

Press Release

Financial Statements 2023



Bank Leumi concludes 2023 with a net income of approx. NIS 7 billion (\$1.93 billion)

- Return on equity for the year – net of the one-off deduction recorded in the first quarter with respect to the investment value in Valley National Bank – was 15.9%; Net income – net of the one-off deduction – totaled NIS 8.1 billion (\$2.23 billion). Without the neutralization – the net income in 2023 totaled NIS 7 billion (\$1.93 billion) and return on equity was 13.7%
- Mortgages: an annual growth of 9% – the highest in the banking system
- Best efficiency ratio among Israeli banks: 32.6%
- Robust financial indicators: liquidity coverage ratio of 124% and total capital ratio of 14.72%
- Dividend: following the guidance of the Bank of Israel, Leumi distributes 20% of the net income for the fourth quarter – NIS 365 million (\$101 million). The total amount of distribution (dividend + share buyback) in 2023 is NIS 2.35 billion (\$0.65 billion)
- On the back of the war, loan loss expenses (mainly the collective provision) in 2023 reflect an expense rate of 0.58%, while the specific provision rate was only 0.08%
- Total estimated costs of the relief programs and donations provided by Leumi to customers and the public following the War is estimated at NIS 575 million (\$159 million)
- In the first quarter of 2024, a one-time capital gain of NIS 830 million (\$229 million) is expected, once the transition of the Bank's HQ to Lod is completed

TEL AVIV – March 19, 2024

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

Net income in 2023 totaled NIS 7 billion (1.93 billion), compared to NIS 7.7 billion (\$2.12 billion) in 2022. Net income in 2023, net of the one-off deduction recorded in the first quarter with respect to the investment value in Valley National Bank totaled NIS 8.1 billion (\$2.23 billion).

Return on equity in 2023 was 13.7%, compared with 17% in 2022. Return on equity – net of the one-off deduction recorded in the first quarter with respect to the investment value in Valley National Bank and net of the one-off profit recorded in 2022 from the merger of Bank Leumi USA with Valley – was 15.9% in 2023, compared with 15.6% in 2022.

The efficiency ratio in 2023 was 32.6%, compared with 37.5% in 2022.

Dividend: Following on the guidance of the Bank of Israel as a result of the War, the Bank's Board of Directors approved a NIS 365 million (\$101 million) dividend distribution, which constitutes 20% of the net income for Q4 2023. In addition, during 2023 the Bank completed a share buyback of NIS 600 million (\$165 million). The total amount of dividend distributed to the public and of the share buyback in 2023 is approx. NIS 2.35 billion (\$0.65 billion).

Responsible growth in the loan portfolio in strategic segments: the Bank continues to focus its growth on the credit portfolio in the corporate, commercial and mortgage segments. In 2023, the credit portfolio grew by a total of 9%, with the corporate portfolio growing by 16%, the commercial portfolio – by 3% and the mortgage portfolio – by 9%.

The NPL ratio, which reflects the quality of the Bank's loan portfolio, continues to be amongst the lowest in the Israeli banking system – 0.85% as of December 31, 2023.

Loan loss expenses in 2023 reflect an expense rate of 0.58% of the average outstanding loans to the public. Most of the expense stems from the collective provision in light of the war. The specific provision rate was only 0.08%.

High capital adequacy: Common Equity Tier 1 capital ratio as of December 31, 2023 was 11.66% and total capital ratio was 14.72%.

Liquidity coverage ratio as of December 31, 2023 was 124%.

The Bank's initiatives due to the War: Leumi significantly expanded the Bank of Israel's relief program, publishing its own relief program to both business and retail customers from across Israel – with an emphasis on residents of the southern and northern confrontation lines, with the aim of assisting them as much as possible during these complex times. The reliefs to eligible customers include, among others: full exemption from mortgage payments, exemption from loan repayments for retail customers and small businesses, aid funds totaling more than NIS 1.25 billion (\$0.34 billion), exemption from current account fees, exemption from charges on current account overdraft and more.

In addition, since the outbreak of the war, the Bank made substantial donations to first responder and aid organizations for the benefit of residents of southern Israel, Israeli police officers and IDF soldiers – both on active and reserve duty. Moreover, Leumi was the first business organization in Israel to announce its support of a community near Gaza, which was attacked on October 7th. The Bank committed to support Kibbutz Be'eri, one of the communities which suffered the most severe attacks – from providing solutions to immediate needs and up to its complete rehabilitation. Furthermore, the Bank led a unique initiative under which college and university students who volunteer to assist farmers in harvesting crops – on an ongoing basis – receive a full year's tuition from Bank Leumi. Total costs of the reliefs and donations provided following the war is estimated at NIS 575 million (\$159 million).

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 HQ buildings in Tel Aviv. These sales are expected to generate a pre-tax capital gain of NIS 830 million (\$229 million) in the first quarter of 2024.

Development of balance sheet items:

Shareholders' equity as at December 31, 2023 totaled NIS 54.5 billion (\$15.0 billion), compared to NIS 49.4 billion (\$13.6 billion) as at December 31, 2022 – a 10.2% increase.

Net credit to the public as at December 31, 2023 totaled NIS 419.5 billion (\$115.7 billion), compared to NIS 384.8 billion (106.1 billion) as at December 31, 2022 – a 9.02% increase.

Housing loans (mortgages) as at December 31, 2023 totaled NIS 132.1 billion (\$36.4 billion), compared to NIS 120.9 billion (\$33.3 billion) as at December 31, 2022 – a 9.26% increase.

Credit to retail customers as at December 31, 2023 totaled NIS 30.2 billion (\$8.3 billion), compared to NIS 32.5 billion (\$9.0 billion) as at December 31, 2022 – 7.08% decrease.

Credit to small businesses as at December 31, 2023 totaled NIS 26.2 billion (\$7.2 billion), compared to NIS 26.7 billion (\$7.4 billion) as at December 31, 2022 – a 1.87% decrease.

Middle-market credit as at December 31, 2023 totaled NIS 62.6 billion (\$17.3 billion), compared to NIS 60.8 billion (\$16.8 billion) as at December 31, 2022 – a 2.96% increase.

Corporate credit (including real estate) as at December 31, 2023 totaled NIS 127.4 billion (\$35.1 billion), compared to NIS 109.5 billion (\$30.2 billion) as at December 31, 2022 – a 16.35% increase.

Deposits by the public as at December 31, 2023 totaled NIS 567.8 billion (\$156.5 billion), compared to NIS 557.1 billion (\$153.6 billion) as at December 31, 2022 – a 1.92% increase.

Deposits by retail customers as at December 31, 2023 totaled NIS 216.9 billion (\$59.8 billion), compared to NIS 203.0 billion (\$56.0 billion) as at December 31, 2022 – a 6.85% increase.

Deposits by small businesses as at December 31, 2023 totaled NIS 56.1 billion (\$15.5 billion), compared to NIS 55.4 billion (\$15.3 billion) as at December 31, 2022 – a 1.26% increase.

CET1 capital ratio as at December 31, 2023 was 11.66%, compared to 11.46% as at December 31, 2022.

Total capital ratio as at December 31, 2023 was 14.72%, compared to 14.29% as at December 31, 2022.



Bank Leumi's Chairman of the Board, Dr. Shmuel (Muli) Ben Zvi:

"I am proud that even during this period, as throughout the history of the State of Israel, Bank Leumi continues to serve as an anchor for the Israeli economy, for its employees, customers and for the community. As the oldest and leading bank in Israel, Leumi has operated exceptionally well since the outbreak of the war, standing by its customers while maintaining optimal business continuity and meticulous risk management. In this context, we offered extensive relief programs and services adapted to our customers' needs and took groundbreaking measures in the social responsibility domain. Our extensive activity in this area during the war is part of the Bank's decision to place environmental, social and governance (ESG) aspects at the core of our strategic achievements. The impressive financial results we have achieved in 2023 illustrate the Bank's ability to support Israel's economy and society also in difficult times and during a period of recovery and growth".

Bank Leumi's President & CEO, Hanan Friedman:

"The financial statements for 2023 published today reflect, more than ever, the Bank's resilience. Our superb loan portfolio indicators, solid capital base and efficiency ratio – which is not only one of the best locally, but also globally – reflect Leumi's strength and our ability to continue to support our responsible growth strategy, which we have been implementing in recent years. Our ability to do more for our customers with higher efficiency is achieved by the groundbreaking technological developments we have implemented – and continue to implement. This way, we can continue to be the leading and most innovative financial institution in Israel, while providing the most convenient service.

In light of this complex period, I would like to end with a prayer in the name of the entire Leumi family, for the swift return of all of our hostages, for the safe return home of our soldiers from the battlefield, and for the full recovery of all those injured. We commemorate the fallen and look forward to better and safer days".

Leumi Group – Key Financials

Profit and profitability (in NIS million)

	For the year ended December 31		Change in NIS million	Change in %
	2023	2022		
Net interest income	15,997	13,211	2,786	21.1
Loan loss expenses	2,383	498	1,885	378.5
Non-interest income	5,181	5,018	163	3.2
Operating and other expenses	6,894	6,835	59	0.9
Profit before tax	11,901	10,896	1,005	9.2
Provision for tax	3,988	3,564	424	11.9
Profit after tax	7,913	7,332	581	7.9
The Bank's share in the profits (losses) of associates	(886)	387	(1,273)	
Net income attributable to non-controlling interests	0	(10)	10	
Net income attributable to the banking corporation's shareholders	7,027	7,709	(682)	(8.8)
Return on equity (%)	13.7	17.0		
Earnings per share (NIS)	4.58	5.14		

Development of balance sheet items (in NIS million)

	December 31		Change in %
	2023	2022	
Net loans to the public net	419,486	384,782	9.0
Deposits by the public	567,824	557,084	1.9
Shareholders' equity	54,497	49,438	10.2
Total assets	731,497	699,166	4.6

Principal financial ratios (%)

	December 31	
	2023	2022
Net loans to the public to total assets	57.3	55.0
Deposits by the public to total assets	77.6	79.7
Total equity to risk assets	14.72	14.29
Tier 1 capital to risk assets	11.66	11.46
Leverage ratio	6.65	6.36
Liquidity coverage ratio	124	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 December 31, 2023, NIS 3.627.