

**Leumi reports net profit of NIS 730 million
(\$208 million) for Q1 2018 – a 17.4% increase from the
corresponding period last year;**

Return on equity reached 9.0%

**Leumi will distribute NIS 292 million (\$83 million) in dividends,
comprising 40% of the quarterly net profit; In addition, the Bank is
expected to commence the share buyback plan**

- > Return on equity in the first quarter of 2018 (on an annual basis) reached 9.0%, compared with 8.1% in the corresponding period last year.
- > Net Credit to the public increased by 2.5% compared with the corresponding period last year and by 1.3% compared with December 31, 2017 (an increase of approximately 5% in annual terms). The increase in credit is mainly from the Middle-Market and Real Estate segments.
- > Net interest income increased by 7.1% compared with the corresponding period last year.
- > Total expenses decreased by NIS 52 million (\$15 million) (a decrease of 2.5%), driven by lower salary expenses.
- > The efficiency ratio reached 64.0%, compared with 64.9% in the corresponding period last year.
- > Credit loss expenses amounted to 0.19%, compared with 0.15% in the corresponding period last year.
- > Core Capital Tier 1 ratio reached 11.11%, compared with 11.02% in the corresponding period last year.
- > Due to the first quarter earnings, the Bank will distribute a dividend of NIS 292 million (\$83 million), comprising 40% of the quarterly net income.



Additional events expected during 2018:

- > **The establishment of an Operations Division** – the Bank is continuing to promote the establishment of a new Operations Division, which will begin operating in 2019. The new division will combine all operational activities under one roof, while improving effectiveness, simplifying processes, reducing risks and enhancing efficiency.
- > **Share buyback plan** – the Bank has completed its preparations for a buyback of Leumi shares of up to NIS 700 million (\$199 million), according to the 'Safe Harbor' principle.
- > **Realization of Avgol shares** – a pre-tax profit of NIS 118 million (\$34 million) is expected later this year. The sale transaction is subject to the fulfillment of several suspending conditions.

Balance sheet parameters:

- > **Shareholders' equity** as of March 31, 2018 amounted to NIS 33.6 billion (\$9.6 billion), compared with NIS 33.2 billion (\$9.4 billion) as of December 31, 2017.
- > **The leverage ratio** as of March 31, 2018 reached 6.89%, compared with the Bank of Israel's minimal threshold of 6%.
- > **The liquidity coverage ratio** as of March 31, 2018 reached 122%, compared with the Bank of Israel's minimal threshold of 100%.
- > **Net credit to the public** as of March 31, 2018 amounted to NIS 271.5 billion (\$77.3 billion), compared with NIS 268.0 billion (\$76.3 billion) as of December 31, 2017.
- > **Deposits of the public** as of March 31, 2018 amounted to NIS 362.0 billion (\$103.0 billion), compared with NIS 362.5 billion (\$103.2 billion) as of December 31, 2017.



Leumi Group – Principal Data from the Financial Statements

Profit and Profitability (in NIS millions)

	For the three months ended March 31		Change in %	December 31 2017
	2018	2017		
Net interest income	2,006	1,873	7.1	8,046
Credit loss expenses	130	101	28.7	172
Noninterest income	1,114	1,287	(13.4)	5,428
Operating and other expenses	1,998	2,050	(2.5)	8,501
Profit before taxes	992	1,009	(1.7)	4,801
Provision for tax	262	388	(32.5)	1,692
Profit after tax	730	621	17.6	3,109
The Bank's share in profits of companies included on equity basis	10	10	-	92
Net profit attributed to non-controlling interests	(10)	(9)	11.1	(29)
Net income attributed to shareholders of the banking corporation	730	622	17.4	3,172
Return on equity (in %)	9.0	8.1		9.8
Net income per share (NIS)	0.48	0.41		2.10

Development of Balance Sheet Items (in NIS millions)

	March 31 2018	December 31 2017	Change in %
Net credit to the public	271,458 ^(a)	267,952	1.3
Deposits of the public	362,026	362,478	(0.1)
Shareholders' equity	33,564	33,167	1.2
Total assets	450,567	450,838	(0.1)

Principal Financial Ratios (%)

	March 31		December 31 2017
	2018	2017	
Net Credit to the public to total assets	60.2 ^(a)	60.8	59.4
Deposits of the public to total assets	80.3	78.5	80.4
Total equity to risk assets	14.32	14.81	14.99
Total Tier 1 equity to risk assets	11.11	11.02	11.43
Leverage ratio	6.89	6.85	6.94
Liquidity coverage ratio	122	131	122
Expenses in respect of credit losses out of net credit to the public	0.19	0.15	0.06
Total operating and other expenses to total income (efficiency ratio)	64.0	64.9	63.1
Net interest margin (NIM)	2.00	1.91	2.05

(a) Including the credit of Leumi Card which is classified as a held-for-sale asset as of March 31, 2018.

The data in this press release has been converted into US dollars solely for convenience, at the representative rate of exchange published by the Bank of Israel prevailing on March 31, 2018, NIS 3.514.