

Leumi Concludes Q1 2023 with Continued Growth – and with a Dividend Distribution and Share Buyback of over NIS 1 Billion (\$277 Million)

- Net income – NIS 1 billion (\$277 million). Net of the one-off deduction with respect to the bank's shares in Valley, net income reached NIS 2.1 billion (\$581 million).
- ROE of 17%, net of the one-off deduction due to the bank's shares in Valley.
- Best efficiency ratio among Israeli banks – 32.6%
- The credit portfolio continued to grow in the strategic segments at a rate of 4.9%
- Leumi declares a share buyback of NIS 800 million (\$221 million), in addition to a 30% quarterly dividend distribution.
- Leumi is expected to record a pre-tax gain of NIS 800 million (\$221 million) from the sale of its headquarter buildings in Tel Aviv

TEL AVIV – March 23, 2023

Bank Leumi (TASE: LUMI) published today its financial statements for Q1 2023:

The net income in Q1 2023 totaled NIS 981 million (\$271 million), compared to NIS 1.6 billion (\$443 million) in the corresponding quarter last year. Net of the one-off accounting deduction for the value of the bank's shares in Valley National Bank, net income reached NIS 2.1 billion (\$581 million).

The return on equity in the first quarter of 2023 was 7.8% (17% net of the one-off accounting deduction for the value of the bank's shares in Valley National Bank), compared to NIS 15.6% in the corresponding quarter last year.

The efficiency ratio in Q1 2023 was 32.6%, compared with 45.7% in the corresponding quarter last year*.

High capital adequacy: Common Equity Tier 1 capital as at March 31, 2023 was 11.23% and total capital ratio was 14.45%.

Dividend: The Bank's Board of Directors approved a NIS 294 million (\$81 million) dividend distribution, which constitutes 30% of the net income for Q1 2023.

Share buyback: Leumi's Board of Directors approved a buyback of the Bank's shares at a total of NIS 800 million (\$221 million).

Responsible growth in the loan portfolio in strategic segments: The Bank continues to focus its growth on the credit portfolio in the corporate, commercial and mortgage segments. In the first quarter of 2023, the credit portfolio grew by a total of 4.9%. The corporate portfolio was up 10.4%; the commercial portfolio was up 3.6% and the mortgage portfolio grew at a rate of 2%.

Loan loss expenses (income) in the first quarter of 2023 reflects an expense rate of 0.41% of the average outstanding loans to the public, compared to an income rate of 0.07% in the corresponding quarter last year*. The expense in the first quarter stemmed mainly from an increase in the collective provision.

Net interest income in the first quarter of 2023 totaled NIS 3.9 billion (\$1.08 billion), compared to NIS 2.7 billion (\$0.75 billion) in the corresponding quarter last year*. The increase in the interest income stems from the increase in the Bank's loan portfolio and from differences in the interest rates from one period to another.

Non-interest income in the first quarter of 2023 totaled NIS 1 billion (\$277 million), compared to NIS 0.9 billion (\$249 million) in the corresponding quarter last year*.

Total operating and other expenses in the first quarter of 2023 were down by NIS 7 million (\$2 million) compared with the corresponding quarter last year*.

Sale of Leumi's HQ buildings: As part of the preparations to complete the transition of the Bank's headquarters to Lod in 2023, during April 2022 and March 2023, the Bank entered into an agreement to sell its two headquarters buildings in Tel Aviv. These sales are expected to generate a pre-tax capital gain of some NIS 800 million (\$221 million) in late 2023.

* Net of the results of Bank Leumi USA.

Leumi Group – Key Financials

Profit and profitability (in NIS million)

	For the three months ended March 31		Change in NIS million	Change in %
	2023	2022		
Net Interest income	3,928	2,899	1,029	35.5
Loan loss expenses (income)	406	(40)	446	
Non-interest income	1,071	950	121	12.7
Operating and other expenses	1,629	1,794	(165)	(9.2)
Profit before tax	2,964	2,095	869	41.5
Provision for tax	889	483	406	84.1
Profit after tax	2,075	1,612	463	28.7
The Bank's share in the profits (losses) of associates	(1,094)	7	(1,101)	
Net income attributable to non-controlling interests	-	(10)	10	
Net income attributable to the banking corporation's shareholders	981	1,609	(628)	(39)
Return on equity (%)	7.8	15.6		
Earnings per share (NIS)	0.64	1.11		

Development of balance sheet items (in NIS millions)^(a)

	As at March 31		December 31, 2022
	2023	2022	
Net loans to the public	403,817	349,775	384,782
Deposits by the public	532,906	516,711	557,084
Shareholders' equity	49,791	42,433	49,438
Total assets	682,477	645,875	699,166

Principal financial ratios (%)

	As at March 31		December 31, 2022
	2023	2022	
Net loans to the public to total assets ^(a)	59.2	54.2	55.0
Deposits by the public to total assets ^(a)	78.1	80.0	79.7
Total equity to risk assets	14.45	13.54	14.29
Tier 1 capital to risk assets	11.23	10.78	11.46
Leverage ratio	6.63	5.91	6.36
Liquidity coverage ratio	128	120	131

a. The data presented for Q1 2022 does not include the balances of LEUMI USA, which as of April 1, 2022 is not consolidated in the Bank's consolidated financial statements due to the merger transaction with Valley National.

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 March 31, 2023, NIS 3.615.