



Press Release

November 29, 2022

Leumi Continues to Deliver Strong Results - Net Income in the First Nine Months of 2022 reaches NIS 5.4 Billion (\$1.5 Billion)

Net income: NIS 1.8 billion (\$508 million) in the third quarter and NIS 5.4 billion (\$1.5 billion) in the first nine months of the year;

Return on equity - 16.3% in the first nine month of the year and 14.9% in Q3;

Credit portfolio: 17.9% growth from beginning of year;

Best efficiency ratio among Israeli banks: 39.1% in Q3 and 39.5% in the first nine months of the year;

Total dividend from the beginning the year reaches approx. NIS 1.6 billion (\$452 million) - including NIS 356 million (\$100 million) in respect of Q3

- > **Net income** in the third quarter of 2022 reached NIS 1.8 billion (\$508 million), compared to NIS 1.6 billion (\$452 million) in the corresponding quarter last year. Net income in the first nine months of the year reached NIS 5.4 billion (\$1.5 billion), compared to NIS 4.6 billion (\$1.3 billion) in the corresponding period last year.
- > **Return on equity** in the third quarter of 2022 was 14.9%, compared with 15.1% in the corresponding quarter last year. Return on equity in the first nine months of the year was 16.3%, compared with 15.4% in the corresponding period last year.
- > **Best efficiency ratio among Israeli banks:** in the third quarter of 2022, the efficiency ratio was 39.1%, compared with 47.4% in the corresponding quarter last year. The efficiency ratio in the first nine months of the year, net of the results of Leumi USA, was 39.5%, compared with 45.5% in the corresponding period last year. The efficiency ratio during the reporting period was affected by the merger of Leumi USA with Valley National Bank.

- > **Robust capital adequacy** - Common Equity Tier 1 capital as at September 30, 2022 was 11.41%, and the total capital ratio was 14.28%. The high capital adequacy supports the continuous implementation of Leumi's strategy.
- > **Dividend** - Leumi to distribute a NIS 356 million dividend (\$100 million), which represents 20% of the net income for the third quarter of 2022.
- > **Credit growth is focused on strategic segments** - the Bank continues to focus its growth on the credit portfolio in the corporate, commercial and mortgage segments. Net of the effects of Leumi USA's merger, during the first nine months of the year the credit portfolio grew by 17.9%. The corporate portfolio (including real estate) increased by 24%; the commercial portfolio was up by 18% and the mortgage portfolio was up 13%.

> **Robust credit quality:**

Loan loss expenses (income) for the first nine months of 2022, net of the results of Leumi USA, reflect an expense rate of 0.06% of the average outstanding loans to the public, compared to an income rate of 0.34% in the corresponding period last year. The loan loss expense during the first nine months of the year stems from an increase in the collective provision, which was offset by collections .

Rate of non-performing loans (NPL) continues to improve and decreased to 0.65% as of the end of Q3.

Rate of troubled debts also continues to improve and decreased to 1.53% as of the end of Q3.

- > **Finance income** in the first nine months of 2022, net of the results of Leumi USA, reached NIS 9.9 billion (\$2.8 billion), compared to NIS 8.5 billion (\$2.4 billion) in the corresponding period last year, a 16.5% increase.
- > **Total operating and other expenses** in the first nine months of 2022, net of the results of Leumi USA, were down by NIS 150 million (\$42 million) compared with the same period last year, a 2.9% decrease.
- > **Sale of Leumi's HQ in Tel Aviv ('Beit Mani')** - As part of the preparations to complete the transition of the Bank's headquarters to Lod in 2023, during April 2022 the Bank entered into an agreement to sell one of its headquarters buildings in Tel Aviv. This sale is expected to generate a pre-tax capital gain of NIS 524 million (\$148 million), to be recorded in 2023.

President & CEO of Leumi, Hanan Friedman: "The financial results reflect the successful implementation of our strategy in business segments that are in focus. The healthy growth - which we present methodically - is achieved by meticulous risk management, alongside providing convenient banking, customized to every customer's needs across all service channels, that is based on advanced technological tools, data and models. The infrastructures we have created will allow us to continue to do much more - using less resources".

Development of balance sheet items^(a):

- > **Shareholder's equity** as at September 30, 2022 totaled NIS 48 billion (\$14 billion), compared to NIS 41.8 billion (\$12 billion) as at September 30, 2021.
- > **Net loans to the public** as at September 30, 2022 totaled NIS 383 billion (\$108 billion), compared with NIS 308 billion (\$87 billion) as at September 30, 2021 - a 24.4% increase. Most of the increase is due to mortgage, middle-market and corporate loans.
- > **Deposits by the public** as at September 30, 2022 totaled NIS 546.7 billion (\$154.3 billion), compared with NIS 478.8 billion (\$135.1 billion) as at September 30, 2021 - a 14.2% increase.

Leumi Group – Principal Data from the Financial Statements

Profit and Profitability (in NIS millions)

	For the nine months ended September 30		Change in NIS Millions	Change in %
	2022	2021		
Net Interest income	9,438	7,793	1,645	21.1
Loan loss expenses (income)	185	(729)	914	-
Non-interest income	3,362	4,146	(784)	(18.9)
Operating and other expenses	5,106	5,552	(446)	(8.0)
Profit before tax	7,509	7,116	393	5.5
Provision for tax	2,398	2,582	(184)	(7.1)
Profit after tax	5,111	4,534	577	12.7
Bank's share in associates' profits	282	55	227	+
Net income attributable to non-controlling interests	(10)	(31)	21	(67.7)
Net income attributable to the banking corporation's shareholders	5,383	4,558	825	18.1
Return on equity (%)	16.3	15.4		
Earnings per share (NIS)	3.62	3.14		

Development of Balance Sheet Items (in NIS millions) ^(a)

	As at September 30		December 31 2021
	2022	2021	
Net Loans to the public	383,023	307,906	324,956
Deposits by the public	546,706	478,805	514,968
Shareholders' equity	48,044	41,787	41,610
Total assets	704,117	588,514	632,802

Principal Financial Ratios (%)

	As at September 30		December 31 2021
	2022	2021	
Net loans to the public to total assets ^(a)	54.4	52.3	51.4
Deposits by the public to total assets ^(a)	77.6	81.4	81.4
Total equity to risk assets	14.28	14.67	14.21
Total Tier 1 equity to risk assets	11.41	11.83	11.50
Leverage ratio	6.34	6.44	6.06
Liquidity coverage ratio	127	131	124

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

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, 2022, NIS 3.543.