



Q2 2019 RESULTS PRESENTATION

The conference call does not replace the need to review the latest periodic/quarterly reports containing full information, including forward looking, as defined in the Israeli Securities Law.

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Highlights



Key Business Developments

- Updated Wage Agreement
- New Early Retirement Program
- Launching Relocation of Headquarters from Tel Aviv



Financial Highlights

- ROE H1 2019 at 11.4%, up from 9.9% in H1 2018
- Significant Increase in Income
- Ongoing Improvement in Cost Income Ratio
- CET1 at 11.65%
- High Returns to Shareholders via Dividend and Buyback



Year-over-Year, Core Business Continues to Improve

| ROE | NIM | COST INCOME RATIO | CREDIT LOSS EXPENSES | NPL RATIO | LEVERAGE RATIO | CET1 |
|---------|-------|-------------------|----------------------|-----------|----------------|--------|
| H1 2019 | | | | | | |
| 10.2% | 2.23% | 55.5% | 0.19% | 0.76% | 7.14% | 11.65% |
| H1 2018 | | | | | | |
| 9.4% | 2.14% | 62.0% | 0.05% | 0.96% | 7.11% | 11.28% |

Net of the effect of Leumi Card as per the pro-forma financial statements presentation



Quarterly Year-over-Year Progress

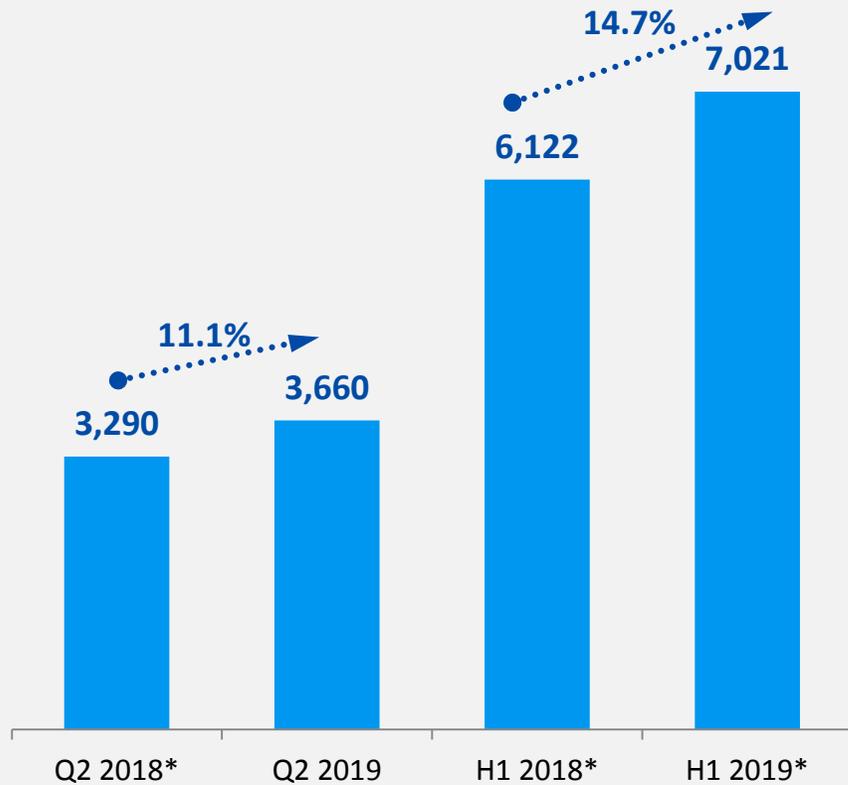
| ROE | NIM | COST INCOME RATIO | CREDIT LOSS EXPENSES | NPL RATIO | LEVERAGE RATIO | CET1 |
|-----------------|-------|-------------------|----------------------|-----------|----------------|--------|
| Q2 2019 | | | | | | |
| 10.6% | 2.38% | 53.3% | 0.41% | 0.76% | 7.14% | 11.65% |
| Q2 2018* | | | | | | |
| 10.4% | 2.35% | 60.5% | (0.05)% | 0.93% | 7.11% | 11.28% |

*Net of the effect of Leumi Card as per the pro-forma financial statements presentation



Revenue Breakdown

Total Income Up



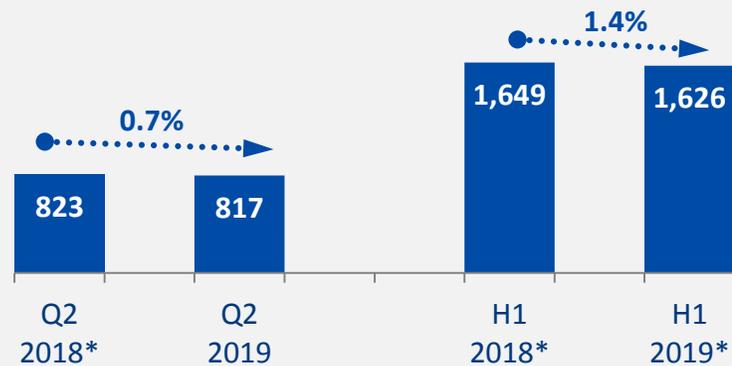
(NIS Millions)

* Net of the effect of Leumi Card as per the pro-forma financial statements presentation

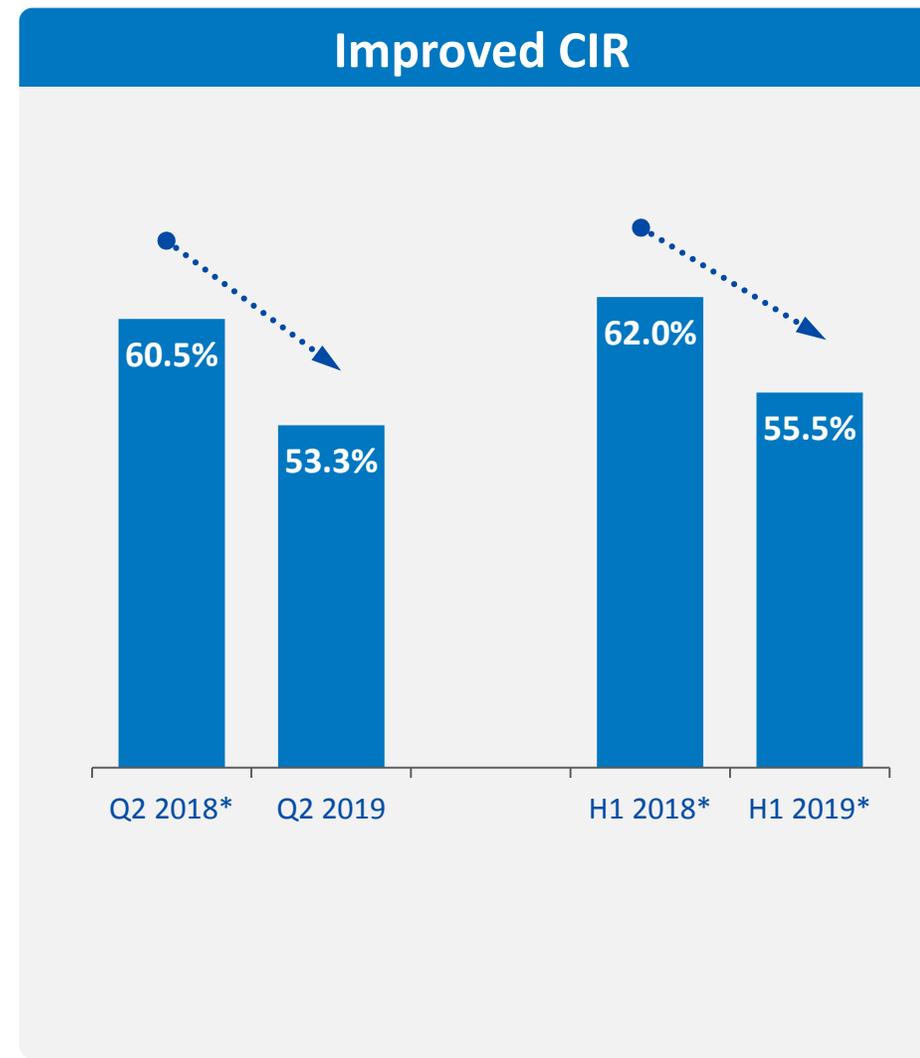
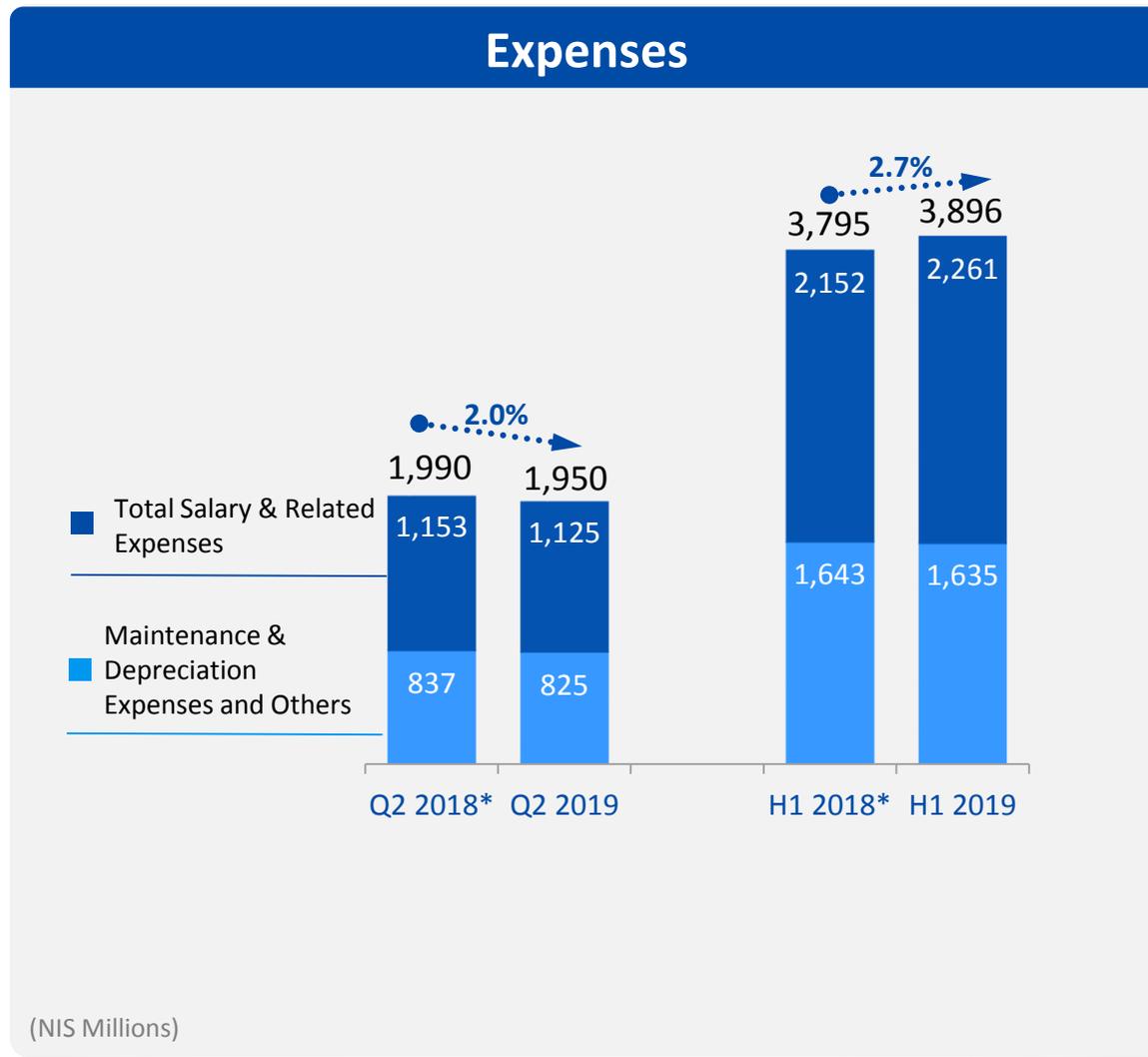
Finance Income



Fees and Commissions



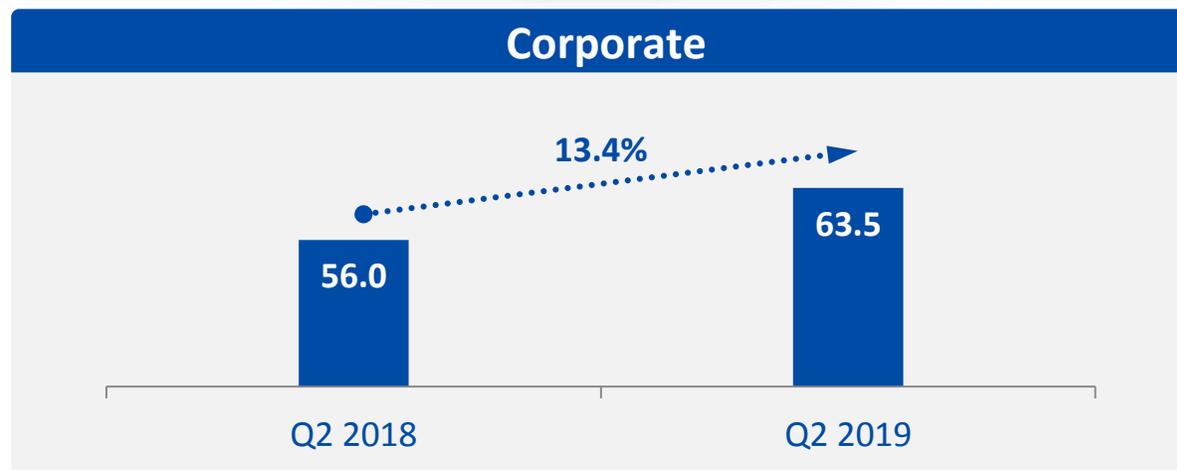
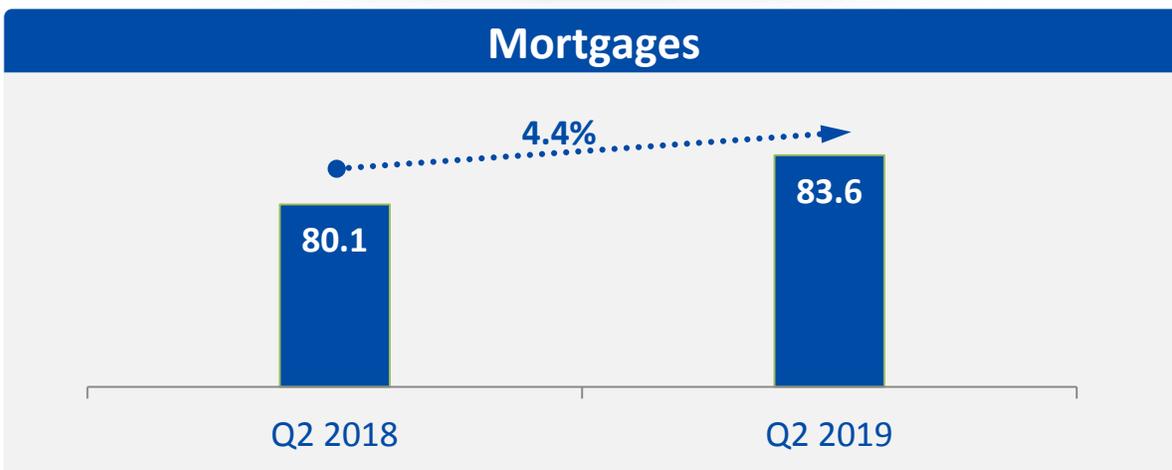
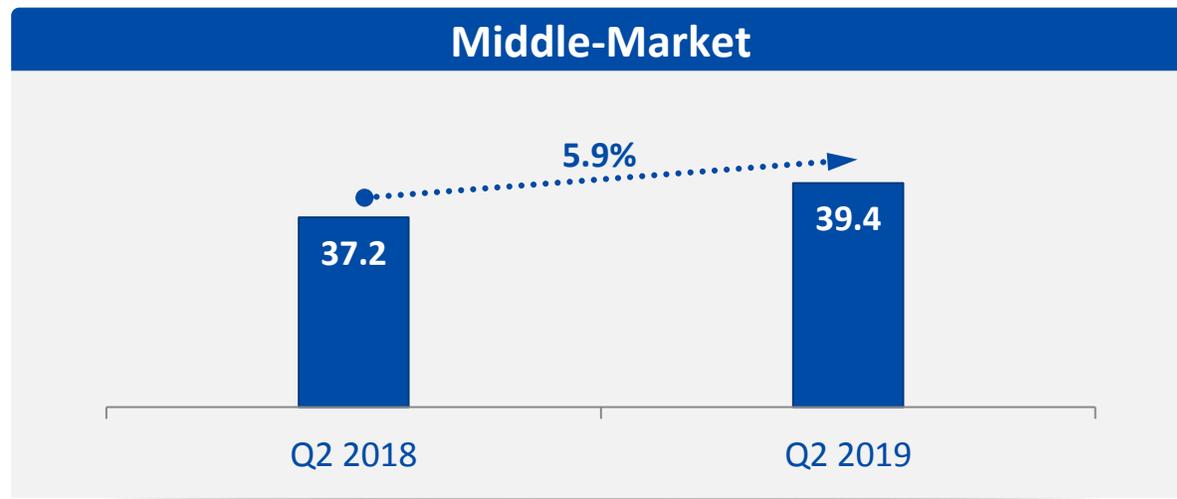
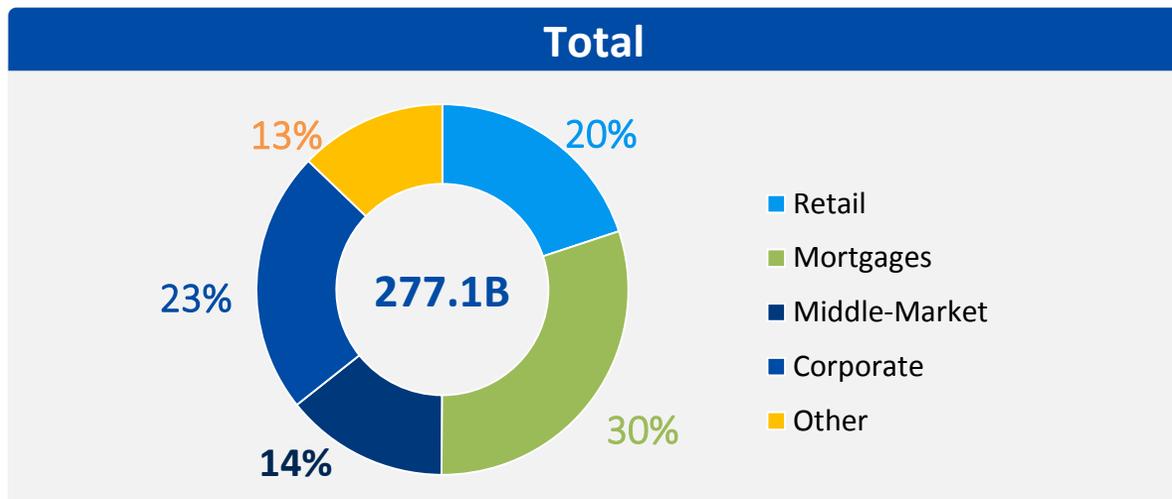
2019 - Disciplined Expenses and Substantially Lower CIR



* Net of the effect of Leumi Card as per the pro-forma financial statements presentation



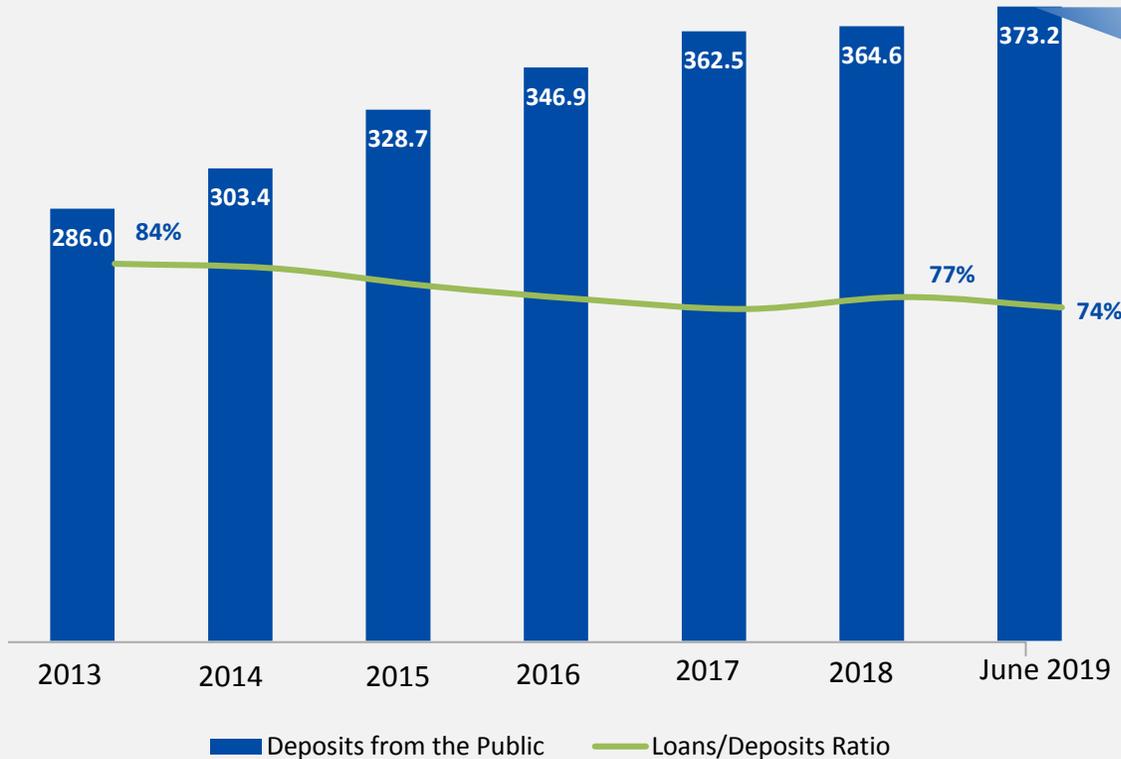
Loan Growth in Line with Strategy



(NIS Billions)
Corporate includes Corporate and Real-Estate

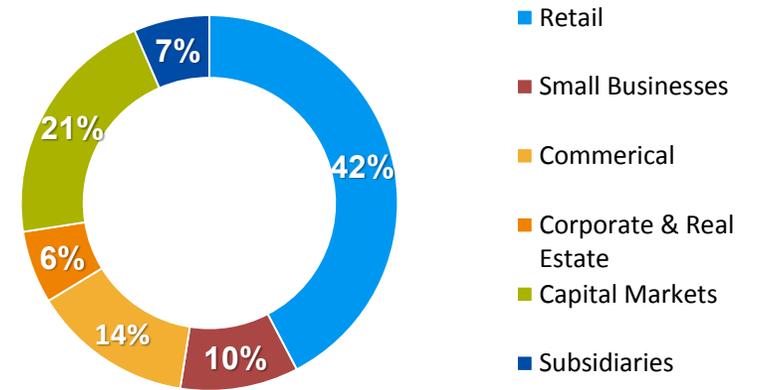


Solid and Diverse Deposit Base. Conservative, Well-funded Portfolio



(NIS Billions)

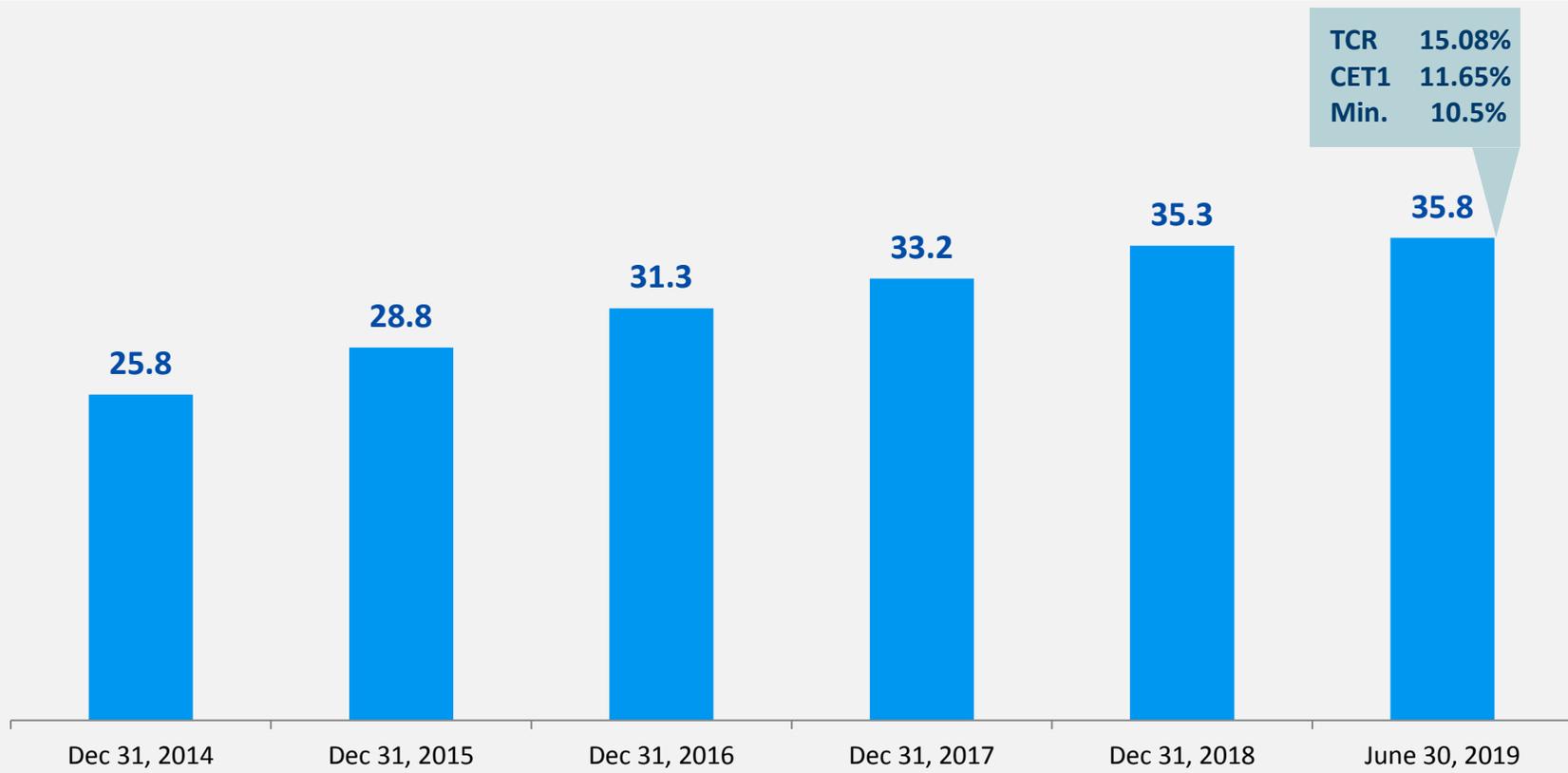
Deposits from the Public June 30, 2019



Strong Capital Generation and Adequacy Ratios

Capital Up, CET1 Well-above Target – Enabling Returns to Shareholders

TCR 15.08%
CET1 11.65%
Min. 10.5%



(NIS Billions)



High Share Returns via Dividend and Buyback

Dividends

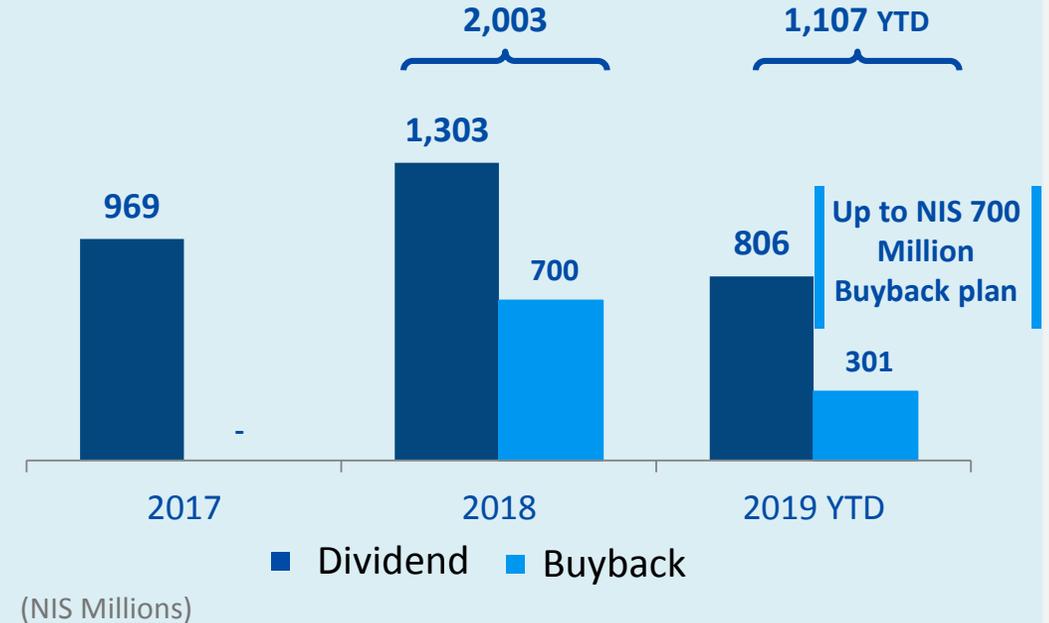
- 40% quarterly payout ratio
- 4% annualized dividend yield

Buyback Plan in Place

Utilized NIS 301 million of the NIS 700 million plan (August 13)

~60% effective profit distribution based on 2018 results

Return to Shareholders



Wrapping Up – Strong Start to the Year

Profitability

- High ROE (11.4% H1, 10.6% Q2) – Revenues and Profitability Up
- Consistent Improvement in the Cost Income Ratio

Loans and Deposits

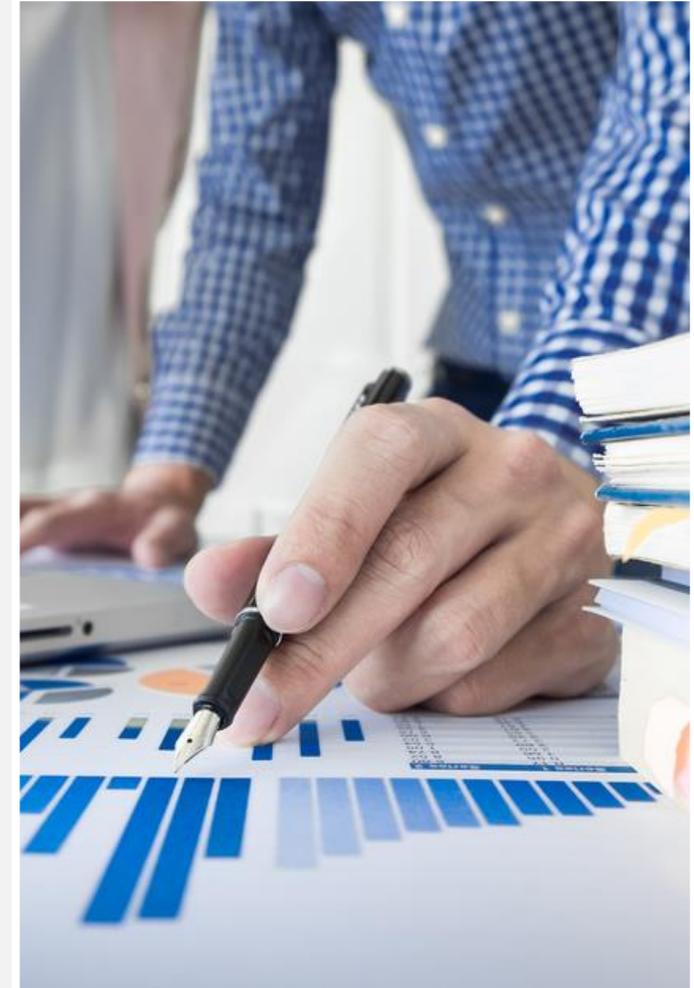
- Selective Credit Growth Aligned with Strategy
- Diversified, Increased Deposit Base with Low L/D Ratio

Robust Capital

- High Capital Adequacy Ratios
- Substantial Returns to Shareholders

Business Model

- Business Model Evolving to Match Digital Migration – Innovative Solutions **PEPPER.** DIGITAL MORTGAGE **VIDEA**





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Q&A



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THANK YOU



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APPENDIX

Macro Profile – a Positive for Leumi

| | E2020* | E2019* | 2018 | 2017 | 2016 |
|--------------------------------------|------------|------------|--------|--------|--------|
| GDP, rate of change, real terms | 3.6% | 2.9% | 3.3% | 3.5% | 4.0% |
| Private Consumption | 3.3% | 3.6% | 3.9% | 3.4% | 6.4% |
| Current account surplus, % of GDP | 2.8% | 2.9% | 3.0% | 2.9% | 3.8% |
| Government budget deficit, % of GDP | (3.5%) | (4.1%) | (2.9%) | (1.9%) | (2.1%) |
| Government debt, % of GDP | 62% | 62% | 60% | 59% | 61% |
| Unemployment, Annual Average | 4.1% | 3.9% | 4.2% | 4.2% | 4.8% |
| CPI, year-end change | 0.3-1.3% | 0.8-1.3% | 0.8% | 0.4% | (0.2%) |
| NIS-USD, average exchange rate | 3.40-3.60 | 3.50-3.60 | 3.59 | 3.60 | 3.84 |
| NIS-GBP, average exchange rate | 4.10-4.30 | 4.40-4.60 | 4.79 | 4.67 | 5.21 |
| NIS-EUR, average exchange rate | 3.80-4.00 | 3.95-4.15 | 4.24 | 4.07 | 4.25 |
| Bank of Israel average interest rate | 0.25-0.50% | 0.25-0.40% | 0.11% | 0.1% | 0.1% |



Source: Central Bureau of Statistics, *Leumi forecast

