



Leumi Reports Net Income of NIS 2,780 Million (\$798 Million) and 10.4% ROE in the First Nine Months of 2019;

The Bank will distribute a 40% dividend totaling NIS 306 million (\$88 million);

The accumulated dividend for the first nine months of 2019, including the share buyback, totaled NIS 1.6 billion (\$460 million)

- > Net income in the first nine months of 2019 reached NIS 2,780 million (\$798 million), compared with NIS 2,569 million (\$738 million) in the same period last year – a 8.2% year-over-year increase.
- > Net income in the third quarter of 2019 reached NIS 765 million (\$220 million), compared with NIS 936 million (\$269 million) in the same period last year – a 18.3% decrease, and compared with NIS 894 million (\$257 million) in the same period last year when excluding the effect of Leumi Card – a 14.4% decrease. The lower profitability compared to the same quarter last year mainly stems from a negative CPI in the quarter at a rate of 0.7%, compared to a positive CPI at a rate of 0.2% in the same quarter last year.
- > Return on equity in the first nine months of 2019 was 10.4%, compared with 10.2% in the same period last year. Excluding the effect of the sale of Leumi Card – the ROE was 9.6%, similar to the same period last year.
- > Return on equity in the third quarter of 2019 was 8.7%, compared with 11.2% in the same period last year. Excluding the effect of the sale of Leumi Card – the ROE in the third quarter of 2018 was 10.6%.
- > Efficiency ratio continues to improve – A 55.2% ratio in the first nine months of 2019, compared with 59.5% in the same period last year. Excluding the effect of Leumi Card – the efficiency ratio was 56.9%, compared with 59.6% in the same period last year. The Bank is currently implementing a voluntary retirement plan for 400 employees, which is expected to be completed by the end of the year.
- > Growth in the loan portfolio – The Bank's loan portfolio as at September 30, 2019 totaled NIS 279.7 billion (\$80.3 billion), a 4.5% increase compared to the same period last year. The commercial portfolio increased by 8.6%, the mortgage portfolio increased by 4.8% and the corporate portfolio increased by 10.9%.



- > Credit loss expenses in the first nine months of 2019 reached 0.21% of the credit portfolio, compared with 0.12% in the same period last year (excluding Leumi Card). The increase in expenses stems from credit growth, a decrease in collections and reclassifications.
- > Common Equity Tier 1 capital ratio as at September 30, 2019 was 11.73%, and the total capital ratio reached 15.55%.
- > Dividend and share buybacks – The Bank will distribute a dividend of 40% of its net income in the third quarter of 2019, totaling NIS 306 million (\$88 million). The accumulated dividend for the first nine months of 2019 totaled NIS 1.1 billion (\$316 million). In addition, the Bank executed a share buyback plan during the third quarter of 2019, totaling NIS 353 million (\$101 million). Since the beginning of the year, the Bank purchased shares totaling NIS 700 million (\$201 million).
- > Net interest income in the first nine months of 2019, excluding the effect of Leumi Card, was up by NIS 287 million (\$82 million) compared with the same period last year, a 4.5% increase.
- > Total operating and other expenses in the first nine months of 2019, excluding the effect of Leumi Card, were up by NIS 173 million (\$50 million) compared with the same period last year, a 3.1% increase. The increase mainly stems from a provision for bonuses, including a sign-on bonus in respect of the collective salary agreement, and a one-time expense in respect of the exchange of bond series.

An Improvement in Balance Sheet Parameters:

- > Shareholders' equity totaled NIS 35.1 billion (\$10.1 billion) as at September 30, 2019, compared with NIS 34.8 billion (\$10.0 billion) as at September 30, 2018.
- > Net credit to the public totaled NIS 279.7 billion (\$80.3 billion) as at September 30, 2019, compared with NIS 267.7 billion (\$76.9 billion) as at September 30, 2018 (excluding Leumi Card). The increase is mainly attributed to mortgage, middle-market and corporate loans.
- > Deposits by the public totaled NIS 358.9 billion (\$103.1 billion) as at September 30, 2019, similar to last year.
- > Leverage ratio as at September 30, 2019 was 7.41%, compared to the 6% minimum required by the Bank of Israel.
- > Liquidity coverage ratio as at September 30, 2019 was 121%, 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 nine months ended September 30		Change in %	December 31 2018
	2019	2018		
Net interest income	6,678	6,616	0.9	8,890
Credit loss expenses	451	314	43.6	519
Non-interest income	3,881	3,724	4.2	4,871
Operating and other expenses	5,832	6,154	(5.2)	8,337
Profit before taxes	4,276	3,872	10.4	4,905
Provision for taxes	1,444	1,298	11.2	1,619
Profit after taxes	2,832	2,574	10.0	3,286
The Bank's share in profits of companies included on equity basis	(22)	47	-	36
Net income attributed to non-controlling interests	(30)	(52)	42.3	(65)
Net income attributed to shareholders of the banking corporation	2,780	2,569	8.2	3,257
Return on equity (%)	10.4	10.2		9.5
Earnings per share (NIS)	1.87	1.69		2.15

Development of Balance Sheet Items (in NIS millions)

	As at September 30		December 31 2018
	2019	2018	
Net credit to the public ^(a)	279,678	267,681	271,173
Deposits by the public ^(a)	358,921	358,875	364,591
Shareholders' equity	35,144	34,760	35,305
Total assets	454,508	450,675	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 September 30		December 31 2018
	2019	2018	
Net credit to the public to total assets ^(a)	61.5	59.4	58.9
Deposits by the public to total assets ^(b)	79.0	79.6	79.1
Total equity to risk assets	15.55	14.69	14.54
Total Tier 1 equity to risk assets	11.73	11.25	11.07
Leverage ratio	7.41	7.05	7.05
Liquidity coverage ratio	121	121	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 September 30, 2019, NIS 3.482.