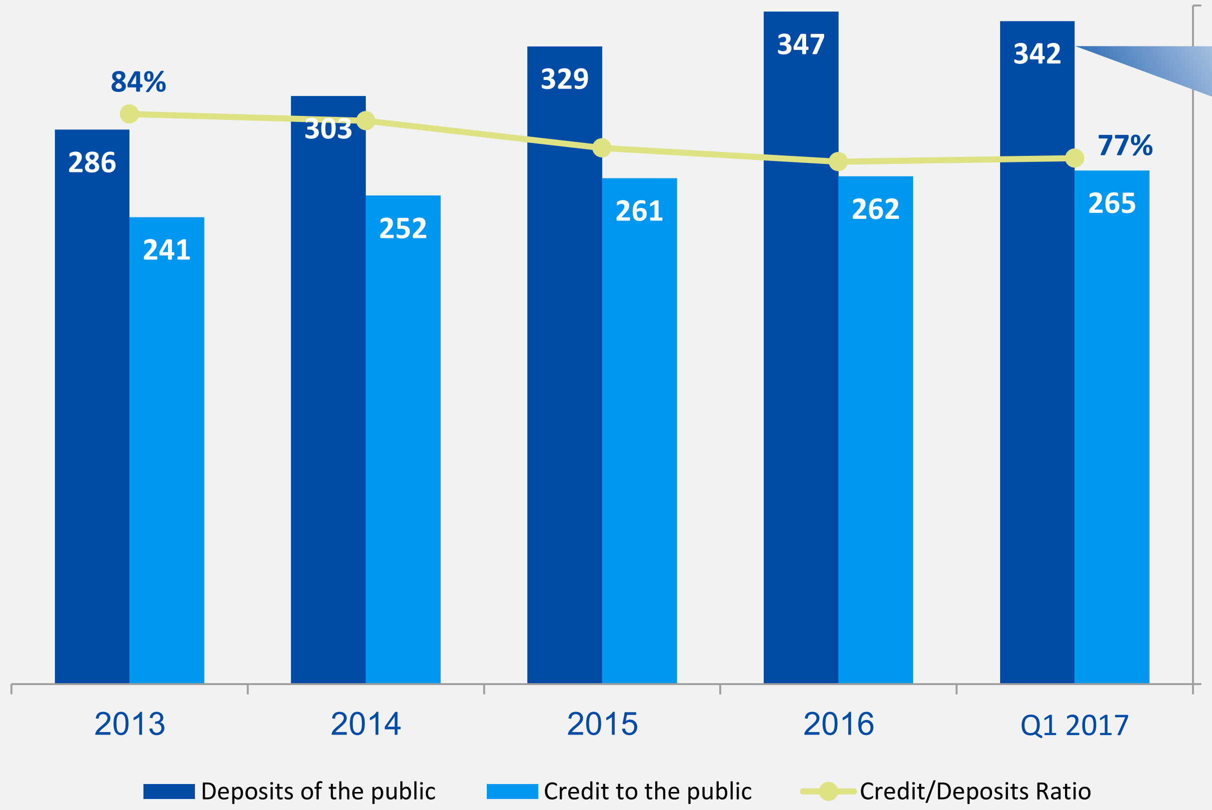


Corporate

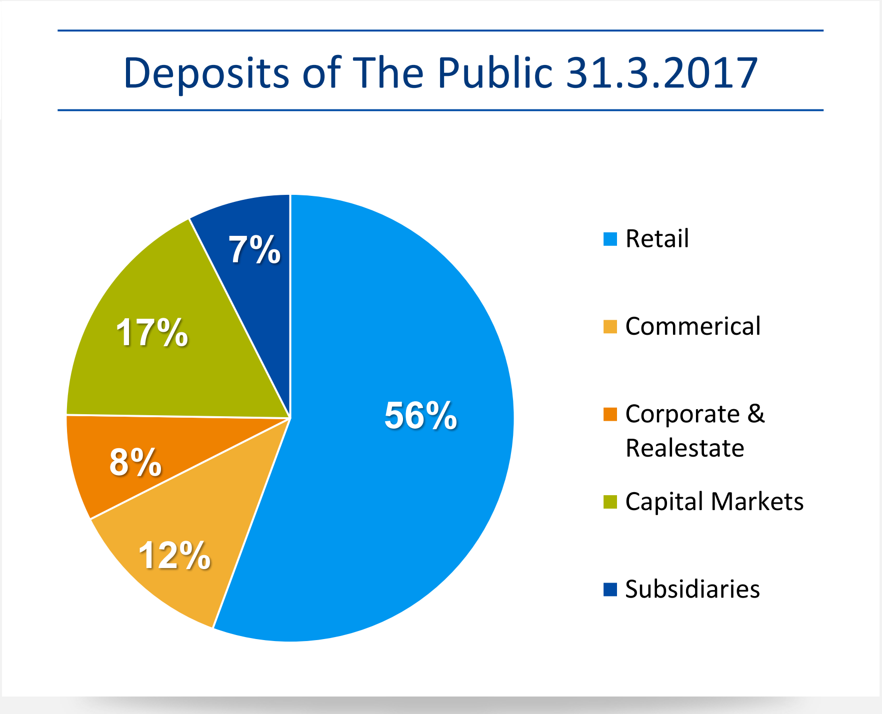


(NIS Billions)
Corporate includes Corporate, Real-Estate and Capital Markets

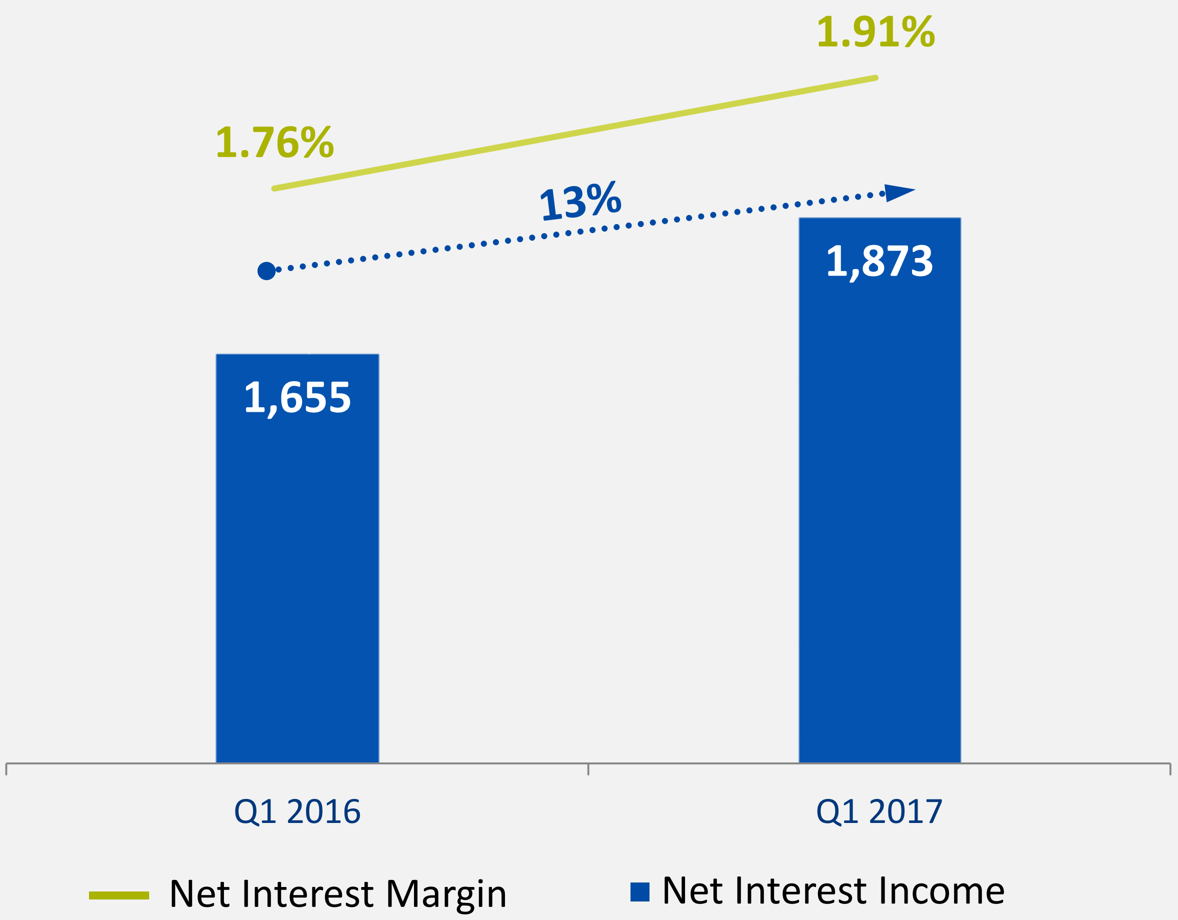
Stable Liquidity. Conservative, Well-funded and Diverse Portfolio



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



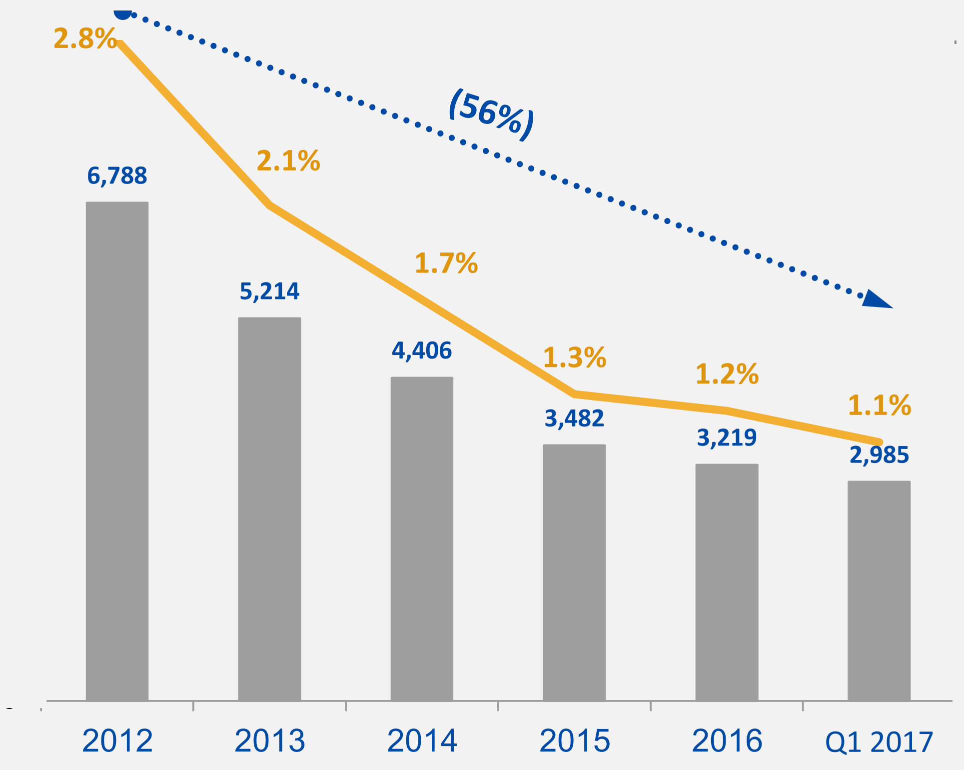
Profound Increases in Net Interest Income and Net Interest Margin



(NIS Millions)

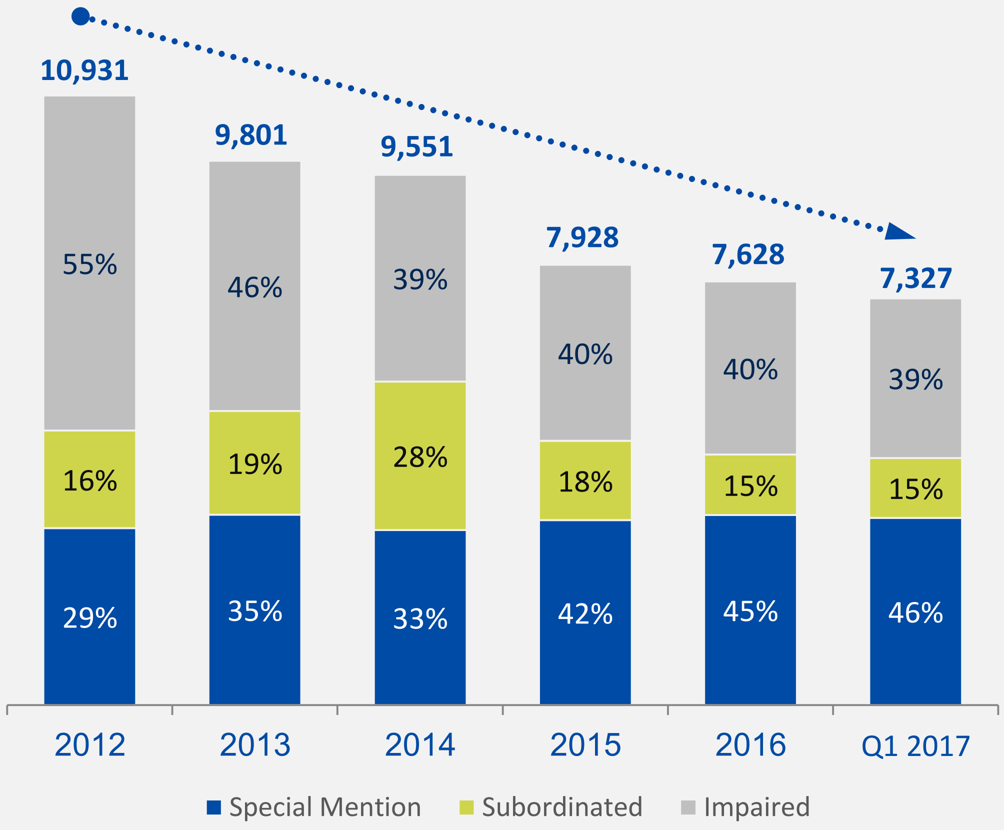
Resilient and High Quality Credit Portfolio

NPL Ratio 1.1%, NPLs 56% Lower Than 2012



Impaired Debt, net of Public debts under restructuring, accruing interest income/Total debt

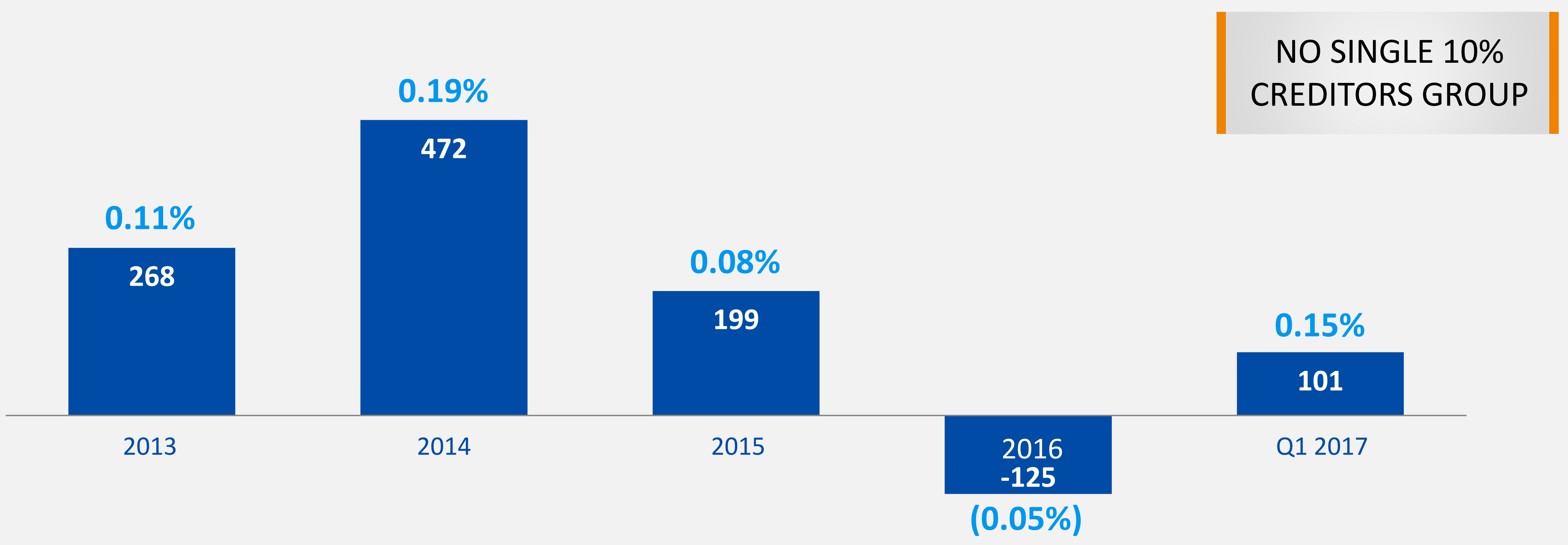
Continuous Positive Trend in Problem Debts



(NIS Millions)

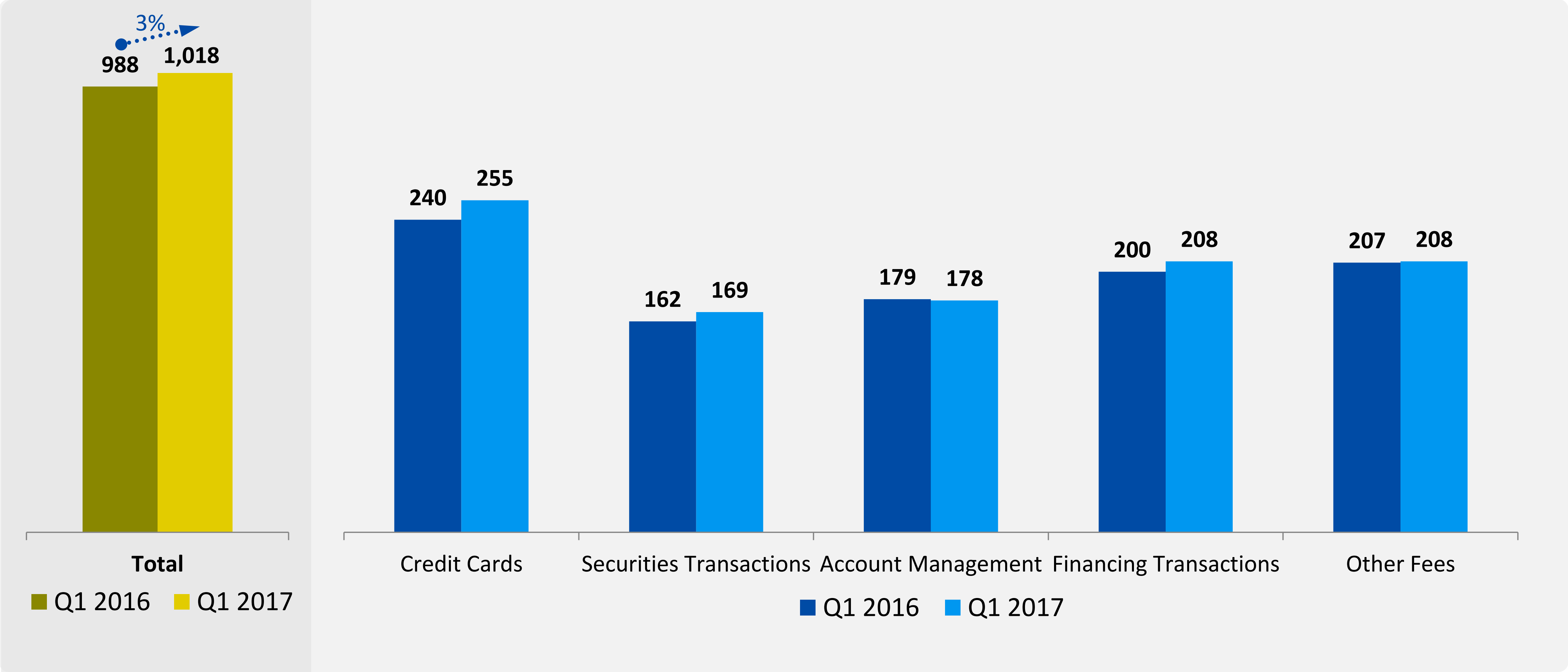
Another View of the High Quality Credit Portfolio

Low Credit Loss Expenses



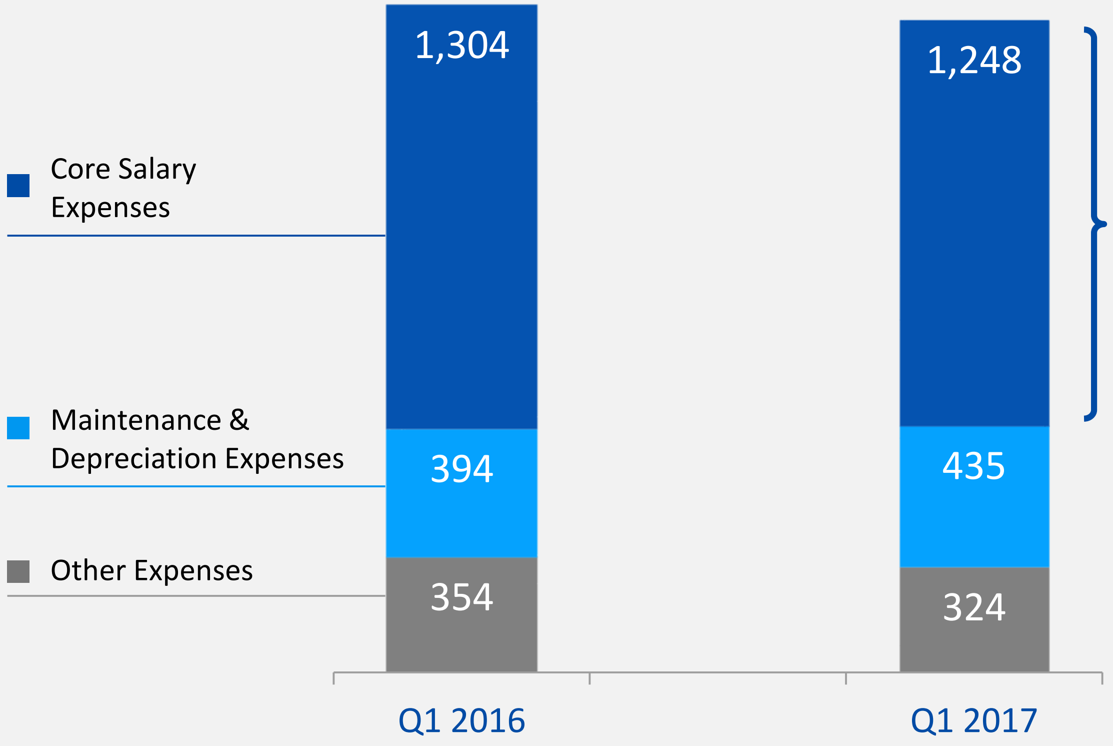
(NIS Millions)

Diverse and Slightly Increased Commission Revenue



(NIS Millions)

Efficiencies Improving, Core Operating & Other Expenses Going Down

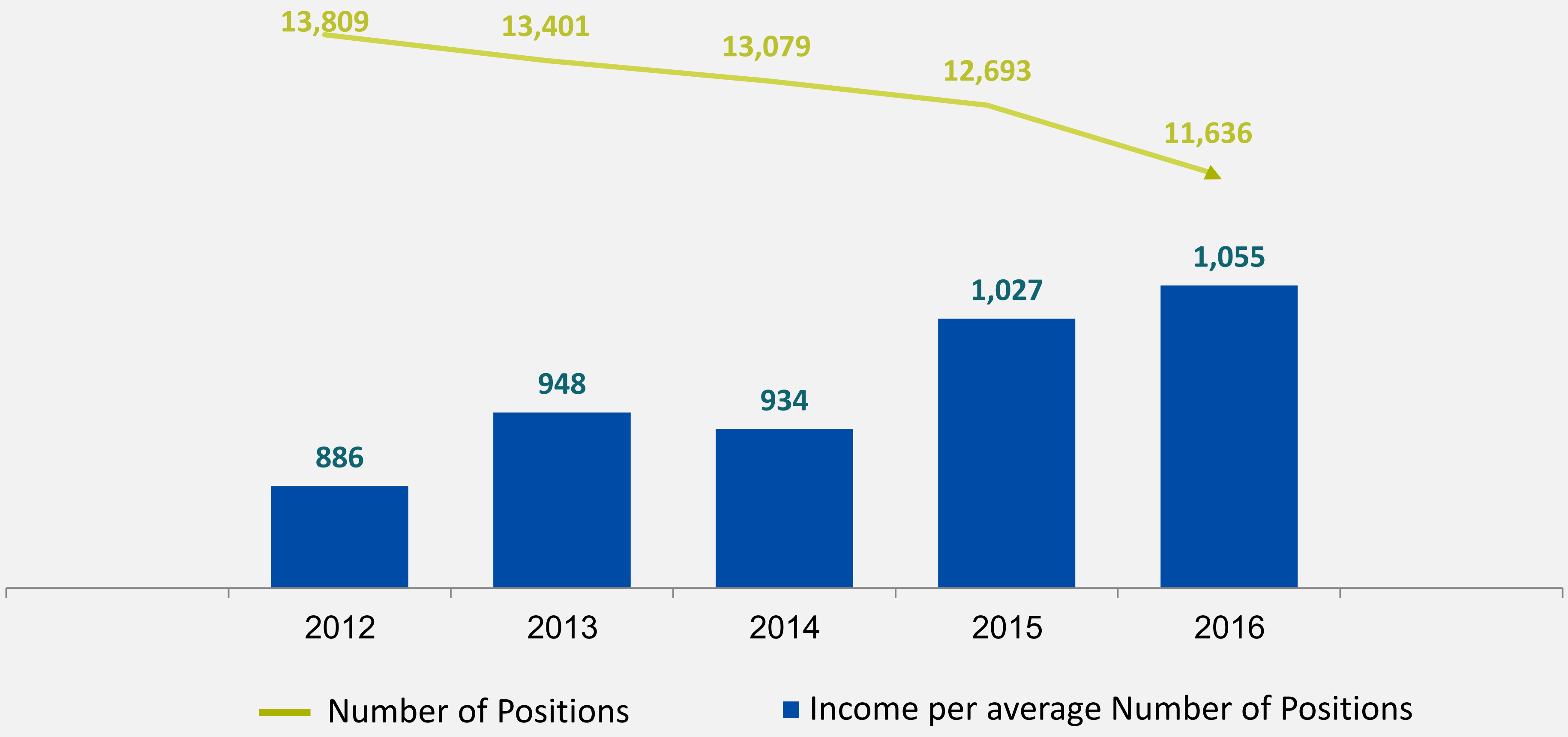


	Q1 2016		Q1 2017
CORE SALARY EXPENSES	**1,304**	**(4.3%)**	**1,248**
ONE-TIME BONUS & EFFECT OF COLLECTIVE WAGE AGREEMENTS	**(62)**		**43**
TOTAL SALARY & RELATED EXPENSES	**1,242**		**1,291**

(NIS Millions)

Streamlining of the Business Continues into 2017

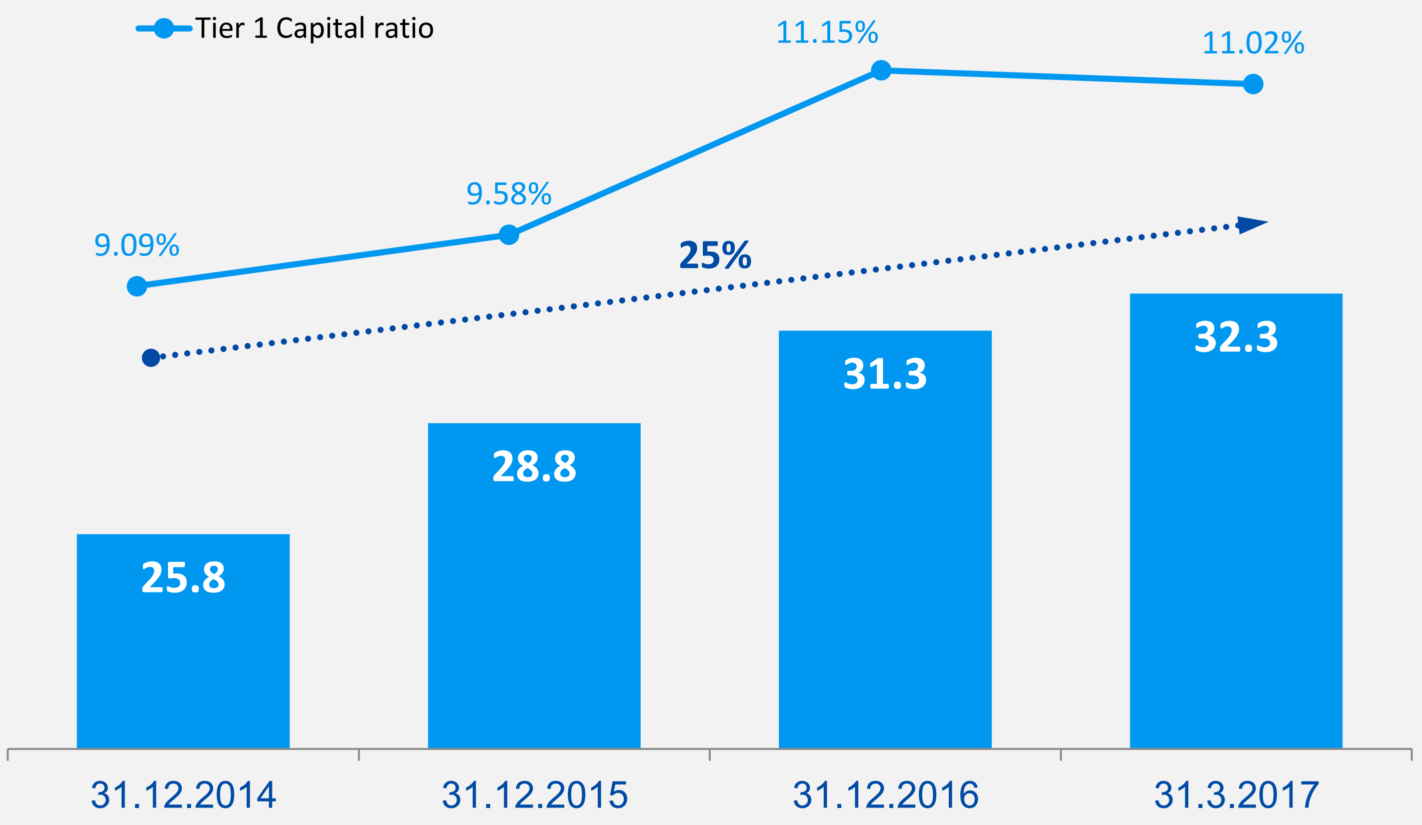
Number of Positions Reduced and Net Income Per Positions Trending Up



(Income per Positions in Thousands)

Set for Growth, Well-managed Capital, Dividend Program Rolls Out

Successfully Managing Capital, Q1 2017 Dividend Payout



(NIS Billions)

Regulatory CET-1 Target

10.3% ❮ **31.3.2017**

Leumi's CET-1 Target

10.5% ❮ **31.12.2017**

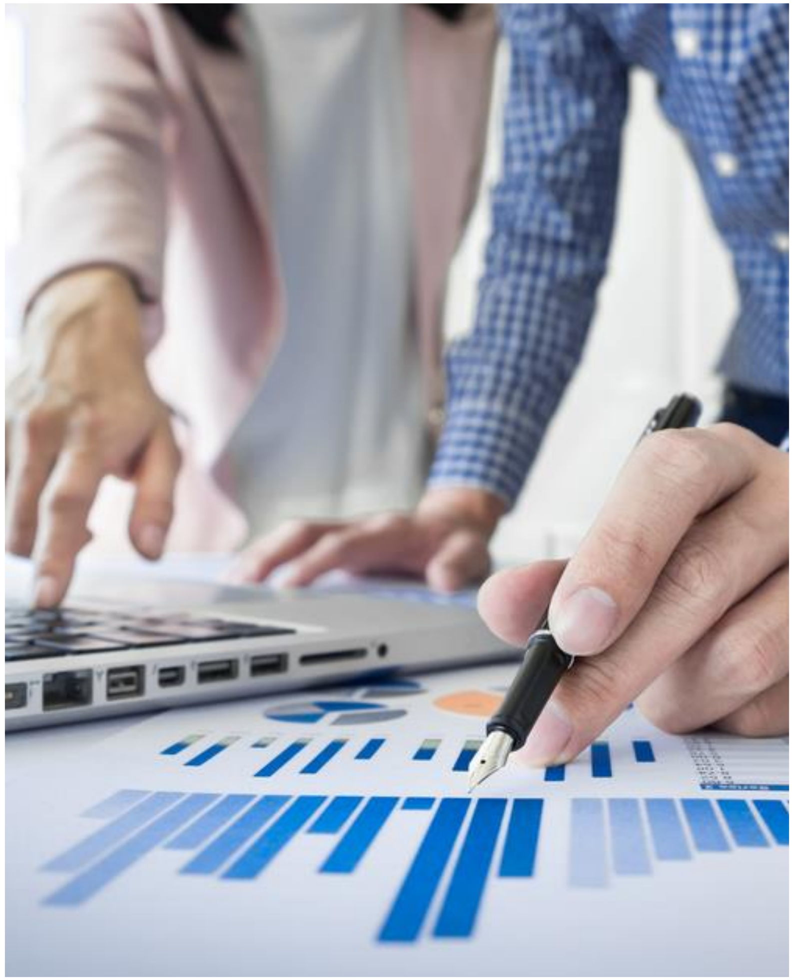
Total Capital Ratio

13.8% ❮ **31.3.2017 REGULATORY TARGET**

14.8% ❮ **31.3.2017 LEUMI ACTUAL**

Q1 2017 Highlights – Strong Start to the Year, Across the Board

- Increase in Credit and Net Interest Income
- Continuous Implementation of Efficiency Plan; Improvement in Efficiency Ratio
- Substantial Increase in Return on Equity, all from Core Business
- High Return on Comprehensive Income
- High Quality Credit Portfolio
- Leading Digital Banking Transformation In Israel, Launch of Pepper



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Q&A

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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	E2017*	E2018*
GDP, rate of change, real terms	4.0%	3.2%	3.9%
Current account surplus, % of GDP	3.9%	3.5%	3.3%
Government budget deficit, % of GDP	(2.1%)	(2.6%)	(2.7%)
Government debt, % of GDP	60.4%	60.3%	60.2%
Unemployment, Annual Average	4.8%	4.4%	4.2%
CPI, year-end change	(0.2%)	0.5%-1.5%	1.0%-2.0%
NIS-USD, average exchange rate	3.84	3.60-3.80	3.50-3.70
NIS-EUR, average exchange rate	4.25	3.90-4.10	3.85-4.05
Bank of Israel average interest rate	0.1%	0.0%-0.25%	0.2%-0.7%

Source: Central Bureau of Statistics, *Leumi forecast