



February 29, 2016

Net profit of NIS 2,835 million (\$727 million) for Leumi in 2015

> Capital Adequacy

- The core capital ratio (Tier I) at 31.12.15 reached 9.58%, compared to a ratio of 9.09% as of 31.12.14.
- On February 2016 the Bank announced several steps aimed at improving capital adequacy, including, among others, purchasing an insurance policy for guarantees given by the Bank to secure housing loans, and issuing Leumi shares to employees in place of rights. These steps are expected to improve the Bank's capital ratio by 0.6%.
- On January 2016 Leumi raised NIS 926 million (\$237 million) by issuing contingent convertible bonds (CoCo bonds), which will improve the Bank's capital adequacy ratio.

> In accordance with the Bank's strategy:

- Leumi exits its private banking operations in Europe with the closing of Leumi Switzerland and Leumi Luxembourg.
- Efficiency:
 - Leumi completed the merger of the 'Arab-Israel Bank' into Bank Leumi at December 31, 2015.
 - The Retail Banking Division undergoes a structural change that includes downsizing the Division's head office and Regional headquarters.
 - In accordance with the efficiency program, the Bank's workforce decreased by 420 employees during 2015.
 - A decrease of NIS 240 million (\$62 million) in operational salary expenses.

> Leumi continues to lead the digital banking field in Israel:

- On January 2016 the Digital Banking Division was established. The Division is responsible for leading and carrying out the digital strategy across the Bank and the Group, including implementation of innovative digital products in all business lines.
- During 2016 the Digital Bank will begin its operations, allowing customers to manage their banking operations entirely through their mobile phone.



Leumi reports an improvement in balance sheet parameters compared with 2014:

- Net return on equity for the year 2015 reached 10.3%, compared with 5.4% in 2014.
- The efficiency ratio at the end of 2015 stood at 65.9%.
- The Bank's credit portfolio increased by 3.5% and amounted to NIS 261.4 billion (\$67.0 billion).
 - Credit to middle-market companies in Israel, including the high-tech sector, increased by 6.2% and amounted to NIS 33.7 billion (\$8.6 billion).
 - Credit to small businesses in Israel increased by 8.6% and amounted to NIS 24.9 billion (\$6.4 billion).
- Credit loss expenses in 2015 decreased by NIS 273 million (\$70 million) compared with 2014 and amounted to NIS 199 million (\$51 million), reflecting 0.08% of the Bank's credit portfolio.

Additional data from the report:

- > **Shareholders' equity** as of December 31, 2015 amounted to NIS 28.8 billion (\$7.4 billion), compared with NIS 25.8 billion (\$6.6 billion) as of December 31, 2014 (an increase of 11.5%).
- > **Capital adequacy ratio** (in Basel III terms) as of December 31, 2015 reached 13.74%, of which the core capital ratio was 9.58%, compared with 9.09% as of December 31, 2014.
- > **Total assets under management** of the Group as of December 31, 2015, balance sheet and off-balance sheet assets, amounted to NIS 1,214 billion (\$311 billion), compared with NIS 1,223 billion (\$313 billion) as of December 31, 2014 (a decrease of 0.7%).
- > **Total assets** of the Group as of December 31, 2015 amounted to NIS 416.5 billion (\$106.7 billion), compared with NIS 397 billion (\$101.7 billion) as of December 31, 2014 (an increase of 4.9%).
- > **Net credit to the public** as of December 31, 2015 amounted to NIS 261.4 billion (\$67 billion), compared with NIS 252.5 billion (\$64.7 billion) as of December 31, 2014 (an increase of 3.5%).
- > **Deposits of the public** as of December 31, 2015 amounted to NIS 328.7 billion (\$84.2 billion), compared with NIS 303.4 billion (\$77.8 billion) as of December 31, 2014 (an increase of 8.3%).



Leumi Group - Principal Data from the Financial Statements

Profit and Profitability (in NIS millions)

	For the year ended December 31			
	2015	2014	Change	
			NIS millions	%
Net interest income	7,118	7,363	(245)	(3.3)
Credit loss expenses	199	472	(273)	(57.8)
Non-interest income	6,297	5,141	1,156	22.5
Operating and other expenses	8,836	9,371	(535)	(5.7)
Profit before taxes	4,380	2,661	1,719	64.6
Provision for tax	1,691	1,278	413	32.3
Profit after tax	2,689	1,383	1,306	94.4
The Bank's share in profits (losses) of companies included on equity basis	177	42	135	+
Net profit attributed to non-controlling interests	(31)	(12)	(19)	-
Net profit attributed to shareholders of the banking corporation	2,835	1,413	1,422	+
Return on equity (in %)	10.3	5.4		
Profit per share (NIS)	1.92	0.96		

Development of Balance Sheet Items (in NIS millions)

	As at December 31	
	2015	2014
Credit to the public, net	261,399	252,480
Deposits of the public	328,693	303,397
Shareholders' equity	28,767	25,798
Total assets	416,499	396,984

Principal Financial Ratios (%)

	As at December 31	
	2015	2014
Credit to the public, net, to total assets	62.8	63.6
Deposits of the public to total assets	78.9	76.4
Total equity to risk assets	13.74	13.90
Total Tier 1 equity to risk assets	9.58	9.09
Leverage ratio	6.27	-
Liquidity coverage ratio	105	-
Expenses in respect of credit losses out of credit to the public, net	0.08	0.19
Of which: expenses in respect of collective allowance	0.17	0.22
Expenses in respect of credit losses out of total risk of credit to the public	0.05	0.12
Total operating and other expenses to total income (efficiency ratio)	65.9	74.9
Interest margin	1.84	1.98

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 December 31, 2015, NIS 3.902.