



November 16, 2016

Net profit of NIS 919 million (\$244.5 million) for Leumi in the third quarter of 2016

Net return on equity reached 12.7%

- > The core capital ratio (Tier I) reached 10.86% in the first nine months of 2016, a significant increase compared with a ratio of 9.58% as of December 31, 2015. The capital adequacy ratio reached 15.04%, an increase compared with a ratio of 13.74% as of December 31, 2015.
- > Net profit in the third quarter of 2016 amounted to NIS 919 million (\$244.5 million) – an increase of 30% compared with the corresponding periods last year.
- > Net return on equity reached 12.7% in the third quarter of 2016, compared with 10.4% in the corresponding period last year; and a net return of 10.7% in the first nine months of 2016, compared with 11.9% in the corresponding periods last year.
- > Credit loss expenses in the third quarter of 2016 amounted to NIS 106 million (\$28.2 million), reflecting 0.16% of the bank's credit portfolio. This is compared with credit loss expenses amounting to NIS 73 million (\$19.4 million) in the corresponding period last year, which then reflected 0.11% of the bank's credit portfolio. Credit loss income in the first nine months of 2016 amounted to NIS 171 million (\$45.5 million), compared with credit loss expenses of NIS 166 million (\$44.2 million) in the corresponding period last year.
- > Net Credit to the public as of September 30, 2016 amounted to NIS 264.4 billion (\$70.3 billion), compared with NIS 261.4 billion (\$69.6 billion) at the end of 2015 (an increase of 1.1%), and compared with the corresponding period last year – an increase of 1.7%.

Implementation of the Bank's strategy:

- > In accordance with the Bank's efficiency program, which was approved by the Board of Directors on June 1, 2016, approximately 695 employees have signed an early retirement agreement and are expected to end their employment by December 30, 2016. During the next 5 years, some additional 640 employees are expected to retire from the bank within the framework of normal retirement.



- > A decrease of NIS 166 million (\$44.17 million) in operating expenses in the third quarter of 2016, compared with the corresponding period last year (7.8%); and a decrease of NIS 218 million (\$58 million) in the first nine months of 2016 compared with the corresponding period last year (3.3%). The decrease mainly results from a decrease in salary expenses, and from an insurance reimbursement related to the agreement signed with US authorities regarding US customers.
- > Leumi continues to lead the digital banking field in Israel. During the third quarter of 2016, the Bank's digital banking platform – 'Pepper' – has been launched to Friends & Family.

Improvement in business activity:

- > Increase in credit to targeted sectors:
 - o Retail Credit in Israel (personal customers, private banking, micro and small businesses) increased by NIS 2.1 billion (\$558.8 million) compared with December 31, 2015 (an increase of 1.2%).
 - o Credit to Middle-market companies increased by NIS 0.5 billion (\$133 million) compared with December 31, 2015 (an increase of 2.0%).
- > An increase of NIS 7.6 billion (\$2.02 billion) in Retail Deposits in Israel (personal customers, private banking, micro and small businesses) compared with December 31, 2015 (an increase of 4.4%).

Leumi presents an improvement in balance sheet parameters compared with the corresponding period last year:

- > The Group's equity as of September 30, 2016 amounted to NIS 31.2 billion (\$8.3 billion), compared with NIS 28.6 billion (\$7.61 billion) as of September 30, 2015 (an increase of 9.3%), and NIS 28.8 billion (\$7.66 billion) as of December 31, 2015 (an increase of 8.6%).
- > Total assets of the Group as of September 30, 2016 amounted to NIS 431.8 billion (\$114.9 billion), compared with NIS 408.5 billion (\$108.7 billion) as of September 30, 2015 (an increase of 5.7%), and NIS 416.5 billion (\$110.8 billion) as of December 31, 2015 (an increase of 3.7%).
- > Net Credit to the public as of September 30, 2016 amounted to NIS 264.4 billion (\$70.3 billion), compared with NIS 260.0 billion (\$69.2 billion) as of September 30, 2015 (an increase of 1.7%), and NIS 261.4 billion (\$69.6 billion) as of December 31, 2015 (an increase of 1.1%).
- > Deposits of the public as of September 30, 2016 amounted to NIS 336.9 billion (\$89.6 billion), compared with NIS 318.0 billion (\$84.6 billion) as of September 30, 2015 (an increase of 5.9%), and NIS 328.7 billion (\$87.5 billion) as of December 31, 2015 (an increase of 2.5%).



Leumi Group - Principal Data from the Financial Statements

Profit and Profitability (in NIS millions)

	For the three months ended September 30			For the year ended December 31
	2016	2015	Change in %	2015
Net interest income	1,970	1,875	5.1	7,118
Credit loss expenses (income)	106	73	45.2	199
Net interest income after credit loss expenses	1,864	1,802	3.4	6,919
Non-interest income	1,514	1,344	12.6	6,297
Operating and other expenses	1,955	2,121	(7.8)	8,836
Net profit attributed to shareholders of the bank	919	704	30.5	2,835
Return on equity (%)	12.7	10.4		10.3

Development of Balance Sheet Items (in NIS millions)

	September 30			December 31	
	2016	2015	Change in %	2015	Change in %
Credit to the public	264,368	260,009	1.7	261,399	1.1
Total assets	431,758	408,524	5.7	416,499	3.7
Deposits of the public	336,851	317,991	5.9	328,693	2.5
Shareholders' equity	31,228	28,575	9.3	28,767	8.6
Assets under management of the Group	808,891	786,319	2.9	797,061	1.5

Principal Financial Ratios (%)

	For the three months ended September 30		December 31
	2016	2015	2015
Net credit to the public to total assets	61.2	63.6	62.8
Deposits of the public to total assets	78.0	77.8	78.9
Deposits of the public to net credit to the public	127.4	122.3	125.7
Total equity to risk assets	15.04	13.63	13.74
Total Tier 1 equity to risk assets	10.86	9.30	9.58
Leverage ratio	6.81	6.34	6.27
Liquidity coverage ratio	130	104	105
Expenses (income) in respect of credit losses out of net credit to the public	0.16	0.11	0.08
Interest margin	1.78	1.91	1.84
Operating and other expenses to total income	56.1	65.9	65.9

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 September 30, 2016, NIS 3.758.