



Press Release

May 24, 2022

Leumi Starts 2022 with Strong Results, Following on its Record-High Results in 2021:

Return on equity in Q1 - 15.6%

Credit growth in Q1 – 7.6%

Further improvement in the efficiency ratio - 46.6%

Merger between Leumi USA and Valley National has been finalized

Leumi to distribute a NIS 322 million (\$101 Million) dividend

- > **Net income** in the first quarter of 2022 reached NIS 1.6 billion (\$504 million), compared to NIS 1.3 billion (\$409 million) in the same period last year.
- > **Return on equity** in the first quarter of 2022 was 15.6%, compared to 14.2% in the same period last year.
- > **Efficiency ratio** in the first quarter of 2022 was 46.6%, compared with 49.4% in the same period last year.
- > **Dividend** - Leumi will distribute a NIS 322 (\$101 million) dividend, which represents 20% of the net income for the first quarter of 2022.
- > **Growth in the credit portfolio** - the Bank continues to focus its growth on the credit portfolio in the corporate, commercial and mortgage segments. During the first quarter of 2022, the credit portfolio grew by 7.6% compared to December 31, 2021. The corporate portfolio was up 11.2%, the commercial portfolio was up 9.7% and the mortgage portfolio was up 4.2%.
- > **Loan loss income** - in the first quarter of 2022, an income of 0.04% of the average outstanding loans to the public was recorded, compared to an income of 0.28% in the same period last year. The income in the first quarter stems mainly from collections,

alongside an increase in the collective provision, inter alia on the back of the growth in the credit portfolio.

- > **Net interest income** in the first quarter of 2022 reached NIS 2.9 billion (\$913 million), compared to NIS 2.3 billion (\$724 million) in the same period last year. The increase stems mainly from the increase in the Bank's loan portfolio and from gaps in the CPI from one period to another.
- > **Non-interest finance income** in the first quarter of 2022 reached NIS 14 million (\$4 million), compared to NIS 441 million (\$139 million) in the same period last year. The decrease stems from declines in capital markets and from the effect of derivatives and exchange rate differentials.
- > **Total operating and other expenses** in the first quarter of 2022 were down by NIS 45 million (\$14 million), a 2.4% decrease compared with the same period last year .
- > **Merger between Leumi USA and Valley National** - On April 1 2022, the merger between Leumi USA (BLUSA) and Valley National Bank was completed. As a result of the merger, an income of NIS 645 million (\$203 million), net of tax, will be recorded; out of this amount, NIS 194 million (\$61 million) was recorded during the reporting period, with the balance to be recorded in the second quarter of 2022.
- > **Capital ratios** - Common Equity Tier 1 capital ratio as at March 31, 2022 was 10.78% and total capital ratio was 13.54%. On April 1st 2022, the capital ratio is expected to increase by approximately 0.5% following the merger.
- > **Sale of Leumi HQ in Tel Aviv ('Beit Mani')** - As part of the preparations to complete the transition to Lod in 2023, during April 2022 the Bank entered into an agreement to sell one of its headquarters buildings in Tel Aviv. This sale is expected to generate a pre-tax capital gain of NIS 524 million (\$165 million), to be recorded in 2023.

Development of balance sheet items^(a):

- > **Shareholder's equity** as at March 31, 2022 totaled NIS 42.4 billion (\$13.4 billion), compared to NIS 39.1 billion (\$12.3 billion) as at March 31, 2021.
- > **Net loans to the public** as at March 31, 2022 totaled NIS 350 billion (\$110 billion), compared with NIS 290 billion (\$91 billion) as at March 31, 2021, a 20.7% increase. Most of the increase is due to mortgage, middle-market and corporate loans.
- > **Deposits by the public** as at March 31, 2022 totaled NIS 517 billion (\$163 billion), compared with NIS 437 billion (\$138 billion) as at March 31, 2021, a 18.3% increase.

Leumi Group – Principal Data from the Financial Statements

Profit and Profitability (in NIS millions)

	For the three months ended March 31		Change in NIS Millions	Change in %
	2022	2021		
Net Interest income	2,899	2,348	551	23.5
Loan loss income	(40)	(212)	172	81.1
Non-interest income	950	1,374	(424)	(30.9)
Operating and other expenses	1,794	1,839	(45)	(2.4)
Profit before tax	2,095	2,095	-	
Provision for tax	486	753	(270)	(35.9)
Profit after tax	1,612	1,342	270	20.1
Bank's share in associates' profits	7	7	-	
Net income attributable to non-controlling interests	(10)	(9)	(1)	(11.1)
Net income attributable to the banking corporation's shareholders	1,609	1,340	269	20.1
Return on equity (%)	15.6	14.2		
Earnings per share (NIS)	1.11	0.92		

Development of Balance Sheet Items (in NIS millions)^(a)

	As at March 31		December 31 2021
	2022	2021	
Net Loans to the public	349,775	289,743	324,956
Deposits by the public	516,711	436,618	514,968
Shareholders' equity	42,433	39,118	41,610
Total assets	645,875	540,783	632,802

Principal Financial Ratios (%)

	As at March 31		December 31 2021
	2022	2021	
Net loans to the public to total assets ^(a)	54.2	53.6	51.4
Deposits by the public to total assets ^(a)	80.0	80.7	81.4
Total equity to risk assets	13.54	14.73	14.21
Total Tier 1 equity to risk assets	10.78	11.73	11.50
Leverage ratio	5.91	6.60	6.06
Liquidity coverage ratio	120	130	124

- a. The balance sheet line items and comparative results do not include the balances of Bank Leumi USA, which as of March 31, 2022 were classified as held-for-sale assets and liabilities in the financial statements of the first quarter of 2022.

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 March 31, 2022, NIS 3.176.