

Leumi concludes Q2 2023 with a NIS 2.4 billion (\$649 million) profit – and with a dividend distribution and share buyback of some NIS 1 billion (\$270 million)

- **Net income - NIS 2.4 billion (\$649 million)**
- **Return on Equity - 19.4%**
- **Continued improvement of the efficiency ratio - 29.5%**
- **Leumi to distribute a NIS 736 million dividend (\$199 million), in addition to NIS 300 million (\$81 million) in share buyback, bringing the cumulative effective dividend to approx. 40% of the net income**
- **The share buyback is part of an overall plan of up to NIS 800 million (\$216 million)**

TEL AVIV – August 15, 2023

Bank Leumi (TASE: LUMI) published today its financial statements for Q2 2023:

Net income in the second quarter of 2023 amounted to NIS 2.4 billion (\$649 million), compared to NIS 2 billion (\$541 million) in the corresponding quarter last year.

Return on equity in the second quarter of 2023 was 19.4%, compared to 18.5% in the corresponding quarter last year.

Efficiency ratio in the second quarter of 2023 was 29.5%, compared with 35% in the corresponding quarter last year.

Dividend and share buyback: The Bank's Board of Directors approved a dividend distribution totaling NIS 736 million (\$199 million), which together with a share buyback of NIS 300 million (\$81 million) represent approx. 40% of the net income for the second quarter of 2023. The share buyback which took place is part of an overall plan of up to NIS 800 million (\$216 million).

Responsible growth in the credit portfolio's strategic segments: The Bank continues to focus its growth on the credit portfolio in the corporate, commercial and mortgage segments. From the beginning 2023, the credit portfolio grew by a total of 6.4% (of which 1.4% was in the second quarter). From the beginning of 2023, the corporate portfolio grew by 14.4%, the commercial portfolio – by 5.4%, and the mortgage portfolio – by 3.9%.

High capital adequacy: Common Equity Tier 1 capital ratio as of June 30, 2023 was 11.23% and total capital ratio was 14.44%.

Deposits by private customers on June 30, 2023 totaled NIS 166 billion (\$44.9 billion), compared to 158 billion (\$42.7 billion) on December 31, 2022 – a 5% increase.

Loan loss expenses in the second quarter of 2023 reflect an expense rate of 0.31% of the average outstanding loans to the public, compared to an expense rate of 0.14% in the corresponding period last year. The expense in the second quarter arose from the collective provision.

Valley National Bank: In the second quarter of 2023, the market cap value of Leumi's holdings in US-based Valley National Bank was up and currently amounts to some NIS 2.6 billion (\$700 million). This is the result of a significant 40% increase in Valley's stock price on NASDAQ – approximately 15% more than the US Regional Banks Index.

Sale of Leumi's HQ buildings: As part of the preparations to complete the transition of the Bank's headquarters to Lod, during April 2022 and March 2023, the Bank entered into an agreement to sell its two headquarters buildings in Tel Aviv. These sales are expected to generate a pre-tax capital gain of some NIS 800 million (\$216 million) in late 2023 or in early 2024, once the transition has been completed.

Leumi Group - Key Financials

Profit and profitability (in NIS million)

	For the three months ended June 30		Change in NIS million	Change in %
	2023	2022		
Net Interest income	4,284	3,125	1,159	37.1
Loan loss expenses	318	126	192	+
Non-interest income	1,412	1,557	(145)	(9.3)
Operating and other expenses	1,683	1,641	42	2.6
Profit before tax	3,695	2,915	780	26.8
Provision for tax	1,364	1,007	357	35.5
Profit after tax	2,331	1,908	423	22.2
The Bank's share in the profits of associates	122	84	38	45.2
Net income attributable to non-controlling interests	-	-	-	-
Net income attributable to the banking corporation's shareholders	2,453	1,992	461	23.1
Return on equity (%)	19.4	18.5		
Earnings per share (NIS)	1.59	1.36		

	For the six months ended June 30		Change in NIS million	Change in %
	2023	2022		
Net Interest income	8,212	6,024	2,188	36.3
Loan loss expenses	724	86	638	+
Non-interest income	2,483	2,507	(24)	(1.0)
Operating and other expenses	3,312	3,435	(123)	(3.6)
Profit before tax	6,659	5,010	1,649	32.9
Provision for tax	2,253	1,490	763	51.2
Profit after tax	4,406	3,520	886	25.2
The Bank's share in the profits (losses) of associates	(972)	91	(1,063)	-
Net income attributable to non-controlling interests	-	(10)	10	100
Net income attributable to the banking corporation's shareholders	3,434	3,601	(167)	(4.6)
Return on equity (%)	13.6	17.1		
Earnings per share (NIS)	2.23	2.47		

Development of balance sheet items (in NIS millions)

	As at June 30		December 31, 2022
	2023	2022	
Net loans to the public	409,565	364,924	384,782
Deposits by the public	533,977	532,737	557,084
Shareholders' equity	51,771	47,060	49,438
Total assets	686,857	667,680	699,166

Principal financial ratios (%)

	As at June 30		December 31, 2022
	2023	2022	
Net loans to the public to total assets	59.6	54.7	55.0
Deposits by the public to total assets	77.7	79.8	79.7
Total equity to risk assets	14.44	14.00	14.29
Tier 1 capital to risk assets	11.23	11.25	11.46
Leverage ratio	6.69	6.25	6.36
Liquidity coverage ratio	128	122	131

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 June 30, 2023, NIS 3.70.