



Press Release

Net profit of NIS 625 million (\$179 million) for Leumi in the first quarter of 2014

An increase of 9.6% compared with the corresponding period
last year

May 22, 2014

- Net return on equity in the first quarter of 2014 reached 9.7% (on an annual basis), compared with 9.4% in the first quarter of 2013.
- Income in respect of credit losses amounted to NIS 51 million (\$15 million), representing 0.08% of the Bank's net credit portfolio.
- Continued moderation of salary expenses - resulting from the efficiency program.
- The Bank is reporting an increase in all balance sheet parameters, compared with the corresponding period last year.
- The capital adequacy ratio (in Basel III terms) reached 14.39%, of which the core capital ratio was 9.41%.



The Leumi Group published today its financial statements for the first quarter of 2014

Net profit of the Group in the first quarter of 2014 was NIS 625 million (\$179 million) – an increase of 9.6%, compared with a net profit of NIS 570 million (\$163 million) in the corresponding period last year.

Net return on equity in the first quarter of 2014 reached 9.7% (on an annual basis), compared with 9.4% in the first quarter of 2013.

The increase in net profit results mainly from a decrease of NIS 124 million (\$36 million) in credit loss expenses (before the effect of tax). It should be noted that first quarter results include a one-time profit of NIS 70 million (\$20 million) (before the effect of tax) from the sale of Partner Communications shares, compared with a one-time profit of NIS 180 million (\$52 million) (before the effect of tax) from the sale of Migdal shares in the corresponding period last year.

The main changes in net profit compared with the corresponding period last year

	Three months ended on			
	March 31 2014	March 31 2013	Change	
	NIS millions	NIS millions	NIS millions	Percent
Net interest income	1,757	1,762	(5)	(0.3)
Expenses (income) in respect of credit losses	(51)	73	(124)	-
Non-interest income	1,347	1,469	(95)	(6.5)
Operating and other expenses	2,124	2,057	67	3.3
Profit before tax	1,058	1,101	(43)	(3.9)
Provision for tax	385	463	(78)	(16.8)
Profit after tax	673	638	35	5.5
Share of the Bank in losses of companies included on equity basis	37	57	(20)	(35.1)
Net profit attributed to non-controlling interests	(11)	(11)	-	-
Net profit attributed to shareholders of the banking corporation	625	570	55	9.6



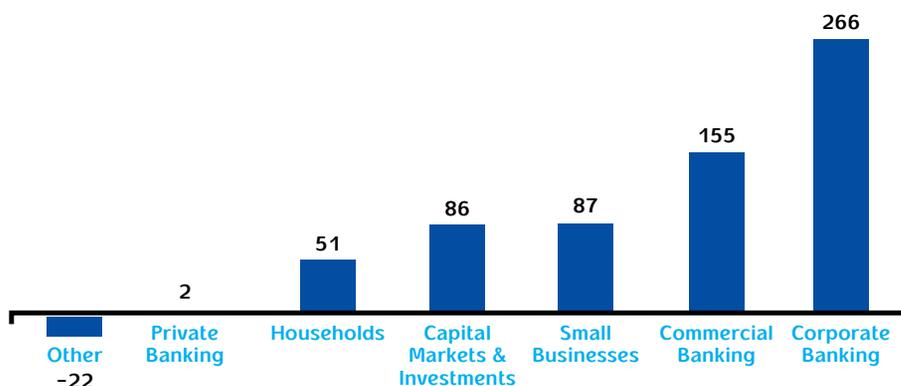
Additional data in the financial statements

Leumi is reporting an increase in all balance sheet parameters compared with the corresponding period last year:

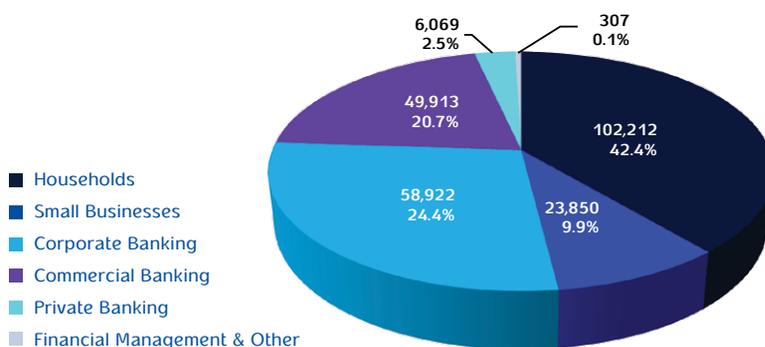
- ▶ **Shareholder's equity** as of March 31, 2014 amounted to NIS 27.0 billion (\$7.7 billion), compared with NIS 25.3 billion (\$7.3 billion) as of March 31, 2013 (an increase of 6.9%), and NIS 26.4 billion (\$7.6 billion) as of December 31, 2013 (an increase of 2.2%).
- ▶ **Total assets** of the Leumi Group as of March 31, 2014 amounted to NIS 370.5 billion (\$106.3 billion), compared with NIS 369.5 billion (\$106.0 billion) as of March 31, 2013 (an increase of 0.3%), and NIS 374.4 billion (\$107.4 billion) as of December 31, 2013 (a decrease of 1.0%).
- ▶ **Net Credit to the public** as of March 31, 2014 was NIS 241.3 billion (\$69.2 billion), compared with NIS 238.6 billion (\$68.4 billion) as of March 31, 2013 (an increase of 1.1%), and NIS 240.9 billion (\$69.1 billion) as of December 31, 2013 (an increase of 0.2%).
- ▶ **Deposits of the public** as of March 31, 2014 amounted to NIS 282.7 billion (\$81.1 billion), compared with NIS 278.8 billion (\$80.0 billion) as of March 31, 2013 (an increase of 1.4%), and NIS 286.0 billion (\$82.0 billion) as of December 31, 2013 (a decrease of 1.1%).

Results for the first quarter of 2014 reflect a continuing trend of change in the mix of the Bank's credit portfolio. The share of credit to households and small businesses increased by 0.9% during this period, compared with December 31, 2013, while at the same time the share of commercial and corporate credit decreased by 0.7%.

Contribution of operating segments to net profit (in NIS millions)



Credit to the public by main operating segments (in NIS millions)



Leumi Group -
principal data
from the financial
statements

Profit and Profitability (in NIS millions)			
	For the three months ended		% Change
	31.3.14	31.3.13	
Net interest income	1,757	1,762	(0.3)
Expenses (income) in respect of credit losses	(51)	73	-
Non-interest income	1,374	1,469	(6.5)
Of which: commissions	1,040	1,025	1.5
Operating and other expenses	2,124	2,057	3.3
Net profit attributed to shareholders of the banking corporation	625	570	9.6
Net return on equity	9.7%	9.4%	

Development of Balance Sheet Items (in NIS billions)					
	As of 31.3.14	As of 31.3.13	As of 31.12.13	% Change compared with 31.3.13	% Change compared with 31.12.13
Total assets	370.5	369.5	374.4	0.3	(1.0)
Credit to the public	241.3	238.6	240.9	1.1	0.2
Deposits of the public	282.7	278.8	286.0	1.4	(1.1)
Shareholders' equity	27.0	25.3	26.4	6.9	2.2
Total managed assets	1,101	1,009	1,086	9.1	1.4

Principal Financial Ratios (%)			
	31.3.14	31.3.13	31.12.13
Net credit to the public to total assets	65.1	64.6	64.3
Deposits of the public to total assets	76.3	75.5	76.4
Liquidity ratio (credit to total deposits)	77.3	75.9	76.2
Total equity to risk assets (capital adequacy ratio) ¹	14.39	14.84	14.20
Core capital to risk assets (Tier I) ¹	9.41	8.85	9.20
Credit loss expenses to net credit to the public	(0.08)	0.12	0.11
Of which: individual allowance	(0.12)	(0.01)	-
Of which: collective allowance	0.04	0.13	0.11
Interest margin	2.10	2.01	2.08
Operating expenses to total income (efficiency ratio)	67.8	63.7	69.4

(1) The ratios for March 31, 2014 and for December 31, 2013 have been calculated according to Basel 3 terms. The ratios for March 31, 2013 have been calculated according to Basel 2 terms.

The data in this press release has been converted into US dollars solely for convenience, at the representative exchange rate published by the Bank of Israel prevailing on March 31, 2014, NIS 3.487.