



May 17 2020

To:

The Tel Aviv Stock Exchange (TASE)
2 Ahuzat Bayit Street
Tel Aviv 6525216

To:

The Israel Securities Authority (ISA)
22 Kanfei Nesharim Street
Jerusalem 95464

Dear Sir/Madam,

Re: **Profit Warning**

Following the immediate report dated March 16 2020 (Ref. No. 2020-01-025185), Bank Leumi Le-Israel B.M. (hereinafter: the "Bank") hereby announces as follows:

The crisis in the Israeli and world economies in the wake of the coronavirus outbreak has caused, inter alia, a deterioration in the economic indicators underlying the calculation of loan loss expenses as well as substantial volatility in capital markets, both in Israel and around the world, including volatility in financial assets' market capitalization. It should also be noted that on April 21 2020, the Bank of Israel published a document containing main points regarding the financial statements for Q1 2020 (hereinafter: the "Bank of Israel Document").

The Bank is currently preparing drafts of the Bank's financial statements as at March 31 2020 (hereinafter: the "Q1 Financial Statements") while determining the criteria for calculating the loan loss expense, including the collective provision, which was designed, inter alia, to serve as a buffer for loan losses which may arise in the future. Based on the draft of the Q1 Financial Statements, it appears that due to the increase in the loan loss expense and capital market losses in the first quarter of the year, the Bank is expected to present a net loss attributable to the Bank's shareholders valued as ranging between NIS 200 million and NIS 300 million.

In this context, it should be noted that after the balance sheet date, capital markets rallied, substantially offsetting the losses on securities incurred in the first quarter of the year.

It is clarified that the above figures constitute mere estimates, which are based on inconclusive data, since not all data used in the preparation of the Q1 Financial Statements have been conclusively verified and the review of the Bank's independent auditors has yet to be finalized. Therefore, the abovementioned figures may be subject to change, with the final outcome being different than the abovementioned estimate. It is also clarified that the current period is characterized by substantial volatility in capital markets both in Israel and worldwide due to the continuation of the coronavirus pandemic, such that the volatility in the market capitalization of financial assets may continue.

Naturally, the information contained in this report constitutes forward-looking information, as defined by the Securities Law, 1968, which is based, inter alia, on assessments and estimates of the Bank as at the date of this report, and may therefore be subject to changes (including material changes), inter alia as a result of completing the gathering of the data and their review.

Respectfully,

Bank Leumi Le-Israel B.M.

By:

Omer Ziv, Head of Finance Division