



Leumi Reports a 16% Return on Equity in Q3 2021 and 15.7% ROE in the First Nine Months of 2021

The Bank's Board of Directors approved a ~NIS 1.4 billion (~\$430 million) dividend distribution, in addition to a ~NIS 0.6 billion (~\$190 million) dividend which was announced in H1 2021;

The credit portfolio grew 13.7% year-over-year;

The loan loss expense reflects a 0.31% income;

Material increase in income alongside a moderate increase in expenses – the efficiency ratio significantly improved compared to the corresponding period last year

- > Net income in the first nine months of 2021 totaled NIS 4,558 million (\$1,412 million), compared to a NIS 1,212 million (\$375 million) net income in the same period last year. Net income in Q3 2021 totaled NIS 1,551 million (\$480 million).
- > Return on equity in Q3 2021 was 16%, compared with 8.4% in the same quarter last year. Return on equity in the first nine months of 2021 was 15.7%. The significant increase in ROE stems from a material increase in income alongside a moderate increase in expenses; and from a reduction of the loan loss provision, compared to a significant increase in the loan loss provision in the same period last year.
- > Dividend – the Bank's Board of Directors approved a NIS 1,367 million (\$423 million) dividend distribution, which constitutes 30% of the net income for the first nine months of 2021, in addition to a NIS 630 million (\$195 million) dividend which was distributed in September 2021.
- > Growth in the loan portfolio – the Bank continues to focus its growth efforts on the loan portfolio in the corporate, middle-market and mortgage segments. During the past year, the credit portfolio grew by a total rate of 13.7%; The corporate loan portfolio grew by 16.6% (mainly in real estate), the middle-market portfolio grew by 15.3% and the mortgage portfolio grew by 13%.



- > Loan loss expenses (income) – in the first nine months of 2021, loan loss income reached NIS 729 million (\$226 million), compared to A NIS 2,282 million (\$707 million) expense in the same period last year. The rate of loan loss income in the first nine months of 2021 was 0.31%, compared to a 1.04% expense in the corresponding period last year. Most of the income during the reported period arises from collections and from a decrease in the collective allowance on the back of a decrease in COVID illness and an improvement in macro-economic indicators.
- > Net interest income in the first nine months of 2021 totaled NIS 7,793 million (\$2,413 million), compared to NIS 6,506 million (\$2,015 million) in the same period last year – a 19.8% increase. The increase in interest income is the result of a growth in the Bank's credit portfolio and differences in the CPI from one period to another, which were partly offset by the effects of the decrease in the Fed's and the Bank of Israel's interest rate.
- > Non-interest finance income in the first nine months of 2021 reached NIS 1,344 million (\$416 million), compared to NIS 487 million (\$151 million) in the same period last year. The increase in income stems from realized and unrealized gains in respect of Retailors and ironSource shares totaling NIS 397million (\$123 million) that were recorded mainly in Q2 2021, and from the effect of derivatives and exchange rate differentials. It should be noted that profitability during the corresponding period last year was highly impacted by the volatility in capital markets following the outbreak of COVID.
- > Operating and other expenses in the first nine months of 2021 were up by NIS 331 million (\$103million) compared with the same period last year, a 6.3% increase. Most of the increase stems from an increase in salaries and related expenses due to provisions for bonuses, which are based on the financial results. The increase was partly offset by a decrease in other operating expenses.
- > The efficiency ratio in the first nine months of 2021 was 46.5%, compared to 55% in the corresponding period last year. The substantial improvement in the efficiency ratio arises from a significant increase in income alongside a moderate increase in expenses. The efficiency ratio in Q3 2021 was 47.4%, compared to 50.4% in the corresponding period last year.
- > High Common Equity Tier 1 capital ratio – Common Equity Tier 1 capital ratio as at September 30, 2021 was 11.83%, and total capital ratio reached 14.67%.

Development of Balance Sheet Items:

- > Shareholders' equity as at September 30, 2021 totaled NIS 41.8 billion (\$12.9 billion) compared with NIS 37.1 billion (\$11.5 billion) as at September 30, 2020.



- > Net Credit to the public totaled NIS 325.5 billion (\$100.8 billion) as at September 30, 2021, compared with NIS 286.4 billion (\$88.7 billion) as at September 30, 2020, a 13.7% increase. Most of the increase is due to mortgage, middle-market and corporate loans (mainly real estate).
- > Deposits by the public totaled NIS 500.9 billion (\$155.1 billion) as at September 30, 2021, compared with NIS 427.1 billion (\$132.3 billion) as at September 30, 2020, a 17.3% increase.



Leumi Group – Principal Data from the Financial Statements

Profit and Profitability (in NIS millions)

	For the nine months ended September 30		Change	
	2021	2020	NIS millions	%
Net Interest income	7,793	6,506	1,287	19.8
Loan loss expenses (income)	(729)	2,282	(3,011)	-
Non-interest income	4,146	2,980	1,166	39.1
Operating and other expenses	5,552	5,221	331	6.3
Profit before tax	7,116	1,983	5,133	+
Provision for tax	2,582	752	1,830	+
Profit after tax	4,534	1,231	3,303	+
Bank's share in associates' profits	55	(5)	60	+
Net income attributable to non-controlling interests	(31)	(14)	(17)	-
Net income attributable to the banking corporation's shareholders	4,558	1,212	3,346	+
Return on equity (%)	15.7	4.5		
Earnings per share (NIS)	3.14	0.83		

Development of Balance Sheet Items (in NIS millions)

	As at September 30		December 31 2020
	2021	2020	
Net Loans to the public	325,524	286,374	295,341
Deposits by the public	500,876	427,115	447,031
Shareholders' equity	41,787	37,128	37,664
Total assets	611,912	528,050	556,035

Principal Financial Ratios (%)

	As at September 30		December 31 2020
	2021	2020	
Net loans to the public to total assets	53.20	54.23	53.12
Deposits by the public to total assets	81.85	80.89	80.40
Total equity to risk assets	14.67	15.81	15.58
Total Tier 1 equity to risk assets	11.83	11.71	11.87
Leverage ratio	6.44	6.66	6.57
Liquidity coverage ratio	131	137	137

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, 2021, NIS 3.229.