



August 15, 2016

Net profit of NIS 970 million (\$252 million) for Leumi in the second quarter of 2016

Net profit of NIS 1.4 billion (\$364 million) in the first half of 2016

- > Net return on equity: 13.7% in the second quarter of 2016 compared with 7.8% in the corresponding period last year; and 10.1% in the first half of 2016 compared with 13.1% in the corresponding periods last year.
- > The core capital ratio (Tier I) reached 10.40%, a significant increase compared with a ratio of 9.58% as of December 31, 2015.
- > The capital adequacy ratio reached 14.68%, an increase compared with a ratio of 13.74% as of December 31, 2015.
- > Credit loss income in the first half of 2016 amounted to NIS 277 million (\$72 million), reflecting 0.21% of the bank's credit portfolio. This is compared with credit loss expenses amounting to NIS 93 million (\$24.2 million) in the corresponding period last year, which then reflected 0.07% of the bank's credit portfolio.
- > Net Credit to the public as of June 30, 2016 amounted to NIS 266.0 billion (\$69.2 billion), compared with NIS 261.4 billion (\$68.0 billion) as of December 31, 2015 (an increase of 1.8%), and NIS 254.5 billion (\$66.2 billion) as of June 30, 2015 (an increase of 4.5%).

Implementation of the Bank's strategy:

- > In accordance with the Bank's efficiency program, which was approved by the Board of Directors on June 1, 2016, approximately 673 employees have signed an early retirement agreement and are expected to end their employment by December 30, 2016.
- > A decrease of NIS 52 million (\$13.5 million) in operating expenses compared with the first half of 2015 (a decrease of 1.2%), mainly resulting from a decrease in salary expenses.
- > Leumi continues to lead the digital banking field in Israel. During the second quarter of 2016, the Bank's digital banking platform – 'Pepper' – has been launched to Friends & Family and is expected to be fully launched by the end of 2016.



Improvement in business activity:

- > **Increase in credit to targeted sectors**
 - Retail Credit in Israel (personal customers, private banking, micro and small businesses) increased by NIS 1.4 billion (\$364 million) compared with December 31, 2015 (an increase of 1%).
 - Credit to Middle-market companies increased by NIS 0.9 billion (\$234 million) compared with December 31, 2015 (an increase of 3.6%).
- > An increase of NIS 12.2 billion (\$3.17 billion) in Retail Deposits in Israel (personal customers, private banking, micro and small businesses) compared with December 31, 2015 (an increase of 7%).

Leumi presents an improvement in balance sheet parameters compared with the corresponding period last year:

- > **The Group's equity** as of June 30, 2016 amounted to NIS 30.1 billion (\$7.8 billion), compared with NIS 28.3 billion (\$7.4 billion) as of June 30, 2015 (an increase of 6.3%), and NIS 28.8 billion (\$7.5 billion) as of December 31, 2015 (an increase of 4.5%).
- > **Total assets** of the Group as of June 30, 2016 amounted to NIS 436.4 billion (\$113.5 billion), compared with NIS 393.8 billion (\$102.4 billion) as of June 30, 2015 (an increase of 10.8%), and NIS 416.5 billion (\$108.3 billion) as of December 31, 2015 (an increase of 4.8%).
- > **Net Credit to the public** as of June 30, 2016 amounted to NIS 266.0 billion (\$69.2 billion), compared with NIS 254.5 billion (\$66.2 billion) as of June 30, 2015 (an increase of 4.5%), and NIS 261.4 billion (\$68.0 billion) as of December 31, 2015 (an increase of 1.8%).
- > **Deposits of the public** as of June 30, 2016 amounted to NIS 340.0 billion (\$88.4 billion), compared with NIS 304.0 billion (\$79.0 billion) as of June 30, 2015 (an increase of 11.8%), and NIS 328.7 billion (\$85.5 billion) as of December 31, 2015 (an increase of 3.4%).



Leumi Group - Principal Data from the Financial Statements

Profit and Profitability (in NIS millions)

	For the three months ended June 30			For the year ended December 31
	2016	2015	Change in %	2015
Net interest income	2,034	2,000	1.7	7,118
Credit loss expenses (income)	(154)	12	-	199
Net interest income after credit loss expenses	2,188	1,988	10.1	6,919
Non-interest income	1,538	983	56.5	6,297
Operating and other expenses	2,355	2,162	8.9	8,836
Net profit attributed to shareholders of the bank	970	518	87.3	2,835
Return on equity (%)	13.7	7.8		10.3

Development of Balance Sheet Items (in NIS millions)

	June 30			December 31	
	2016	2015	Change in %	2015	Change in %
Credit to the public	266,048	254,548	4.5	261,399	1.8
Total assets	436,400	393,751	10.8	416,499	4.8
Deposits of the public	339,998	304,043	11.8	328,693	3.4
Shareholders' equity	30,064	28,273	6.3	28,767	4.5
Assets under management of the Group	787,940	806,497	(2.3)	797,061	(1.1)

Principal Financial Ratios (%)

	June 30		December 31
	2016	2015	2015
Net credit to the public to total assets	61.0	64.6	62.8
Deposits of the public to total assets	77.9	77.2	78.9
Deposits of the public to net credit to the public	127.8	119.4	125.7
Total equity to risk assets	14.68	13.97	13.74
Total Tier 1 equity to risk assets	10.40	9.52	9.58
Leverage ratio	6.51	6.54	6.27
Liquidity coverage ratio	127	106	105
Expenses in respect of credit losses out of net credit to the public	(0.21)	0.07	0.08
Of which: expenses (income) in respect of collective allowance	0.19	0.22	0.17
Interest margin	1.77	1.87	1.84
Total operating and other to total income	69.4	63.5	65.9

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 June 30, 2016, NIS 3.846.