



Leumi Reports Net Income of NIS 1,340 Million (\$402 Million) and 15% ROE in Q1 2021

Significant increase in income alongside a moderate increase in expenses – the efficiency ratio in the first quarter was 49.4% compared to 74.7% in the corresponding period last year;

Credit portfolio grew by 4.1% in the first quarter;

Loan loss expense reflects a 0.28% income, compared to an expense rate of 1.2% in the same period last year

- > Net income in the first quarter of 2021 totaled NIS 1,340 million (\$402 million), compared to a loss of NIS 232 million (\$70 million) in the same period last year.
- > Return on equity in the first quarter of 2021 was 15%, compared with a negative 2.6% ROE in the same period last year. 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 in the quarter, compared to a significant increase in the loan loss provision in the same period last year.
- > Growth in the loan portfolio – the Bank continues to focus its growth efforts on the loan portfolio in the middle-market, corporate, and mortgage loan segments. During the first quarter of 2021, the total loan portfolio grew by 4.1%; The corporate loan portfolio (including real estate) grew by 9.6%; the middle-market portfolio grew by 4.8% and the mortgage portfolio grew by 2.2%.
- > Loan loss expenses (income) – in the first quarter of 2021, loan loss income reached NIS 212 million (\$64 million), compared to an expense of NIS 860 million (\$258 million) in the same period last year. The rate of loan loss income in the first quarter was 0.28%, compared to a 1.2% expense in the corresponding period last year. Most of the income in the quarter arises from collections. The movement in the collective provision during the reporting period led to a loan loss income of 0.06% on the back of improvement in the economic indicators underlying the provision, mostly due to the swift vaccination process and reopening of the Israeli economy.



- > Net interest income in the first quarter of 2021 totaled NIS 2,348 million (\$704 million), compared to NIS 2,169 million (\$651 million) in the same period last year – a 8.3% increase. The increase in interest income is despite the material decrease in the interest rates of the Fed and the Bank of Israel, on the back of the increase in the Bank's credit portfolio and Consumer Price Index (CPI) differences between the two periods.
- > Non-interest finance income in the first quarter of 2021 reached NIS 441 million (\$132 million), compared to an expense of NIS 660 million (\$198 million) in the same period last year. Most of the increase stems from losses recorded in the item in the same period last year, on the back of decreases in capital markets due to the outbreak of the coronavirus, and due to the effect of derivatives and exchange rate differentials.
- > Operating and other expenses in the first quarter of 2021 were up by NIS 36 million (\$11 million) compared with the same period last year, a 2% 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 offset by a decrease in other operating expenses, including maintenance and depreciation expenses.
- > The efficiency ratio in the first quarter of 2021 was 49.4%, compared to 74.7% 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.
- > Higher CET1 capital ratio than the regulatory requirement – Common Equity Tier 1 capital ratio as at March 31, 2021 was 11.73%, and total capital ratio was 14.73%.
- > Significantly higher CET1 capital ratio than the regulatory requirement – Common Equity Tier 1 capital ratio as at December 31, 2020 was 11.9%, and total capital ratio was 15.6%.

Development of Balance Sheet Items:

- > Shareholders' equity as at March 31, 2021 totaled NIS 39.1 billion (\$11.7 billion), compared with NIS 36.2 billion (\$10.9 billion) as at March 31, 2020.
- > Net Loans to the public as at March 31, 2021 totaled NIS 307.6 billion (\$92.3 billion), compared with NIS 294.5 billion (\$88.3 billion) as at March 31, 2020, a 4.4% increase. Most of the increase is due to mortgage, middle-market and corporate loans.
- > Deposits by the public as at March 31, 2021 totaled NIS 460.4 billion (\$138.1 billion), compared with NIS 418.6 billion (\$125.6 billion) as at March 31, 2020, a 10.0% increase.



Leumi President & CEO, Mr. Hanan Friedman:

"The financial statements reflect, for the first time, the changes we are leading in Leumi's corporate culture and the transition to a performance-based compensation model, which aims to encourage excellence. We see the fruits of the process in the results of the various divisions, and I am convinced that this change in the corporate culture will continue to bear fruit. The results of the financial statements reflect the beginning of our implementation of the Bank's growth strategy across the business lines in which we chose to carry out accelerated growth, in addition to promoting business, service, technological and operational excellence".



Leumi Group – Principal Data from the Financial Statements

Profit and Profitability (in NIS millions)

	For the three months ended March 31		Change	
	2021	2020	NIS millions	%
Net Interest income	2,348	2,169	179	8.3
Loan loss expenses (income)	(212)	860	(1,072)	-
Non-interest income	1,374	246	1,128	+
Operating and other expenses	1,839	1,803	36	2.0
Profit (loss) before tax	2,095	(248)	2,343	+
Provision (benefit) for tax	753	(39)	792	+
Profit (loss) after tax	1,342	(209)	1,551	+
Bank's share in associates' profits (losses)	7	(14)	21	+
Net income attributable to non-controlling interests	(9)	(9)	-	
Net income (loss) attributable to the banking corporation's shareholders	1,340	(232)	1,572	+
Return on equity (%)	15.0	(2.6)		
Earnings (loss) per share (NIS)	0.92	(0.16)		

Development of Balance Sheet Items (in NIS millions)

	As at March 31		December 31 2020
	2021	2020	
Net Loans to the public	307,561	294,486	295,341
Deposits by the public	460,412	418,627	447,031
Shareholders' equity	39,118	36,245	37,664
Total assets	565,934	531,535	556,035

Principal Financial Ratios (%)

	As at March 31		December 31 2020
	2021	2020	
Net loans to the public to total assets	54.35	55.40	53.12
Deposits by the public to total assets	81.35	78.76	80.40
Total equity to risk assets	14.73	15.03	15.58
Total Tier 1 equity to risk assets	11.73	10.84	11.87
Leverage ratio	6.60	6.43	6.57
Liquidity coverage ratio	130	128	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 March 31, 2021, NIS 3.334.