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Q1 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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First Quarter 2019 – Highlights



Key Business Developments

- Established a new Data Division
- Launched the Operations Division
- Completed the sale of Leumi Card



Financial Highlights

- ROE reached 12.7%; 10.1% excluding the effect of Leumi Card, up from 8.6% Q1 2018
- Continued Improvement in core business
- Responsible Credit Growth along with High Returns to Shareholders
- CET1 up at 11.65%



A Snapshot of Leumi's Q1 Performance

NII and NIM*



1,937

2,120

Q1 2018

Q1 2019

Cost Income Ratio*



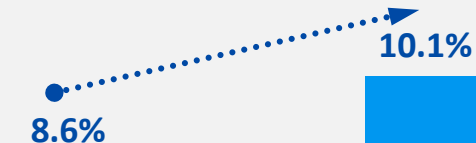
63.7%

57.9%

Q1 2018

Q1 2019

ROE*



8.6%

10.1%

Q1 2018

Q1 2019

NII



2,006

2,120

Q1 2018

Q1 2019

Cost Income Ratio



63.8%

53.0%

Q1 2018

Q1 2019

ROE



9.0%

12.7%

Q1 2018

Q1 2019

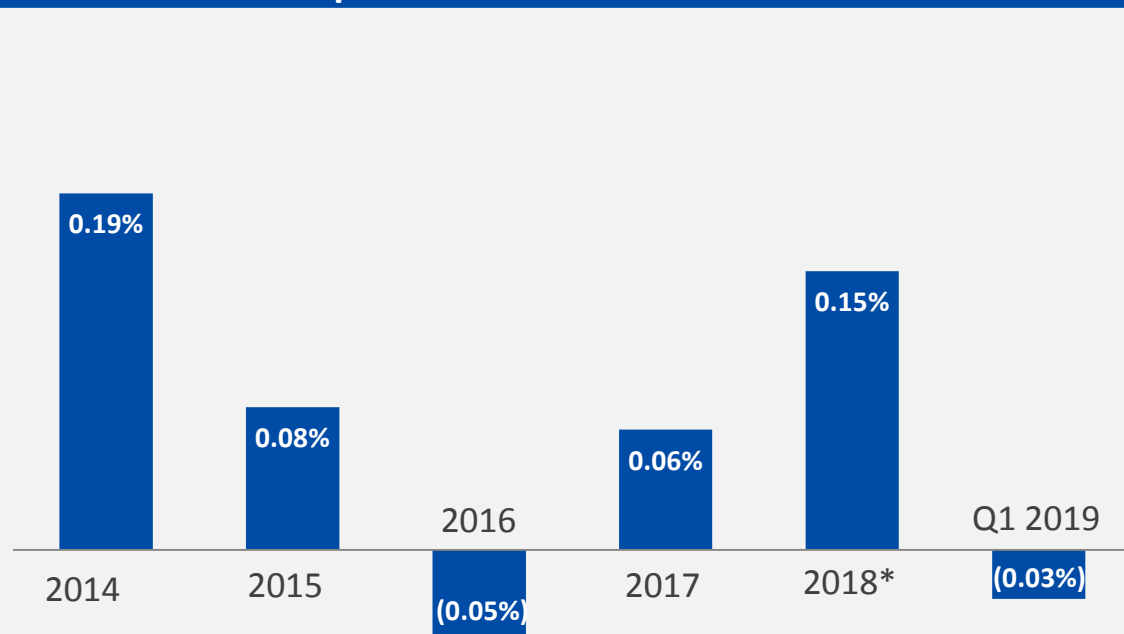
(NIS Millions)

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

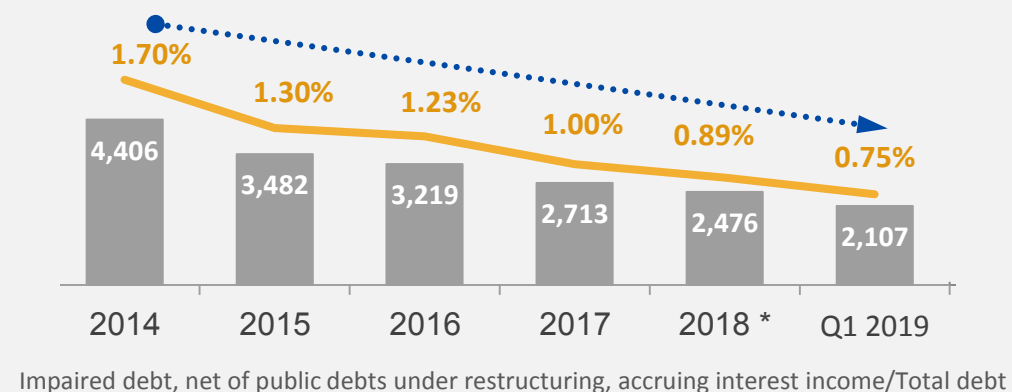


A Holistic View of our High Quality Credit Portfolio

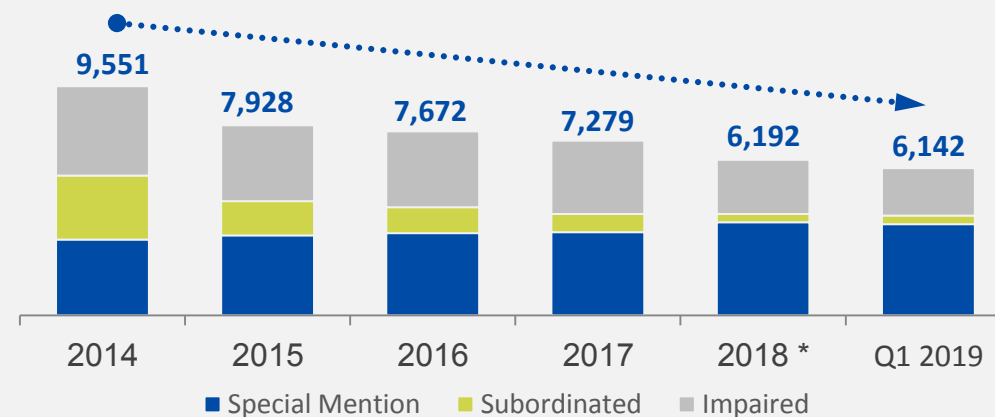
Low Credit Loss Expenses



Substantial Improvement in NPL Ratio



Continuous Positive Trend in Problem Debts

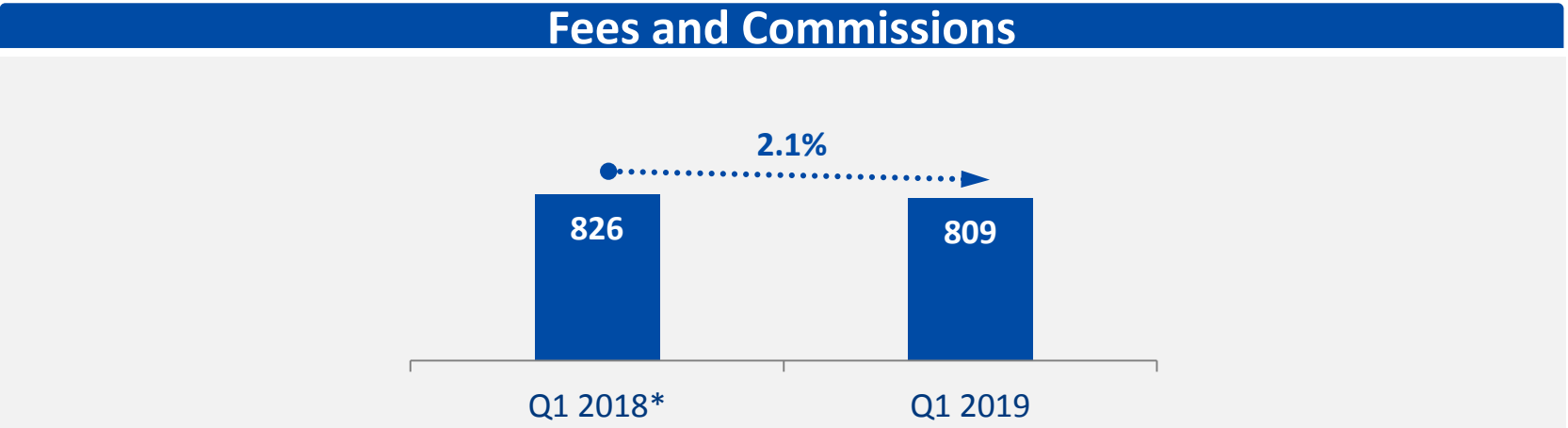
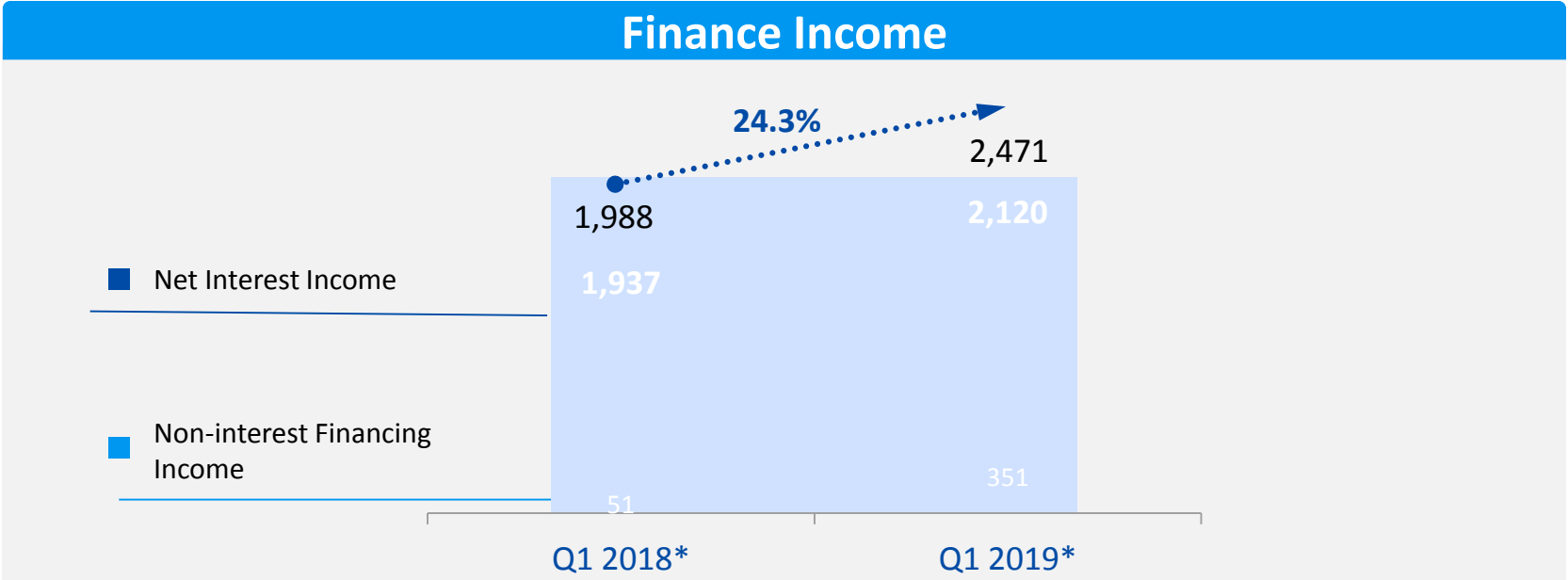


(NIS Millions)

* Net of the effect of Leumi Card (2018)



Revenues

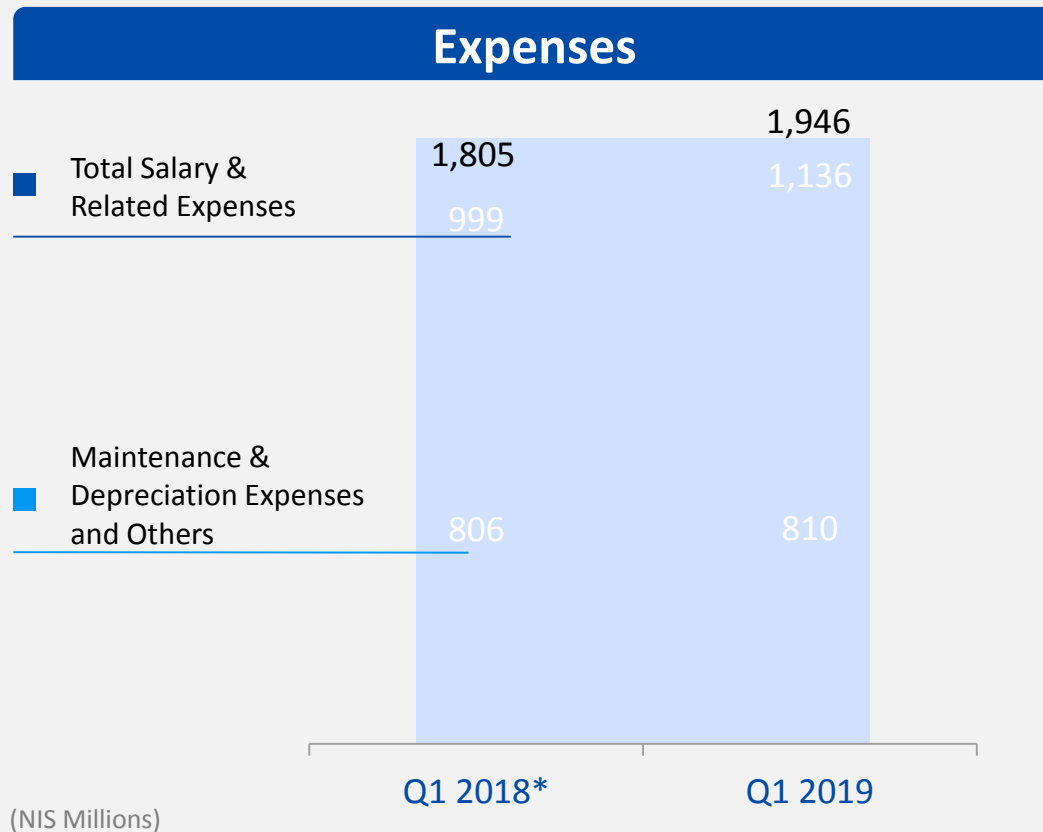


(NIS Millions)

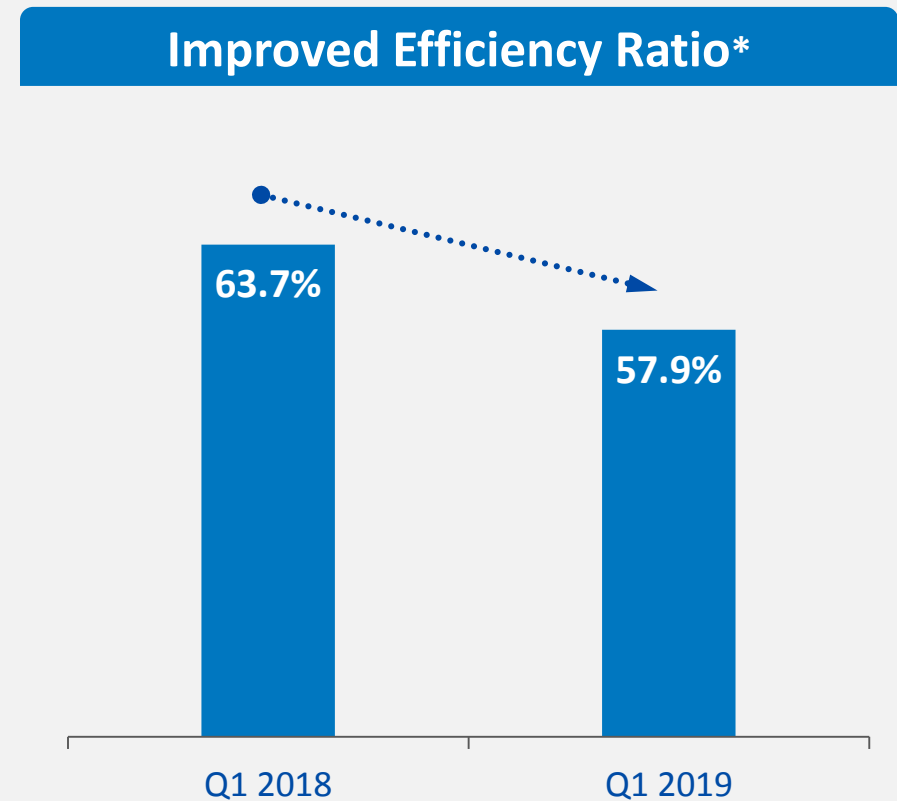
* Net of the effect of Leumi Card as per the pro-forma financial statements presentation



Q1 Expenses and Efficiency Ratio



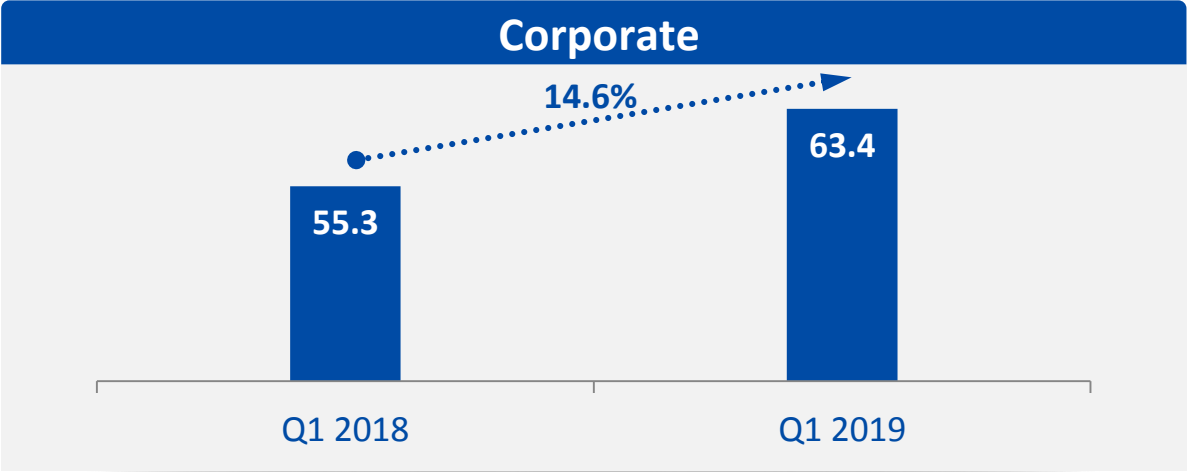
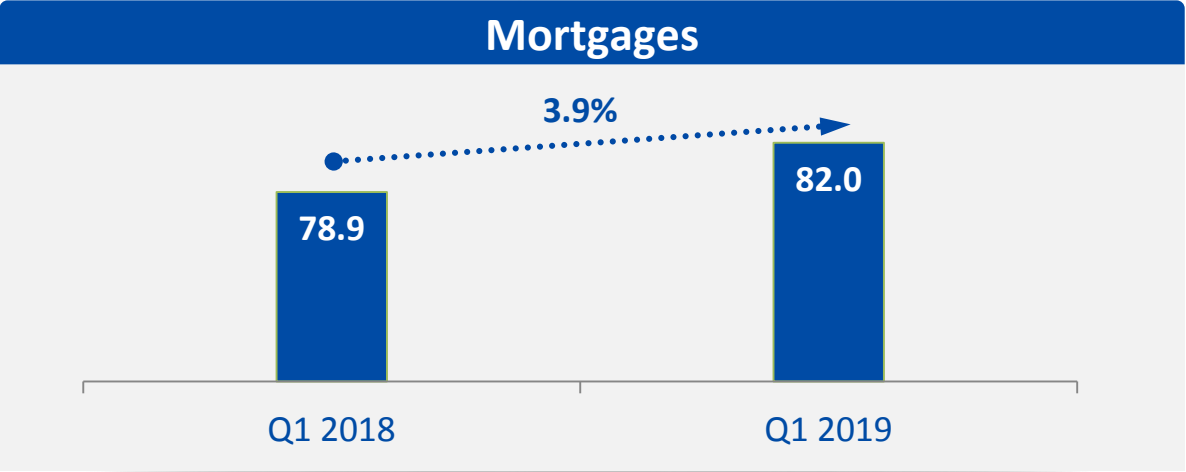
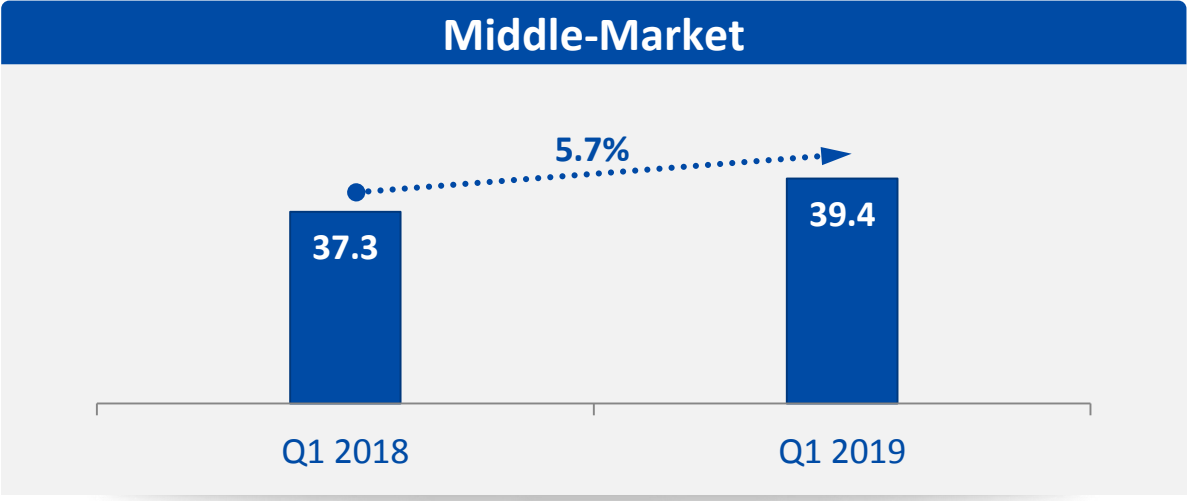
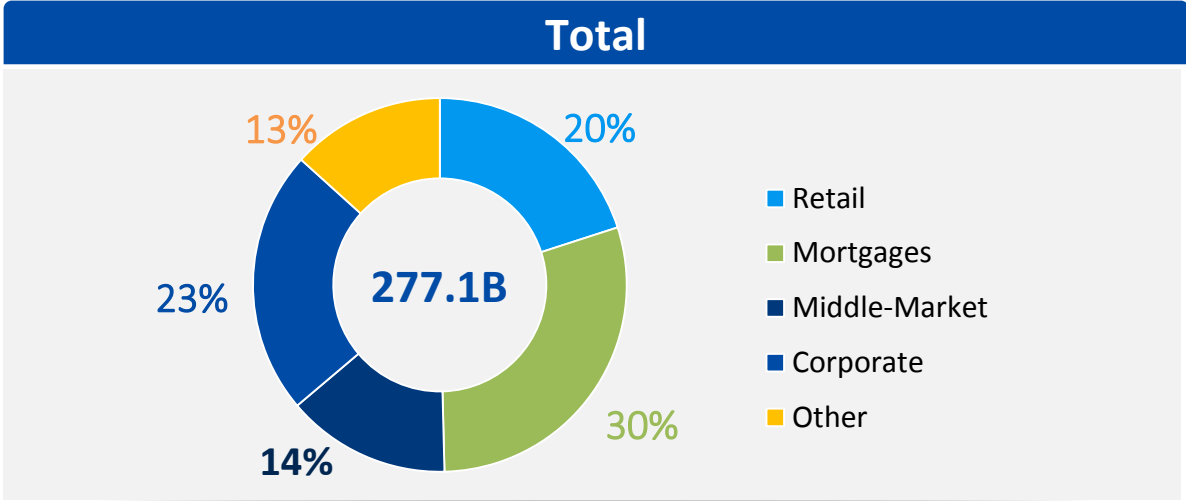
Majority of the change in salary and related expenses is linked to bonus provisions related to high ROE



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



Loan Growth in Line with Strategy

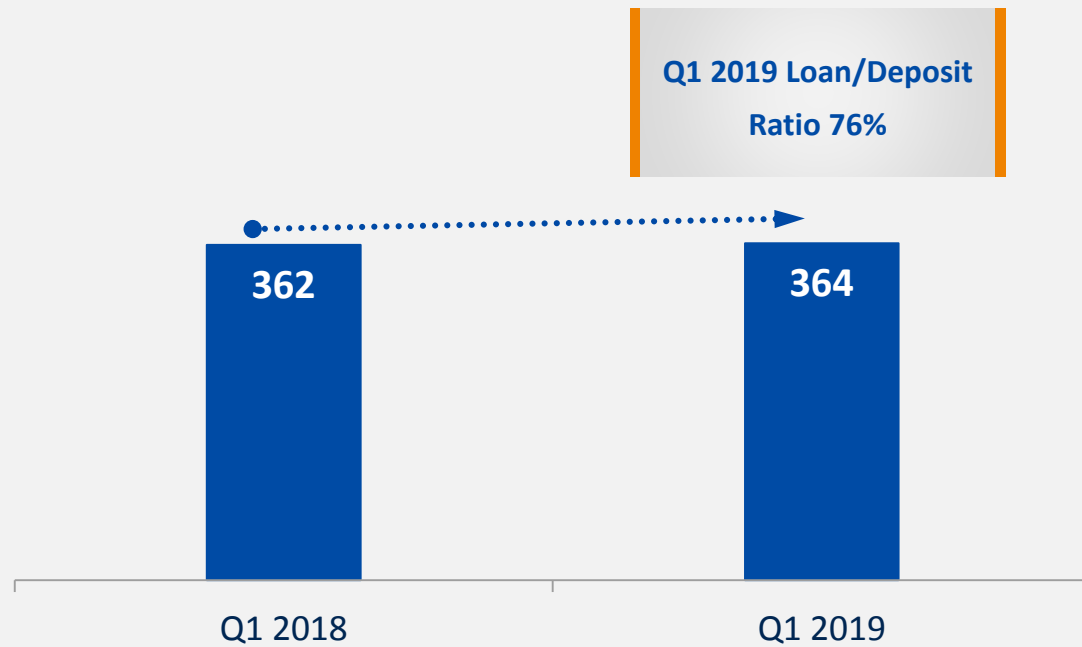


(NIS Billions)
Corporate includes Corporate and Real-Estate

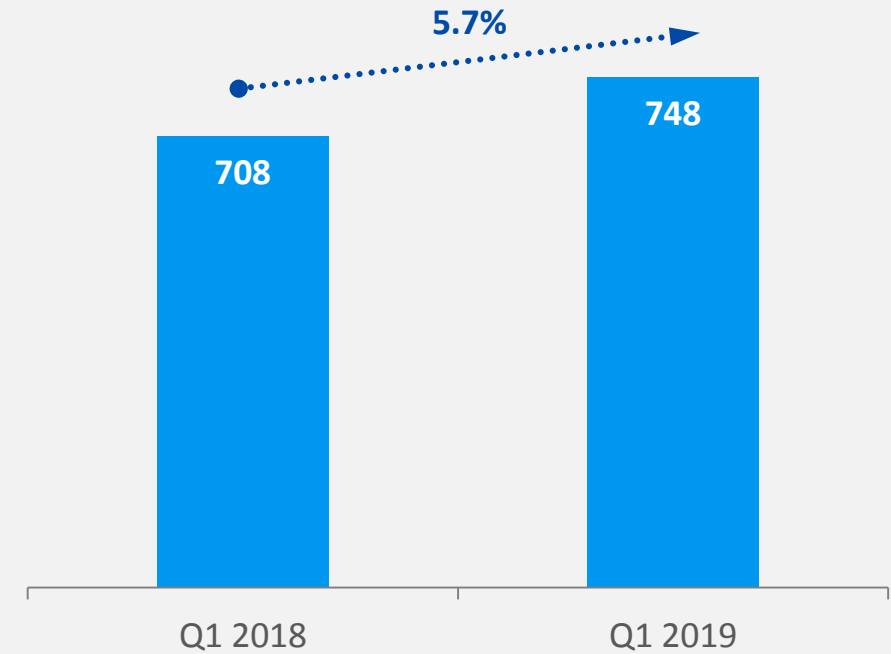


Deposits and Customer Securities Portfolios

Deposits by the Public



Securities Portfolio*



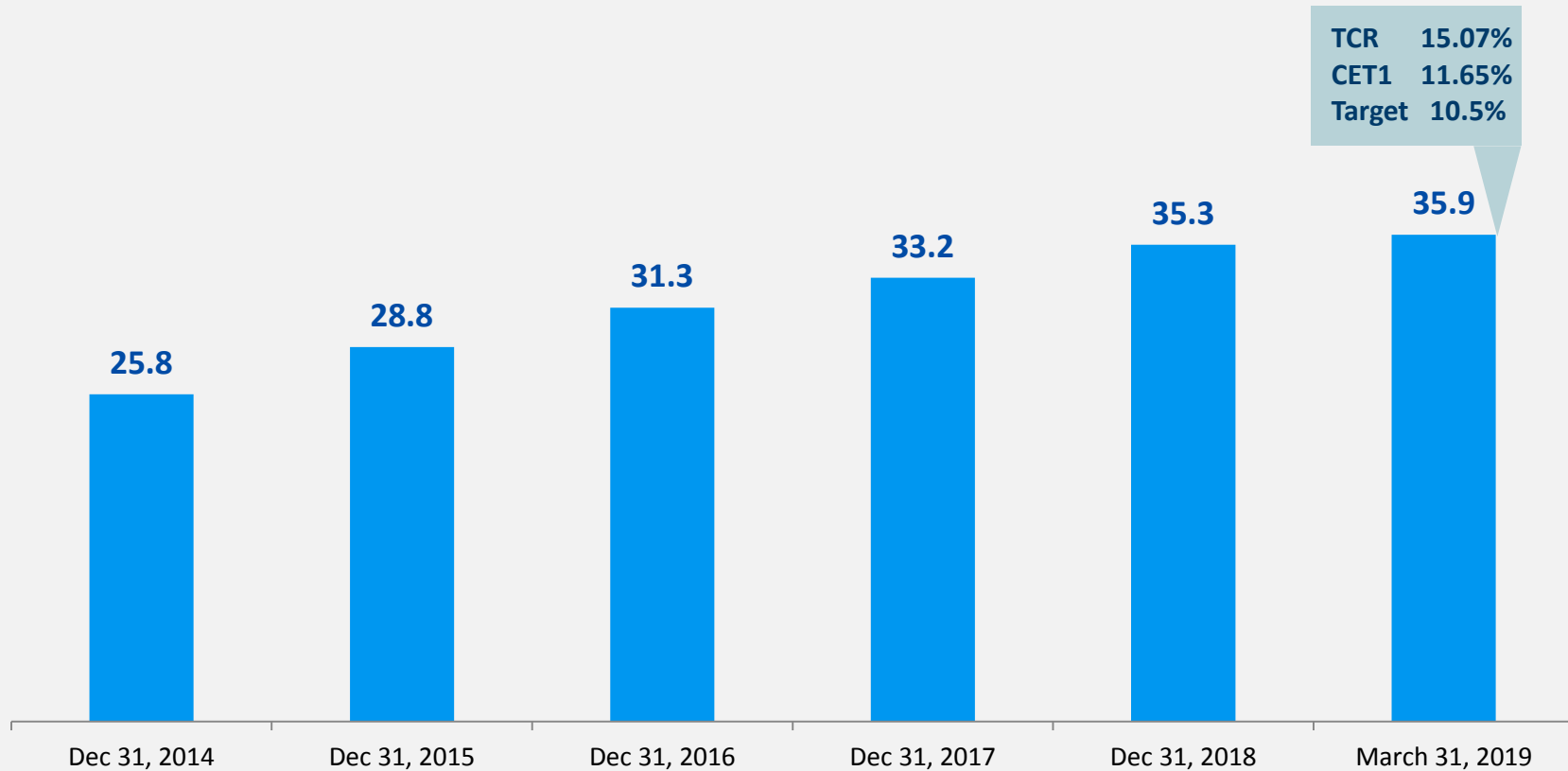
(NIS Billions)

9 * Including changes in the market value



Strong Capital Generation and Adequacy Ratios

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



(NIS Billions)



High Share Returns via Dividend and Buyback; New Buyback Plan Announced Today

Dividends

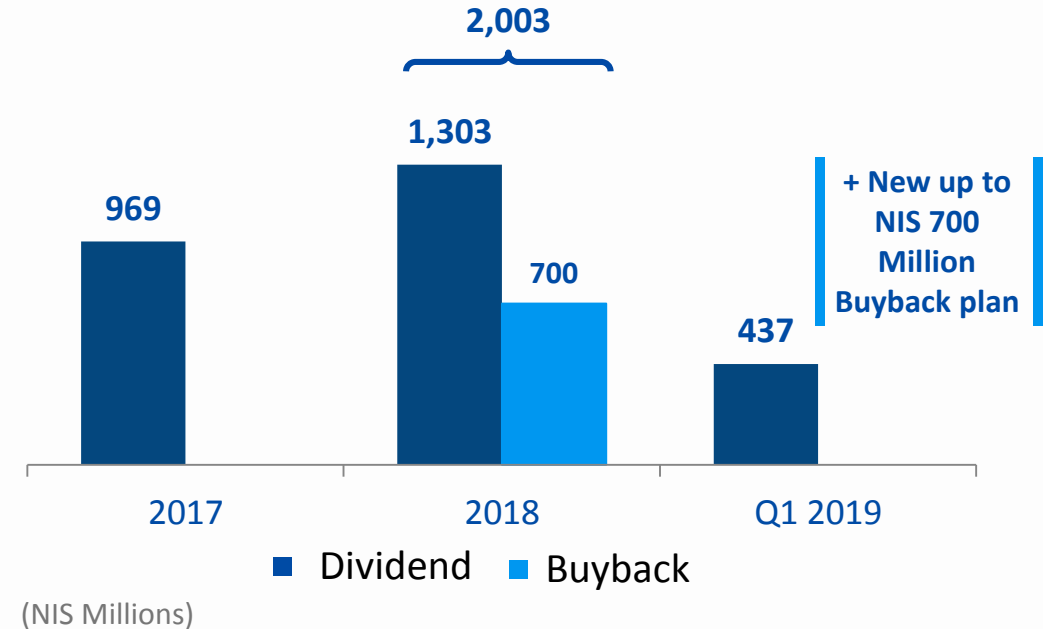
40% quarterly payout ratio in Q1

New Buyback Plan in Place

The Board of Directors has approved an up to NIS 700 million plan

**~60% effective profit distribution
based on 2018 results**

Return to Shareholders



Wrapping Up – First Quarter 2019

- Strong quarter - High ROE, an increase in most revenue items
- Continuous improvement in the Cost Income ratio
- Very low credit loss expenses

- Selective credit growth aligned with strategy

- High capital returns to shareholders

- Business model evolving to match digital migration – innovative solutions **PEPPER.** DIGITAL MORTGAGE





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Q&A



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THANK YOU



APPENDIX

Strong Macro Profile – A Positive for Leumi

	E2019*	2018	2017	2016
GDP, rate of change, real terms	3.1%	3.3%	3.5%	4.0%
Private Consumption	3.6%	3.9%	3.4%	6.4%
Current account surplus, % of GDP	3.1%	3.0%	2.9%	3.8%
Government budget deficit, % of GDP	(3.6%)	(2.9%)	(1.9%)	(2.1%)
Government debt, % of GDP	61%	60%	59%	61%
Unemployment, Annual Average	4.3%	4.2%	4.2%	4.8%
CPI, year-end change	1.5-2.5%	0.8%	0.4%	(0.2%)
NIS-USD, average exchange rate	3.55-3.75	3.59	3.60	3.84
NIS-GBP, average exchange rate	4.70-4.90	4.79	4.67	5.21
NIS-EUR, average exchange rate	4.00-4.20	4.24	4.07	4.25
Bank of Israel average interest rate	0.25-0.50%	0.11%	0.1%	0.1%



Source: Central Bureau of Statistics, *Leumi forecast

