

Translation of Immediate Report

T121
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

November 29, 2023
Reference: 2023-01-129975

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

Immediate Report for Material General Information

Nature of Event: *Presentation of financial statements for the third quarter of 2023*

Reference number of previous reports on the matter: _____

Attached please find file [Q3 2023 Investor Press FinalACC 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: *November 29, 2023, at 12:42*

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

Name of signatory	Title	other
<i>Omer Ziv</i>	<i>Head of the Capital Markets Division</i>	

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 number of previous reports on the matter (does 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: Shelly Bainhoren, Position: Bank Secretary, 34 Yehuda Halevi Street, Tel Aviv 6513616, Phone: 076-8859419, Electronic Mail: Shelly.Bainhoren@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.magna.isa.gov.il/>

Q3 2023



Financial results presentation

Disclaimer

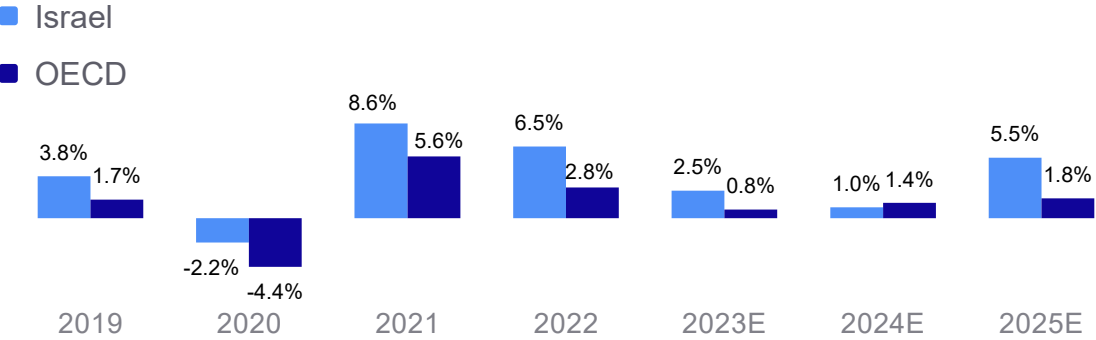
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2. Is provided solely for your information and may not to be copied, distributed or forwarded, directly or indirectly, in any form to any other person, nor published, wholly or partially, for any purpose;
3. Does not purport to be all-inclusive or 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;
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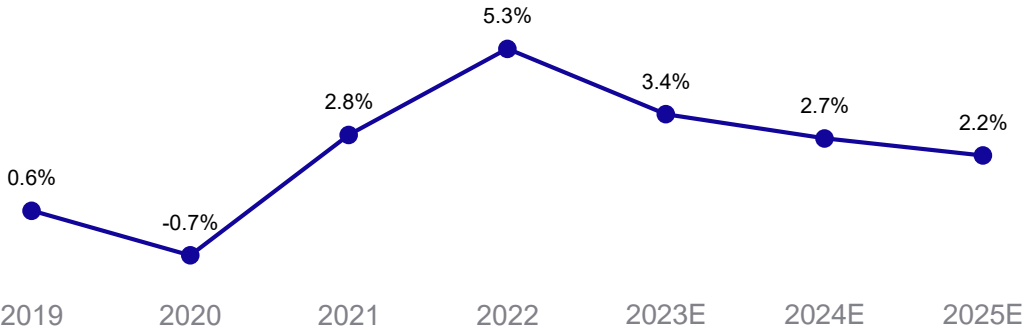
The conference call does not replace the need to review the latest periodic / quarterly reports in which full information is contained, including forward looking information, as defined in the Israeli Securities Law, and set out in the afore mentioned reports.

Solid economic fundamentals

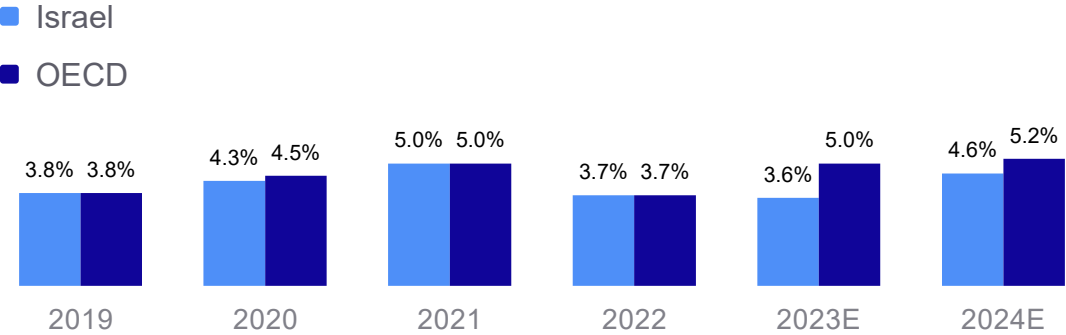
↗ **GDP impact in Q4 and FY24** (Real GDP Growth)



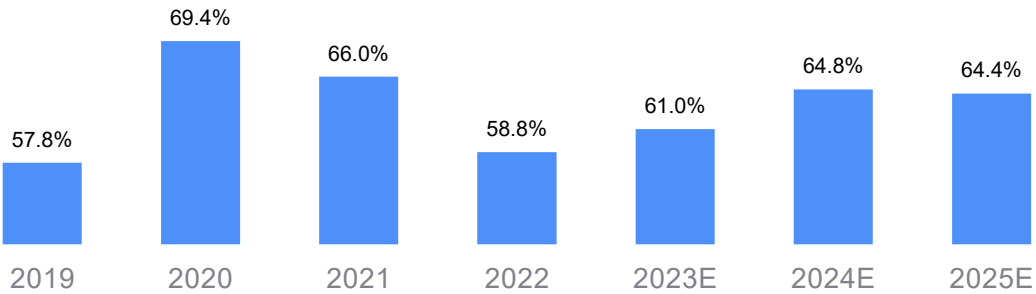
↗ **Inflation slowing** (Inflation Evolution)



↗ **Strong labor market** (Unemployment Rate ⁽¹⁾ Evolution)



↗ **Moderate increase in public debts** (Government Debt/GDP)



3 Source: OECD. 2023-25E forecasts for Israeli GDP, inflation, unemployment and public debt are Bank Leumi's estimates.
(1) Unemployment rate for persons aged 15+.

Key 3Q 2023 Messages

- The Iron Swords War which began in Israel on October 7th has resulted – among other things – in a decline in economic activity and an increase in economic uncertainty and risk.
- 3Q 2023 results include an increased loan loss provision of NIS 1 billion (0.95%) to reflect the lower economic activity and increased uncertainty since the start of the War.
- The government, BOI and the banking system including Bank Leumi have taken various measures to soften the economic impact on households and corporates.
- Despite the higher loan loss provision, quarterly net income was NIS 1.8 billion with an ROE of 13.6% supported by a 32.3% cost income ratio.

Strong underlying performance

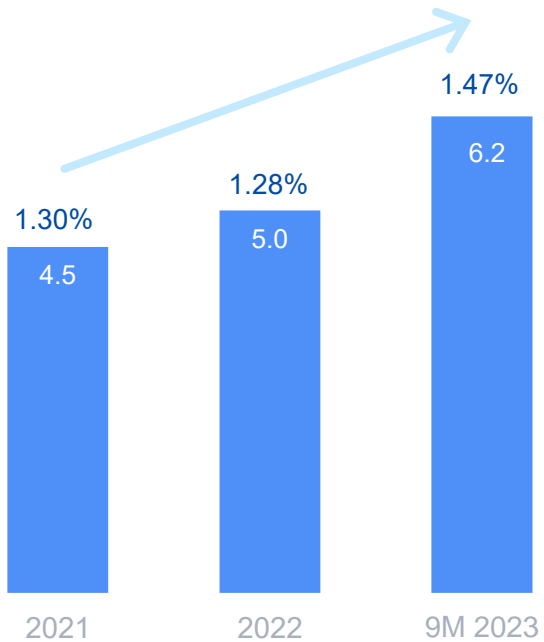
Key financial metrics

	Q3 2023	9M 2023	FY 2022
Net Income	1,767	5,201	7,709
ROE	13.6%	13.6%	17.0%
Cost Income Ratio	32.3%	31.4%	37.2%
Credit Loss Expenses	0.95%	0.56%	0.13%
Net Loan Growth	1.9% <small>Q-o-Q</small>	8.4% <small>YTD</small>	18.4% <small>Y-o-Y</small>
Core Deposit Growth	0.5% <small>Q-o-Q</small>	6.0% <small>YTD</small>	9.5% <small>Y-o-Y</small>

Bank Leumi started period in a strong position

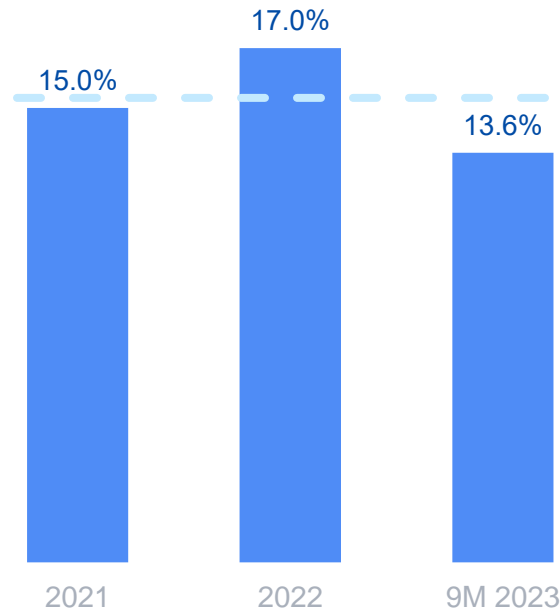
Large cushion for credit losses

- Increase in allowances for doubtful debts post Covid.



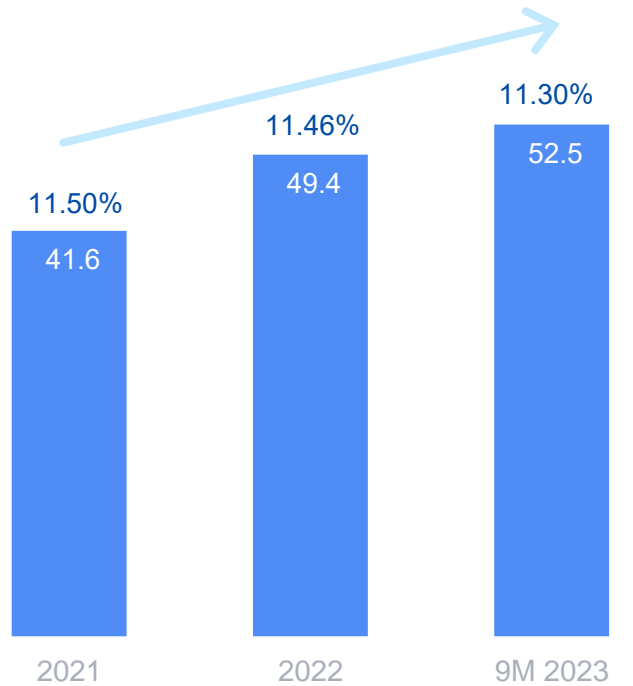
High profitability (ROE)

- ROE averaging >15% ⁽¹⁾.



Growing equity base

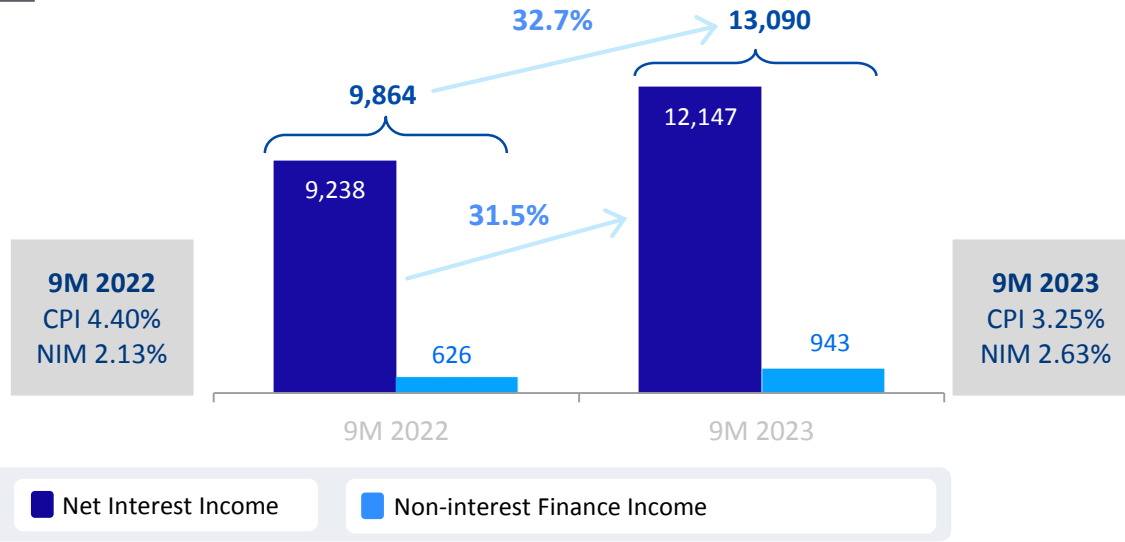
- 1.1% CET1 buffer post large 3Q 2023 collective provision.



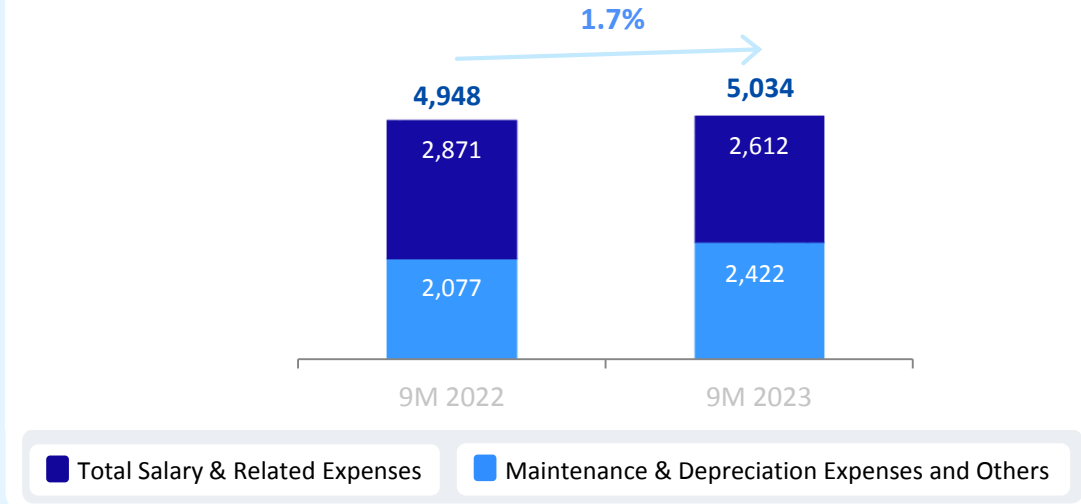
(NIS Billions)
Reported. ⁽¹⁾ 2021-9M 2023.

9m 2023 vs. 9m 2022 – Breakdown of Income and Expenses

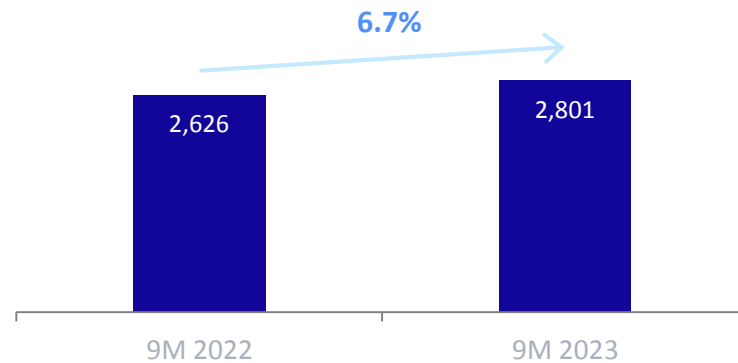
Finance Income



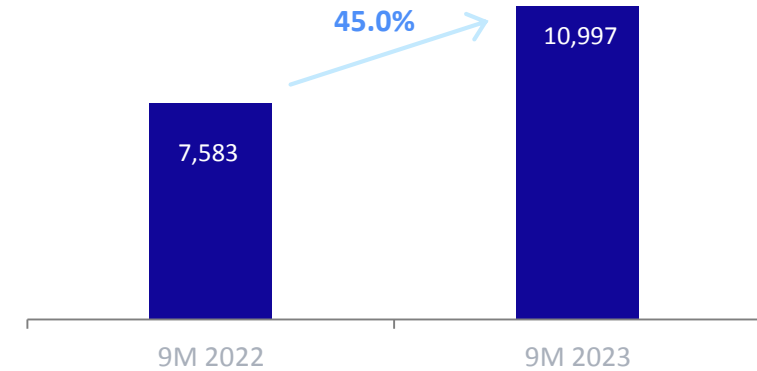
Operating and Other Expenses



Fees and Commissions

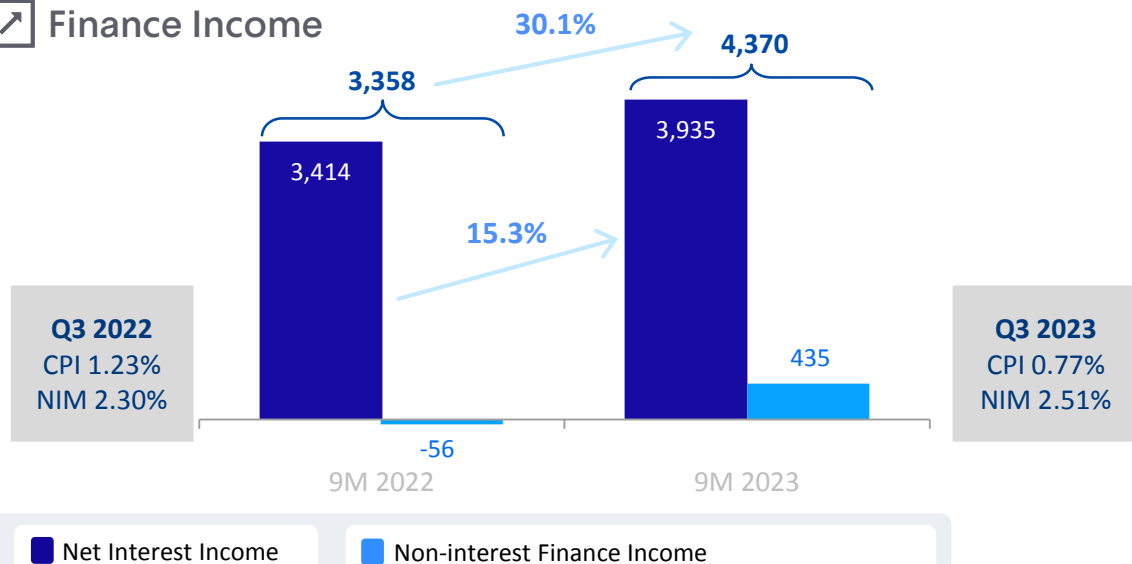


PPNR – Pre Provisions Net Revenue

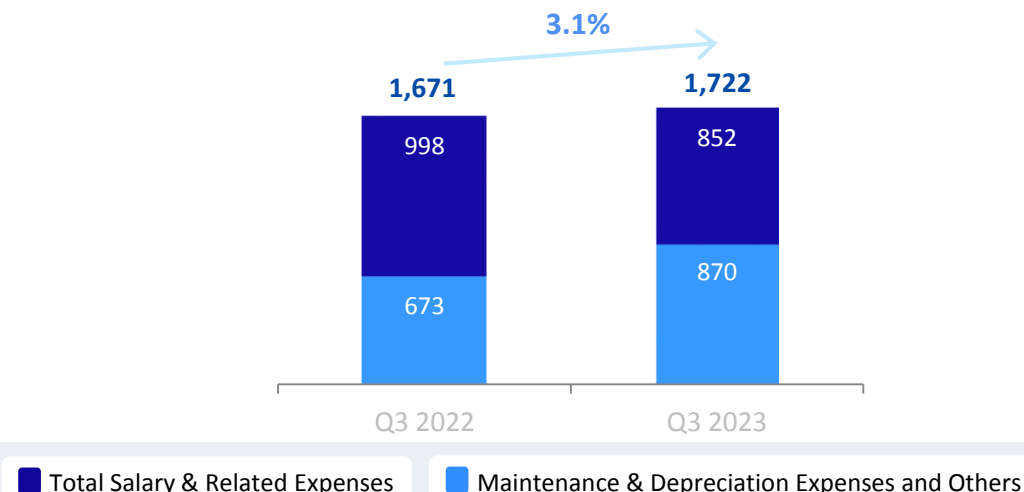


Q3 2023 vs. Q3 2022 – Breakdown of Income and Expenses

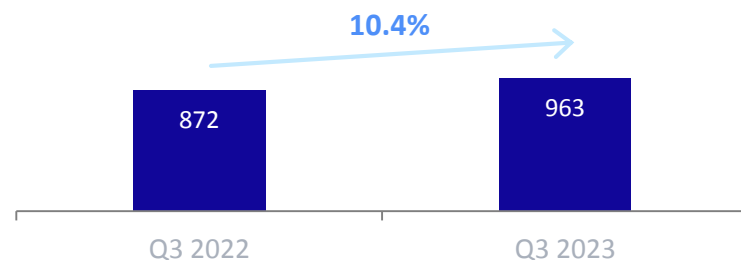
Finance Income



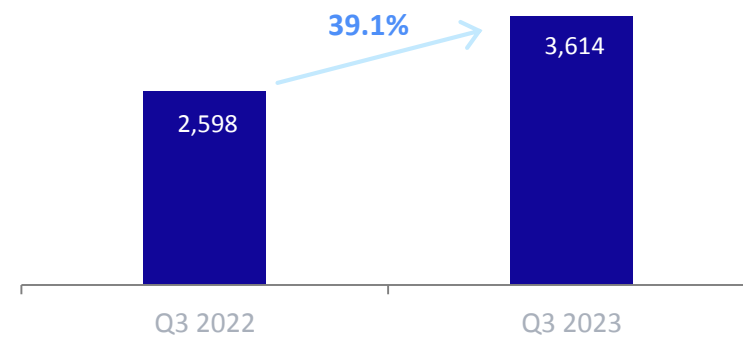
Operating and Other Expenses



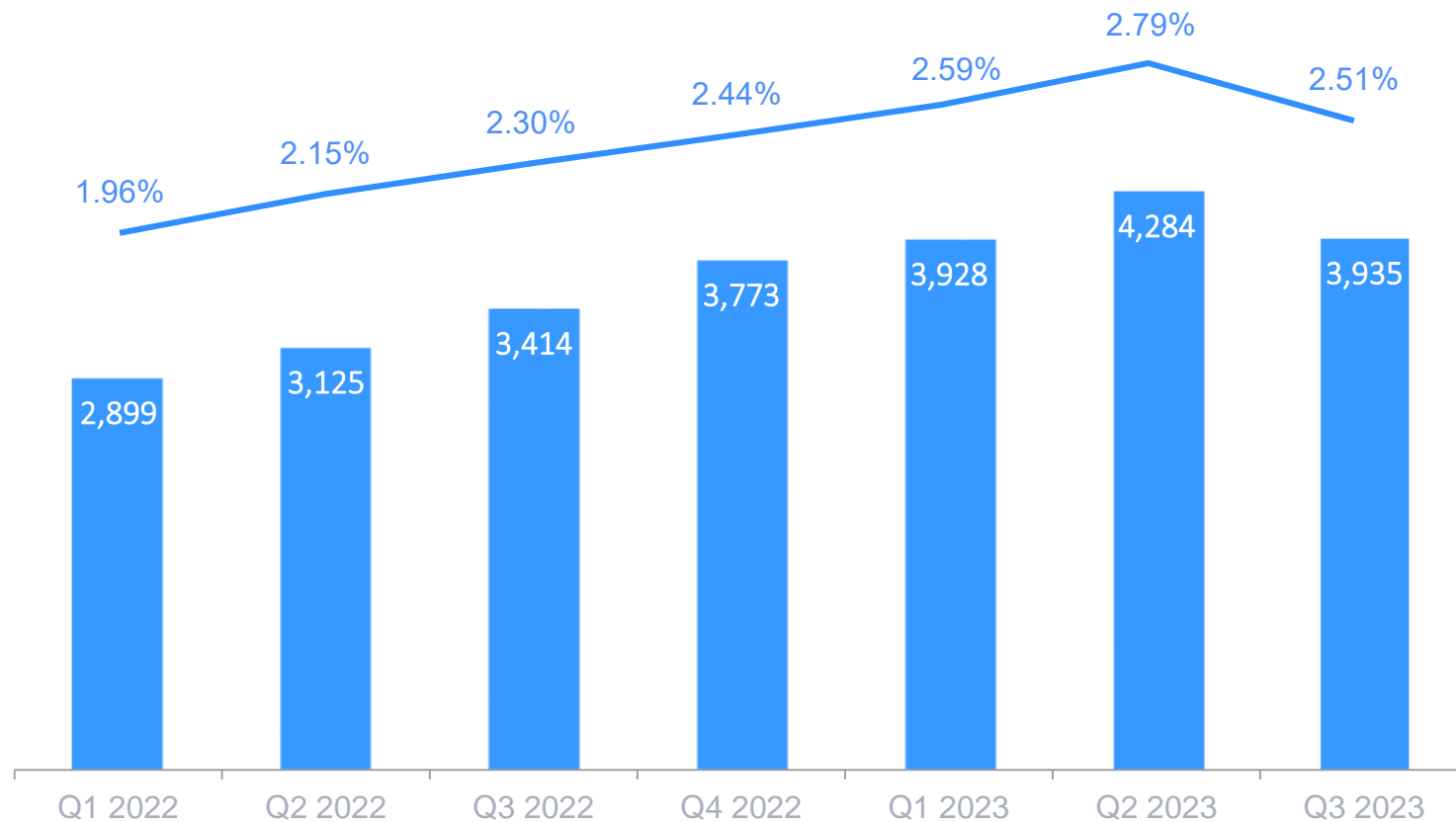
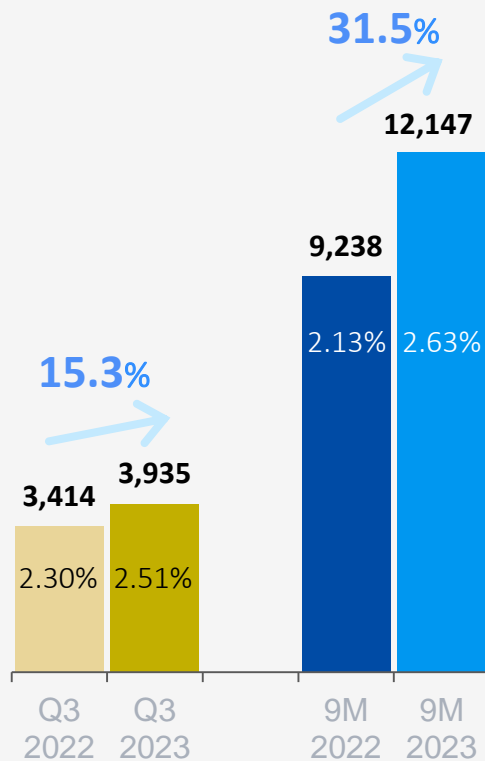
Fees and Commissions



PPNR – Pre Provisions Net Revenue

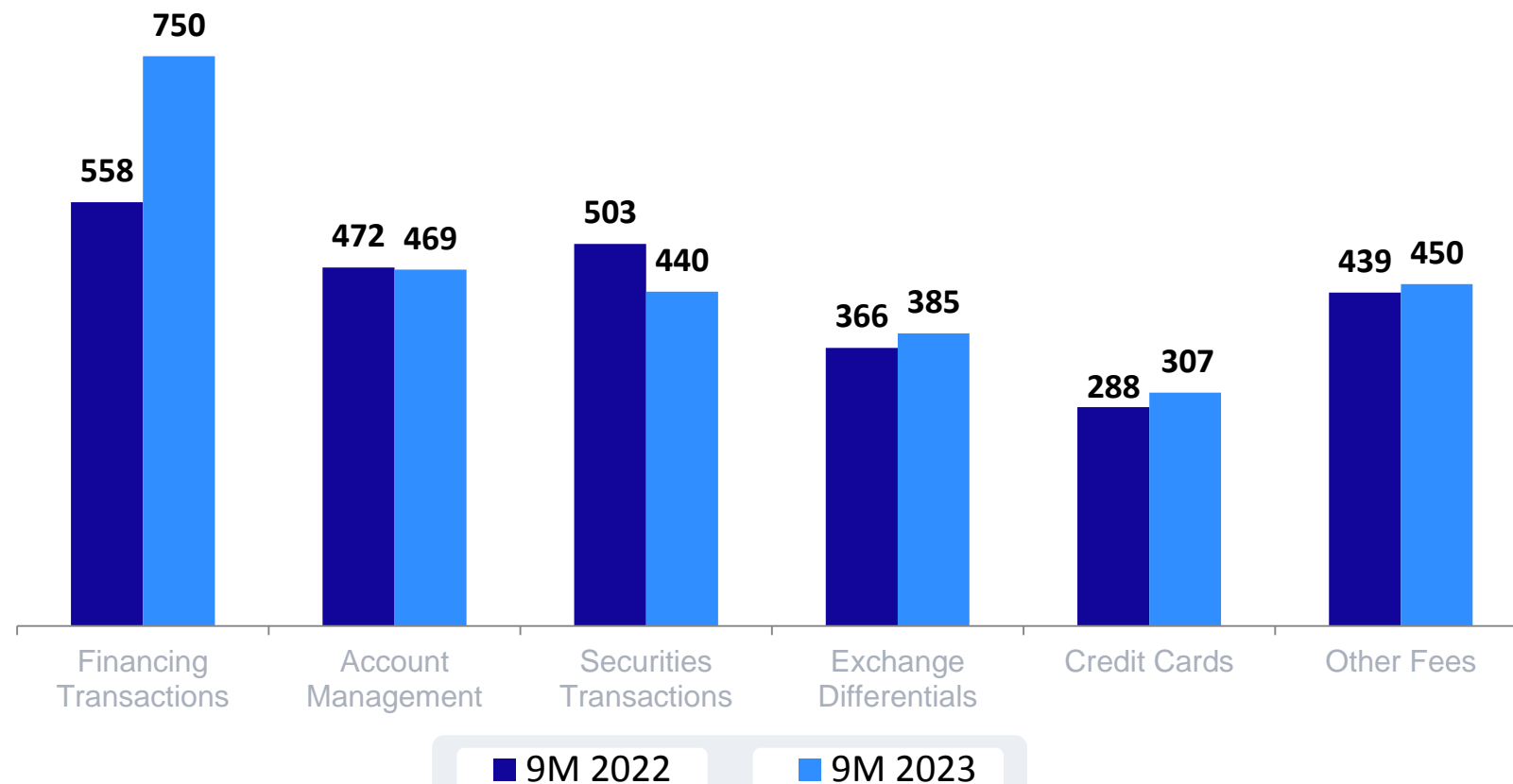
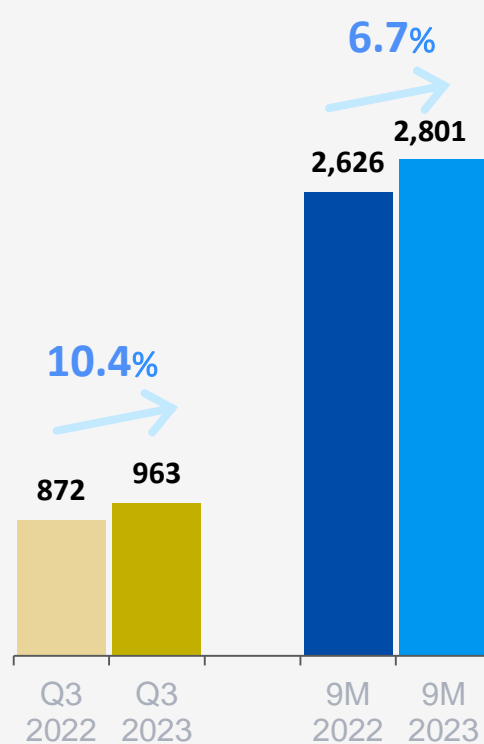


Higher Year-on-Year Net Interest Income and NIM



(NIS Millions)
9M 2022 is excluding Leumi USA.

Fees and Commissions Performance Year-on-Year

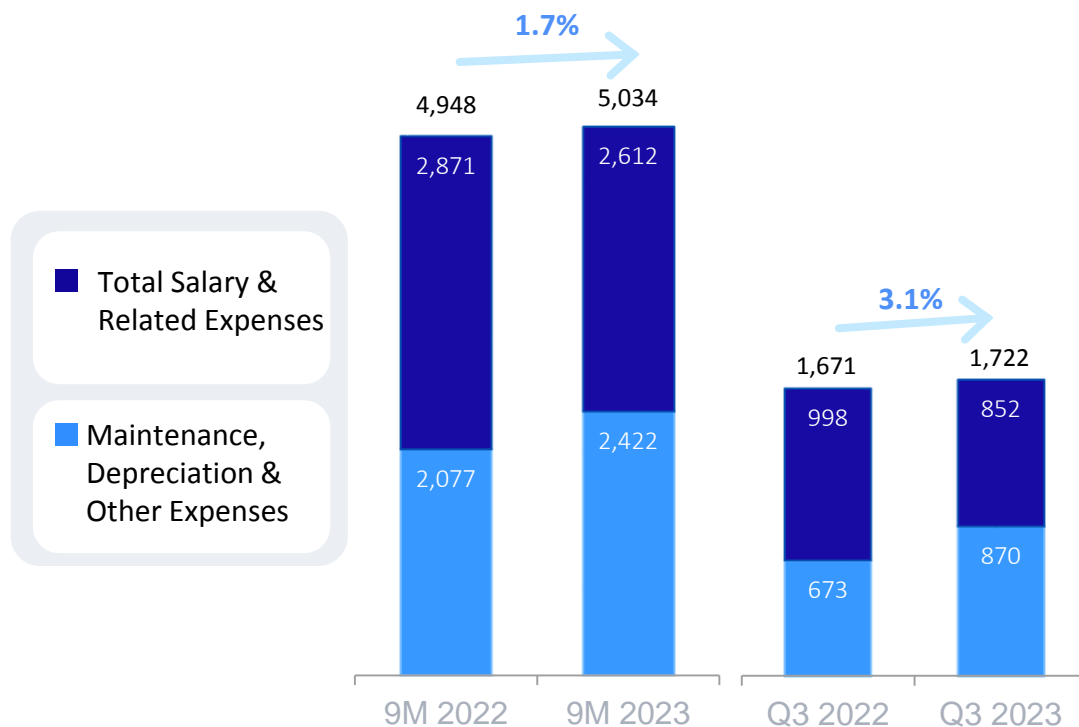


(NIS Millions)

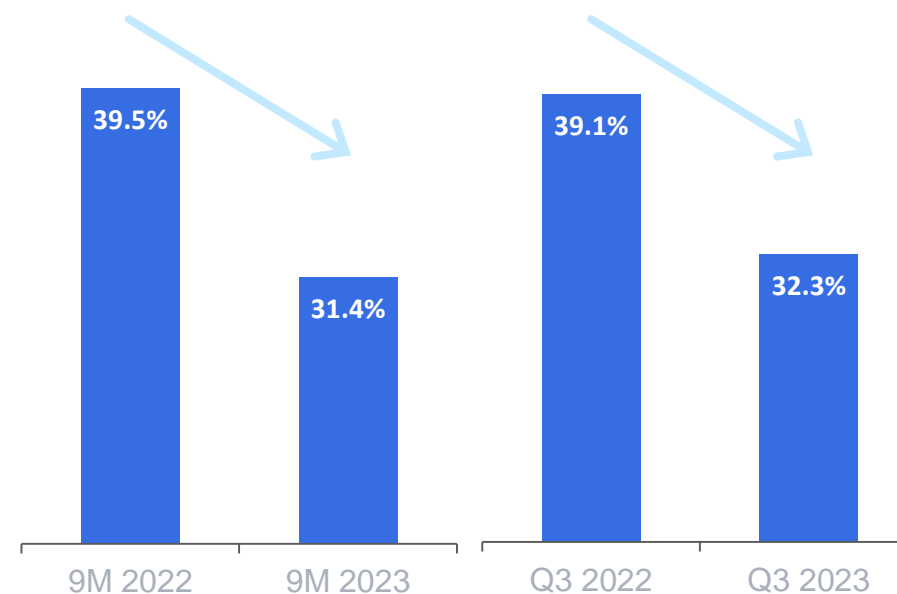
10 9M 2022 is excluding Leumi USA.

Consistent Improvement in Cost Structure

☑ Total Expenses



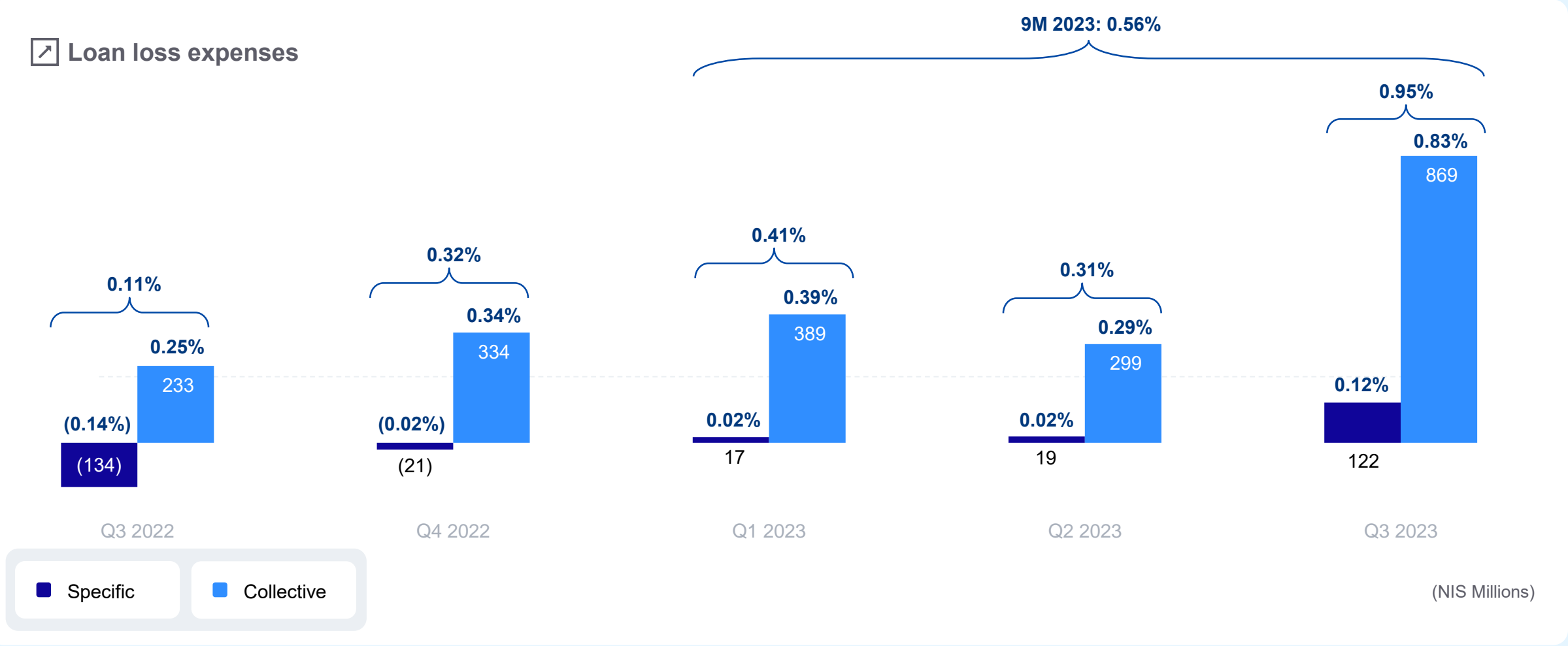
☑ Cost-Income Ratio



(NIS Millions)
9M 2022 is excluding Leumi USA.

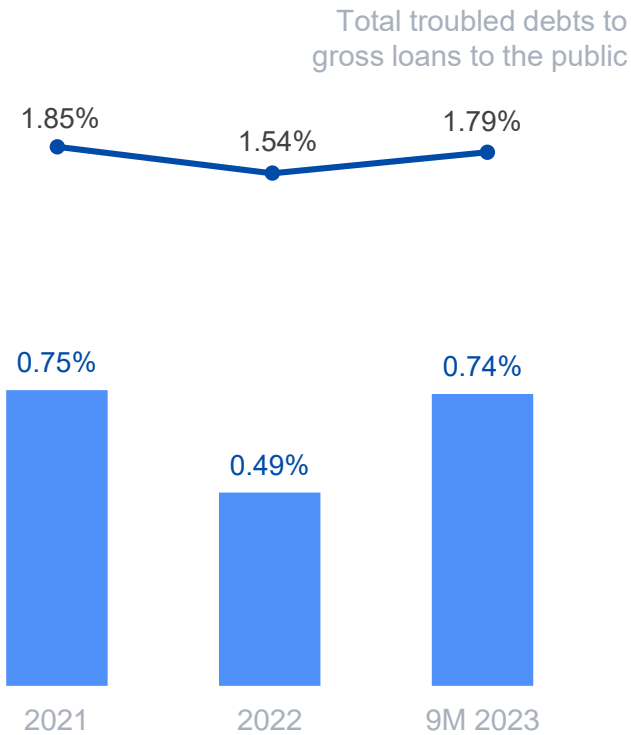
Higher loan-loss expenses due to geopolitical situation

Specific provisions remain low

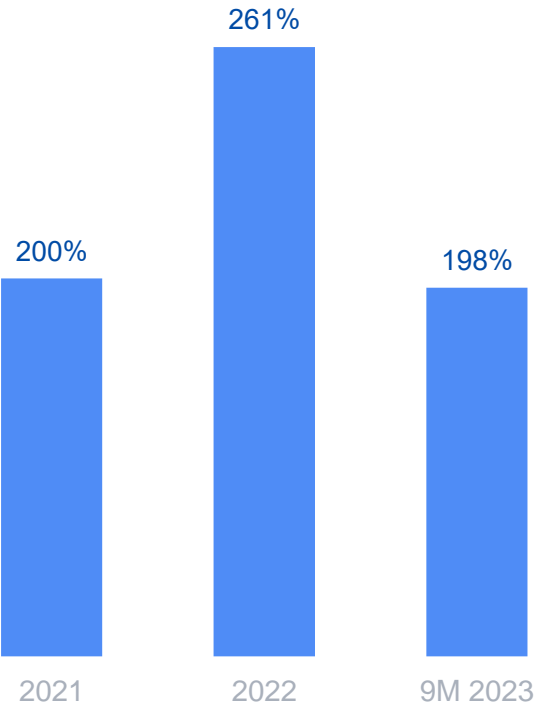


While credit quality indicators remain robust

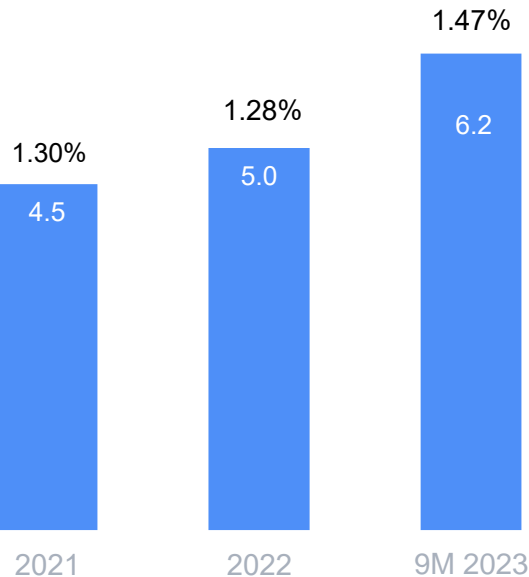
↗ NPL Ratio



↗ Total Provisions / NPLs

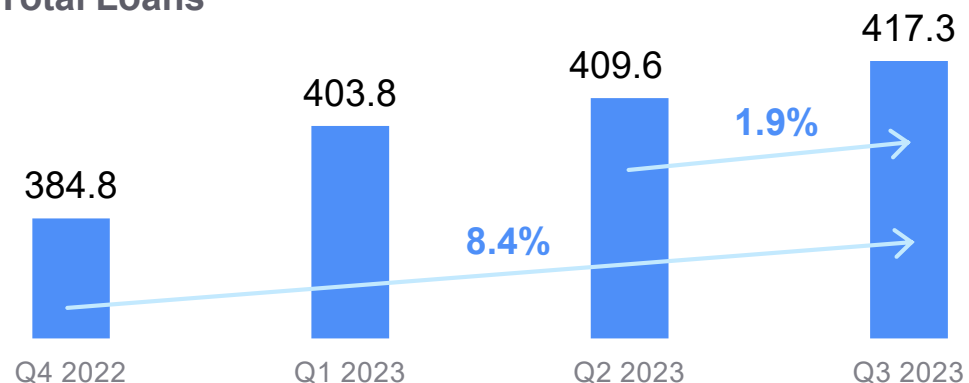


↗ Total Provisions / Gross Loans

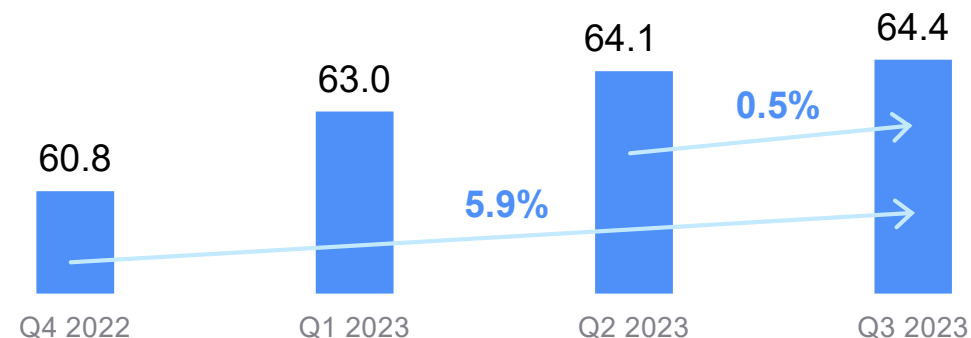


Loan growth in-line with strategy

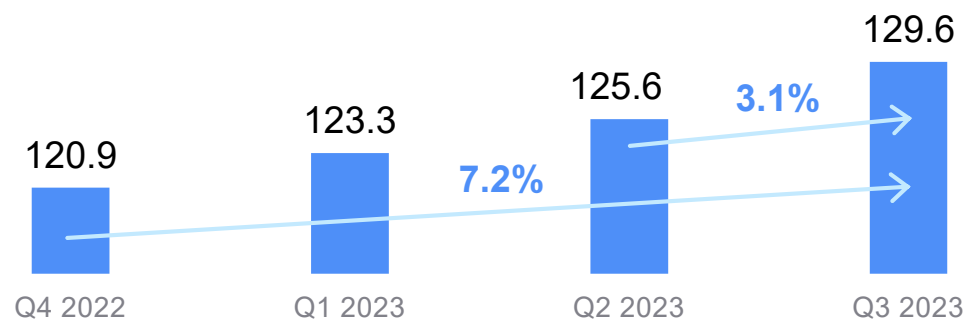
☒ Total Loans



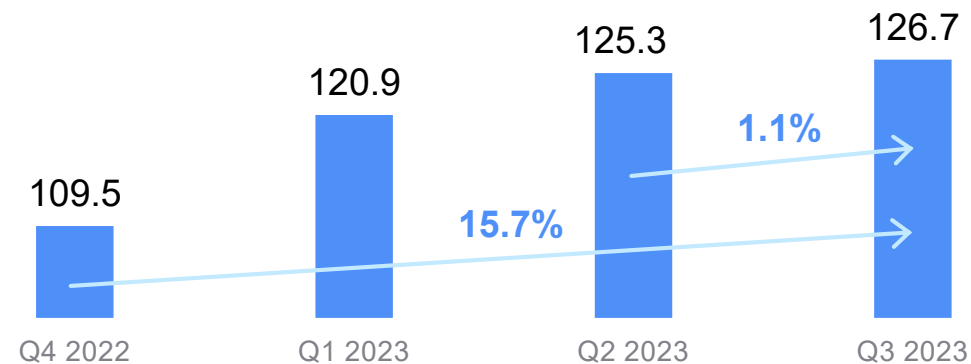
☒ Middle-Market



☒ Mortgages

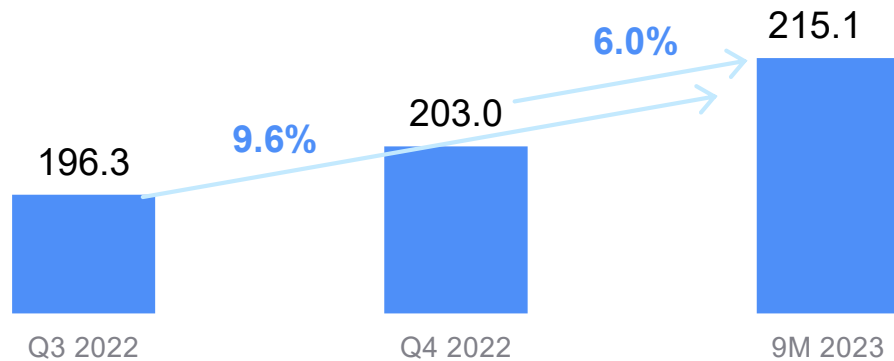


☒ Corporate

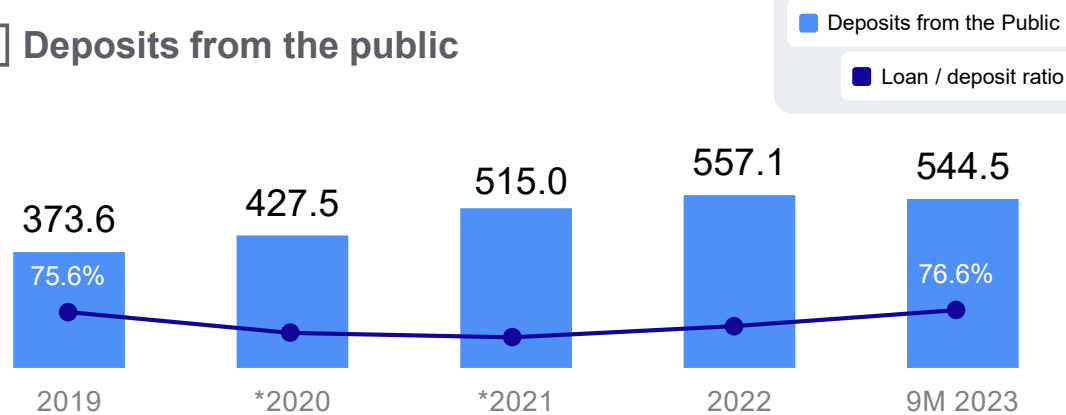


Expanding and diversifying deposit base

Core Deposits (in Israel)



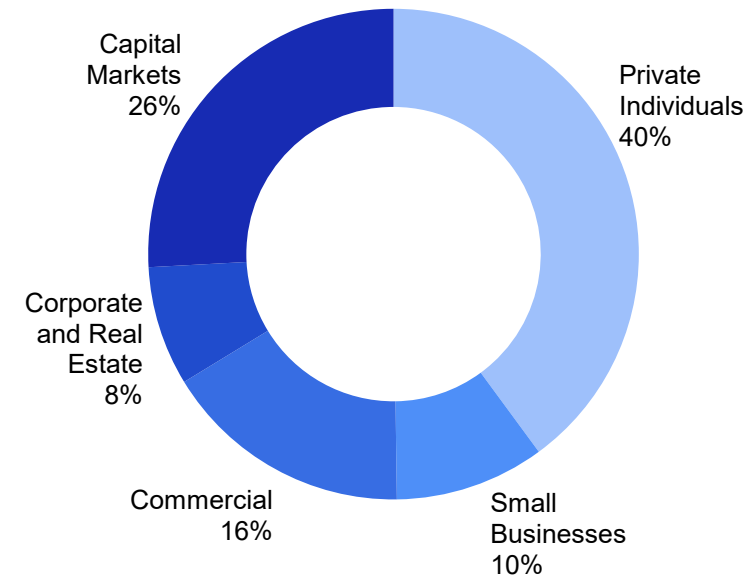
Deposits from the public



(NIS Billions)

15 Core Deposits = Deposits from Private Individuals. * Excluding Leumi USA. (1) Net Stable Funding Ratio. (2) Liquidity Coverage Ratio. **Including deposits from institutional entities

Diversified deposit base**

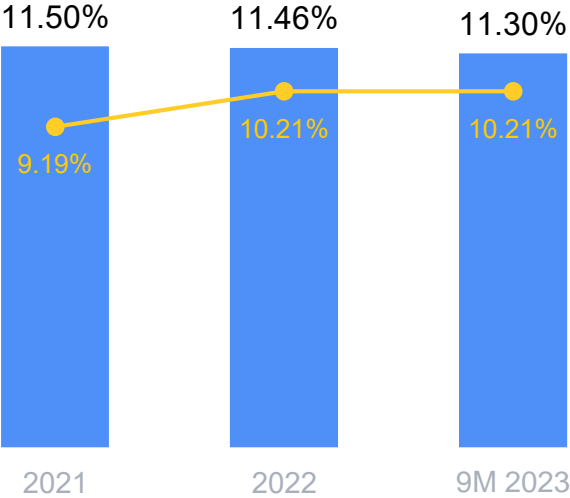


118%
NSFR⁽¹⁾

130%
LCR⁽²⁾

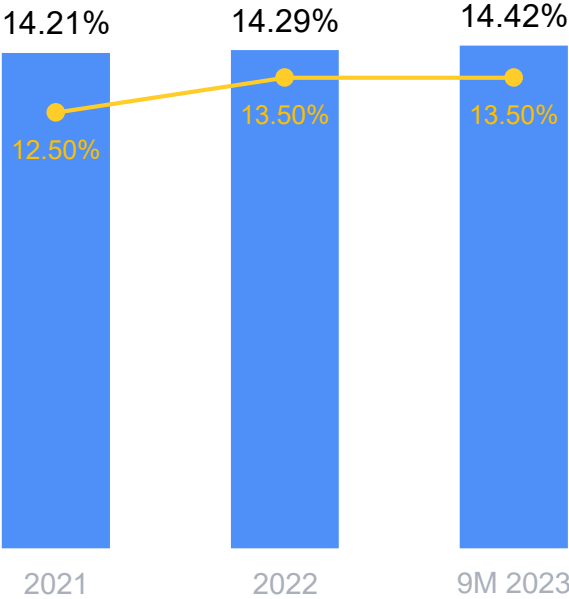
Solid capital and leverage ratios

CET1



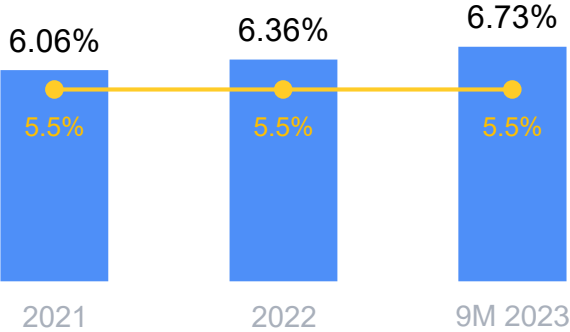
CET1 Ratio Minimum Regulatory Target

Total Capital Ratio



TCR Minimum Regulatory Target

Leverage Ratio



Leverage Ratio Minimum Regulatory Target

Regulatory and internal thresholds for CET1 and TCR are as of September 30th, 2023.

Investment highlights

1

National banking champion with diversified business model and leading in digital transformation

2

Consistent and strong financial performance

Pre-tax profit of ~NIS 800m from selling HQ buildings to be recorded in Q1 2024

3

Best-in-class cost income ratio

4

Robust credit quality indicators – low NPLs and high coverage

5

Strong capital base and robust funding profile

6

Despite the war, the Israeli economy remains resilient with strong macro fundamentals

Q3 2023

Results
presentation

Thank you / Q&A 