

Leumi reports a net profit of NIS 622 million (\$171 million) in the first quarter of 2017 – an increase of 36% compared with the corresponding period last year

For the first time in 6 years, the Bank will distribute NIS 124 million (\$34 million) in dividends

- > Net profit of NIS 622 million (\$171 million) in the first quarter of 2017. The increase in profit mainly resulted from an increase in profitability from core business activity.
- > Comprehensive income of NIS 908 million (\$250 million) in the first quarter of 2017.
- > Net return on equity in the first quarter of 2017 (on an annual basis) reached 8.1%.
- > Return of comprehensive income on equity in the first quarter of 2017 (on an annual basis) reached 12%.
- > For the first time in 6 years, the Bank will distribute NIS 124 million (\$34 million) in dividends.

In accordance with the Bank's Strategy:

- > Credit to the public increased by NIS 2.8 billion (\$771 million) compared with December 31, 2016 (an increase of 4% in annual terms). Excluding the effect of the shekel appreciation, the increase in credit amounted to NIS 4.8 billion (\$1,322 million).
- > Net interest income increased by 13.2%, compared with the corresponding period last year.
- > Credit loss expenses amounted to NIS 101 million (\$27.8 million), compared with credit loss income of NIS 123 million (\$33.9 million) in the corresponding period last year.
- > A decrease of NIS 56 million (\$15 million) in salary expenses (4.3%), when excluding one-time payments, compared with the corresponding period last year.
- > A significant improvement in the efficiency ratio which reached 64.9%, compared with a ratio of 74.1% in the corresponding period last year.
- > The core capital ratio (Tier I) reached 11.02%, while the capital adequacy ratio reached 14.82%. The capital adequacy will allow the Bank to further expand its activities in all business lines.



Balance sheet parameters:

- > The Group's equity as of March 31, 2017 amounted to NIS 32.3 billion (\$8.9 billion), compared with NIS 31.3 billion (\$8.6 billion) as of December 31, 2016 (an increase of 2.9%).
- > The leverage ratio as of March 31, 2017 reached 6.9%, compared to the Bank of Israel minimal threshold, which is 6%.
- > Net credit to the public as of March 31, 2017 amounted to NIS 264.7 billion (\$72.9 billion), compared with NIS 261.9 billion (\$72.1 billion) as of December 31, 2016.
- > Household credit in Israel (excluding housing loans) amounted to NIS 39 billion (\$10.7 billion), compared with NIS 38 billion (\$10.5 billion) as of December 31, 2016.
- > Middle-market credit amounted to NIS 35 billion (\$9.6 billion), compared with NIS 34 billion (\$9.4 billion) as of December 31, 2016.
- > Corporate credit amounted to NIS 52 billion (\$14.3 billion), compared with NIS 51 billion (\$14.0 billion) as of December 31, 2016.
- > Deposits of the public as of March 31, 2017 amounted to NIS 341.7 billion (\$94.1 billion), compared with NIS 346.9 billion (\$95.5 billion) as of December 31, 2016 (the decrease results from a decline in the foreign exchange rate).



Leumi Group - Principal Data from the Financial Statements

Profit and Profitability (in NIS millions)

	For the three months ended March 31			For the year ended December 31
	2017	2016	Change in %	2016
Net interest income	1,873	1,655	13.2	7,526
Credit loss expenses (income)	101	(123)	+	(125)
Net interest income after credit loss expenses	1,772	1,778	(0.3)	7,651
Non-interest income	1,287	1,032	24.7	5,408
Operating and other expenses	2,050	1,990	3.0	8,580
Net profit attributed to shareholders of the bank	622	459	35.5	2,791

Development of Balance Sheet Items (in NIS millions)

	March 31 2017	December 31 2016	Change in %
Net credit to the public	264,707	261,913	1.1
Deposits of the public	341,663	346,854	(1.5)
Shareholders' equity	32,255	31,347	2.9
Assets under management of the Group	1,304,310	1,259,284	3.6

Principal Financial Ratios (%)

	March 31		December 31
	2017	2016	2016
Net credit to the public to total assets	60.8	62.1	59.7
Deposits of the public to total assets	78.5	77.6	79.1
Deposits of the public to net credit to the public	129.1	125.1	132.4
Total equity to risk assets	14.82	14.28	15.21
Total Tier 1 equity to risk assets	11.02	9.96	11.15
Leverage ratio	6.85	6.35	6.77
Liquidity coverage ratio	131	125	132
Expenses in respect of credit losses out of net credit to the public	0.15	(0.19)	(0.05)
Of which: expenses in respect of collective allowance	0.20	0.23	0.24
Interest margin	1.74	1.67	1.75
Operating and other expenses to total income	64.9	74.1	66.3

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, 2017, NIS 3.632.