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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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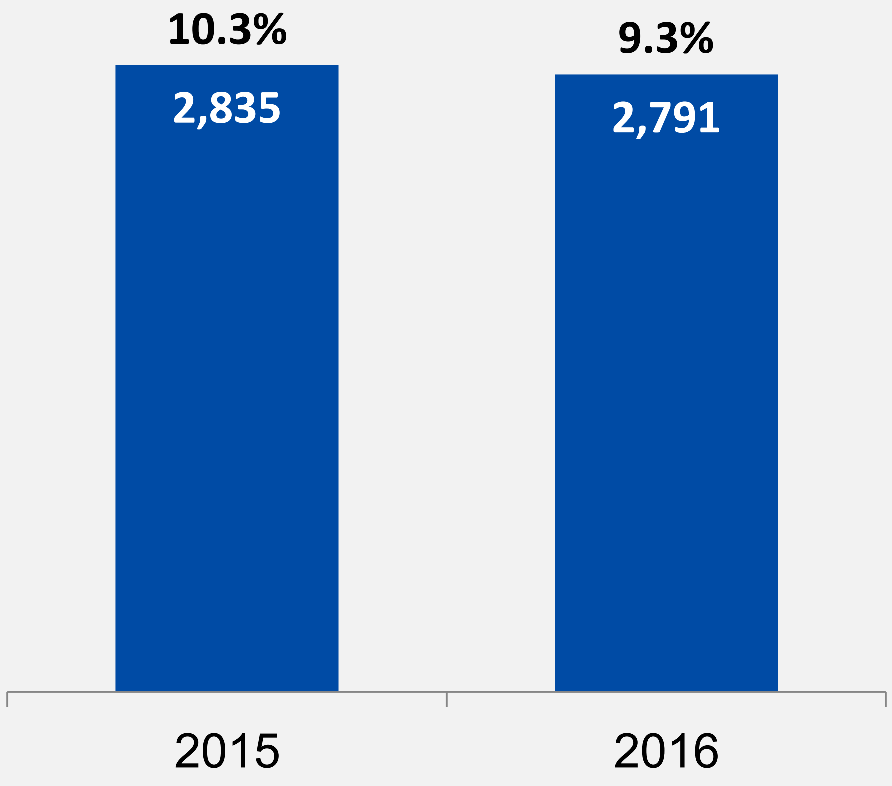
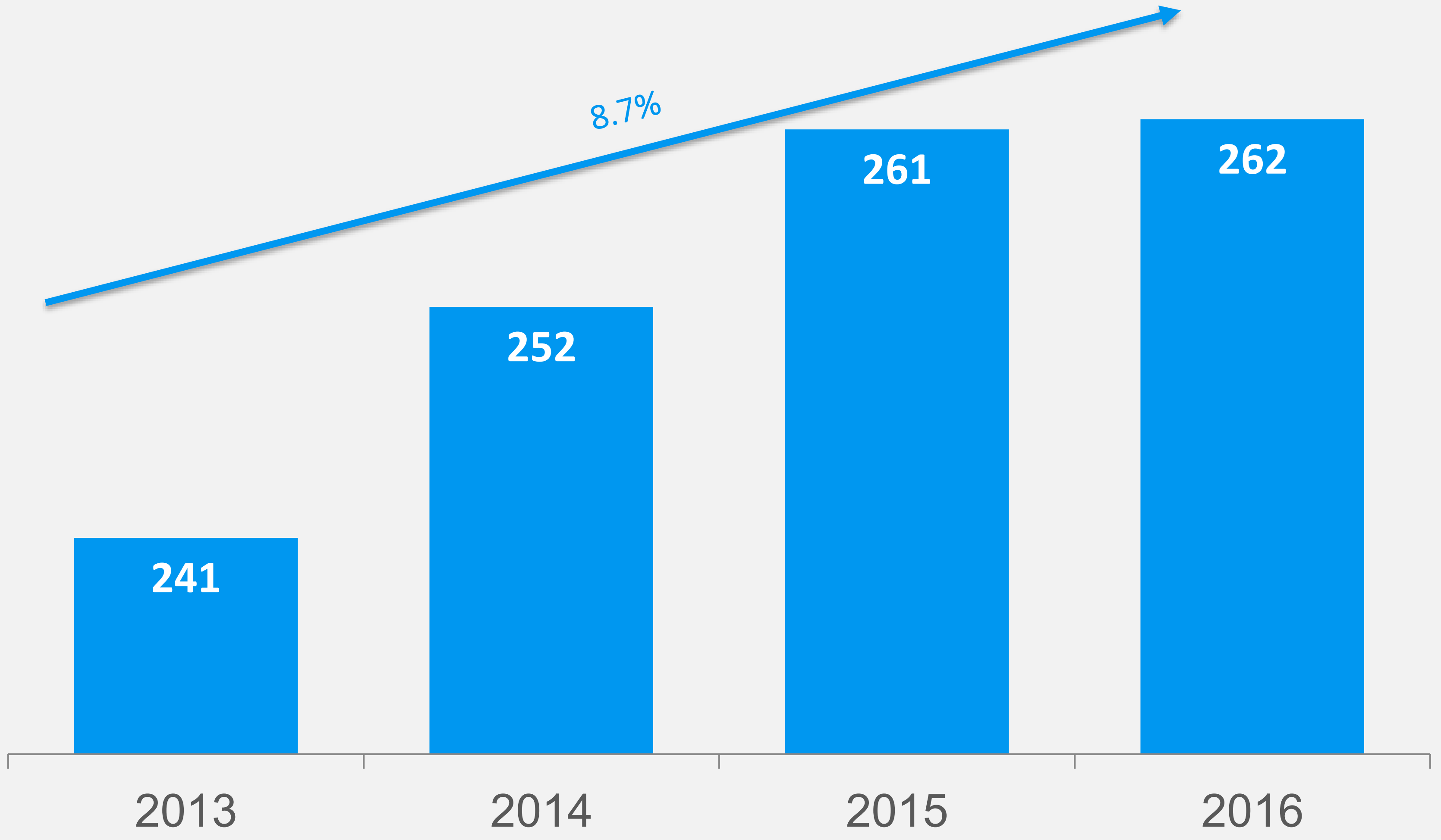
MAINTAINED HIGH NET INCOME AND ROE



	2015	2016
Net Interest Income	7,118	7,526
Credit Loss Expenses	199	(125)
Non-interest Financial Income	1,610	1,282
Commissions	4,092	3,967
Other Income	595	159
Total Operating & Other Expenses	8,836	8,580
Provision for Taxes and Profit	1,691	1,717
Net Profit Attributed to Shareholders	**2,835**	**2,791**

NIS Billions

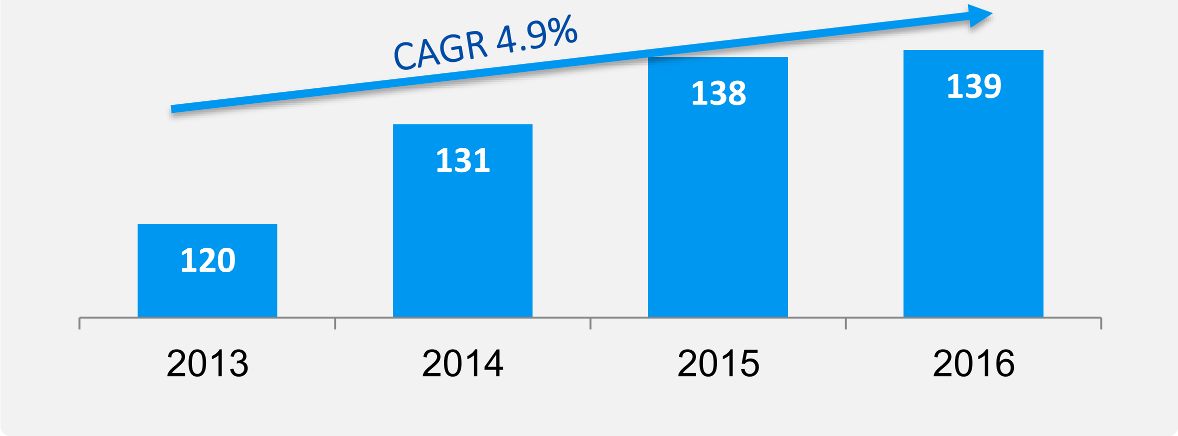
CREDIT GROWTH IN MAIN FOCUS AREAS



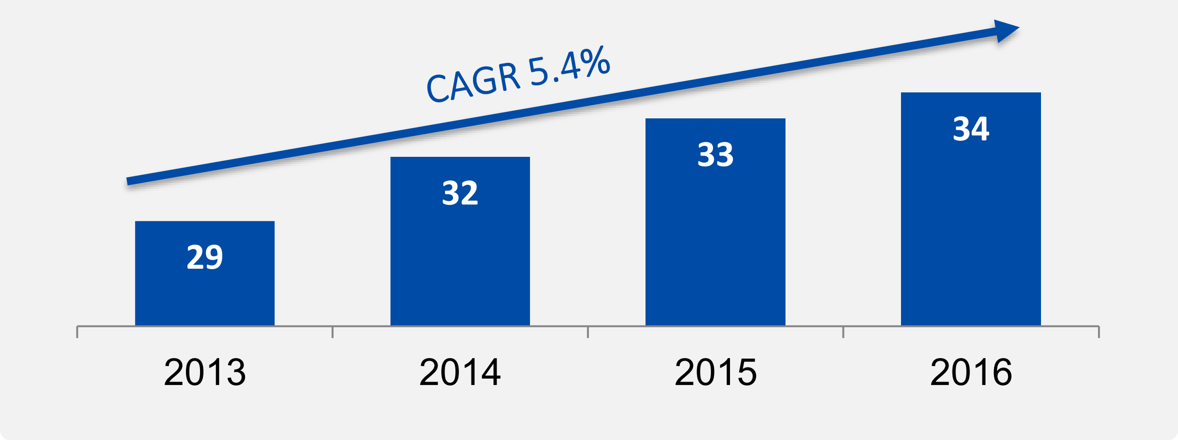
NIS Billions

BANK'S CREDIT GROWS IN LINE WITH STRATEGIC FOCUS

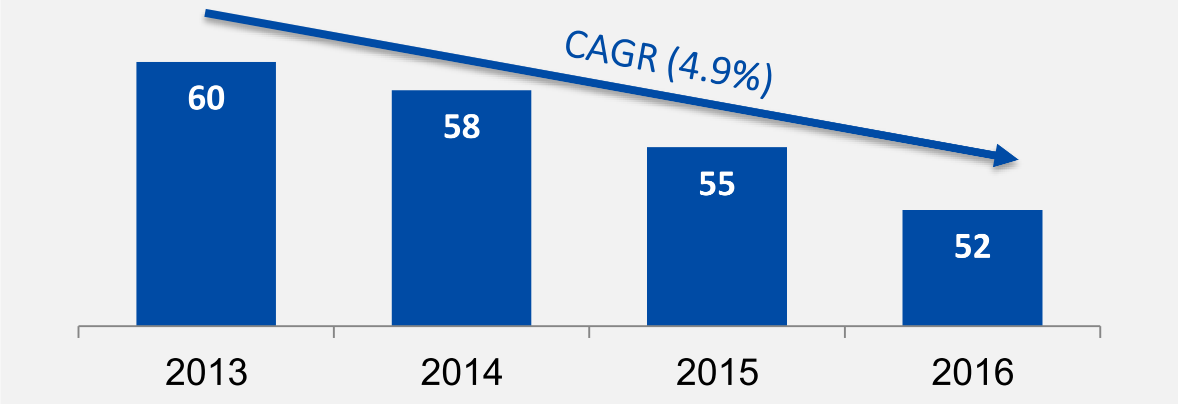
Retail



Commercial Middle-Market



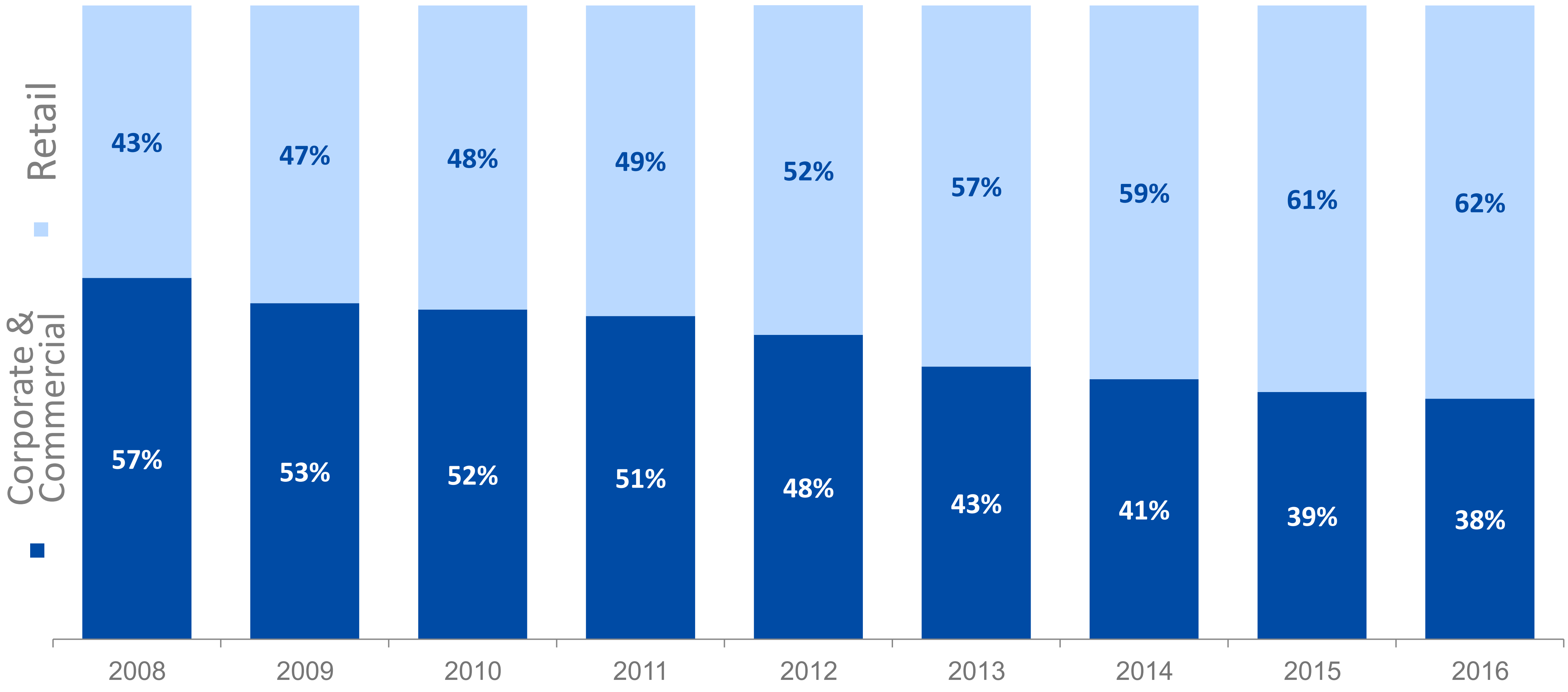
Corporate



Corporate, Real-estate

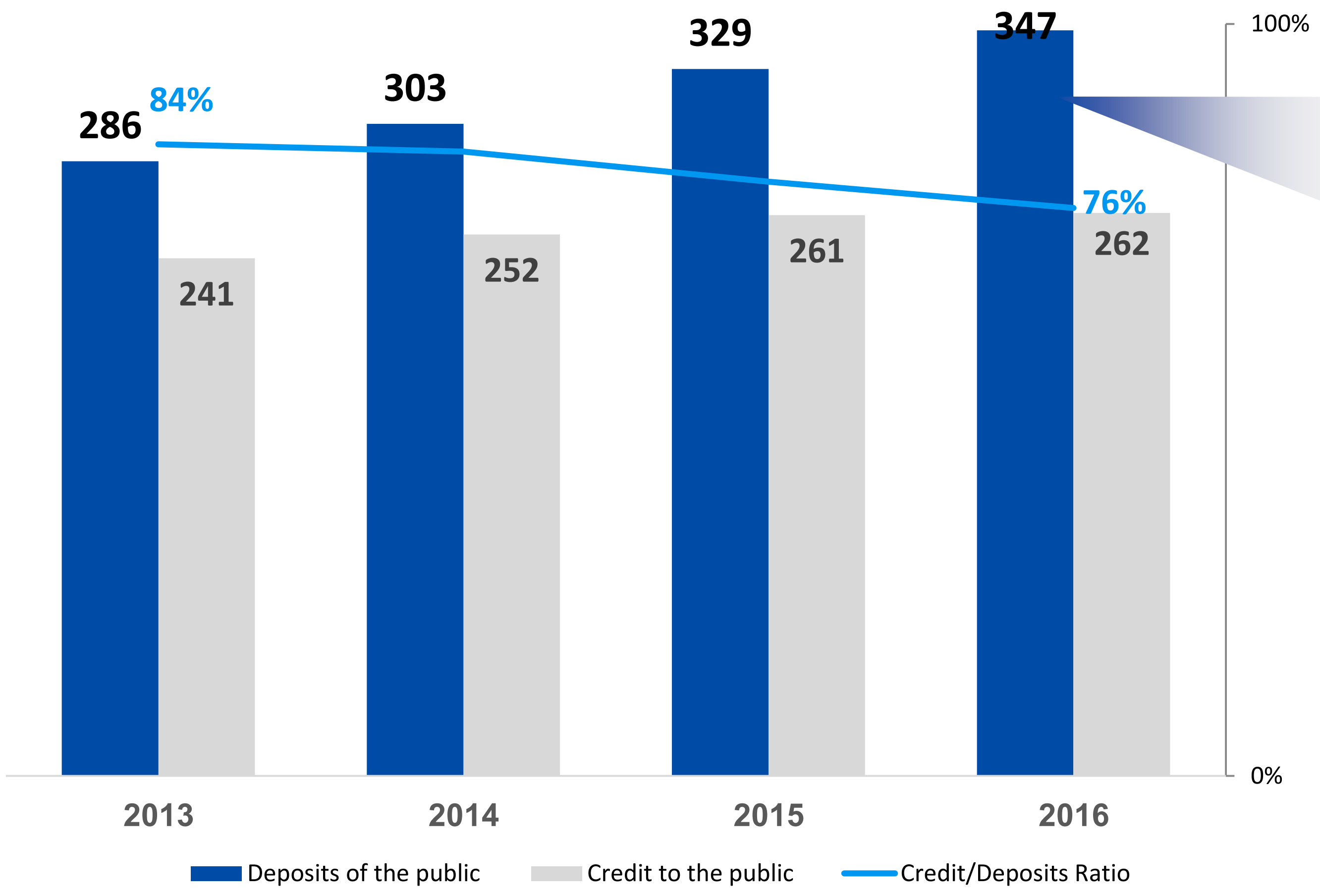
 NIS Billions

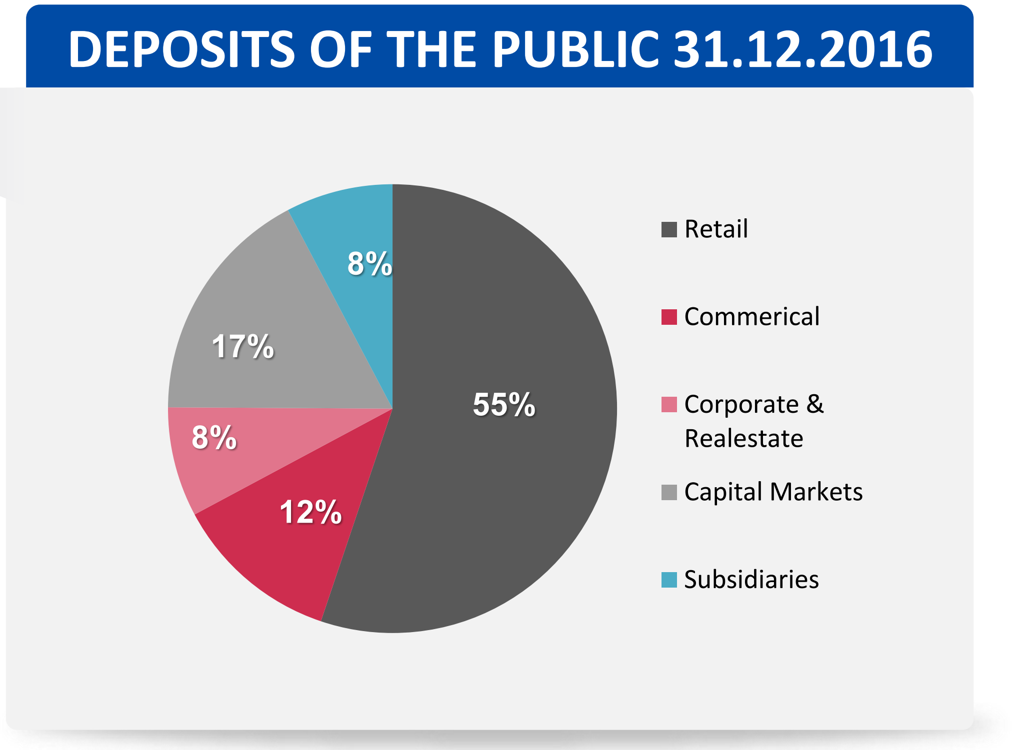
BANK'S CREDIT MIX TRENDS IN LINE WITH STRATEGY



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

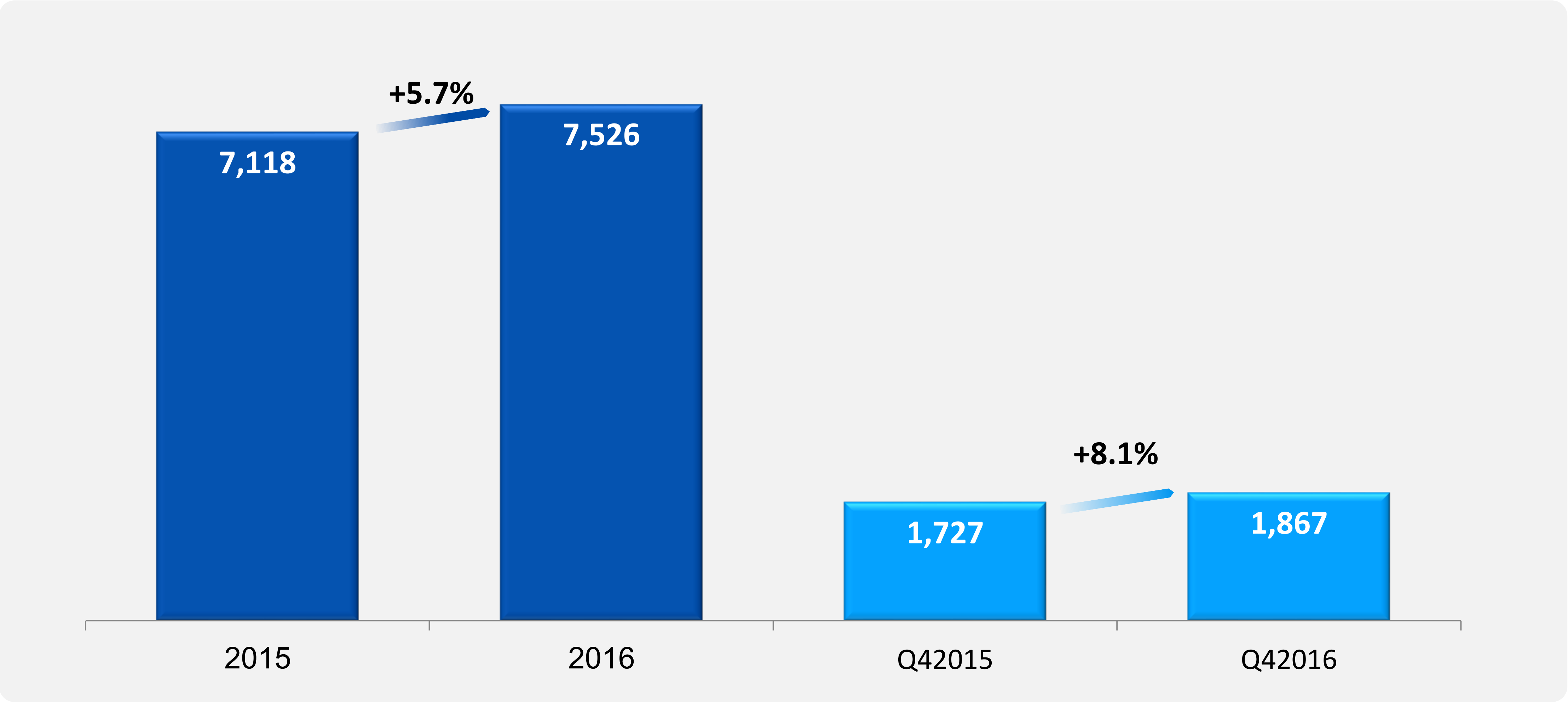
DEPOSIT BASE GROWING AND DIVERSE, LIQUIDITY FURTHER STRENGTHENED





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

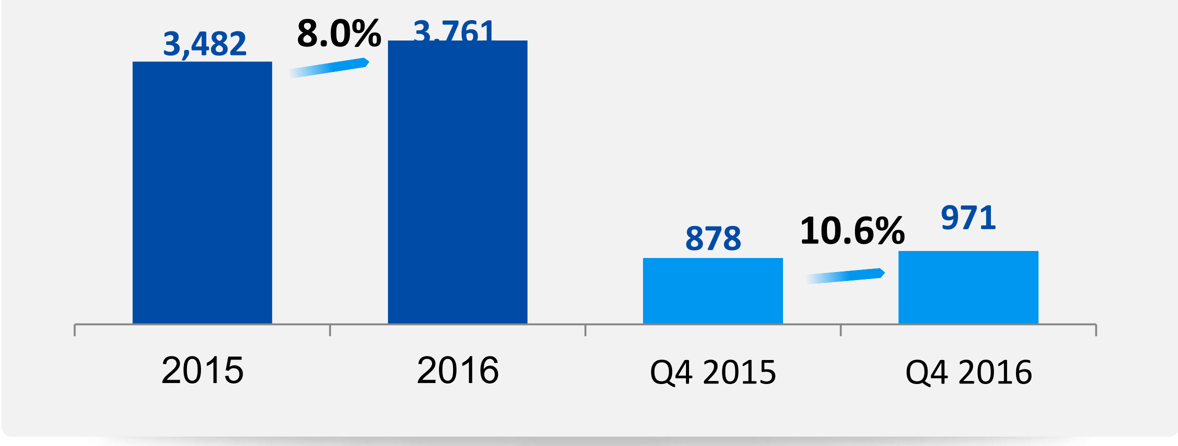
NET INTEREST INCOME INCREASES YEAR OVER YEAR



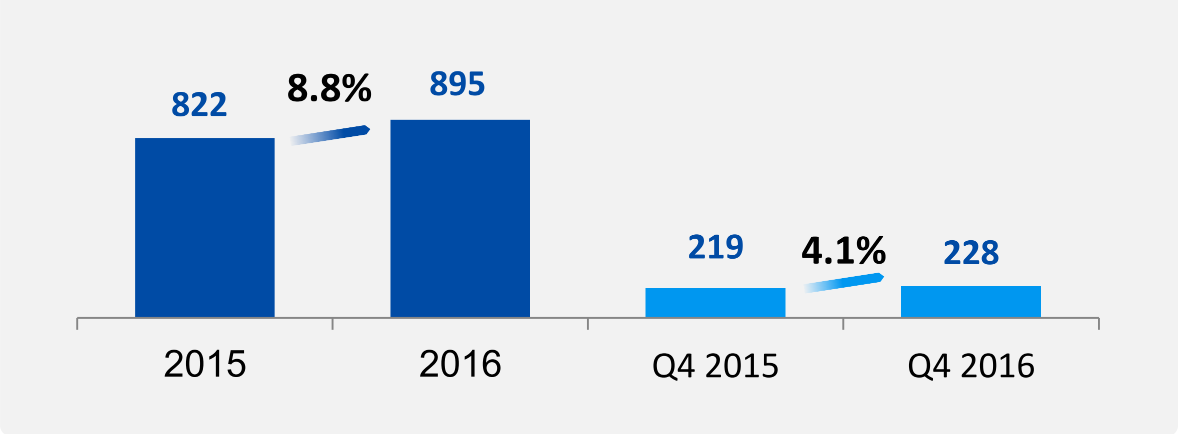
NIS millions

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

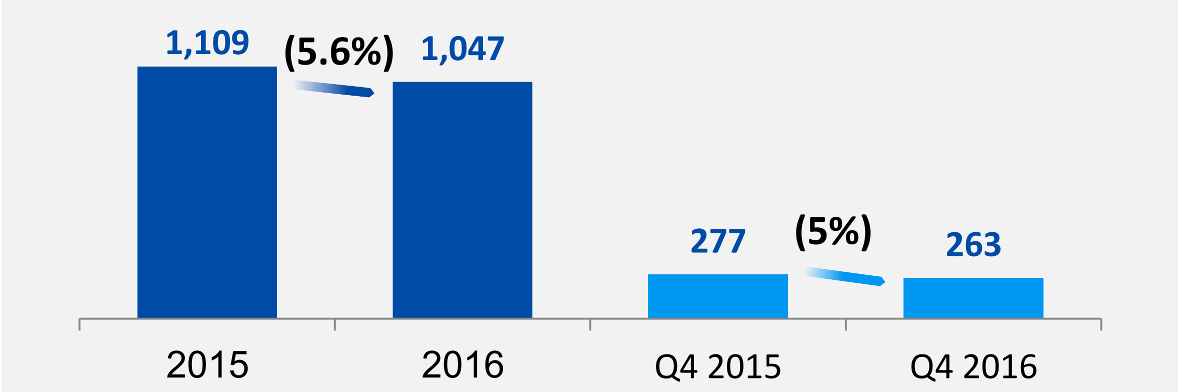
Retail NII



Commercial Middle-Market NII



Corporate NII

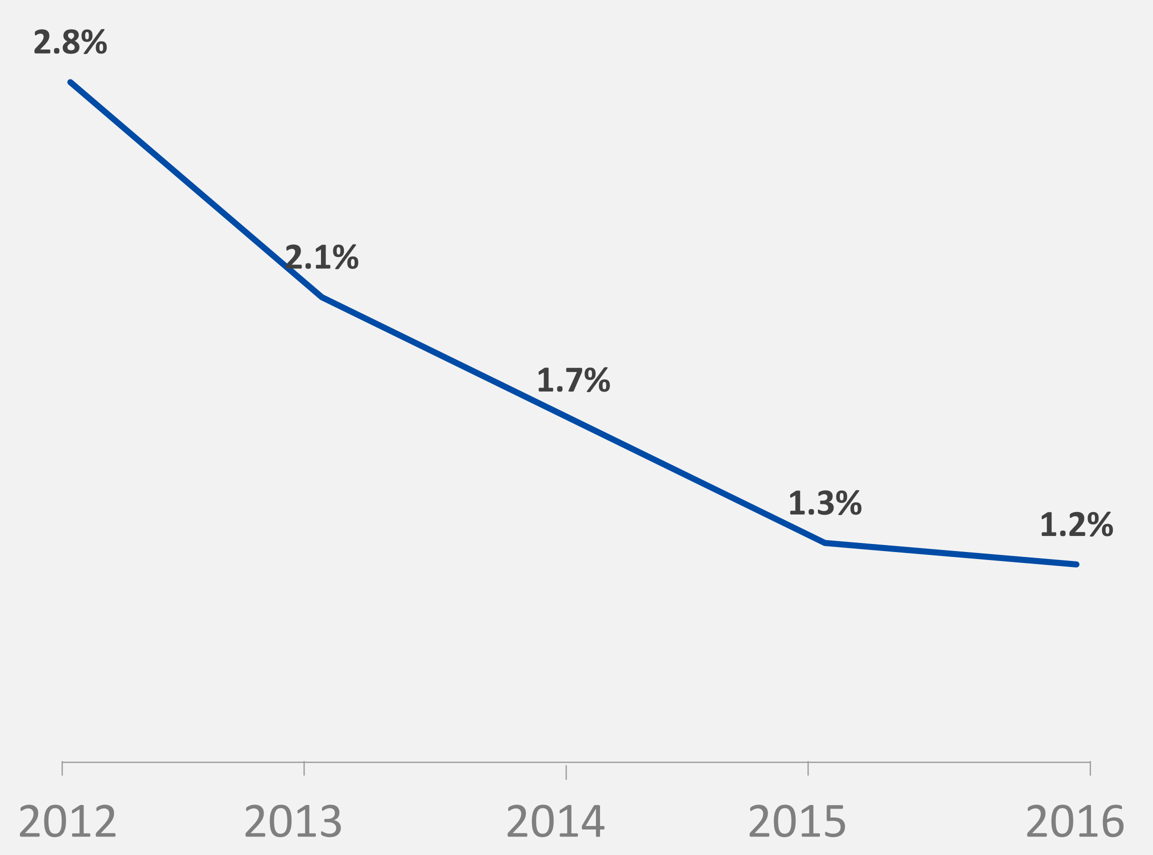


Corporate, Real-estate

NIS Millions

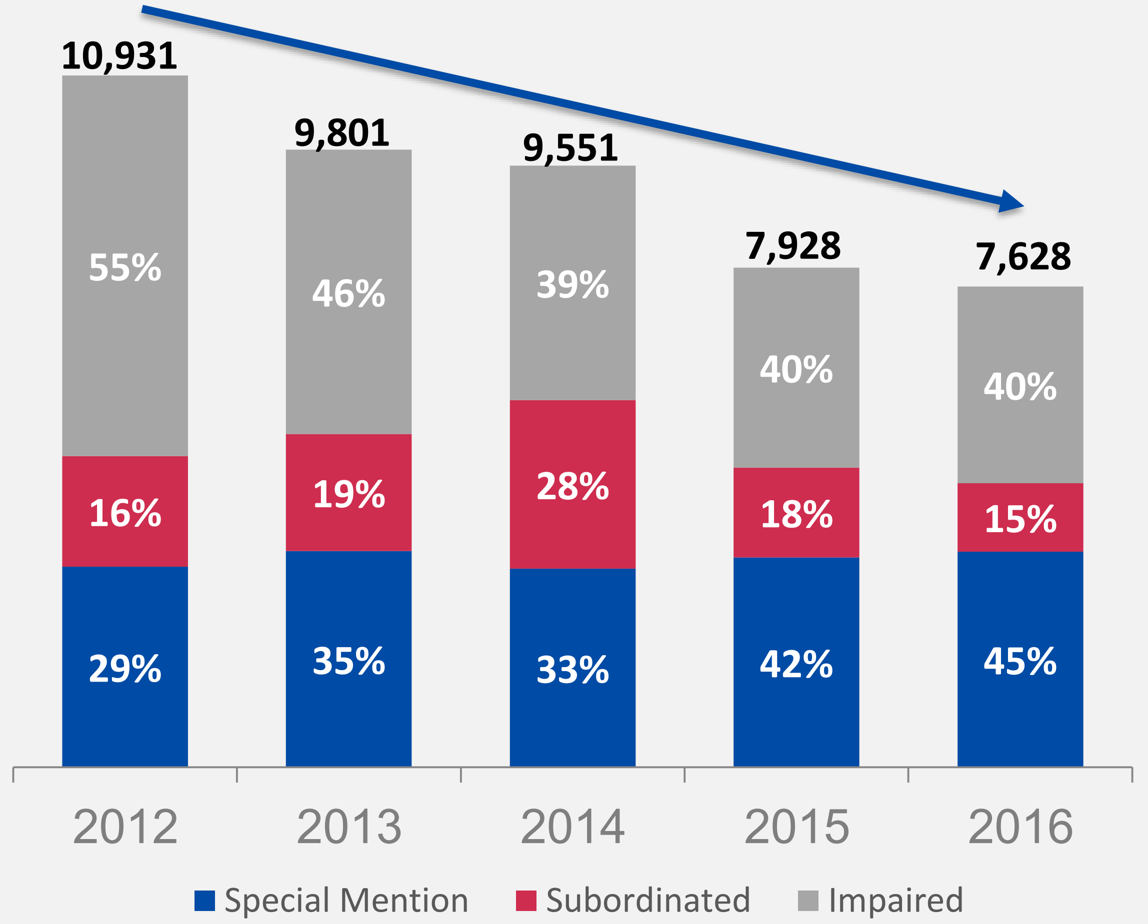
HIGH QUALITY CREDIT PORTFOLIO IN A NUTSHELL

NPL Ratio 1.2%



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

Positive Trend Line of Problem Debts

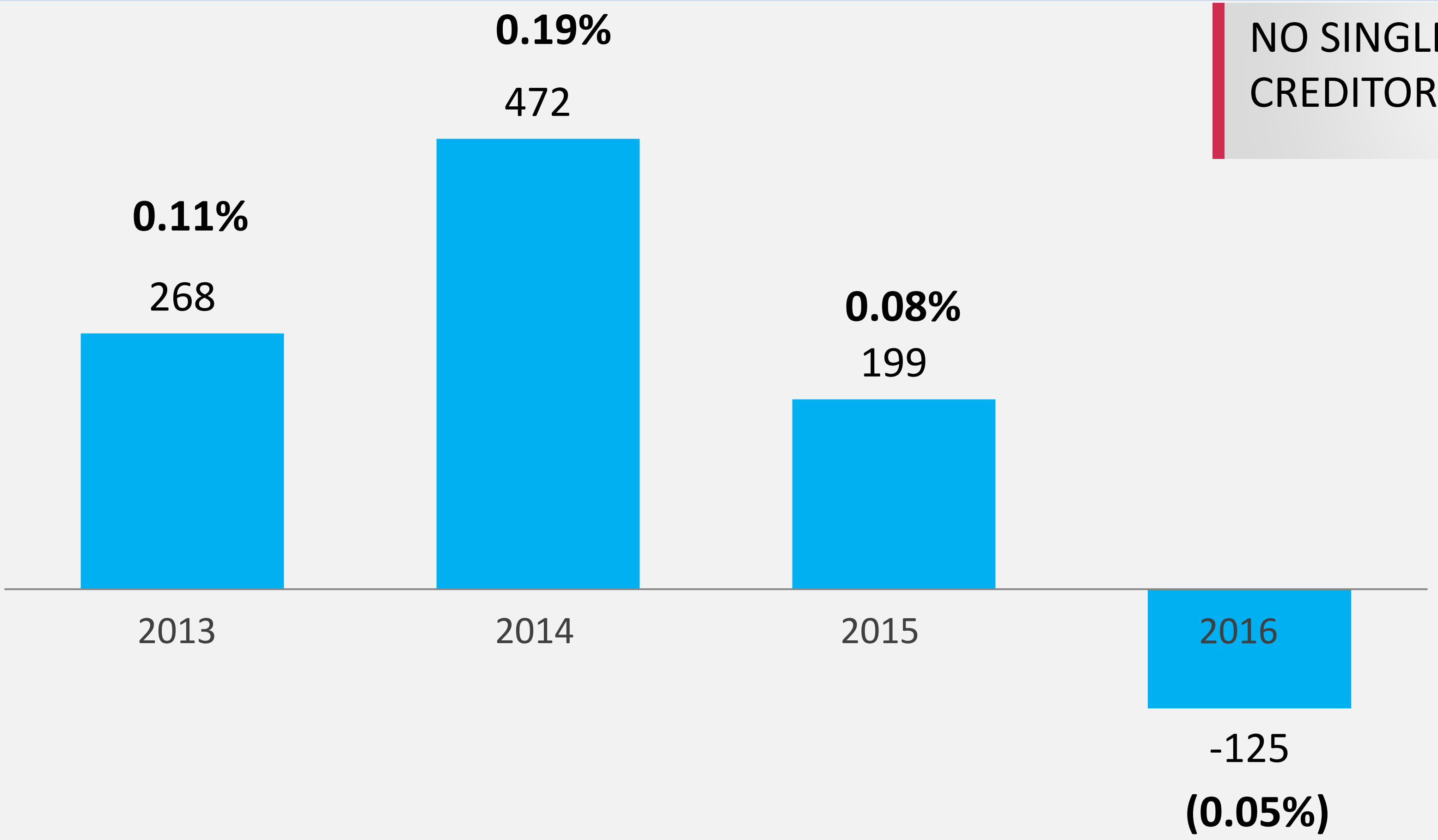


NIS Millions

ANOTHER VIEW OF THE HIGH QUALITY CREDIT PORTFOLIO

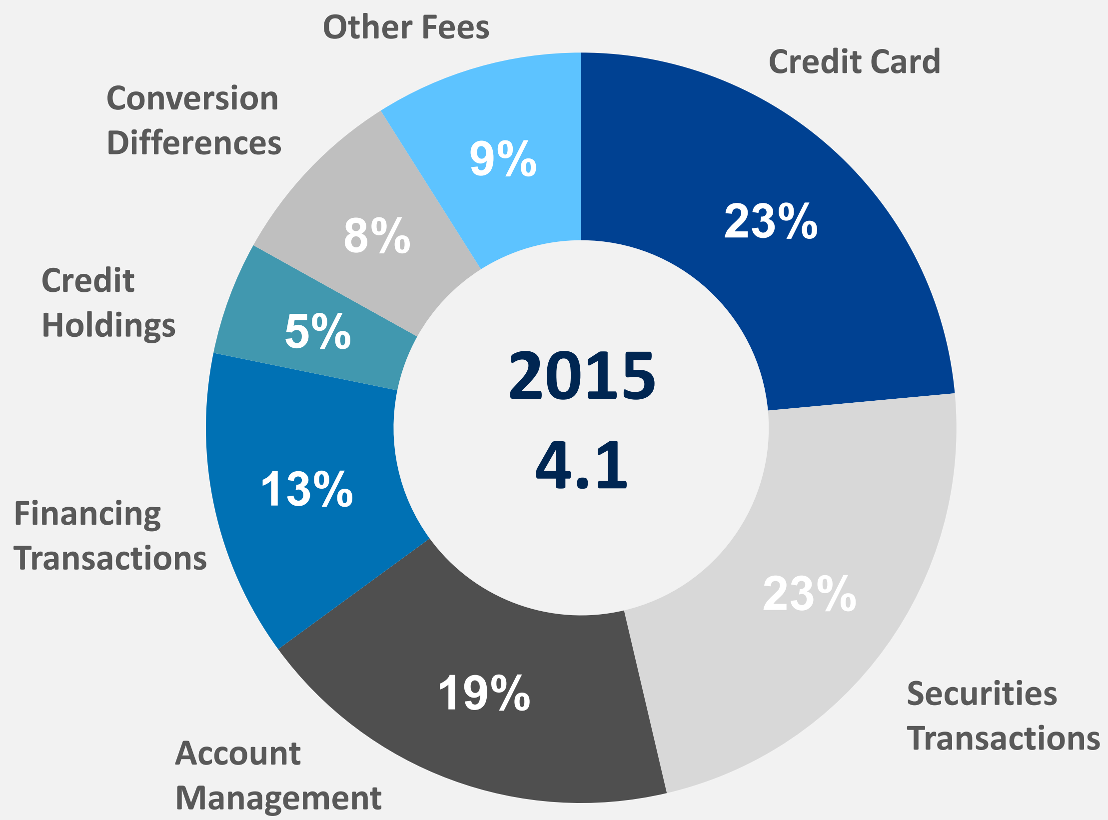
LOW CREDIT LOSS EXPENSES

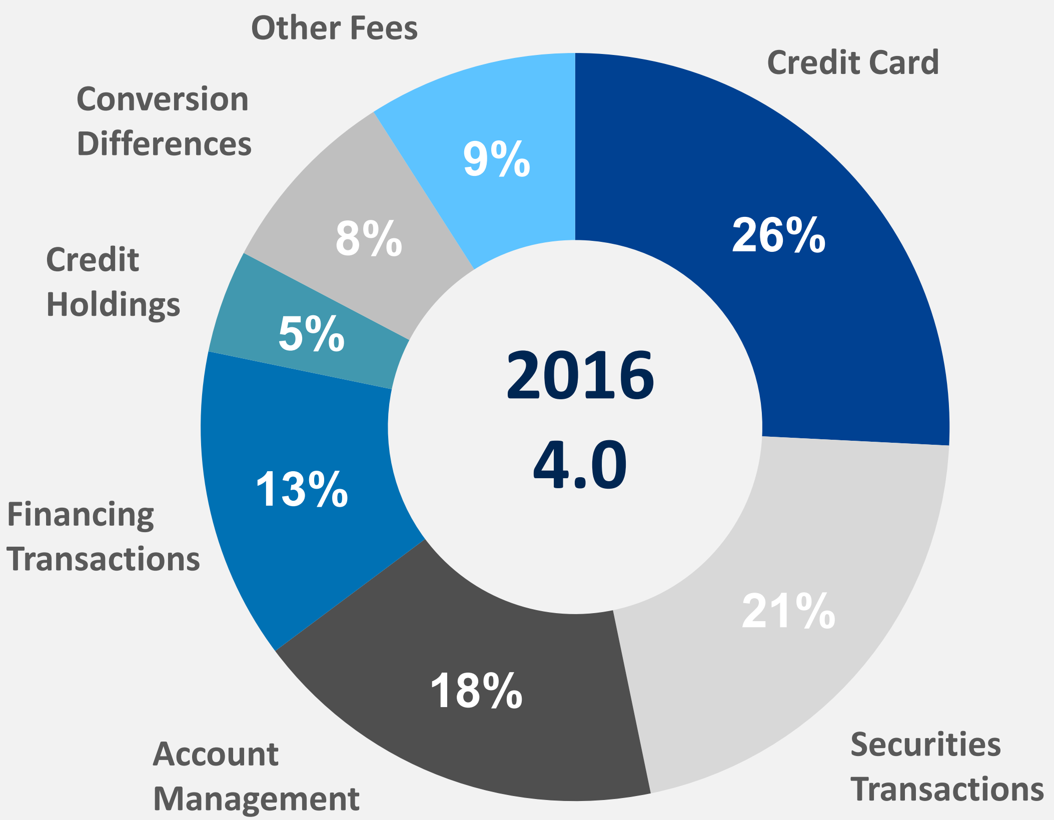
NO SINGLE 10% CREDITORS GROUP



NIS Millions

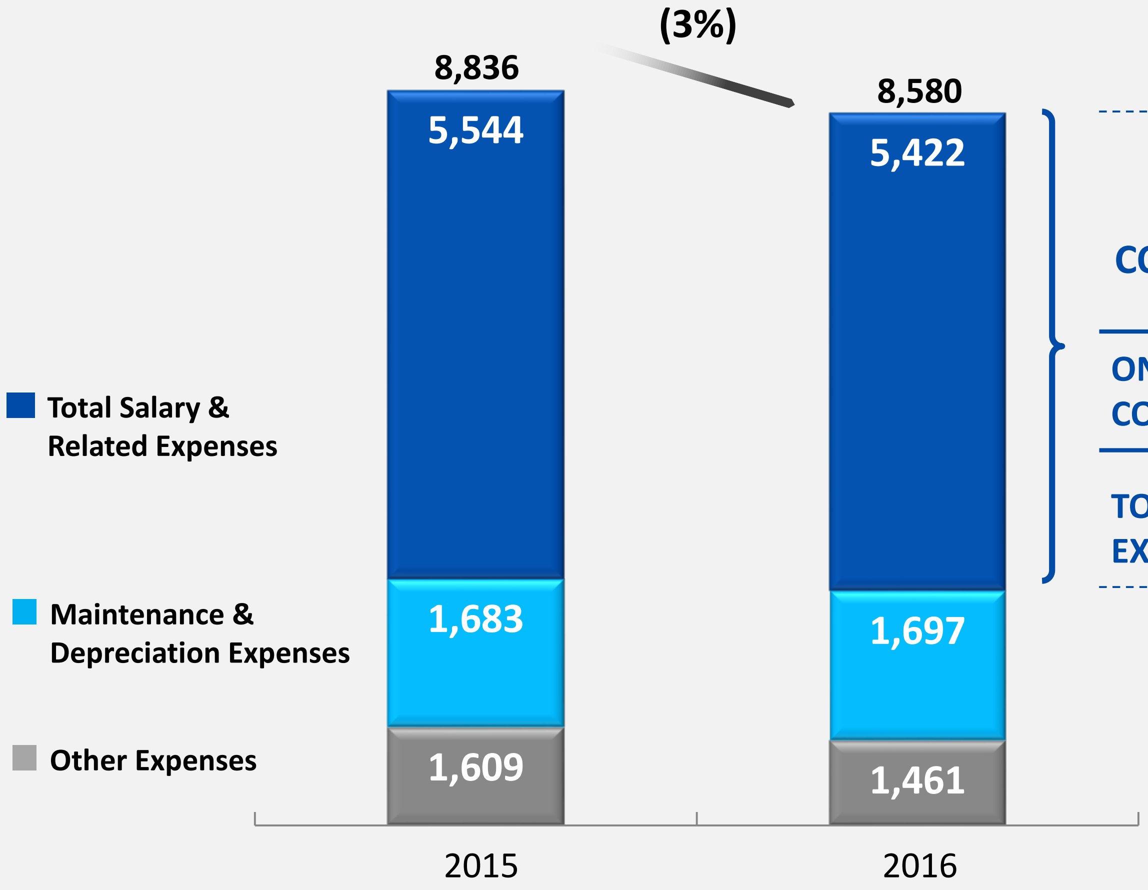
DIVERSE AND STABLE COMMISSION REVENUE





NIS Billions

OPERATING & OTHER EXPENSES REDUCED



	2015		2016
CORE SALARY EXPENSES	5,629	(5.3%)	5,329
ONE-TIME BONUS & EFFECT OF COLLECTIVE WAGE AGREEMENTS	(85)		93
TOTAL SALARY & RELATED EXPENSES	5,544	(2.2%)	5,422

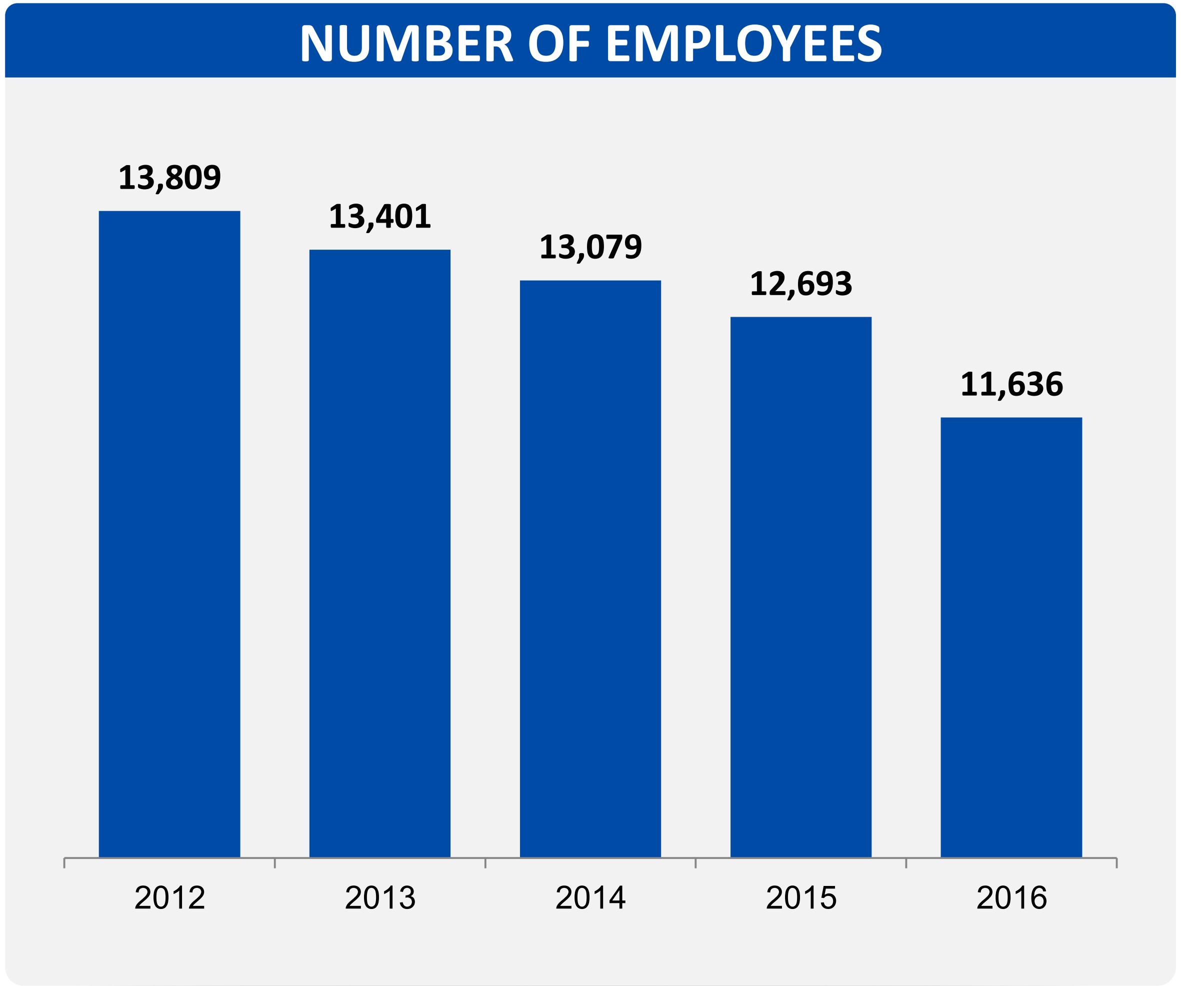
NIS millions

CONTINOUS STREAMLINING OF THE BUSINESS

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

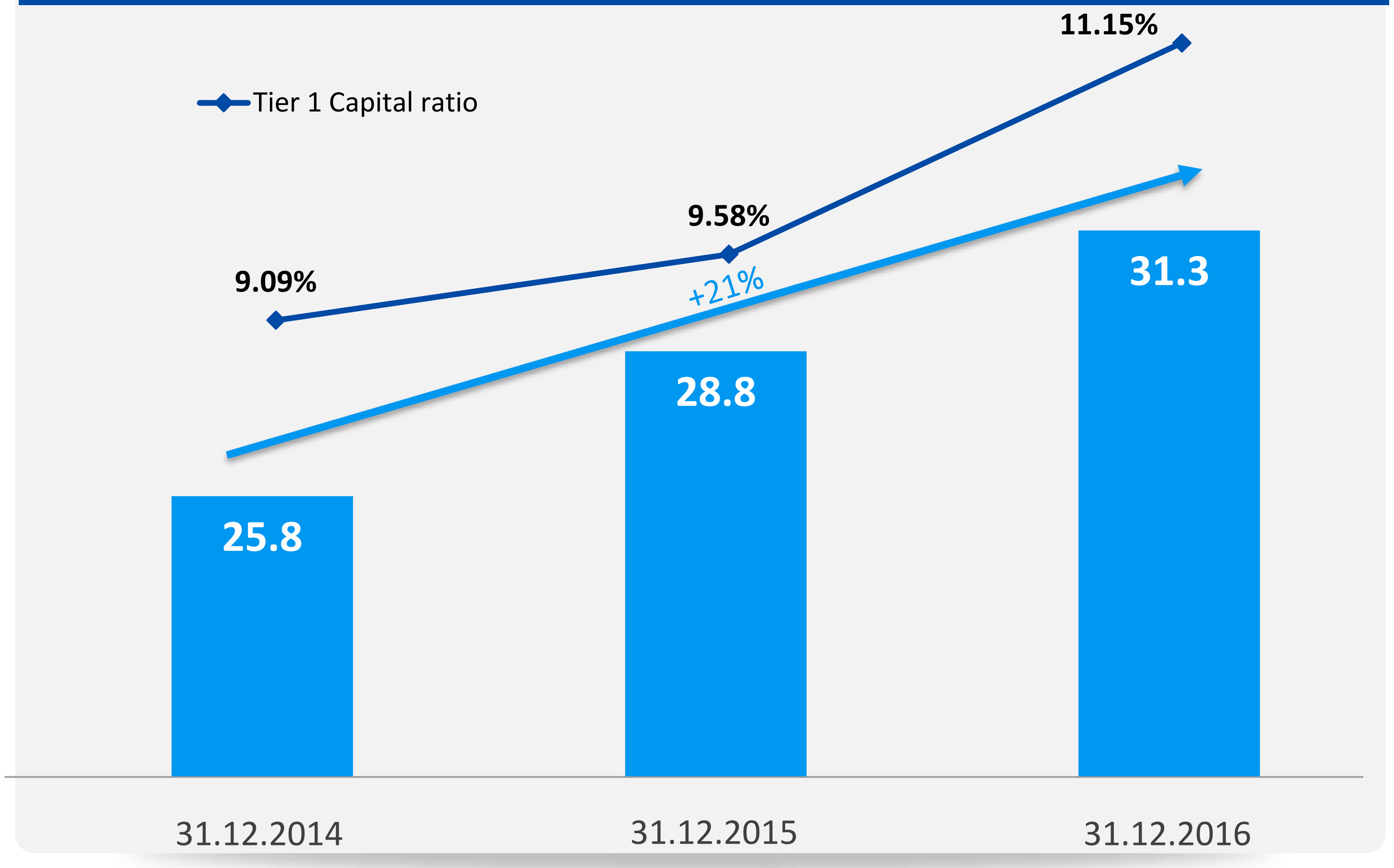
NATURAL RETIERMENT OF 630 DUE OVER NEXT 5 YEARS

NATURAL RETIREMENT OF 1,700 DUE OVER NEXT 10 YEARS



SET FOR GROWTH, SUCCESFULLY MANAGING CAPITAL

SUCCESFULLY MANAGING CAPITAL



NIS Billions

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

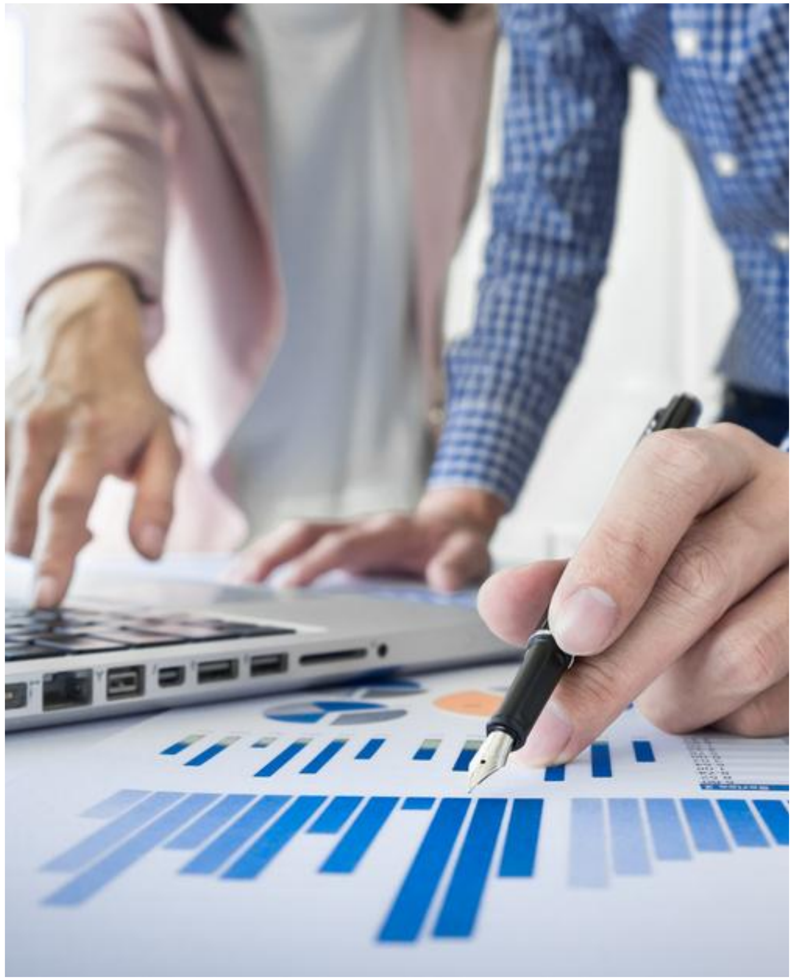
PAYOUT TO RESUME BASED ON Q1 2017 RESULTS

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
- CONTINOUS IMPLEMENTATION OF EFFICIENCY PLAN
  OPERATING EXPENSES TRENDING DOWN
- LEADING DIGITAL BANKING TRANSFORMATION IN ISRAEL,
  LAUNCH OF PEPPER



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THANK YOU

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