



Leumi Reports Net Income of NIS 2,015 Million (\$565 Million) and 11.4% ROE in the First Half of 2019

The Bank will distribute a dividend of 40% of its net income in the second quarter of 2019, totaling NIS 369 million (\$103 million);

The accumulated dividend for the first half of 2019, including the share buyback, totaled NIS 950 million (\$266 million);

The Bank launched an additional voluntary retirement plan

- > Net income in the first half of 2019 reached NIS 2,015 million (\$565 million), compared with NIS 1,633 million (\$458 million) in the same period last year – a 23.4% year-over-year increase.
- > Return on equity in the first half of 2019 was 11.4%, compared with 9.9% in the same period last year. Excluding the effect of the sale of Leumi Card, the return on equity in the first half of 2019 was 10.2%, compared with 9.4% in the same period last year.
- > Net income in the second quarter of 2019 totaled NIS 923 million (\$259 million), compared with NIS 903 million (\$253 million) in the same period last year, and compared with NIS 843 million (\$236 million) in the same period last year when excluding the effect of Leumi Card.
- > Return on equity in the second quarter of 2019 was 10.6%, compared with 10.4% in the same period last year, excluding the effect of Leumi Card.
- > Efficiency ratio continues to improve – A 53.1% ratio in the first half of 2019, compared with 61.7% in the same period last year. Excluding the effect of Leumi Card, the efficiency ratio in the first half of 2019 was 55.5%, compared with 62.0% in the same period last year. Within this framework, the Bank recently launched a new voluntary retirement plan for 250 employees by the end of 2019.
- > Credit loss expenses in the first half of 2019 reached 0.19% of the credit portfolio, compared with 0.05% in the same period last year (excluding Leumi Card). The increase stems from credit growth, a decrease in collections and reclassifications.
- > Common Equity Tier 1 capital ratio in the first half of 2019 was 11.65%, and the total capital ratio reached 15.08%.



- > The Bank will distribute a dividend of 40% of its net income in the second quarter of 2019, totaling NIS 369 million (\$103 million). The accumulated dividend for the first half of 2019 totaled NIS 806 million (\$226 million).
- > Share buyback - At the end of May 2019, the Bank began to implement a share buyback plan in the amount of up to NIS 700 million (\$196 million). As of the date of the financial statements' approval, the Bank purchased shares totaling NIS 301 million (\$84 million).
- > Net interest income in the first half of 2019, excluding the effect of Leumi Card, was up by NIS 310 million (\$87 million) compared with the same period last year, a 7.2% increase.
- > Total operating and other expenses in the first half of 2019, excluding Leumi Card, were up by NIS 101 million (\$28 million) compared with the same period last year, a 2.7% increase. The increase mainly arose from a provision for the bonus granted to employees based on high returns and the collective salary agreement.

An Improvement in Balance Sheet Parameters:

- > Shareholders' equity totaled NIS 35.8 billion (\$10.0 billion) as at June 30, 2019, compared with NIS 34.7 billion (\$9.7 billion) as at June 30, 2018.
- > Net credit to the public totaled NIS 277.1 billion (\$77.7 billion) as at June 30, 2019, compared with NIS 264.2 billion (\$74.1 billion) as at June 30, 2018 (excluding Leumi Card). The increase is mainly attributed to mortgage, middle-market and corporate loans.
- > Deposits by the public totaled NIS 373.2 billion (\$104.6 billion) as at June 30, 2019, compared with NIS 361.2 billion (\$101.3 billion) as at June 30, 2018 (excluding Leumi Card).
- > Leverage ratio as at June 30, 2019 was 7.14%, compared to the 6% minimum required by the Bank of Israel.
- > Liquidity coverage ratio as at June 30, 2019 was 125%, compared to the 100% minimum required by the Bank of Israel.



Leumi Group – Principal Data from the Financial Statements

Profit and Profitability (in NIS millions)

	For the six months ended June 30		Change in %	December 31
	2019	2018		2018
Net interest income	4,586	4,420	3.8	8,890
Credit loss expenses	270	116	+	519
Non-interest income	2,749	2,241	22.7	4,871
Operating and other expenses	3,896	4,109	(5.2)	8,337
Profit before taxes	3,169	2,436	30.1	4,905
Provision for taxes	1,120	783	43.0	1,619
Profit after taxes	2,049	1,653	24.0	3,286
The Bank's share in profits of companies included on equity basis	(14)	12	-	36
Net income attributed to non-controlling interests	(20)	(32)	37.5	(65)
Net income attributed to shareholders of the banking corporation	2,015	1,633	23.4	3,257
Return on equity (%)	11.4	9.9		9.5
Earnings per share (NIS)	1.35	1.07		2.15

Development of Balance Sheet Items (in NIS millions)

	As at June 30		December 31
	2019	2018	2018
Net credit to the public ^(a)	277,129	264,173	271,173
Deposits by the public ^(a)	373,152	361,220	364,591
Shareholders' equity	35,795	34,680	35,305
Total assets	467,880	450,449	460,657

a) Excluding the balances for Leumi Card, which have been classified as held-for-sale assets and liabilities since the balance sheet as at March 31, 2018.

Principal Financial Ratios (%)

	As at June 30		December 31
	2019	2018	2018
Net credit to the public to total assets ^(a)	59.2	58.6	58.9
Deposits by the public to total assets ^(b)	79.8	80.2	79.1
Total equity to risk assets	15.08	14.29	14.54
Total Tier 1 equity to risk assets	11.65	11.17	11.07
Leverage ratio	7.14	7.01	7.05
Liquidity coverage ratio	125	124	121

(a) Excluding the credit for Leumi Card (comparative results), which have been classified as held-for-sale assets and liabilities since the balance sheet as at March 31, 2018.

(b) Excluding the deposits by Leumi Card (comparative results), which have been classified as held-for-sale assets and liabilities since the balance sheet as at March 31, 2018.

The data in this press release has been converted into US dollars solely for convenience purposes, at the representative exchange rate published by the Bank of Israel on June 30, 2019, NIS 3.566.