



Leumi Group

Q1 2015 Earnings Presentation



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>> The Israeli economy

- > Growth expected to rise in 2015
- > Fiscal performance on track with long-term targets
- > No net foreign debt ; high FX reserves
- > Inflation remains very low despite gradual weakening of the shekel
- > Unemployment low; labor force participation rising

	2013	2014	2015
GDP (rate of change, real terms)	3.2%	2.8%	3.5%
% of GDP			
Current account surplus	2.4%	3.0%	3.6%
Gov't budget deficit	(3.1%)	(2.8%)	(2.5%)
Central Gov't debt	66%	66%	67%
Annual Average			
Unemployment (using new data definitions)	6.2%	5.9%	5.4%
Additional Data			
CPI, year-end change	1.8%	(0.2%)	0.0~0.5%
Shekel / USD average exchange rate	3.61	3.58	3.80-4.00
Shekel / EUR average exchange rate	4.80	4.76	4.20-4.40
Bank of Israel average interest rate	1.4%	0.6%	0.0%-0.4%



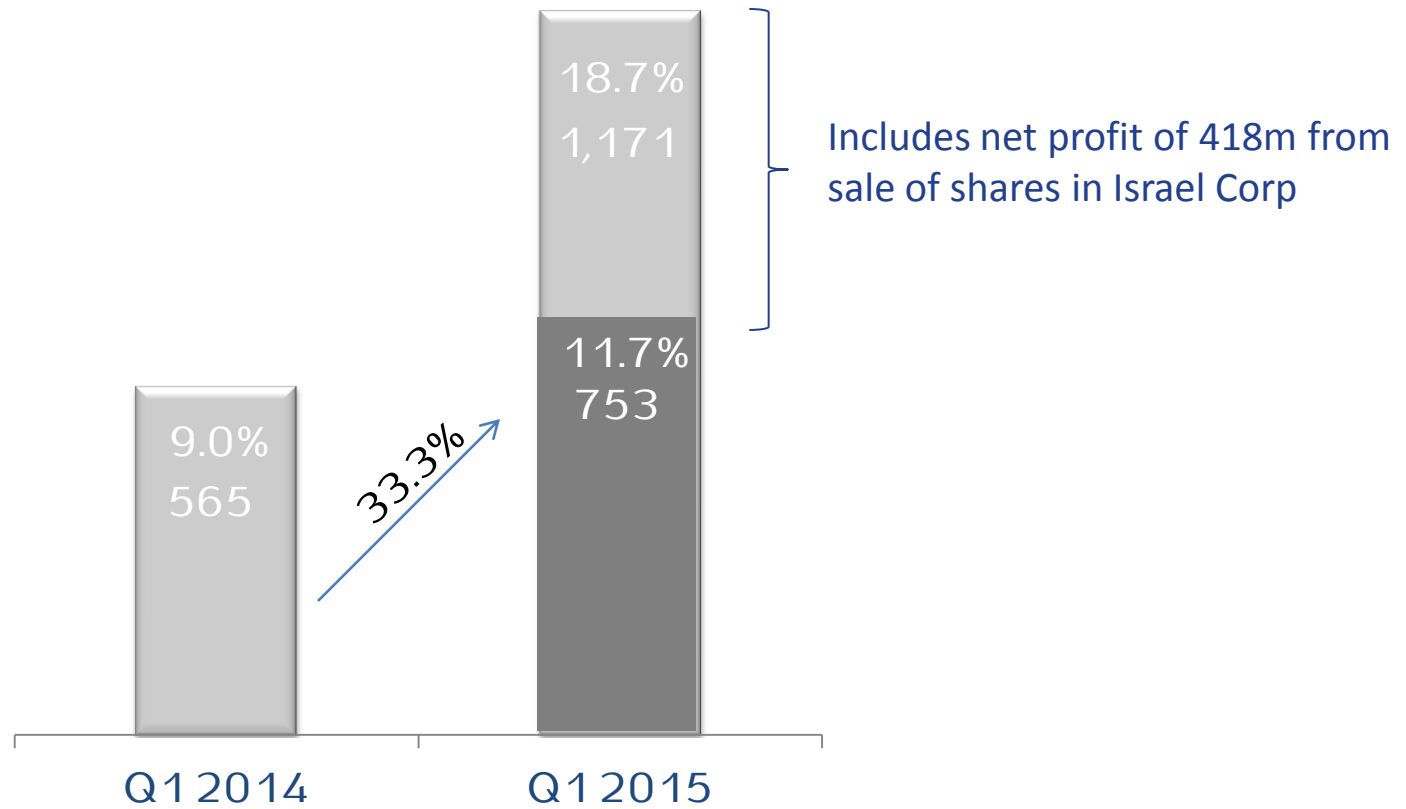
Principal Results

NIS millions

	Q1 2015	Q1 2014	Δ%
Net Interest income	1,516	1,757	(13.7)
Noninterest income	2,425	1,394	74.0
Total Income	3,941	3,151	25.1
Income (expenses) in respect of credit losses	(81)	51	-
Total operating & other expenses	2,254	2,161	4.3
Share of bank in associated companies	131	(37)	+
Net Profit ROE	1,171 18.7%	565 9.0%	+

>> Net profit and ROE

NIS millions



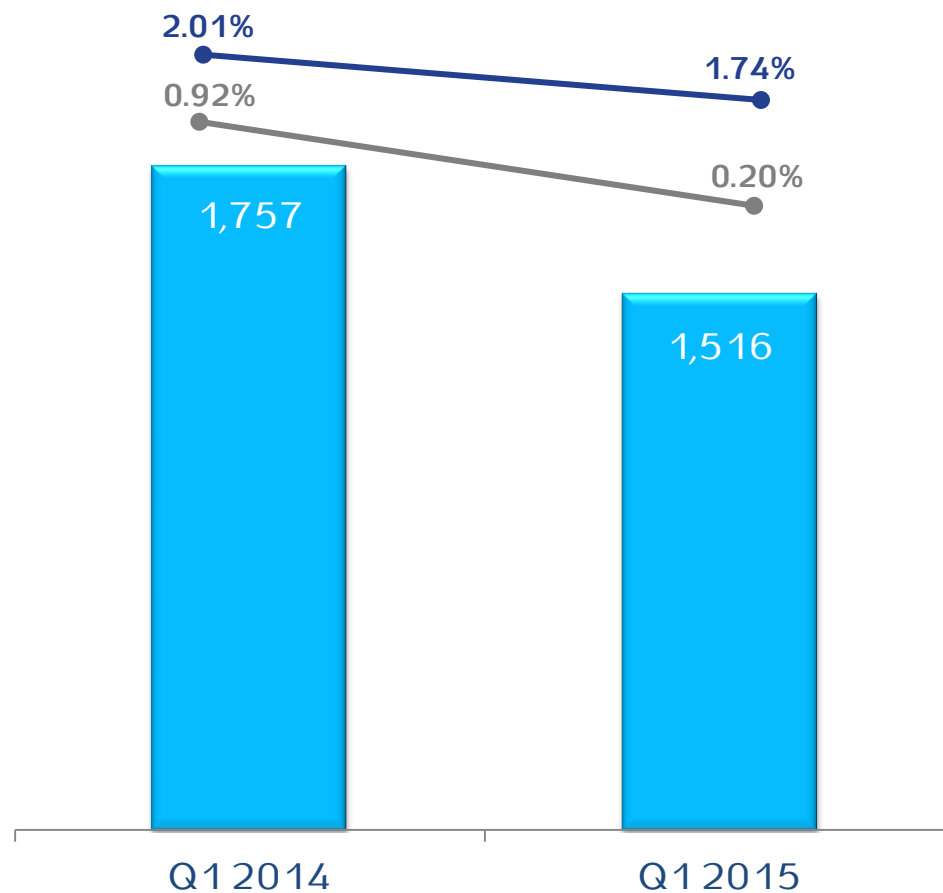


Net interest income

NIS millions

● Interest margin accumulated for the period end

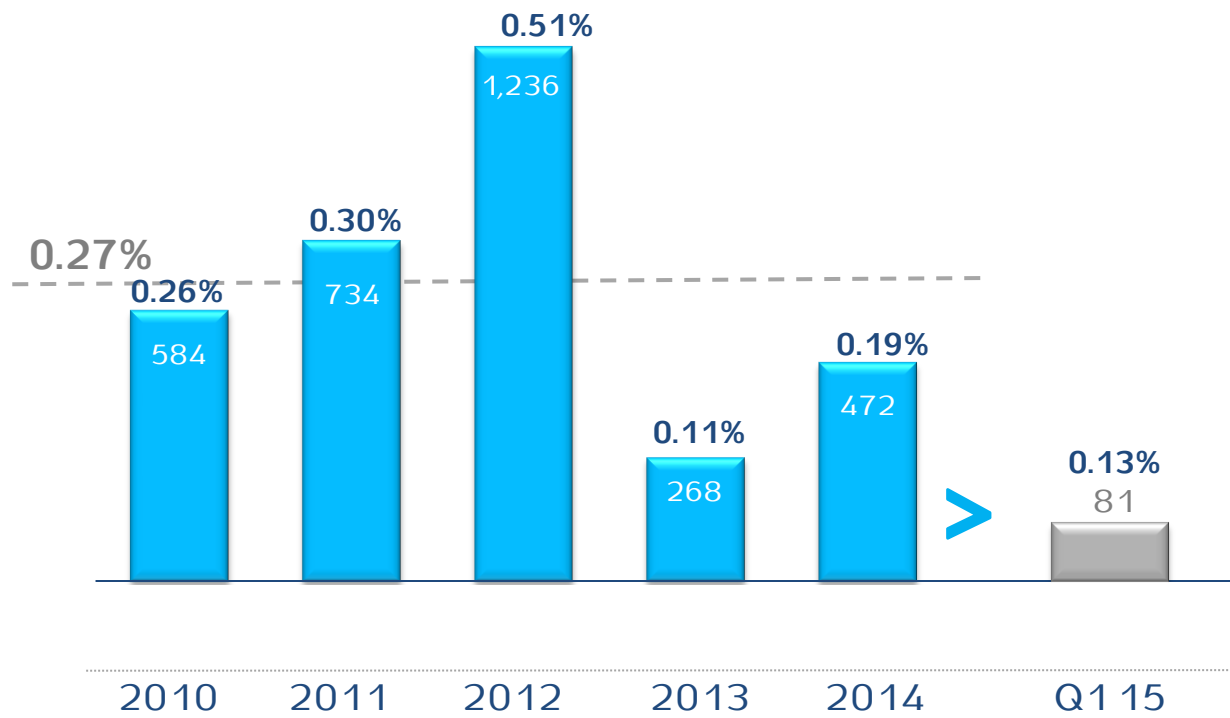
● Bol average interest rate





Rate of provision significantly below 5 year average

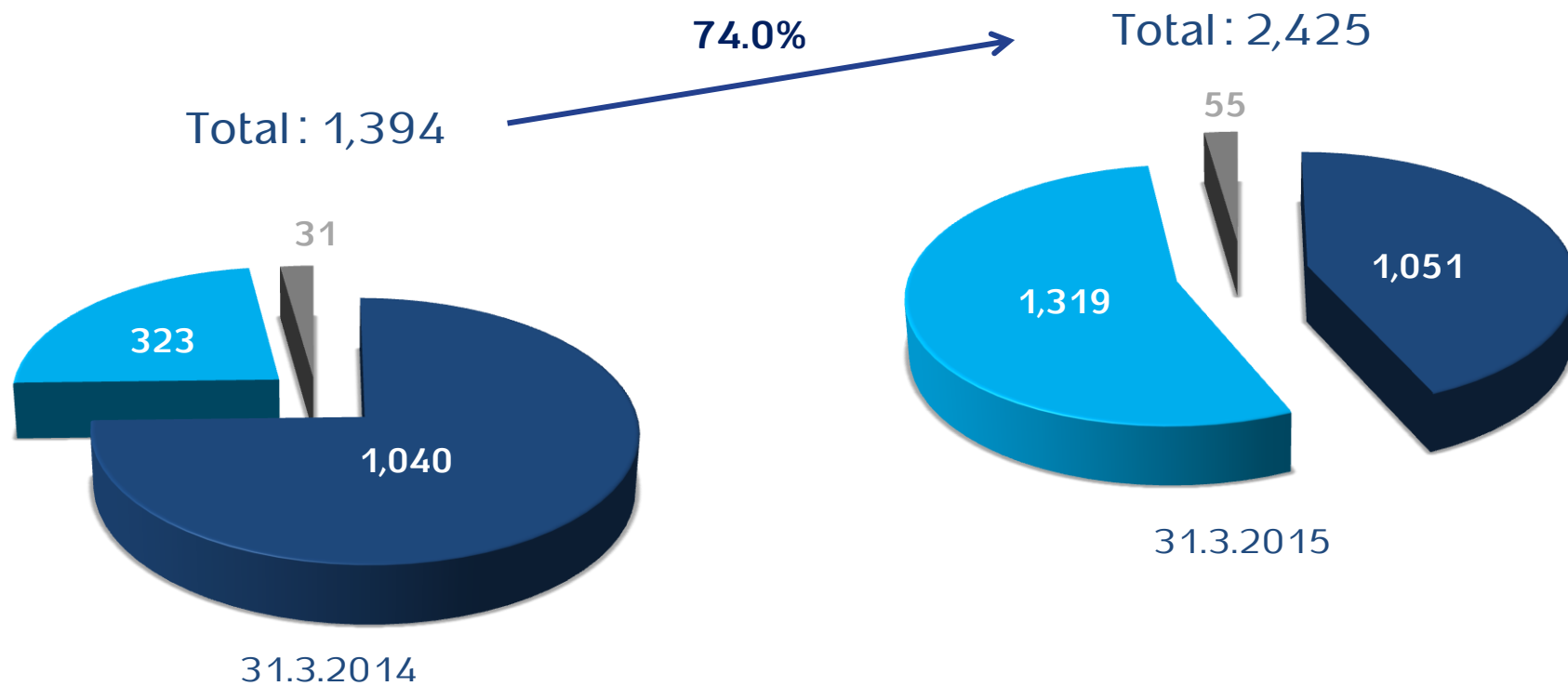
NIS millions





Non-interest income

NIS millions



Operating Commissions Non-interest financing income Other income

>> Commission revenue stable and diverse

NIS millions

	Q1 2015	Q1 2014	Δ %
Securities Transactions	270	283	(4.6)
Account Management	209	212	(1.4)
Credit Cards	230	226	1.8
Credit Handling	52	47	10.6
Conversion differences	80	79	1.3
Commissions from financing transactions	126	117	7.7
Other Fees	84	76	10.5
Total	1,051	1,040	1.1

* Includes financial product distribution commissions

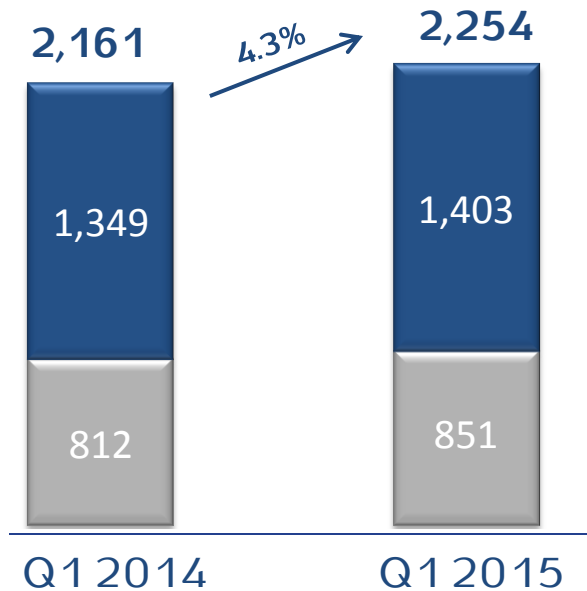
>> Non-interest financing income

NIS millions

	Q1 2015	Q1 2014
Net income (expense) in respect of derivative instruments and net exchange rate differences	(79)	(29)
Profits from the sale of available-for-sale bonds, net	104	82
Profits from investments in shares including dividends, excluding the Israel Corporation	503	129
Realized and unrealized profits from adjustments of tradable bonds and shares to fair value, net	269	141
	797	323
Profit from the sale of shares in the Israel Corp.	522	-
Total	1,319	323

>> Total operating and other expenses

NIS millions



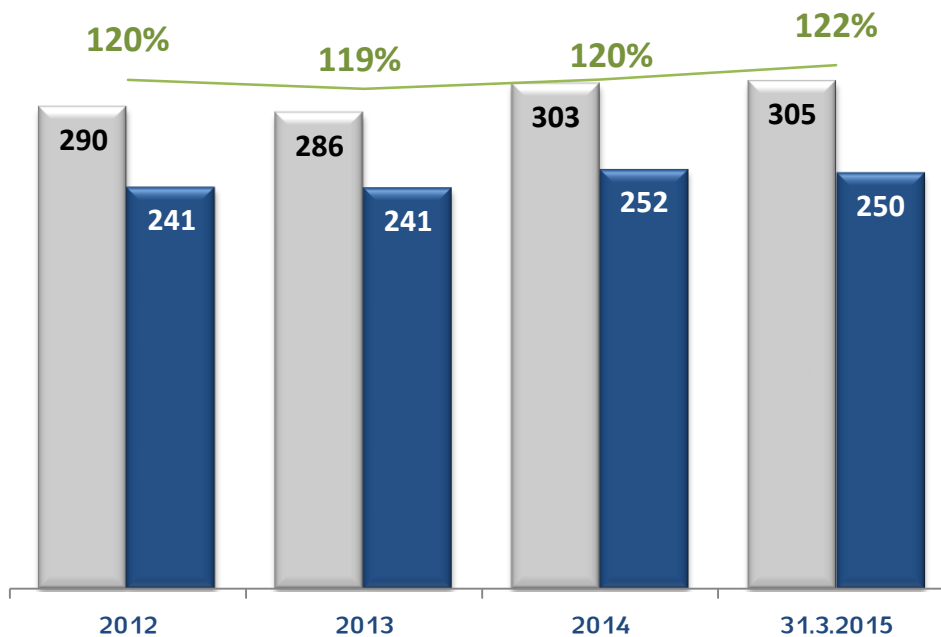
	Q1 2014	Q1 2015
Salaries	1,019	920
Bonus	132	155
Post-retirement defined and other benefit expenses	198	328
Total salaries and related expenses	1,349	1,403



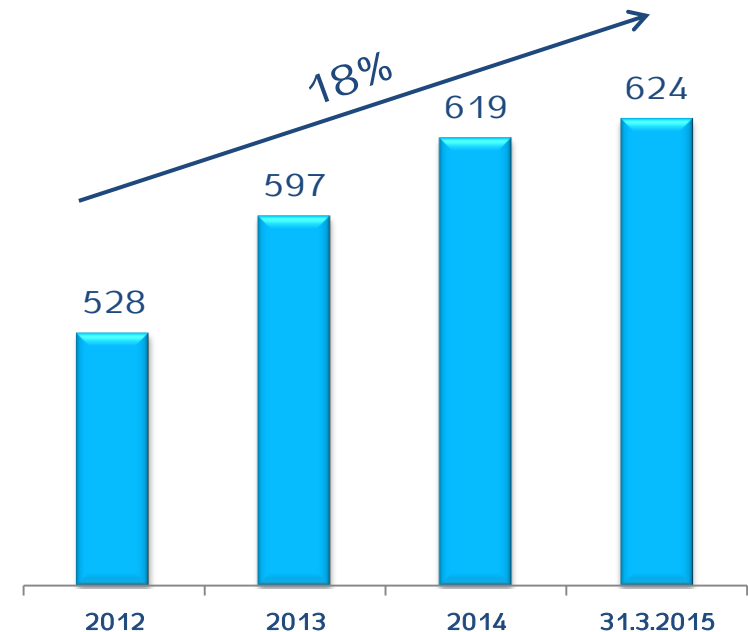
>> Strong liquidity; increase in off-balance sheet

NIS billions

Deposits and Credits



Off-balance sheet securities portfolio including mutual funds



Deposits of the public Credit to the public Deposits /Credits



Credit

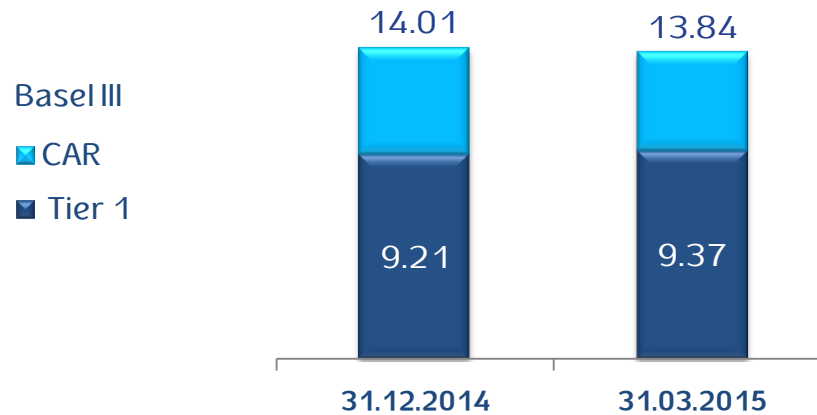
Retail constitutes 56% of total credit to the public

NIS millions

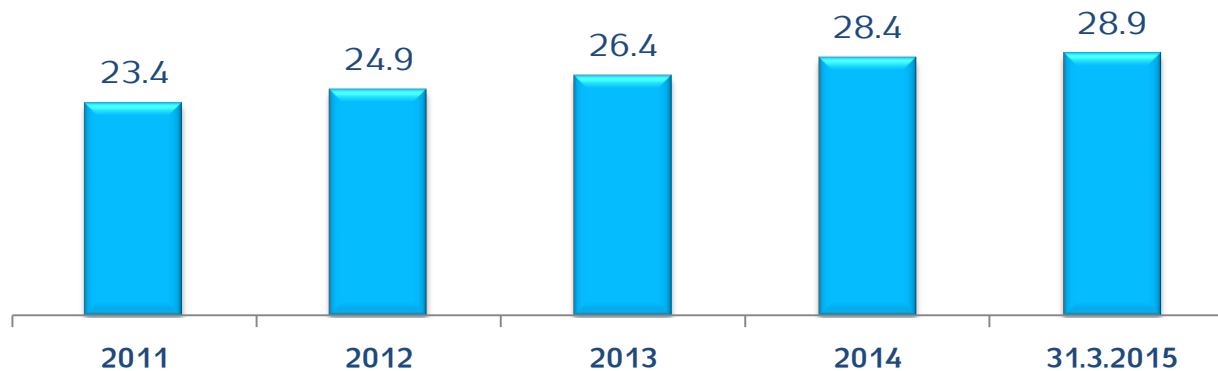
	31. 3.2015	31. 3.2014	Δ %
Households	111,542	102,212	9.1
Of which: Housing loans	74,950	69,388	8.0
Small Businesses	24,708	23,850	3.6
Private Banking	4,846	6,069	(20.2)
Total Retail	141,096	132,131	6.8
Corporate Banking	55,207	58,922	(6.3)
Commercial Banking	50,048	46,417	7.8
Financial Management & Others	3,924	3,803	3.2
Total Corporate	109,179	109,142	0.03
Total Credit	250,275	241,273	3.7

>> Capital Adequacy

Capital to risk weighted assets, %



Capital development, NIS billions



>> Successfully executing strategic plan



Focus on Israel



Leading the digital revolution and transforming the bank for the future



First of the Israeli banks to conclude US customer investigation with DOJ and NYDFS



Executing non-banking holdings strategy



Continuing streamlining, including merger of AI Bank into retail division and headcount reduction



Strong focus on business development



Leading market share in the Israeli banking system in middle market credit and deposits from the public



Thankyou

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