



Leumi Reports a 17.9% Return on Equity in Q2 2021 and 16.1% ROE in H1 2021

The Bank's Board of Directors approved a NIS 630 million (\$193 million) dividend distribution, which constitutes 30% of the net income for 2020;

Significant increase in income alongside a moderate increase in expenses – the efficiency ratio in the first half of 2021 was 46.1% compared to 57.7% in the corresponding period last year. The efficiency ratio in Q2 was 43.1%;

The credit portfolio grew 10.1% year-over-year;

The loan loss expense reflects a 0.24% income, compared to a 1.19% expense in the corresponding period last year

- > Net income in H1 2021 totaled NIS 3,007 million (\$922 million), compared to a NIS 462 million (\$142 million) net income in the same period last year. Net income in Q2 2021 totaled NIS 1,667 million (\$511 million).
- > Return on equity in Q2 2021 was 17.9%, compared with 7.7% in the same quarter last year. Return on equity in H1 2021 was 16.1%. The significant increase in ROE stems from a material increase in income alongside a moderate increase in expenses; and from a reduction of the loan loss provision, compared to a significant increase in the loan loss provision in the same period last year.
- > Dividend – the Bank's Board of Directors approved a NIS 630 million (\$193 million) dividend distribution, which constitutes 30% of the net income for 2020.
- > Growth in the loan portfolio – the Bank continues to focus its growth efforts on the loan portfolio in the corporate, middle-market and mortgage segments. During the past year, the credit portfolio grew by a total rate of 10.1%; The corporate loan portfolio (including real state) grew by 15.3%, the middle-market portfolio grew by 12.4% and the mortgage portfolio grew by 10.8%.



- > Loan loss expenses (income) – in H1 2021, loan loss income reached NIS 370 million (\$114 million), compared to A NIS 1.7 billion (\$522 million) expense in the same period last year. The rate of loan loss income in H1 was 0.24%, compared to a 1.19% expense in the corresponding period last year. Most of the income arises from collections.
- > Net interest income in H1 2021 totaled NIS 5,122 million (\$1,571 million), compared to NIS 4,290 million (\$1,316 million) in the same period last year – a 19.4% increase. The increase in interest income is the result of a growth in the Bank's credit portfolio and differences in the CPI from one period to another, which were partly offset by the effects of the decrease in the Fed's and the Bank of Israel's interest rate.
- > Non-interest finance income in H1 2021 reached NIS 1,068 million (\$328 million), compared to NIS 30 million (\$9 million) in the same period last year. The increase in income stems from realized and unrealized gains in respect of Retailors and ironSource shares totaling NIS 382 million (\$117 million) that were recorded in Q2 2021, and from the effect of derivatives and exchange rate differentials. It should also be noted that the profitability during H1 last year was impacted by the substantial volatility in the capital markets following the outbreak of the coronavirus.
- > Operating and other expenses in H1 2021 were up by NIS 225 million (\$69 million) compared with the same period last year, a 6.5% increase. Most of the increase stems from an increase in salaries and related expenses due to provisions for bonuses, which are based on the financial results. The increase was partly offset by a decrease in other operating expenses.
- > The efficiency ratio in H1 2021 was 46.1%, compared to 57.7% in the corresponding period last year. The substantial improvement in the efficiency ratio arises from a significant increase in income alongside a moderate increase in expenses. The efficiency ratio in Q2 2021 was 43.1%, compared to 46.3% in the corresponding period last year.
- > High Common Equity Tier 1 capital ratio – Common Equity Tier 1 capital ratio as at June 30, 2021 was 11.98%, and total capital ratio reached 14.93%.

Development of Balance Sheet Items:

- > Shareholders' equity as at June 30, 2021 totaled NIS 40.8 billion (\$12.5 billion) compared to NIS 36.1 billion (\$11.1 billion) as at June 30, 2020 .
- > Net Credit to the public totaled NIS 315.2 billion (\$96.7 billion) as at June 30, 2021, compared with NIS 286.3 billion (\$87.8 billion) as at June 30, 2020, a 10.1% increase. Most of the increase is due to mortgage, middle-market and corporate loans.
- > Deposits by the public totaled NIS 487.1 billion (\$149.4 billion) as at June 30, 2021, compared with NIS 417.0 billion (\$127.9 billion) as at June 30, 2020, a 16.8% increase.



Leumi President & CEO, Mr. Hanan Friedman:

"I would like to thank all of Leumi's employees and managers for the impressive financial results we are reporting today. These results are in line with the strategy we have implemented in Leumi through structural changes, a change in our corporate culture and a change in our customer service model, alongside a transition to a performance-based bonus model that encourages excellence. We will continue to execute this strategy in order to continue leading Israel's banking sector".



Leumi Group – Principal Data from the Financial Statements

Profit and Profitability (in NIS millions)

	For the six months ended June 30		Change	
	2021	2020	NIS millions	%
Net Interest income	5,122	4,290	832	19
Loan loss expenses (income)	(370)	1,735	(2,105)	+
Non-interest income	2,906	1,727	1,179	68
Operating and other expenses	3,697	3,472	225	6
Profit before tax	4,701	810	3,891	+
Provision for tax	1,703	320	1,383	+
Profit after tax	2,998	490	2,508	+
Bank's share in associates' profits (losses)	29	(13)	42	+
Net income attributable to non-controlling interests	(20)	(15)	(5)	33
Net income attributable to the banking corporation's shareholders	3,007	462	2,545	+
Return on equity (%)	16.1	2.6		
Earnings per share (NIS)	2.07	0.32		

Development of Balance Sheet Items (in NIS millions)

	As at June 30		December 31 2020
	2021	2020	
Net Loans to the public	315,233	286,344	295,341
Deposits by the public	487,082	416,956	447,031
Shareholders' equity	40,848	36,132	37,664
Total assets	597,422	516,848	556,035

Principal Financial Ratios (%)

	As at June 30		December 31 2020
	2021	2020	
Net loans to the public to total assets	52.77	55.40	53.12
Deposits by the public to total assets	81.53	80.67	80.40
Total equity to risk assets	14.93	15.71	15.58
Total Tier 1 equity to risk assets	11.98	11.49	11.87
Leverage ratio	6.45	6.72	6.57
Liquidity coverage ratio	129	133	137

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, 2021, NIS 3.26.