



**Leumi reports 10.2% Return on Equity in the First Nine
Months of 2018;
11.2% Return on Equity in Q3 2018**

**The Bank will distribute a NIS 375 Million (\$103 million) dividend in
respect of its third quarter earnings;**

**From the beginning of 2018, dividends and buyback of Leumi shares
totaled some NIS 1.7 billion (\$0.5 billion)**

- > **Net income** in the first nine months of 2018 totaled NIS 2,569 million (\$708 million), compared with NIS 2,318 million (\$639 million) in the same period last year – an approximate 11% year-over-year increase. Net income in the third quarter of 2018 totaled NIS 936 million (\$258 million) compared to NIS 820 million (\$226 million) in the same quarter last year – a 14% increase.
- > **Return on equity** in the first nine months of 2018 was 10.2%, compared with 9.7% in the same period last year. Return on equity in the third quarter of 2018 was 11.2%, compared with 10.3% in the same period last year.
- > **Continued improvement in the efficiency ratio** – A 59.8% ratio in the first nine months of 2018, compared with 62.9% in the same period last year; A 55.8% ratio in the third quarter of 2018, compared with 64.4% in the same period last year.
- > **Leumi continues to lead the Israeli banking system in credit portfolio quality** – Credit loss expenses in the first nine months of 2018 reflected 0.15% of the Bank's credit portfolio.
- > **Common Equity Tier 1 Capital Ratio** as at September 30, 2018 was 11.25%, and the total capital ratio reached 14.69%.



- > **The Bank will distribute a NIS 375 million (\$103 million) dividend** in respect of its third quarter earnings. The total dividend for the first nine months of 2018 was NIS 1,028 million (\$283 million).
- > **Share buyback** - In late May 2018, the Bank began executing a share buyback plan totaling up to NIS 700 million (\$193 million). Prior to the financial statements' approval date, the Bank had purchased shares in the amount of NIS 642 million (\$177 million).
- > **Net interest income** in the first nine months of 2018 was up by NIS 660 million (\$182 million), an 11.1% year-over-year increase. Net interest income in the third quarter of 2018 was up by 14.5% compared with the same period last year.
- > **Total operating expenses** in the first nine months of 2018 increased by NIS 70 million (\$19 million) compared with the same period last year. Most of the increase arose from the bonus granted to employees during the second quarter of the year, in respect of structural changes. Expenses in the third quarter of 2018 were similar to those in the same period last year.

Continued implementation of the Bank's strategy:

- > **Leumi continues to lead the digital banking field in Israel** - The Bank has recently launched VIDEA, a new portfolio management company which allows customers of all banks to manage an online portfolio through an advanced digital platform, while offering some of the lowest management fees in the Israeli market. In addition, Leumi continues developing innovative and ground-breaking products, such as 'Digital Mortgage' and additional tools enabling smart financial management.
- > **Establishment of an Operations Division** - The Bank continues to promote the launch of a new Operations Division, scheduled for 2019. The division will concentrate all operational activities under a single roof, with the aim of increasing effectiveness, streamlining processes, mitigating risk and boosting efficiency.
- > **Credit growth** - The Bank continues to pursue its selective credit growth, with a strict risk management policy and adherence to a high quality portfolio.



Development of Balance Sheet Line Items:

- > **Leumi Group's total shareholders' equity** as at September 30, 2018 totaled NIS 34.8 billion (\$9.6 billion), compared with NIS 32.8 billion (\$9.0 billion) as at September 30, 2017 (a 6% increase).
- > **Leverage ratio** as at September 30, 2018 was 7.05%, compared with the minimum threshold of 6% required by the Bank of Israel.
- > **Liquidity coverage ratio** as at September 30, 2018 was 121%, compared with the minimum threshold of 100% required by the Bank of Israel.
- > **Net loans to the public** as at September 30, 2018 totaled NIS 276.0 billion (\$76.1 billion), compared with NIS 266.4 billion (\$73.5 billion) as at September 30, 2017 (a 3.6% increase).
- > **Deposits from the public** as at September 30, 2018 reached NIS 358.9 billion (\$99.0 billion), compared with NIS 350.2 billion (\$96.6 billion) as at September 30, 2017 (a 2.5% increase).



Leumi Group – Key Financial Statement Figures

Profit and Profitability (in NIS millions)

	For the nine months ended September 30			December 31 2017
	2018	2017	Change in %	
Net interest income	6,616	5,956	11.1	8,046
Credit loss expenses	314	146	+	172
Noninterest income	3,786	3,813	(0.7)	5,428
Operating and other expenses	6,216	6,146	1.1	8,501
Profit before taxes	3,872	3,477	11.4	4,801
Provision for tax	1,298	1,220	6.4	1,692
Profit after tax	2,574	2,257	14.0	3,109
The Bank's share in profits of companies included on equity basis	47	85	(44.7)	92
Net profit attributed to non-controlling interests	(52)	(24)	-	(29)
Net income attributed to shareholders of the banking corporation	2,569	2,318	10.8	3,172
Return on equity (%)	10.2%	9.7%		9.8%
Net income per share (NIS)	1.69	1.52		2.08

Development of Balance Sheet Items (in NIS millions)

	September 30			December 31	
	2018	2017	Change in %	2017	Change in %
Net credit to the public	275,990 ^(a)	266,358	3.6	267,952	3.0
Deposits of the public	358,875	350,201	2.5	362,478	(1.0)
Shareholders' equity	34,759	32,793	6.0	33,167	4.8
Total assets	450,674	440,051	2.4	450,838	-

Principal Financial Ratios (%)

	September 30		December 31 2017
	2018	2017	
Net credit to the public to total assets	61.2 ^(a)	60.5	59.4
Deposits of the public to total assets	79.6	79.6	80.4
Total equity to risk assets	14.69	15.05	14.99
Total Tier 1 equity to risk assets	11.25	11.35	11.43
Leverage ratio	7.05	7.03	6.94
Liquidity coverage ratio	121	122	122
Expenses in respect of credit losses out of net credit to the public	0.15 ^(a)	0.07	0.06
Total operating and other expenses to total income (efficiency ratio)	59.8	62.9	63.1
Net interest margin (NIM)	2.18	2.03	2.05

a) Including credit by 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 purposes, at the representative exchange rate published by the Bank of Israel on September 30, 2018, NIS 3.627.