



Press Release

Net profit of NIS 704 million (\$180 million) for Leumi in the third quarter of 2015, an increase of 10.7% compared with the corresponding period last year

In the first nine months of 2015 the net profit amounted to NIS 2.4 billion (\$612 million), representing a net return on equity of 11.9%

November 19, 2015

- ▶ Net profit of NIS 704 million (\$180 million) in the third quarter of 2015, representing a net return on equity of 10.4%.
- ▶ Net profit of NIS 2.4 billion (\$612 million) in the first nine months of 2015, representing a net return on equity of 11.9%.
- ▶ The core capital ratio (Tier I) at the end of the third quarter of 2015 reached 9.30%, compared with a ratio of 9.09% as of 31.12.14.
- ▶ The liquidity coverage ratio (LCR) at the end of the third quarter of 2015 reached 104%, above the regulatory threshold required from the Bank.
- ▶ Decrease in concentration of credit – for the first time, Leumi has no group of borrowers with indebtedness exceeding 10% of the Bank's capital.
- ▶ Credit loss expenses in the first nine months of 2015 amounted to NIS 166 million (\$42 million), reflecting 0.09% of the bank's credit portfolio. Credit loss expenses in the third quarter of 2015 amounted to NIS 73 million (\$19 million), reflecting 0.11% of the bank's credit portfolio.



➤ **In accordance with the Bank's strategy:**

- Credit to households (in Israel) increased by 6.3% compared with 31.12.14, and by 8.8% compared with the corresponding period last year.
- Credit to small businesses (in Israel) increased by 6.9% compared with 31.12.14, and by 5.8% compared with the corresponding period last year.
- Credit to middle-market companies (in Israel) increased by 2.5% compared with 31.12.14, and by 3.8% compared with the corresponding period last year.
- **Leumi continues to exit its international private banking operations** – this strategic step has decreased non-interest income by NIS 180 million (\$46 million), mainly due to a decrease of NIS 23.3 billion (\$5.9 billion) in managed assets.
- **As part of Leumi's multi-year efficiency program:**
 - A continued moderation of salary expenses – current salary expenses (excluding yield bonuses and actuarial adjustments) in the first nine months of 2015 decreased by NIS 140 million (\$36 million) compared with the corresponding period last year.
 - As of 1.1.16, 'Arab-Israel' Bank will be merged into Bank Leumi. The merger includes consolidating systems and reducing operating costs.
- **Leumi continues to lead the digital banking revolution in Israel** – the Bank is currently in advanced stages of building the infrastructure for a full digital banking platform, which is to be launched during 2016. The platform will be based on the world's most advanced innovative technology and will allow customers to manage their banking operations entirely through digital channels, with no need for branches, in a user-friendly manner and at lower costs.



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

- **The Group's equity** as of September 30, 2015 amounted to NIS 28.6 billion (\$7.3 billion), compared with NIS 26.7 billion (\$6.8 billion) as of September 30, 2014 (an increase of 7.0%), and NIS 25.8 billion (\$6.6 billion) as of December 31, 2014 (an increase of 10.8%).
- **Total assets** of the Group as of September 30, 2015 amounted to NIS 408.5 billion (\$104.1 billion), compared with NIS 380.4 billion (\$97.0 billion) as of September 30, 2014 (an increase of 7.4%), and NIS 397.0 billion (\$101.2 billion) as of December 31, 2014 (an increase of 2.9%).
- **Net Credit to the public** as of September 30, 2015 amounted to NIS 260.0 billion (\$66.3 billion), compared with NIS 249.5 billion (\$63.6 billion) as of September 30, 2014 (an increase of 4.2%), and NIS 252.5 billion (\$64.4 billion) as of December 31, 2014 (an increase of 3.0%).
- **Deposits of the public** as of September 30, 2015 amounted to NIS 318.0 billion (\$81.1 billion), compared with NIS 286.6 billion (\$73.1 billion) as of September 30, 2014 (an increase of 10.9%), and NIS 303.4 billion (\$77.3 billion) as of December 31, 2014 (an increase of 4.8%).
- **The leverage ratio** at the end of the third quarter of 2015 reached 6.34% (above the 6% regulatory threshold required from the Bank).
- **The liquidity coverage ratio** at the end of the third quarter of 2015 reached 104% (above the regulatory threshold required from the Bank).

**Leumi Group –
principal data
from the financial
statements**

Profit and Profitability (in NIS millions)						
	For the nine months ended			For the three months ended		
	Sep. 30, 2015	Sep. 30, 2014	Rate of Change %	Sep. 30, 2015	Sep. 30, 2014	Rate of Change %
Net interest income	5,391	5,561	(3.1)	1,875	1,899	(1.3)
Expenses (Income) in respect of credit losses	166	(11)	+	73	56	30.4
Non-interest income	4,752	3,927	21.0	1,344	1,275	5.4
Of which: commissions (excluding Switzerland)	3,063	2,971	3.1	1,012	994	1.8
Switzerland commissions	36	142	(74.6)	1	39	(97.4)
Operating and other expenses	6,518	7,298	(10.7)	2,121	2,484	(14.6)
Net profit attributed to shareholders of the banking corporation	2,404	1,456	65.1	704	636	10.7
Net return on equity	11.9%	7.7%		10.4%	10.2%	

Development of Balance Sheet Items (in NIS billions)					
	Sep. 30, 2015	Sep. 30, 2014	Dec. 31, 2014	% Change to Sep. 30, 2014	% Change to Dec. 31, 2014
Total assets	408.5	380.4	397.0	7.4	2.9
Net Credit to the public	260.0	249.5	252.5	4.2	3.0
Deposits of the public	318.0	286.6	303.4	10.9	4.8
Shareholders' equity	28.6	26.7	25.8	7.0	10.8
Total managed assets	1,195	1,228	1,223	(2.7)	(2.3)

Principal Financial Ratios (%)			
	Sep. 30, 2015	Sep. 30, 2014	Dec. 31, 2014
Net credit to the public to total assets	63.6	65.6	63.6
Deposits of the public to total assets	77.8	75.4	76.4
Credit to the public to total deposits	0.82	0.87	0.83
Total equity to risk assets (capital adequacy ratio)	13.63	14.02	13.90
Core capital to risk assets (Tier I)	9.30	9.22	9.09
Leverage ratio*	6.34	-	-
Liquidity coverage ratio*	104	-	-
Credit loss expenses (income) to net credit to the public	0.09	0.00	0.19
Of which: individual allowance	(0.10)	(0.13)	(0.03)
Of which: collective allowance	0.19	0.13	0.22
Interest margin	1.88	2.01	1.87
Operating expenses to total income (efficiency ratio)	64.3	76.9	74.9

* According to the Bank of Israel directives, the leverage ratio and the liquidity coverage ratio have been calculated as of the second quarter of 2015, therefore no comparison is presented.

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 September 30, 2015, NIS 3.