

Translation of Immediate Report

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Public

Bank Leumi Le-Israel B.M.
Registration No. 520018078
Securities of the Corporation are listed on The Tel Aviv Stock Exchange
Abbreviated Name: Leumi
34 Yehuda Halevi Street, Tel Aviv 651316
Phone: 076-8858111, 076-889419; Facsimile: 076-8859732
Electronic Mail: David_S@bll.co.il

May 23, 2023
Reference: 2023-01-055068

To: Israel Securities Authority (www.isa.gov.il)
The Tel Aviv Stock Exchange (www.tase.co.il)

Immediate Report

Nature of Event: *Presentation of financial statements for first quarter 2023*

Reference number of previous reports on the matter: _____.

Attached please find file [CC 1330 isa.pdf](#)

The company is not an envelope company as that term is defined in the Stock Exchange bylaws.

Date and time at which the corporation first became aware of the event or matter: *May 23, 2023, at 12:30.*

Details of signatories authorized to sign on behalf of the corporation:

Name of signatory	Title other
Omer Ziv	Head of the Capital Markets Division

In accordance with Regulation 5 of the Securities Regulations (Periodic and Immediate Reports), 1970, a report filed pursuant to these regulations shall be signed by the corporation's authorized signatories. For a staff position of this matter, see the Authority's website: [click here](#).

Reference numbers of previous reports on the matter (do not constitute inclusion by way of reference): _____

The securities of the corporation are listed for trading on the Tel Aviv Stock Exchange

Ticker: Leumi

Address: Yehuda Halevi Street 34, Tel Aviv 6513616, Tel: 076-8858111, 076-8859419

Facsimile: 076-8859732 Electronic Mail: David_S@bll.co.il company's website:

www.leumi.co.il

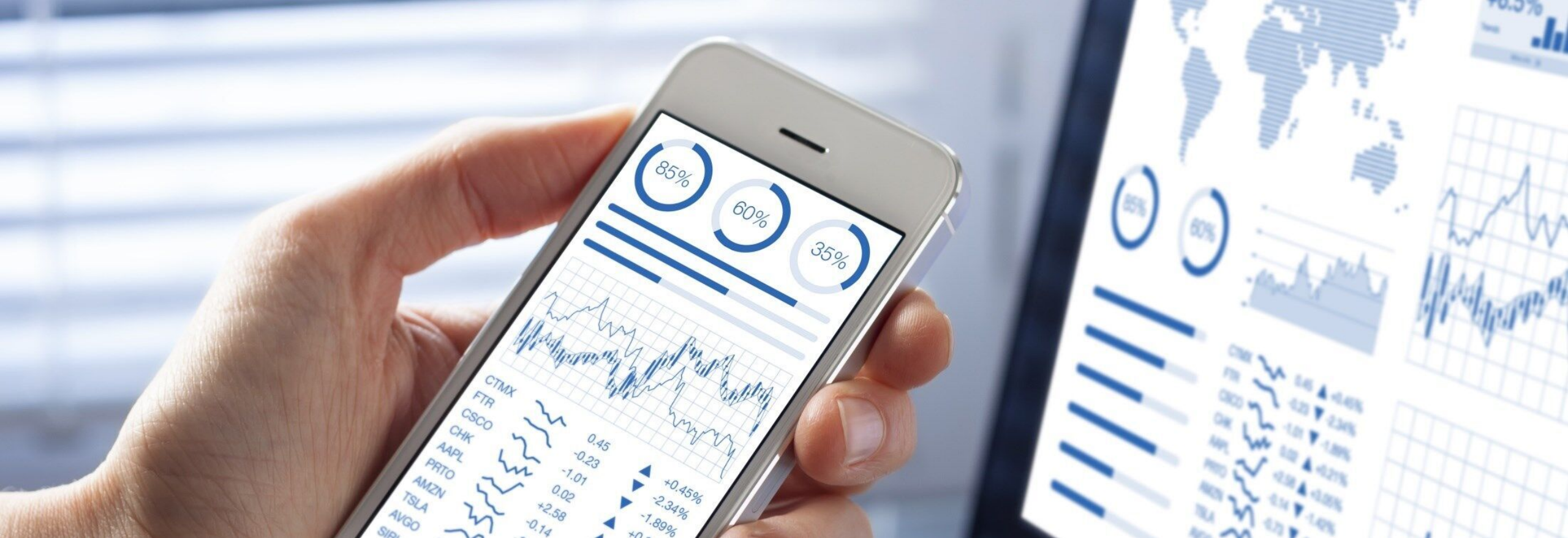
Previous names of the reporting entity:

Name of Electronic Reporter: David Raoul Sackstein, Position: Advocate, General Secretary
34 Yehuda Halevi Street, Tel Aviv 6513616, Phone: 076-8857984, Facsimile: 076-8859732
Electronic Mail: David.sackstein@bankleumi.co.il

Note: English translations of Immediate Reports of Bank Leumi are for convenience purposes only. In the case of any discrepancy between the English translation and the Hebrew original, the Hebrew will prevail.

The original Hebrew version is available on the distribution website of the Israel Securities Authority:

<http://www.mgna.isa.gov.il/>



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MARCH 31, 2023 FINANCIAL RESULTS PRESENTATION



The conference call does not replace the need to review the latest periodic/quarterly reports in which full information is contained, including forward looking information, as defined in the Israeli Securities Law, and set out in the aforementioned reports.

DISCLAIMER

This document and the information contained herein, which shall serve as a basis for the conference call –

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2. Is provided solely for your information and may not to be copied, distributed or forwarded, directly or indirectly, in any form to any other person, nor published, wholly or partially, for any purpose;
3. Does not purport to be all-inclusive or to contain all the information that may be relevant in making any decision concerning an investment in the securities of the Bank;
4. Some of the information contained in this document and/or discussed throughout the conference call that does not refer to historical facts, constitutes forward-looking information with respect to the Bank's business, financial condition and results of its operations, which is based, inter alia, on forecasts of the future regarding various matters, which include but are not limited to changing economic conditions in Israel and abroad, especially in the foreign exchange and capital markets, legislation, directives of regulatory bodies, the behavior of competitors, product demand, pricing, market acceptance, risks in product and technological developments, personnel issues, the effect of the Bank's accounting policies as well as certain other risk factors which are detailed from time to time in the Bank's filings with the securities authority, etc. and is subject to risks, uncertainties and changes in circumstances, that could cause actual results to differ materially from those included herein. For more information on the meaning of forward looking information, we would refer you to the Bank's most recent published Consolidated Financial Statements;
5. Does not constitute an offer or invitation to purchase or subscribe for any securities, nor does it constitute advice.



Key 1Q 2023 Messages

- **Net Income of NIS 1bn** impacted by impairment of the bank's stake in Valley.
- **Credit growth and core deposit growth:**
 - Credit growth of 4.9% in the quarter in our strategic segments.
 - Core deposits grew by 3.2% in the quarter.
- **Revenue growth of ~40% year-on-year** to NIS 5.0bn from higher volumes, higher NIMs and strong growth in fees and commissions.
- **Operating expenses -0.4% year-on-year** driving further cost-income ratio improvement to 32.6% from 45.7% in 1Q 2022.
- **Increase in credit expenses is focused on collective provisions:**
 - NPLs at 0.53% remain close to multi-year lows; NPL coverage at ~2.5x.
- **NIS 800m buy-back** announced in addition to 30% quarterly dividend payout ratio.

Core Deposits = Deposits from Private individuals.

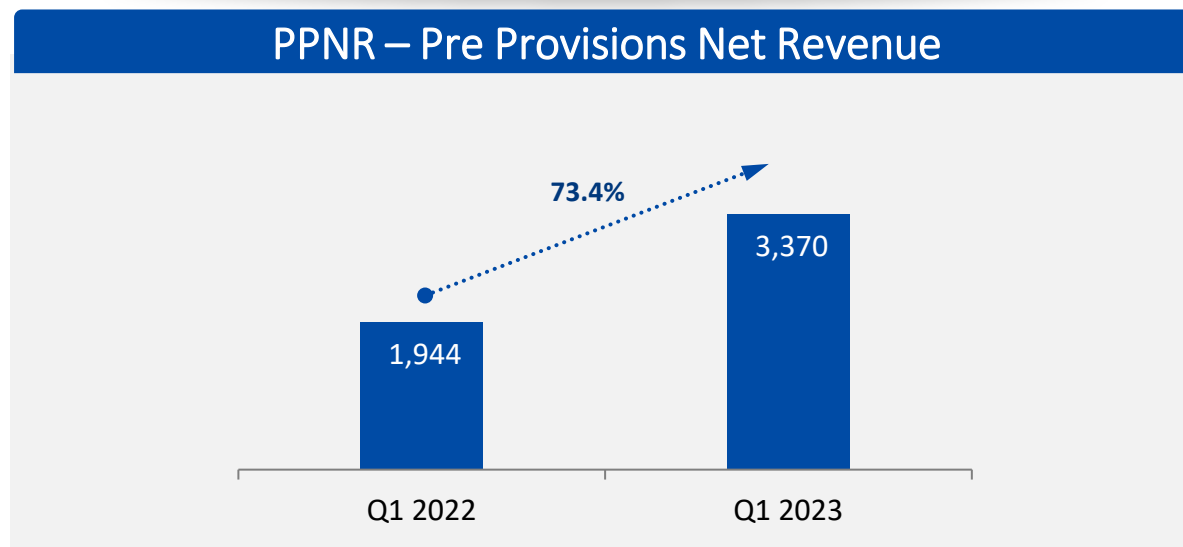
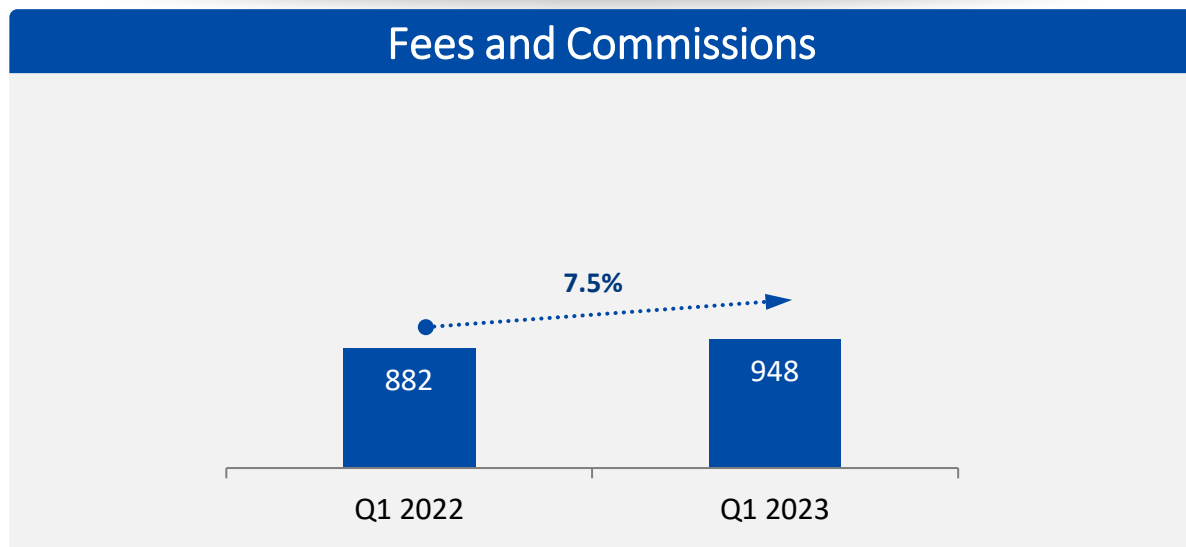
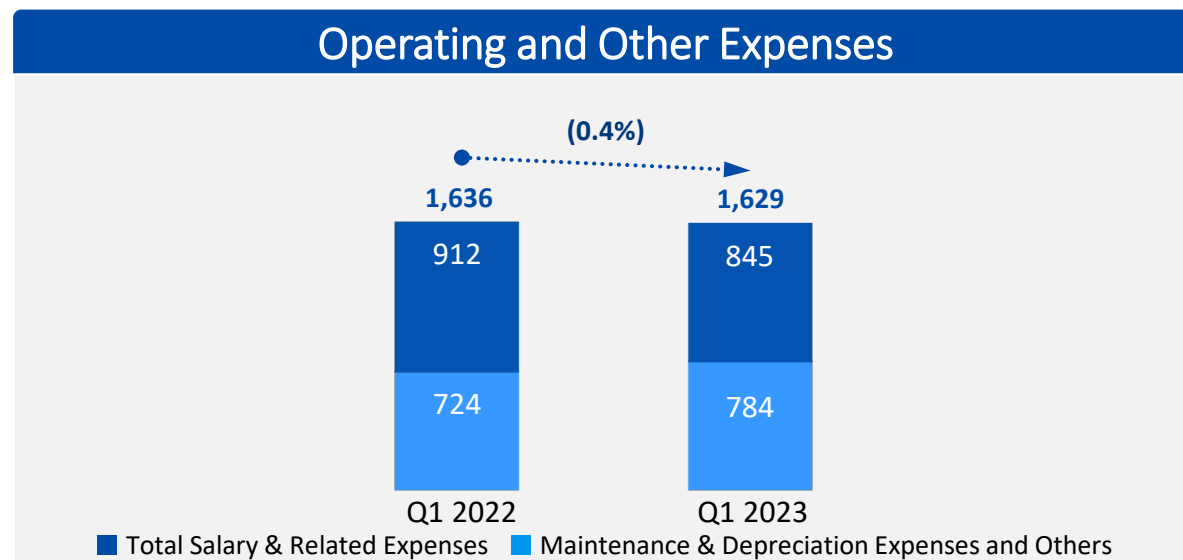
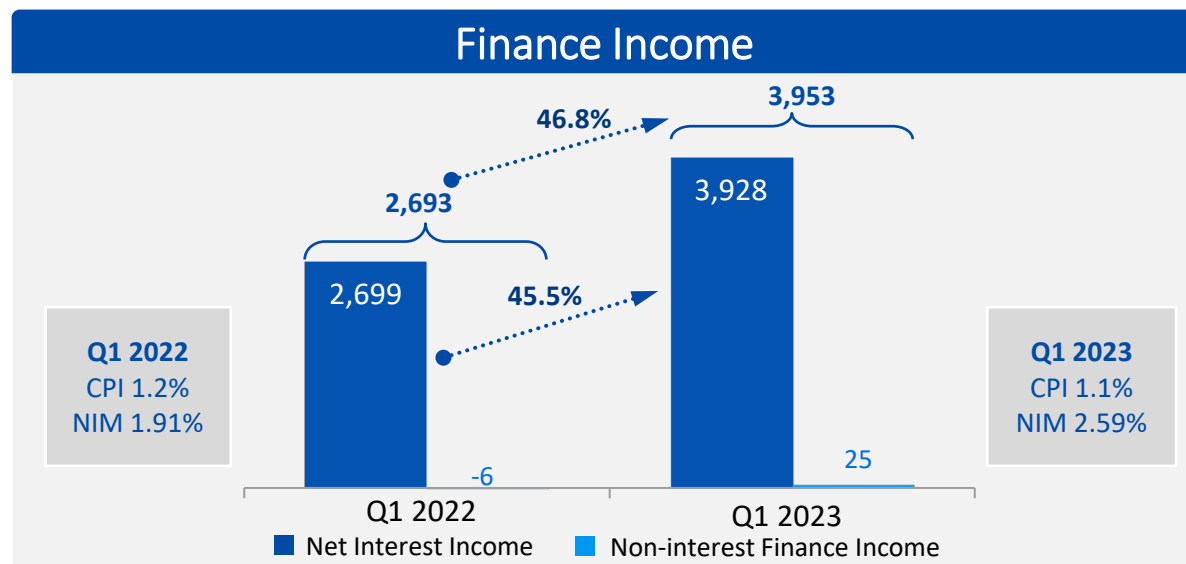


Major Developments

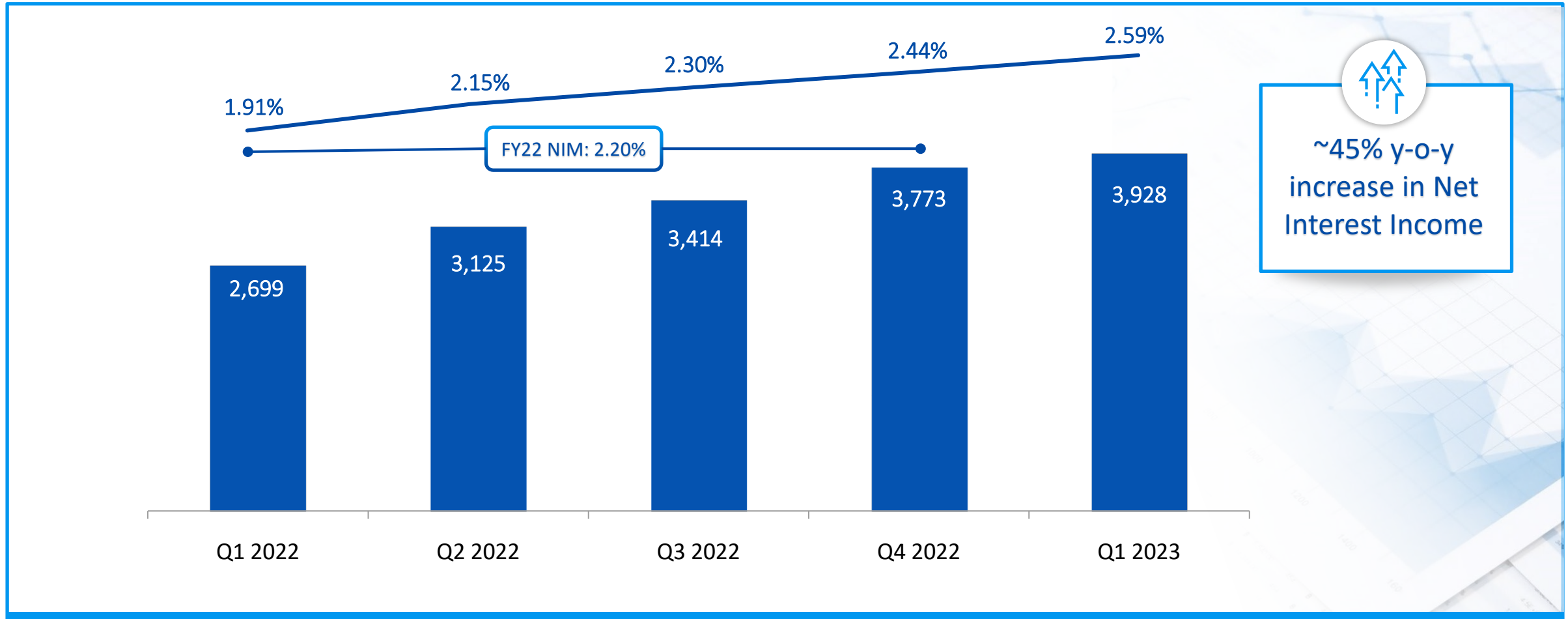
- **Impairment of stake in Valley National Bank by NIS 1.1bn.**
 - Impact on CET1 is negligible.
- **Renewal of collective agreement with employees (2023-26):**
 - Increase in tenure from 4 years to 10 years.
 - Increases number of employees on technological agreements.
 - Bonuses linked to bank profitability.
- **Expected pre-tax profit of ~NIS 800m from selling HQ buildings to be recorded in Q4 / Q1 2024.**



Q1 2022 vs. Q1 2023 – Breakdown of Income and Expenses



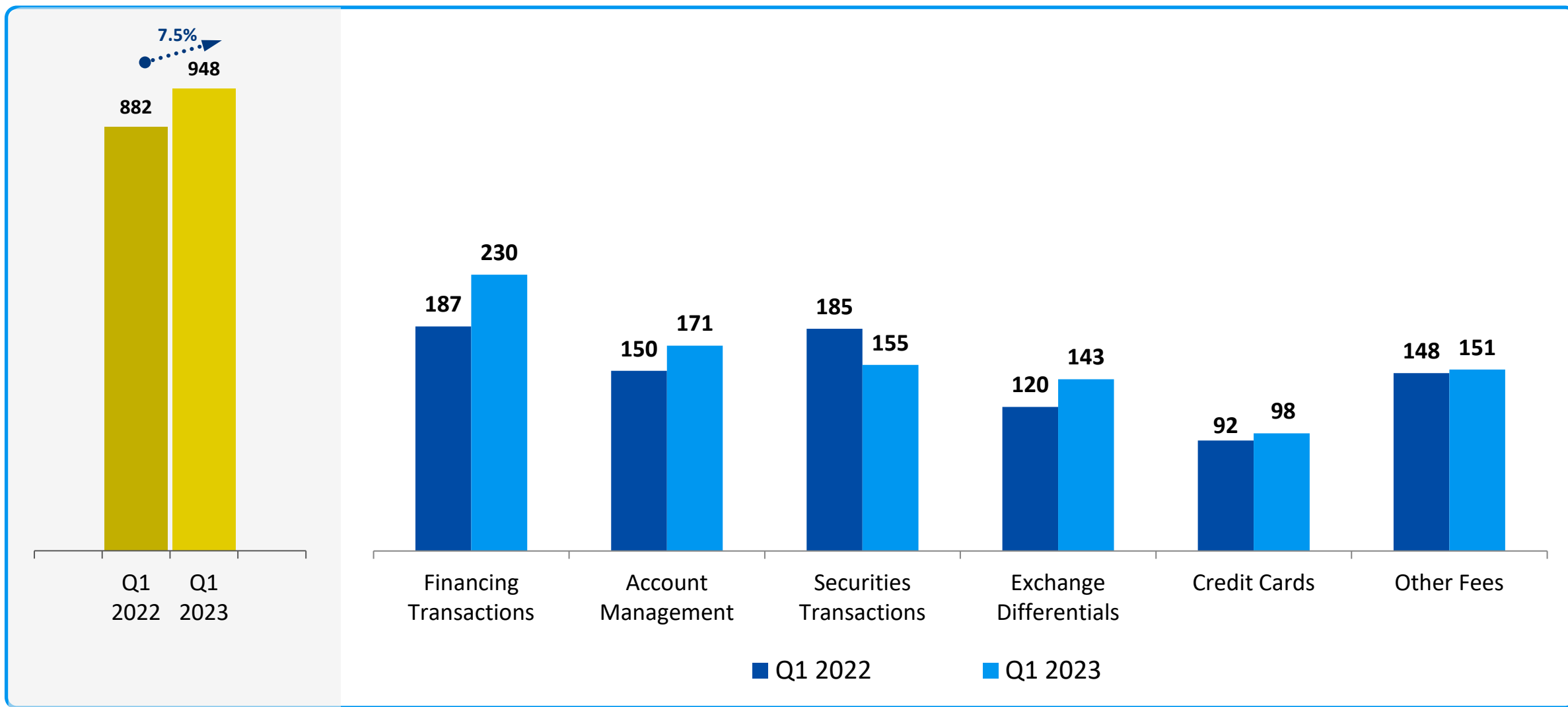
Rising Net Interest Income and NIM



(NIS Millions)
Excludes Leumi USA.



Fees and Commissions Performance Year-over-Year

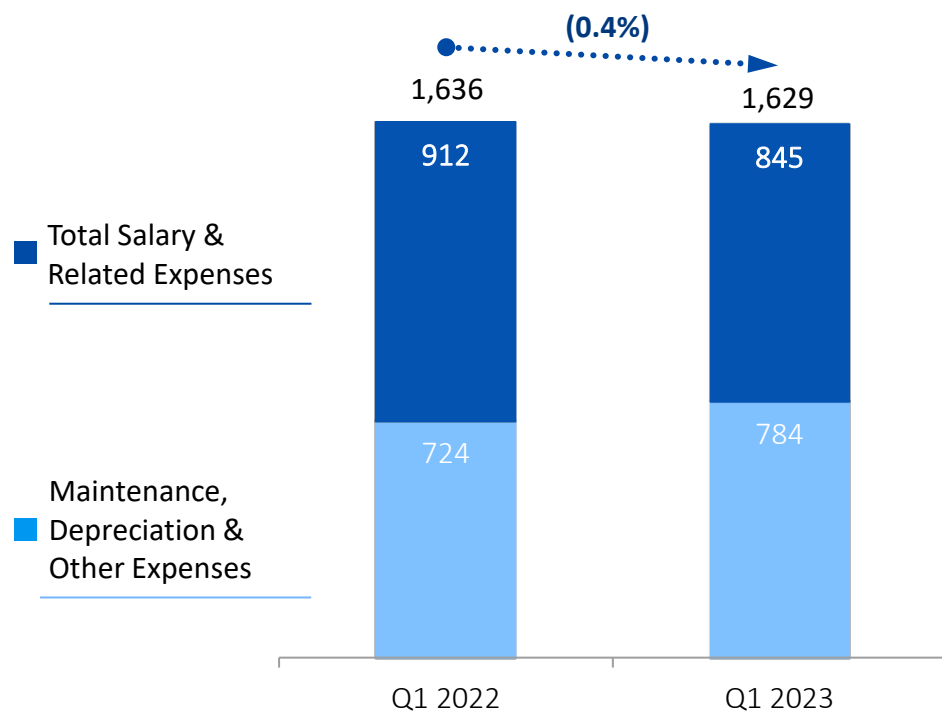


(NIS Millions)
Excludes Leumi USA.

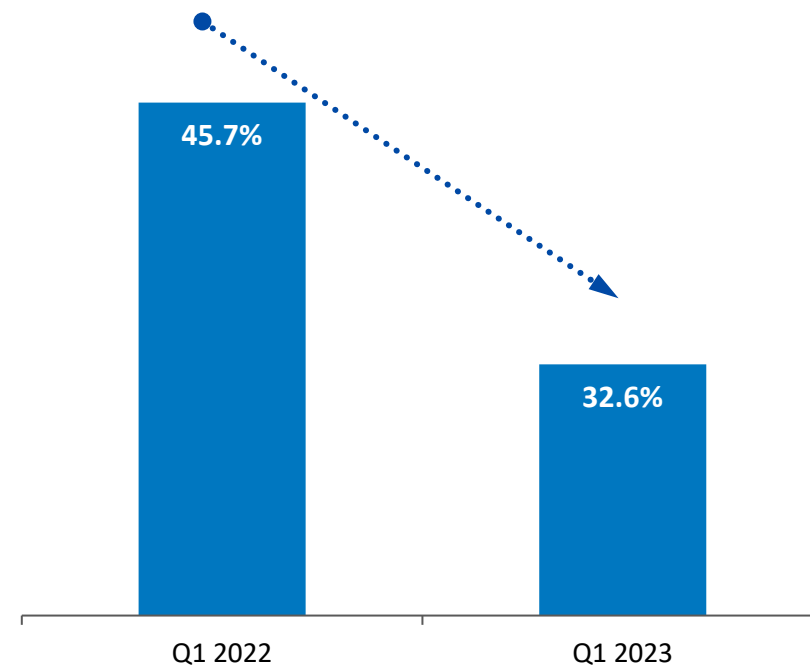


Consistent Improvement in Cost Structure

Total Expenses



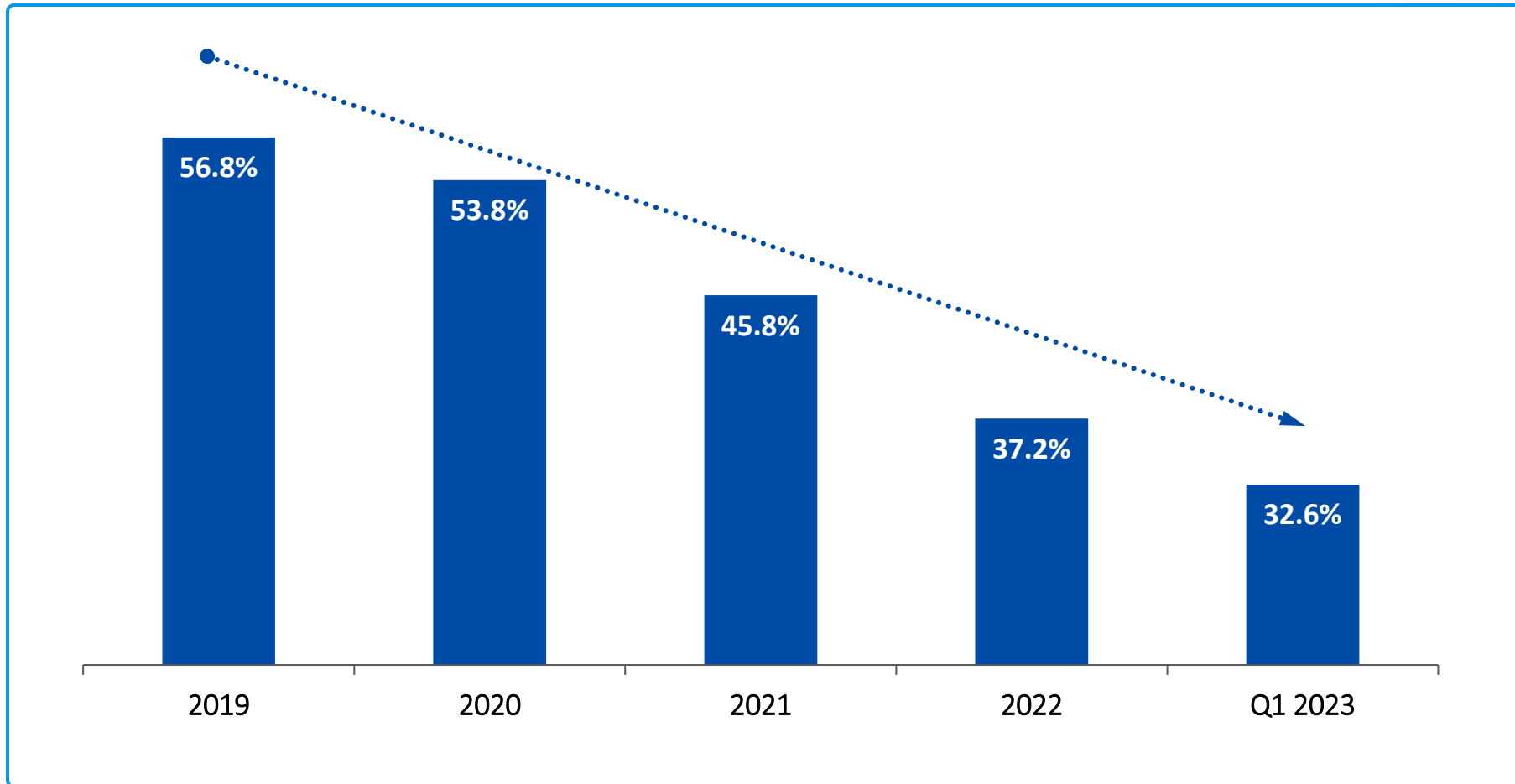
Cost-Income Ratio



(NIS Millions)
Excludes Leumi USA.

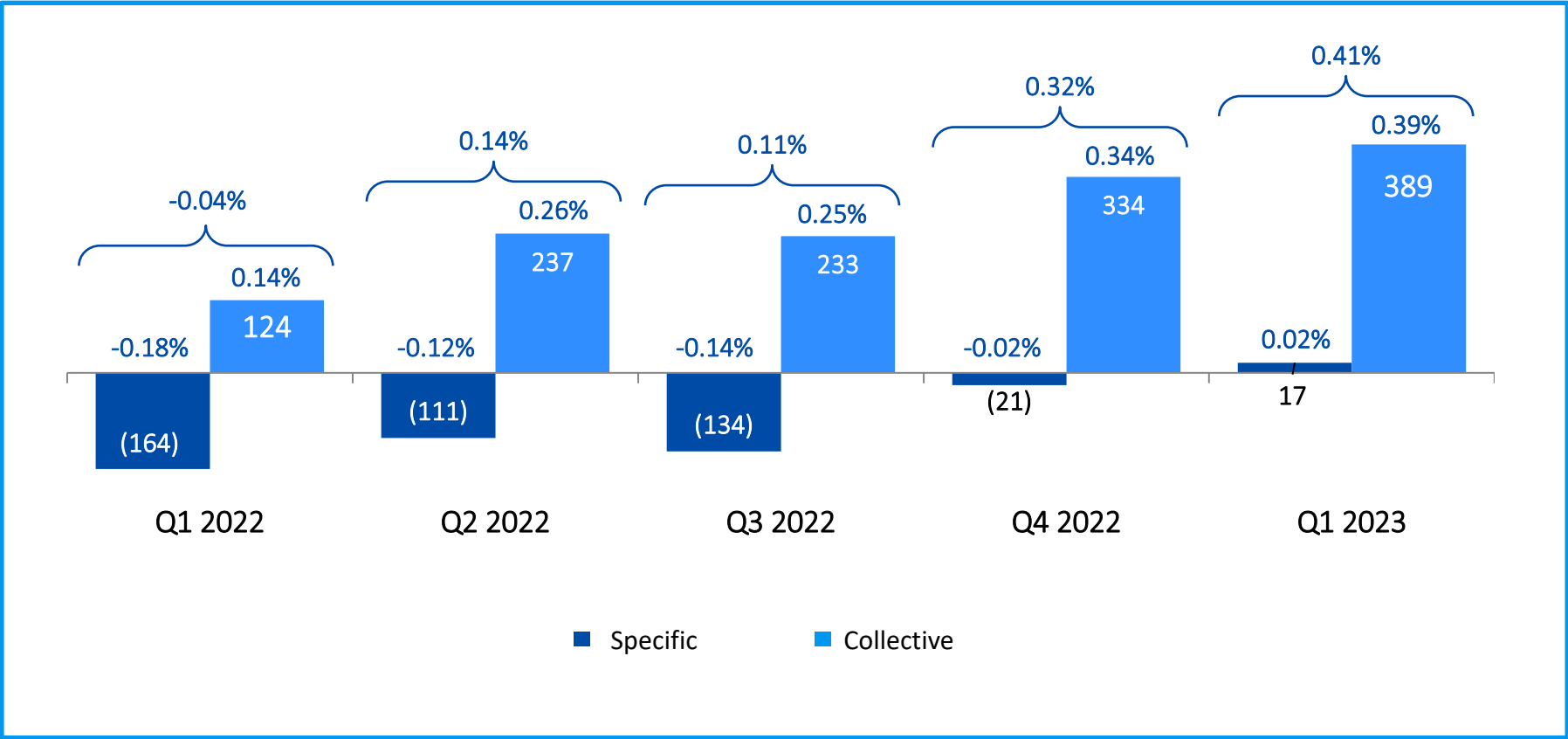


Ongoing Decline in Cost-Income Ratio; Now Comfortably <40%



* 2020-2022 excludes Leumi USA.

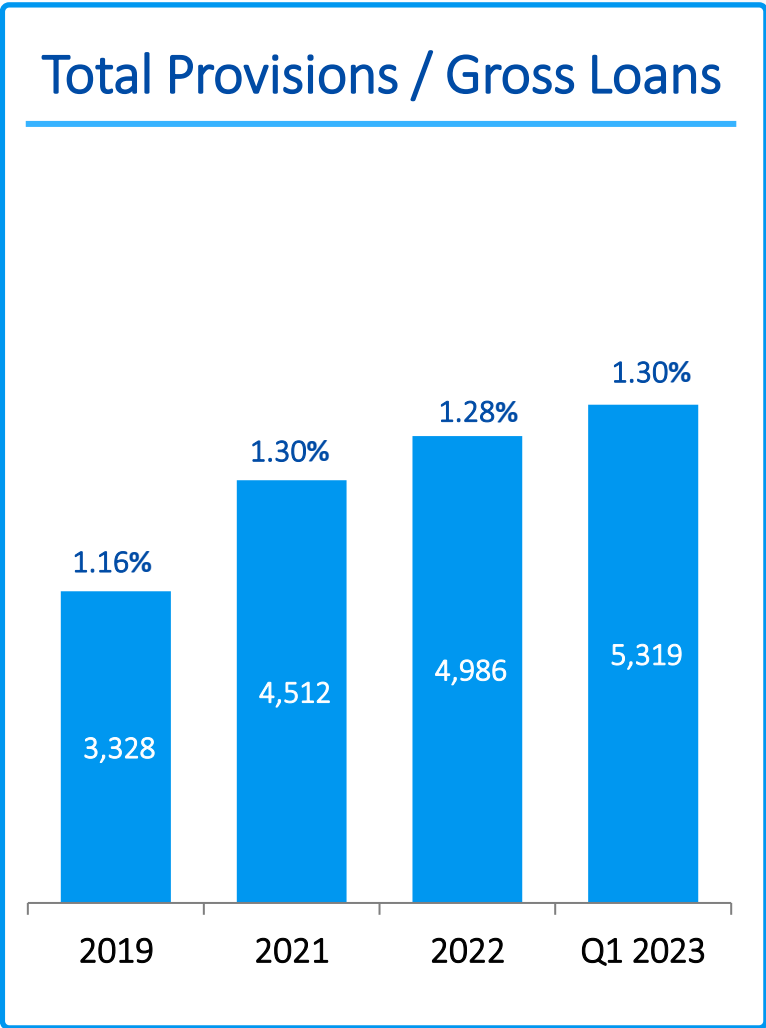
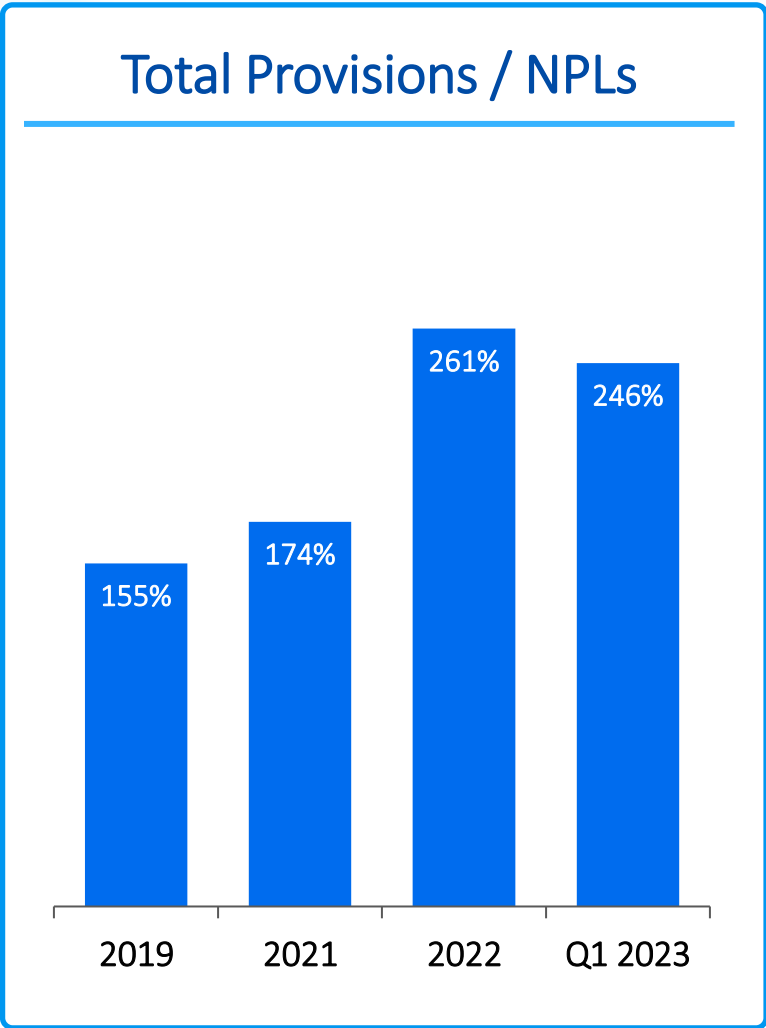
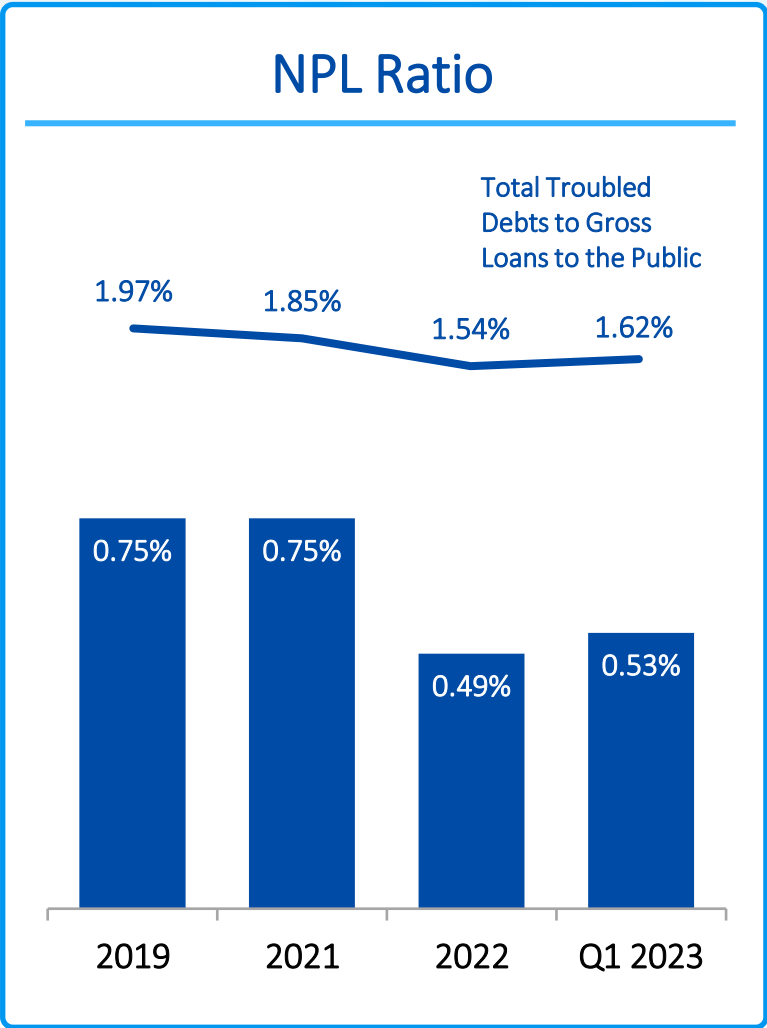
Moderate Increase in Loan Loss Expenses



(NIS Millions)



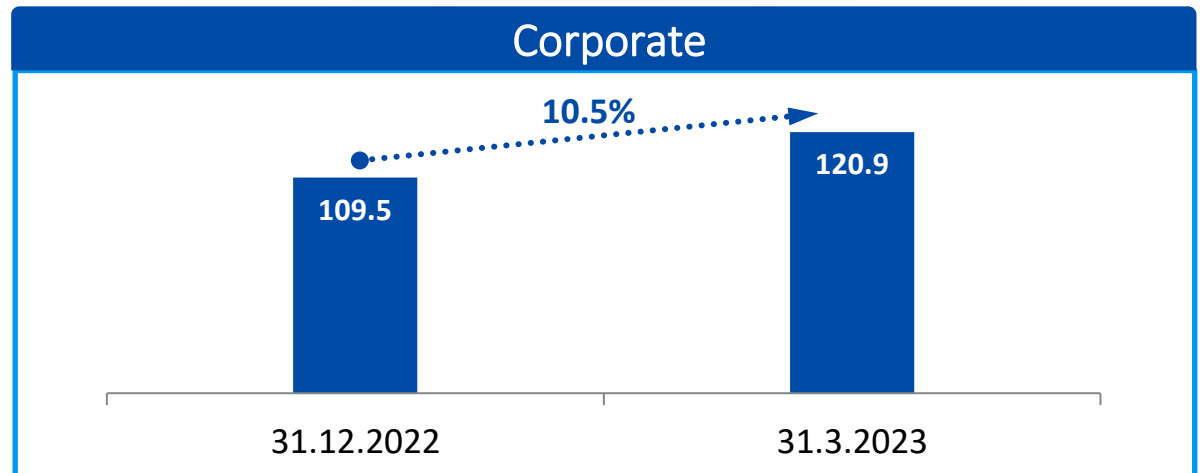
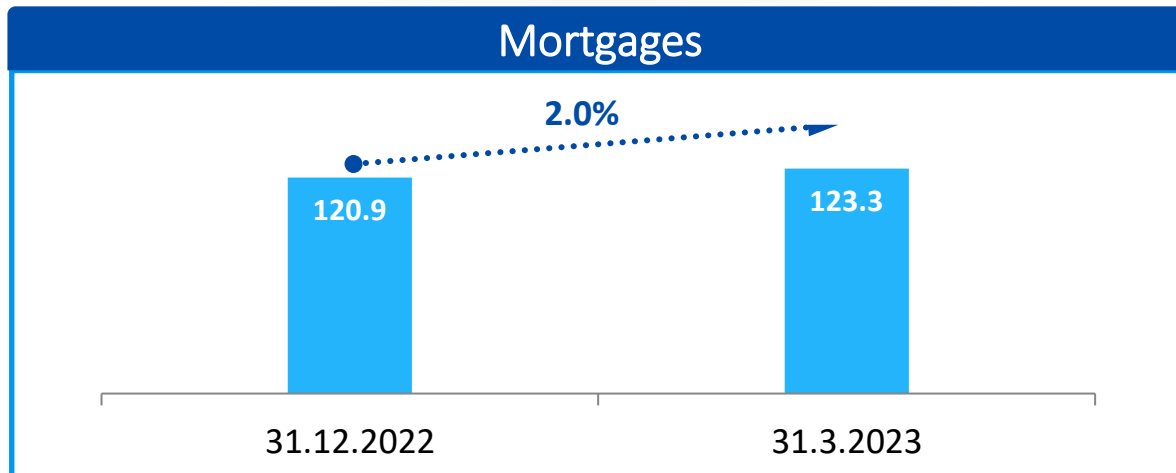
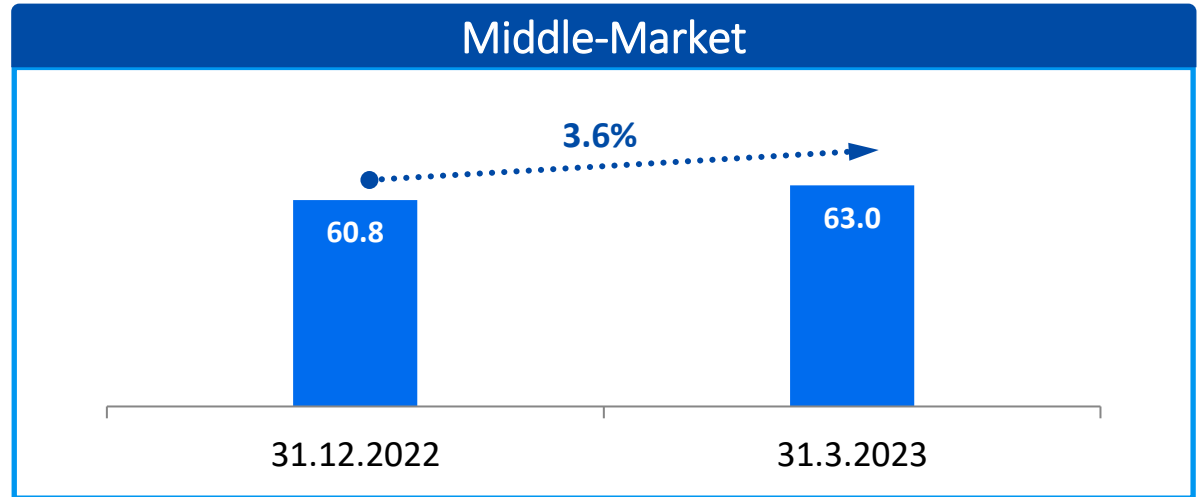
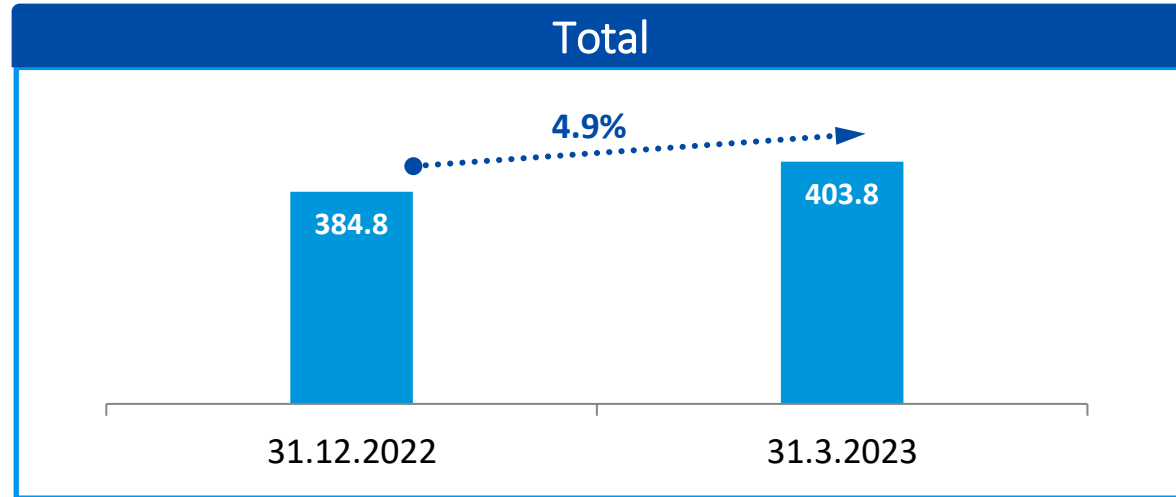
Robust Credit Quality Indicators



Note: 2020 excluded due to Covid impact.



Loan Growth Continues in Line with Strategy

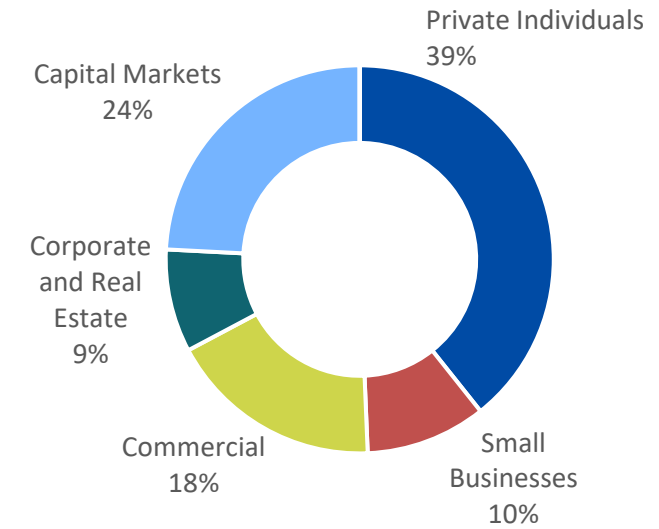
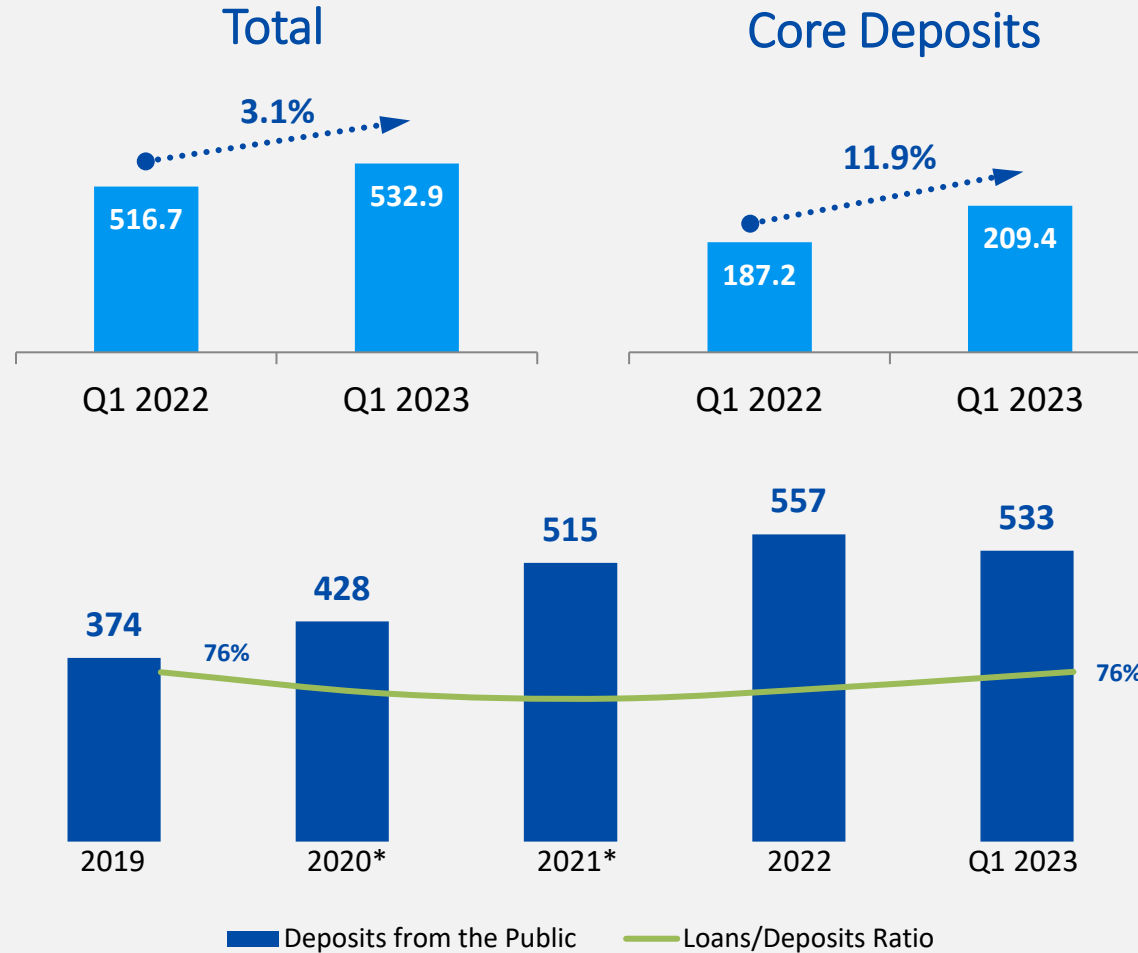


(NIS Billions)

Corporate includes Corporate and Real-Estate. The growth is mainly from Real-Estate.



Diversified Deposit Base



Maintaining Solid NSFR and LCR



Core Deposits = Deposits from Private Individuals.

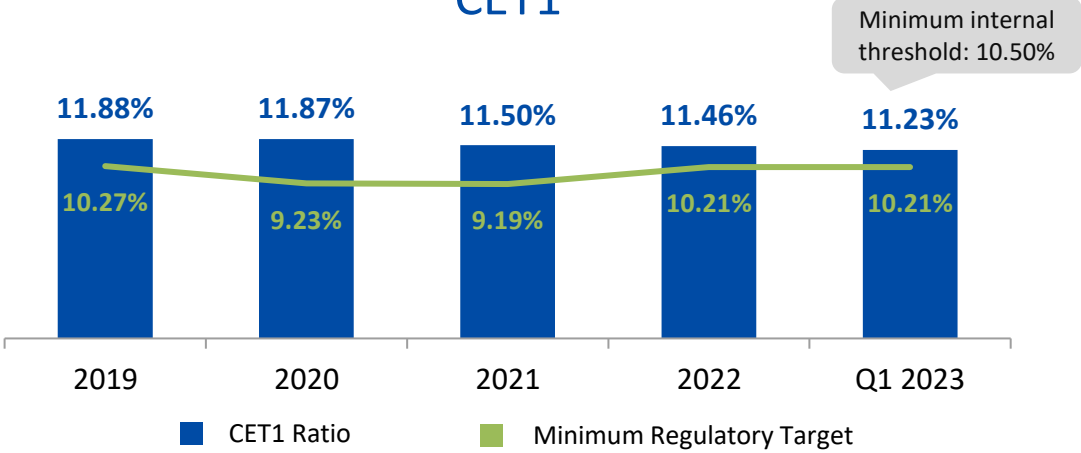
* Excluding Leumi USA. Total Deposits and Core Deposits for Q1 2022 are also excluding Leumi USA.

(1) Net Stable Funding Ratio. (2) Liquidity Coverage Ratio.

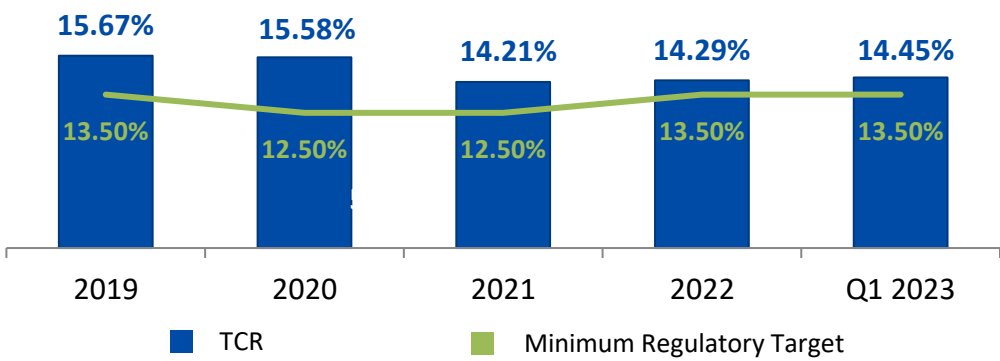


Solid Capital and Leverage Ratios

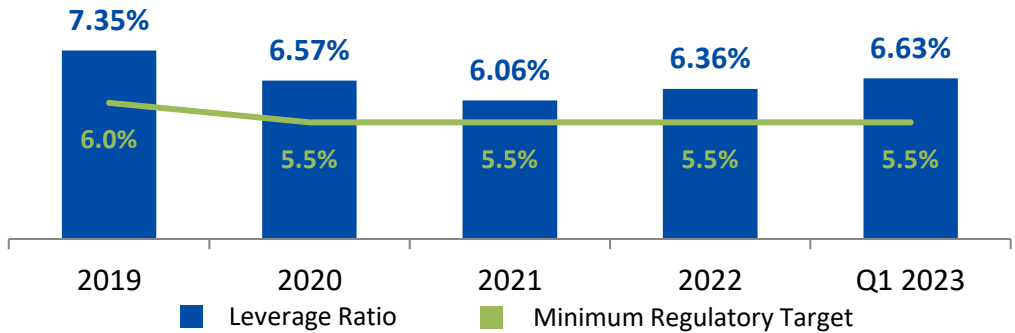
CET1



Total Capital Ratio



Leverage Ratio

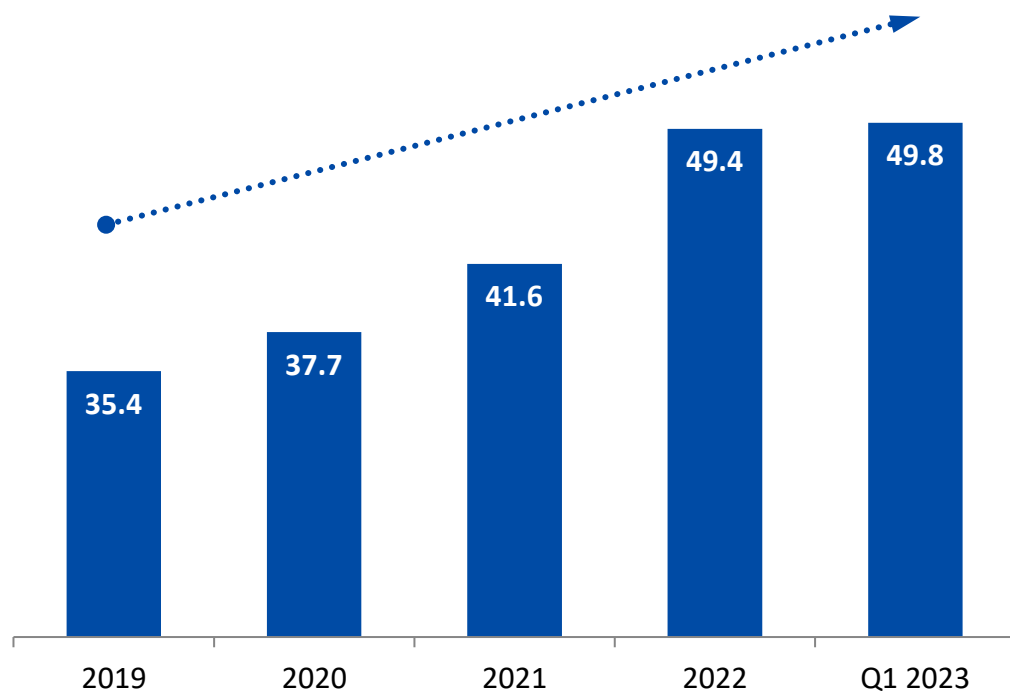


Regulatory and internal thresholds for CET1 and TCR are as of March 31st, 2023.

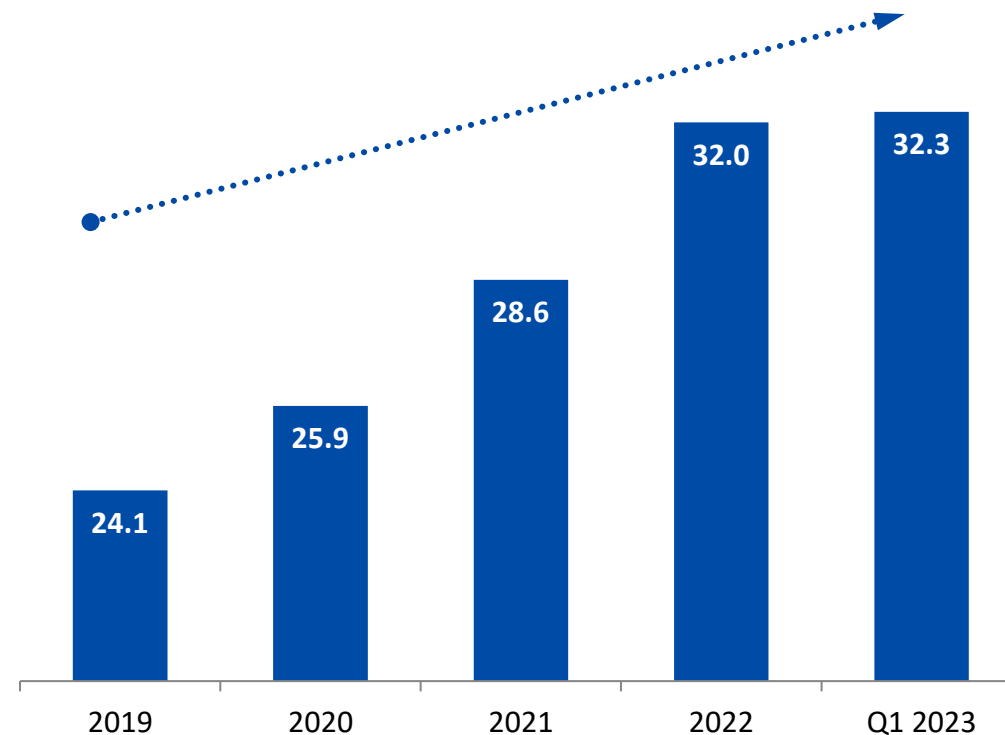


Consistent Increase in BVPS

Shareholder's Equity



Book Value Per Share



(Shareholder's Equity is NIS Billions; Book Value Per Share is NIS)
BVPS = Shareholder's Equity / Shares Outstanding at the end of the period.





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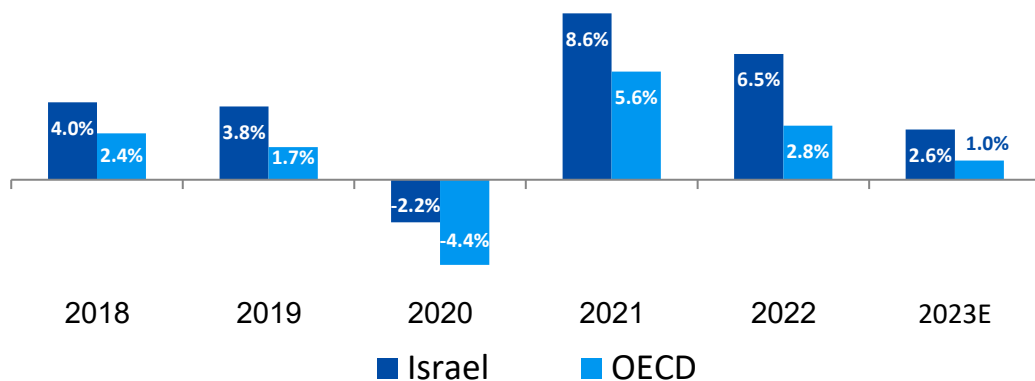
THANK YOU / Q&A



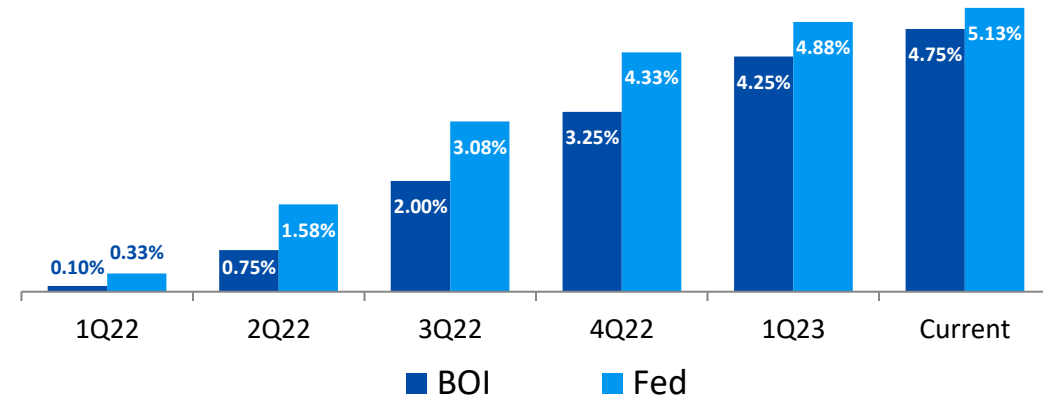


Macro Factors and Indicators

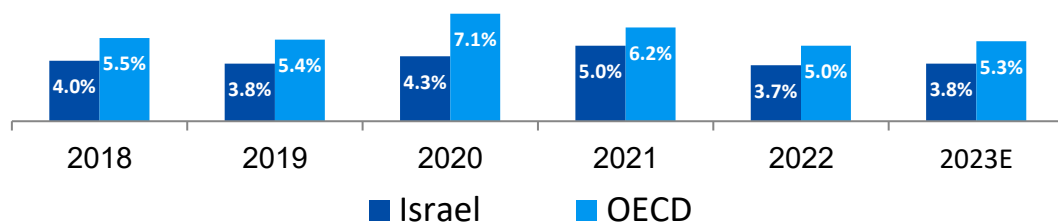
Robust Economic Growth
(Real GDP Growth Evolution)



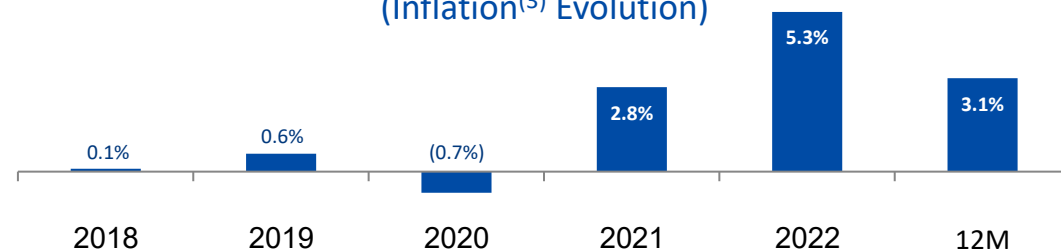
Further Rate Hikes Expected
(Rates⁽²⁾ Evolution)



Strong Labor Market
(Unemployment Rate⁽¹⁾ Evolution)



Inflation Slowing
(Inflation⁽³⁾ Evolution)



Source: OECD, BOI and CBS. 2023E Israel forecast for GDP and unemployment rate are Bank Leumi's estimates.

18 (1) Unemployment rate for the ages 25-64. (2) Fed Rates are Middle Rate. (3) 12M CPI forecast is derived from 1Y inflation swaps as of May 18th, 2023.

