לאומי
leumi

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.

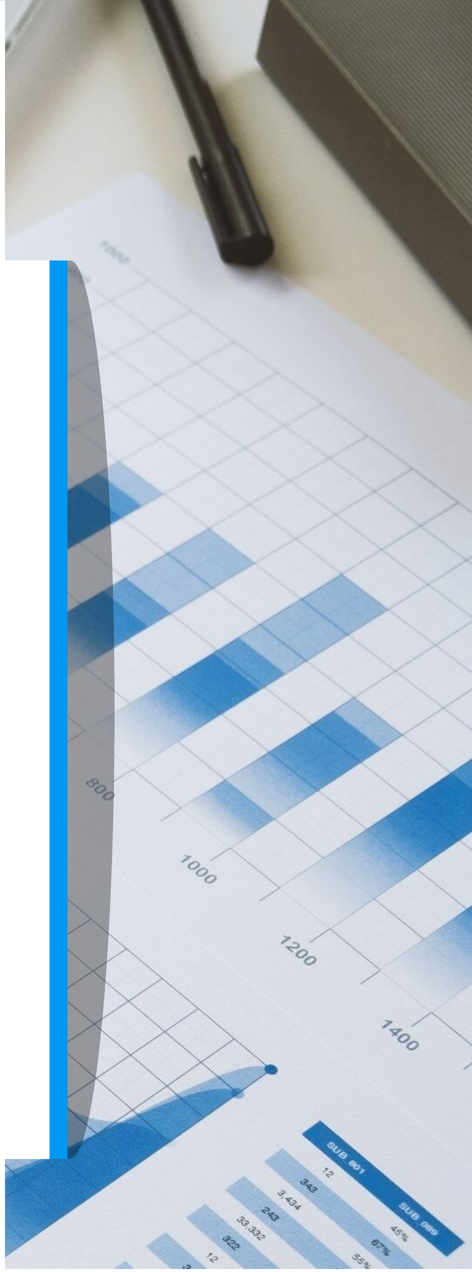
DISCLAIMER

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

1. Has been prepared by Bank Leumi le-Israel B.M. (the “Bank”) solely for the purpose of presenting the Bank's business;
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

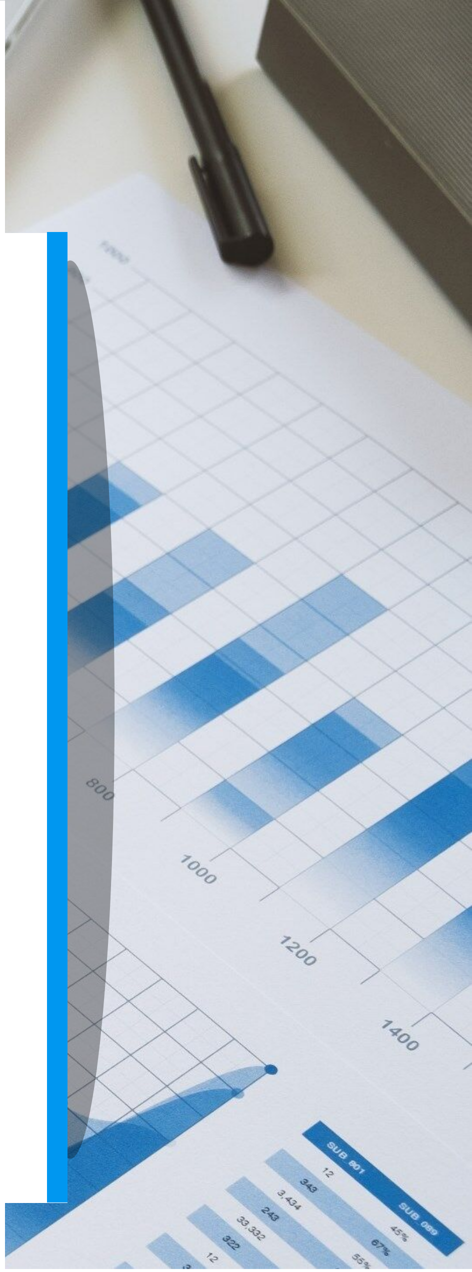
- **Impairment of stake in Valley National Bank by NIS 1.1bn.**

  - Impact on CET1 is negligible.

- **Renewal of collective agreement with employees (2023-26):**

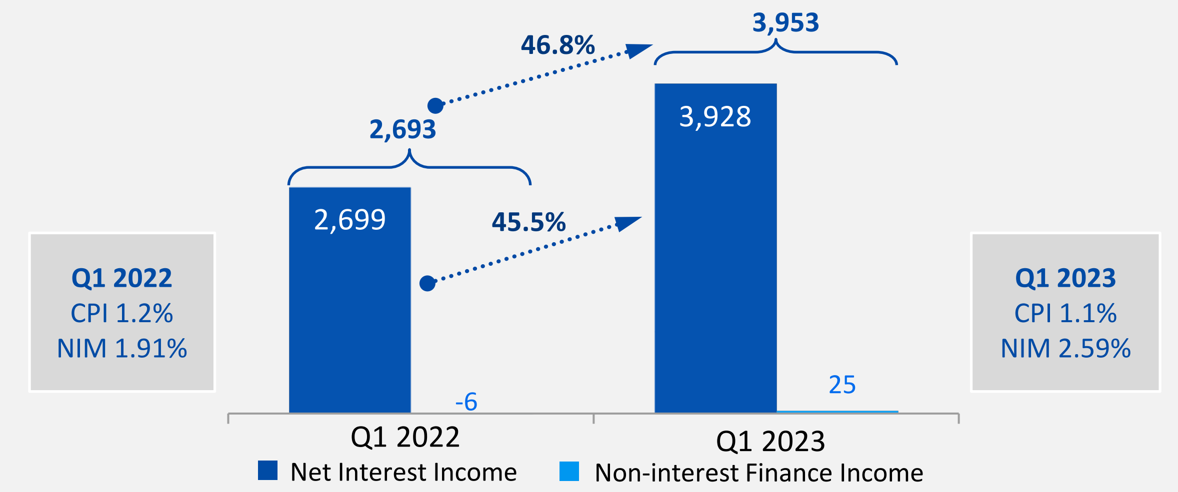
  - Increase in tenure from 4 years to 10 years.
  - Increases number of employees on technological agreements.
  - Bonuses linked to bank profitability.

- **Expected pre-tax profit of ~NIS 800m from selling HQ buildings to be recorded in Q4 / Q1 2024.**

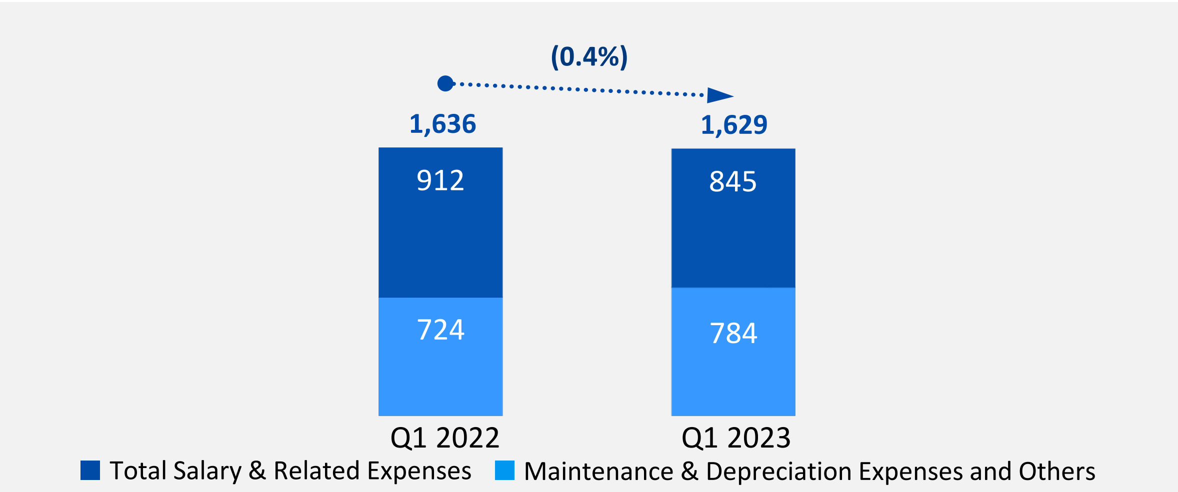


Q1 2022 vs. Q1 2023 – Breakdown of Income and Expenses

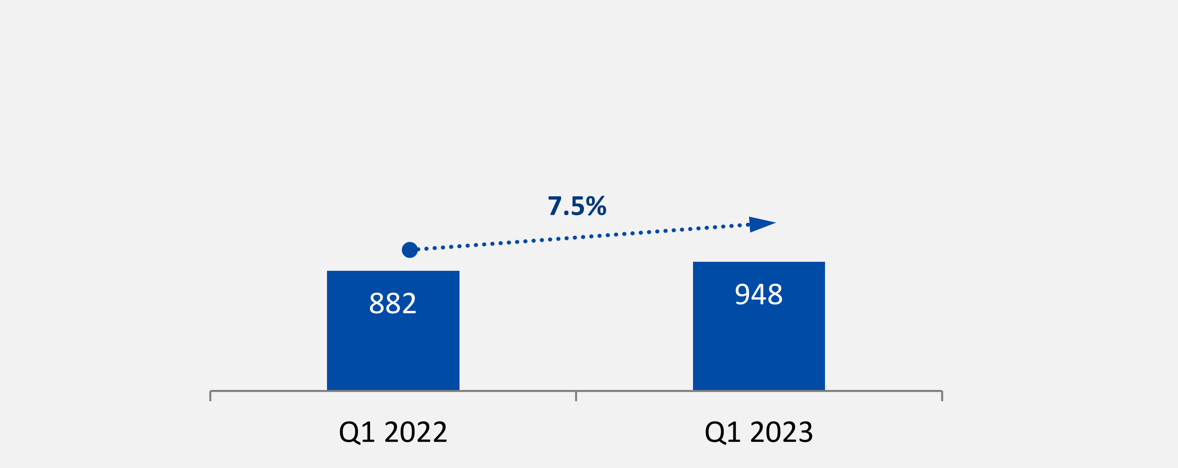
Finance Income



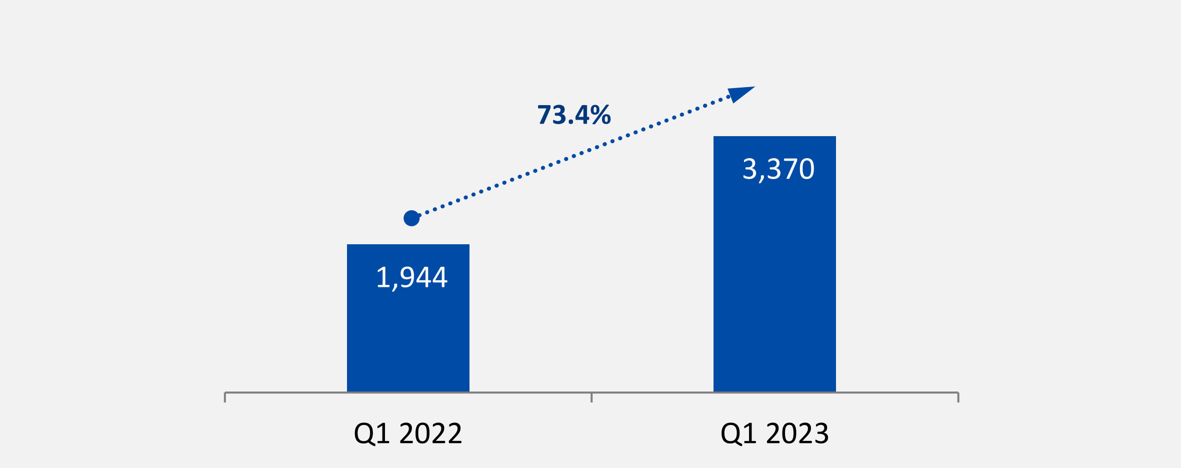
Operating and Other Expenses



Fees and Commissions

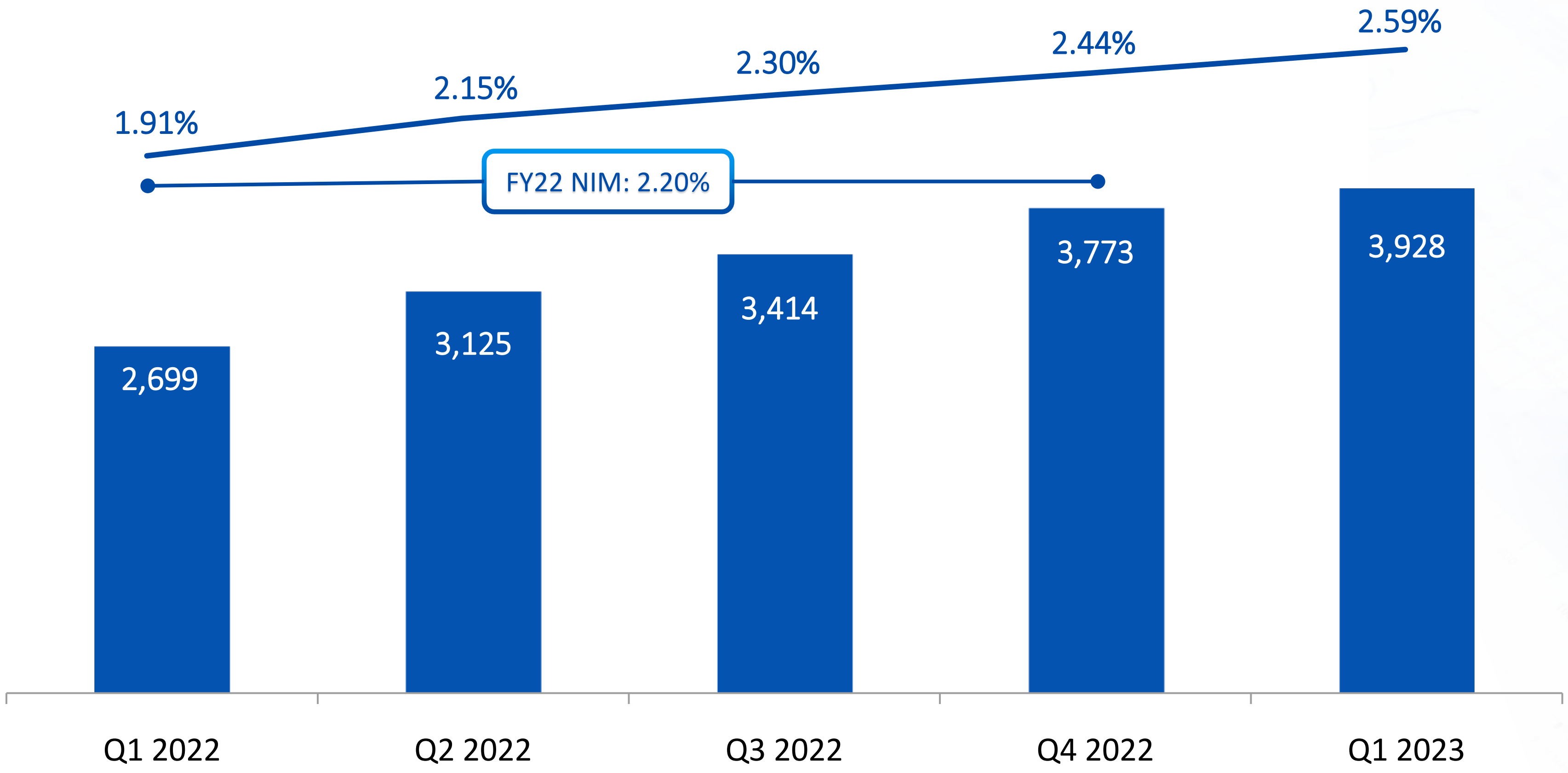


PPNR – Pre Provisions Net Revenue



(NIS Millions)
Excludes Leumi USA.

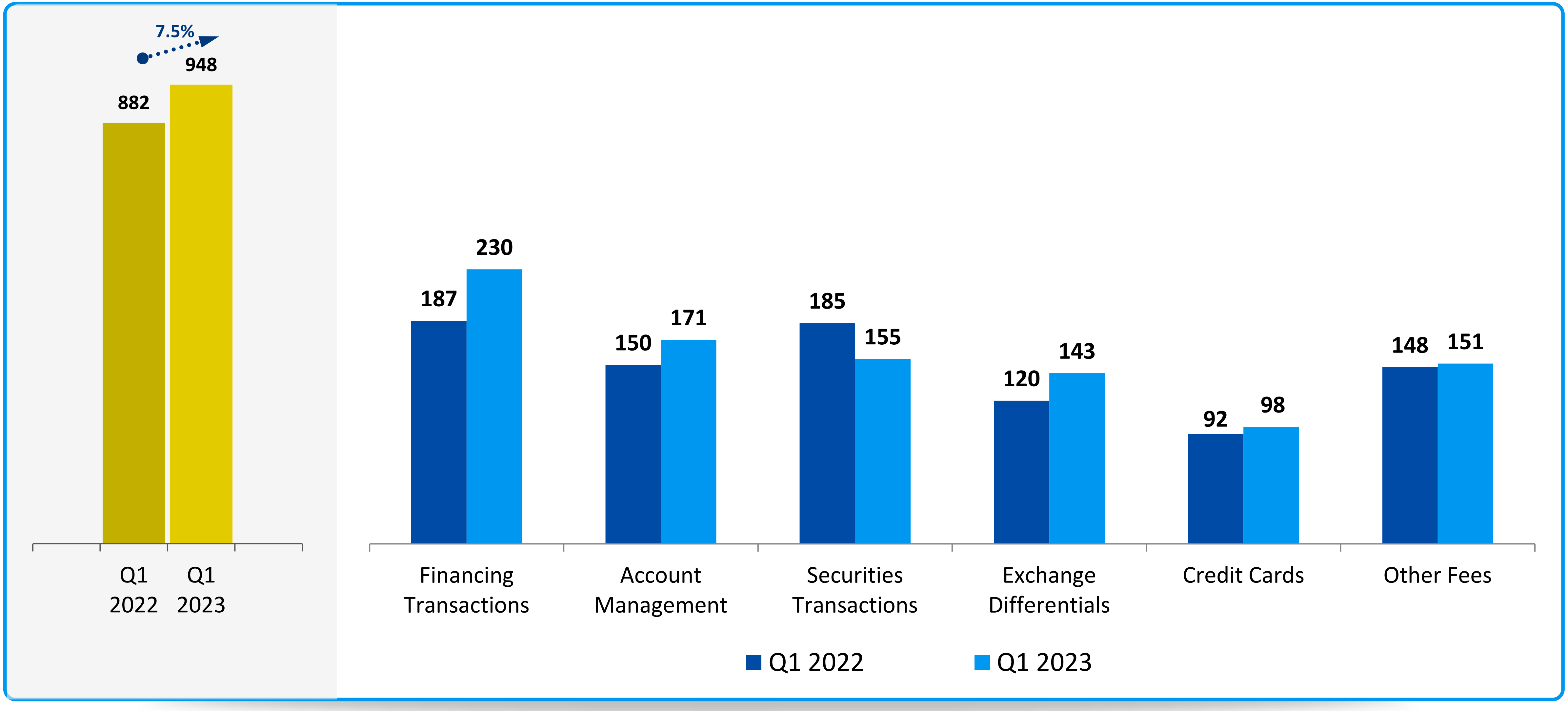
Rising Net Interest Income and NIM



~45% y-o-y increase in Net Interest Income

(NIS Millions)
Excludes Leumi USA.

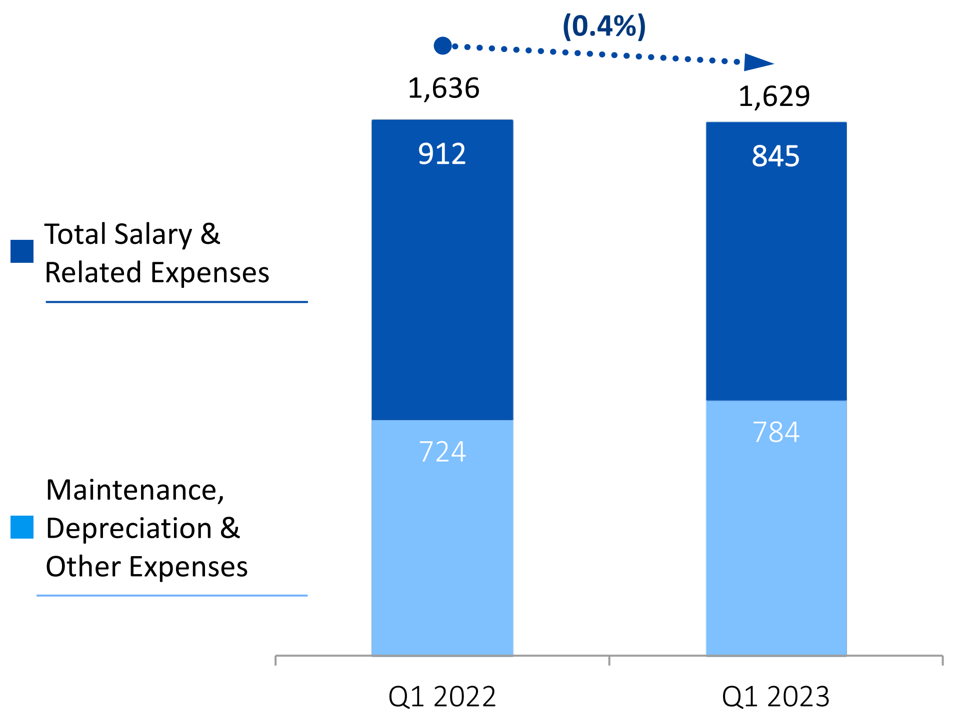
Fees and Commissions Performance Year-over-Year



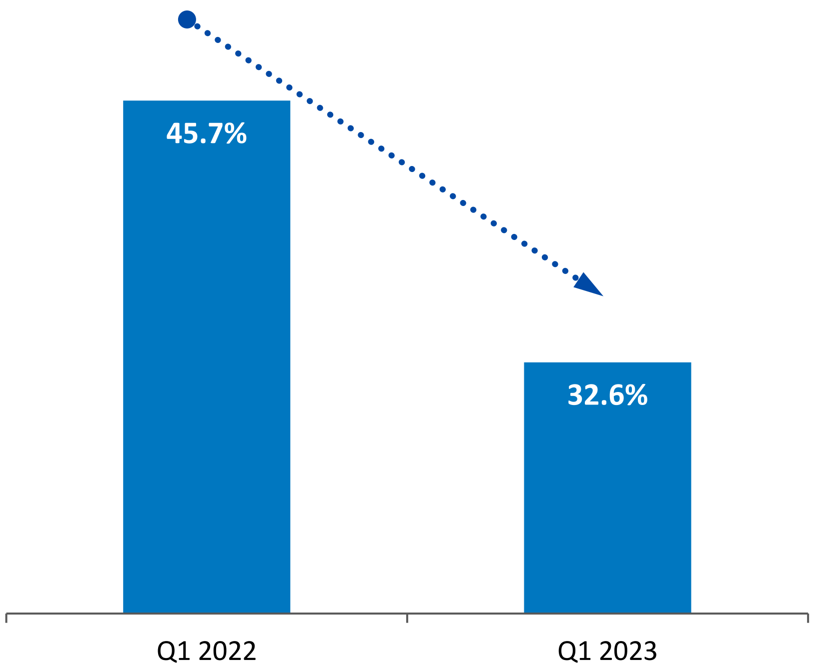
(NIS Millions)
Excludes Leumi USA.

Consistent Improvement in Cost Structure

Total Expenses

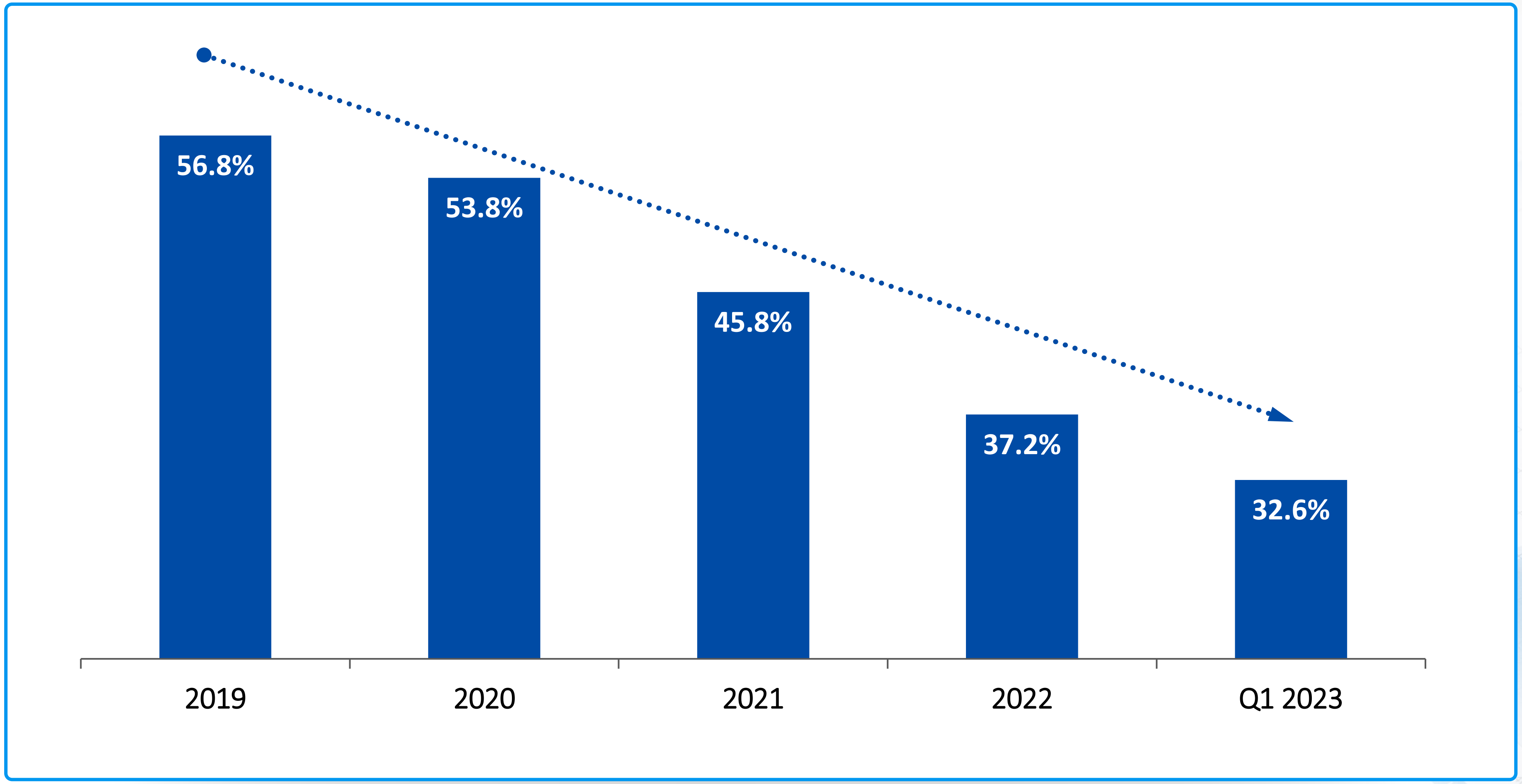


Cost-Income Ratio



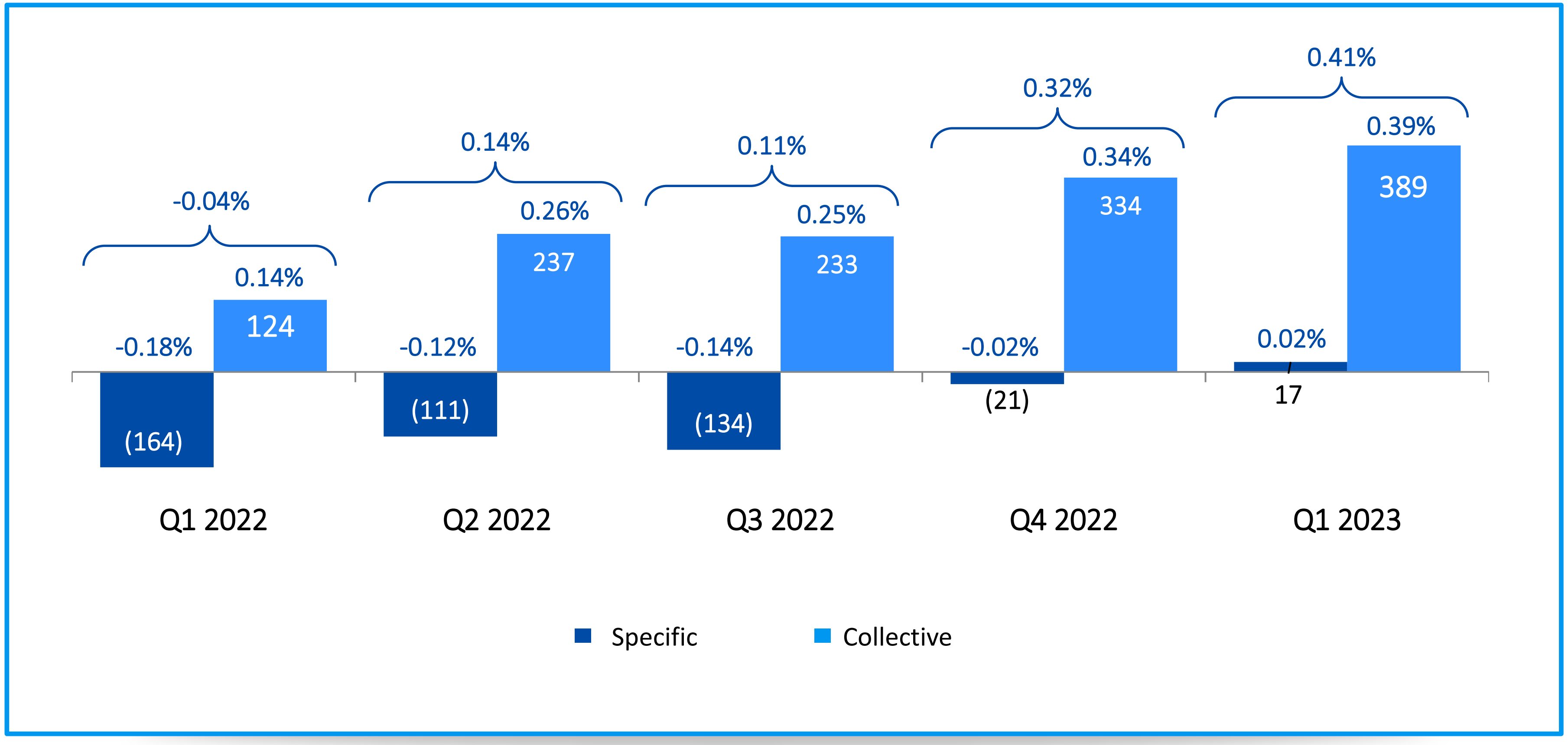
(NIS Millions)
Excludes Leumi USA.

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



* 2020-2022 excludes Leumi USA.

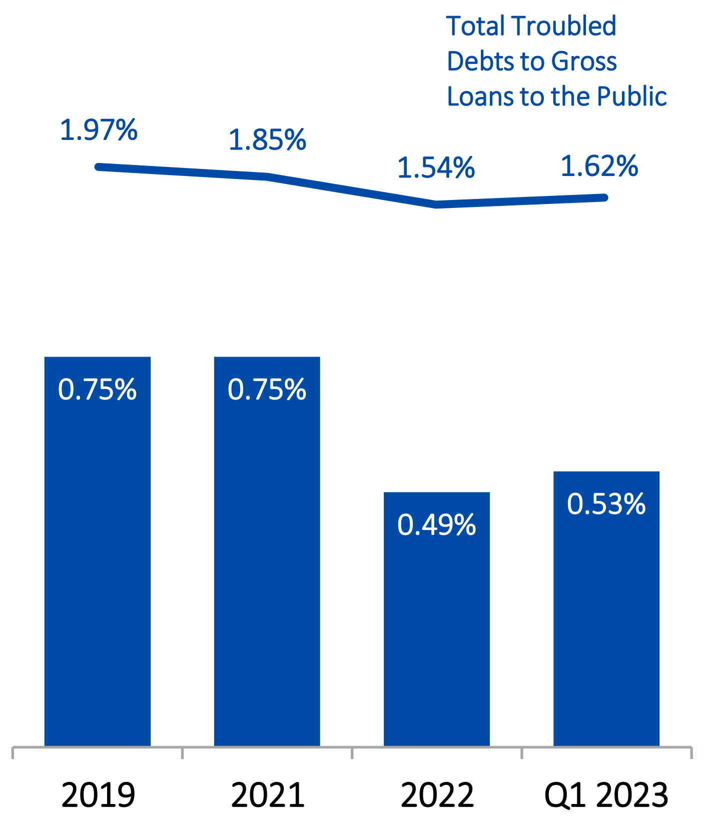
Moderate Increase in Loan Loss Expenses



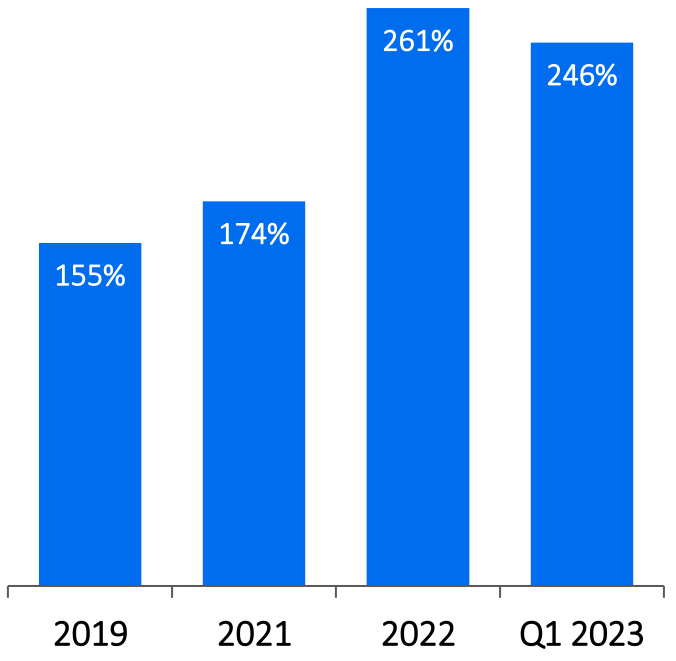
(NIS Millions)

Robust Credit Quality Indicators

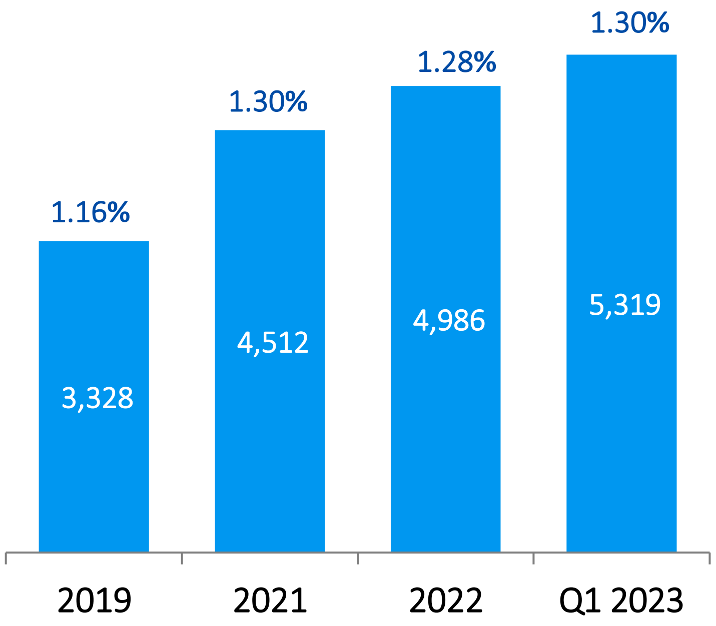
NPL Ratio



Total Provisions / NPLs



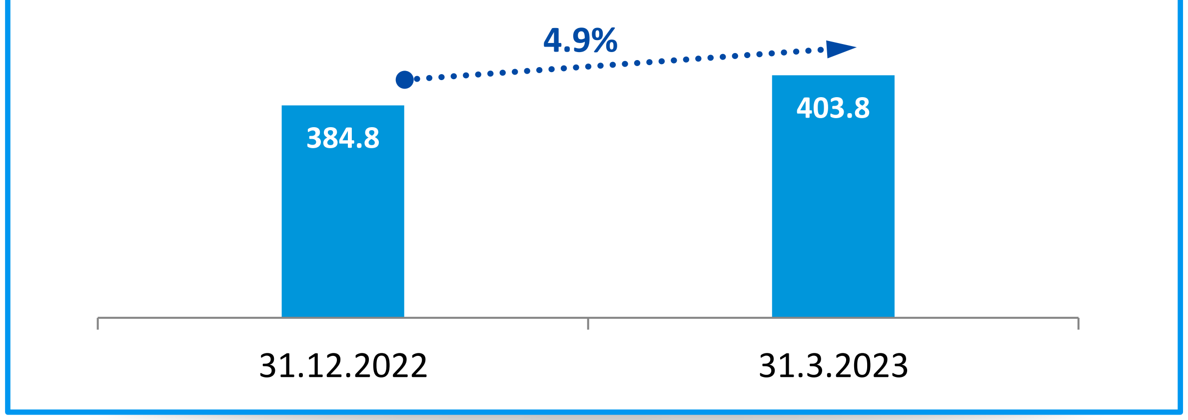
Total Provisions / Gross Loans



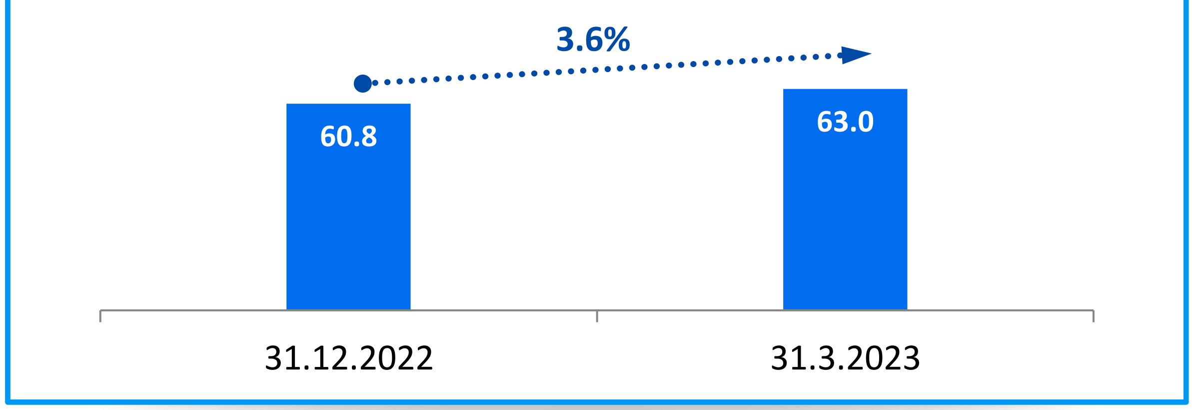
Note: 2020 excluded due to Covid impact.

Loan Growth Continues in Line with Strategy

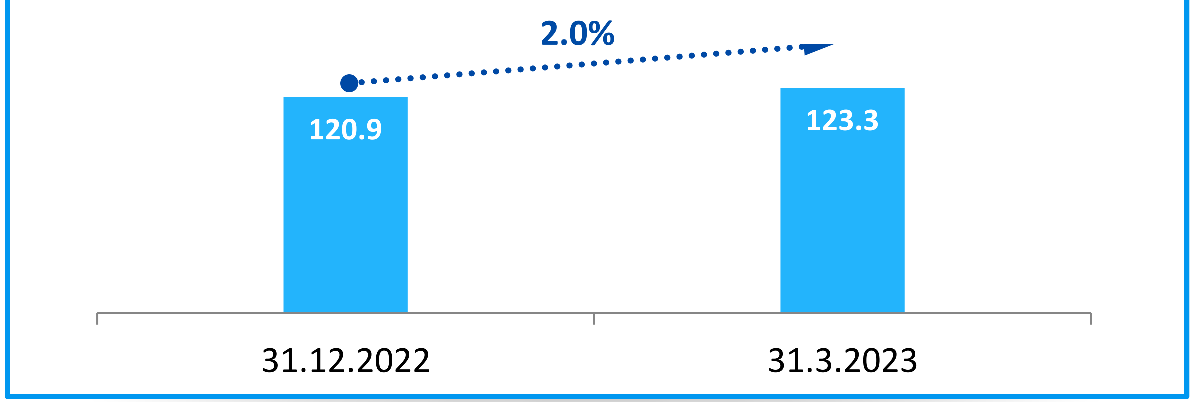
Total



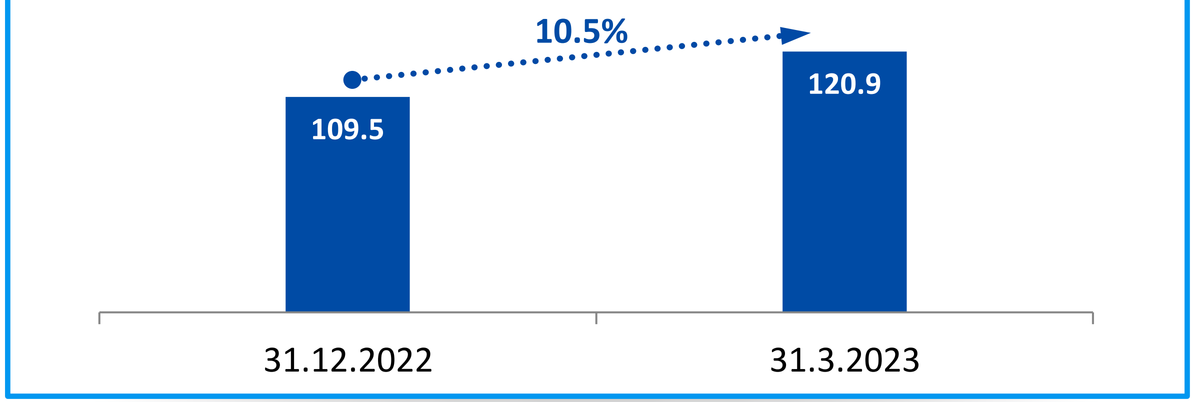
Middle-Market



Mortgages



Corporate

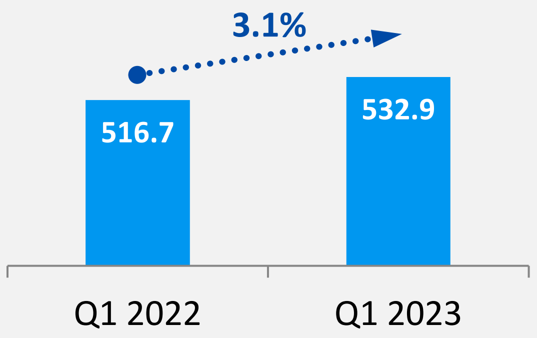


(NIS Billions)

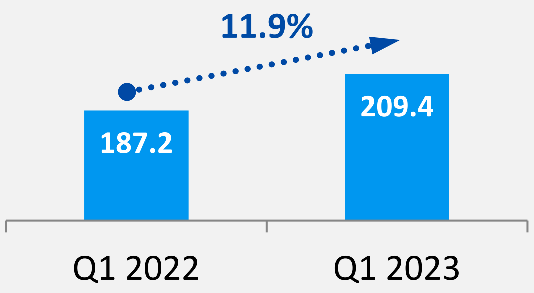
Corporate includes Corporate and Real-Estate. The growth is mainly from Real-Estate.

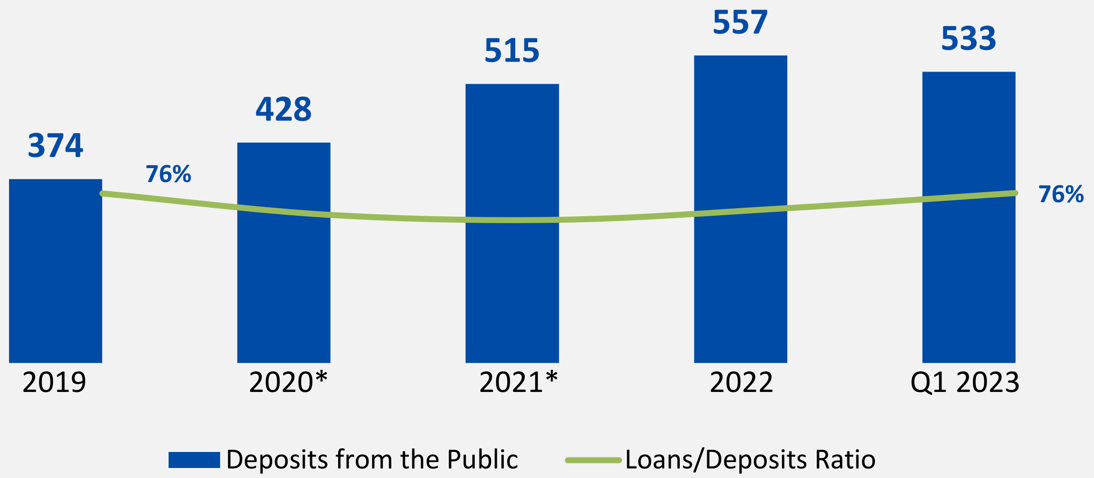
Diversified Deposit Base

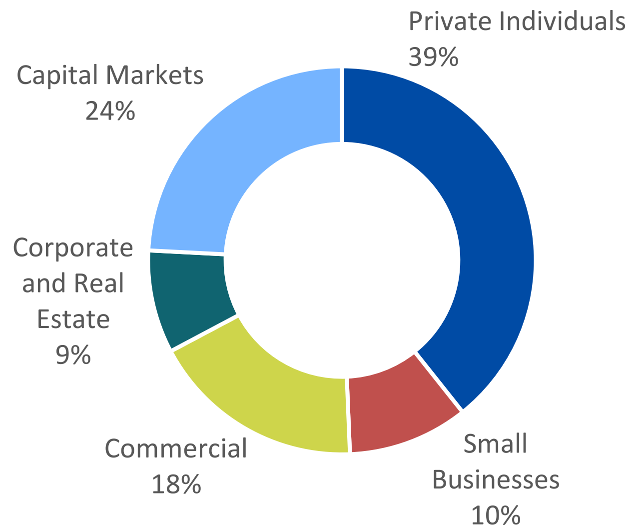
Total



Core Deposits







Maintaining Solid NSFR and LCR

NSFR[(1)]	LCR[(2)]
118%	128%

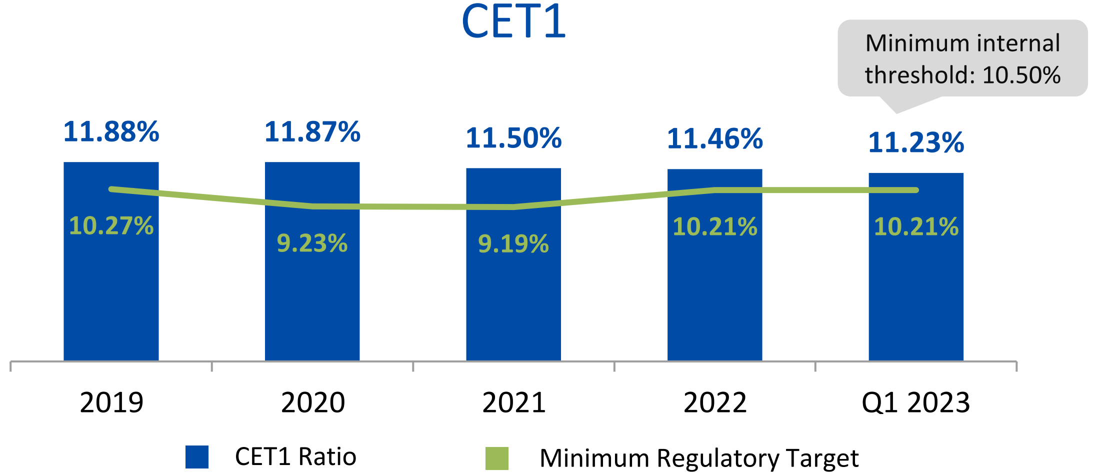
Core Deposits = Deposits from Private Individuals.

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

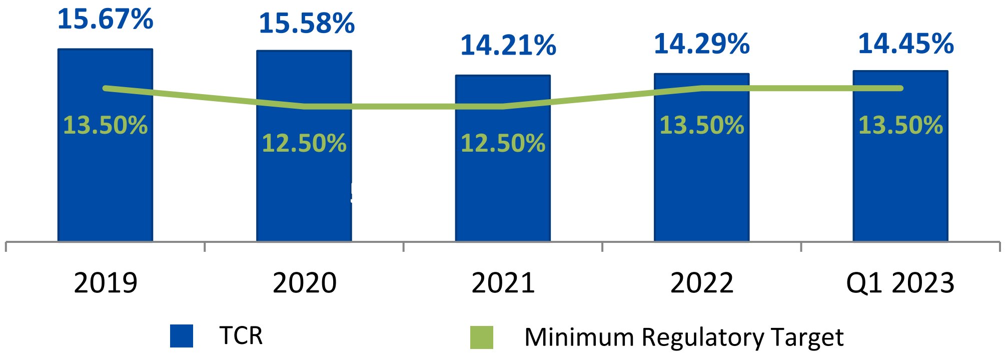
(1) Net Stable Funding Ratio. (2) Liquidity Coverage Ratio.

Solid Capital and Leverage Ratios

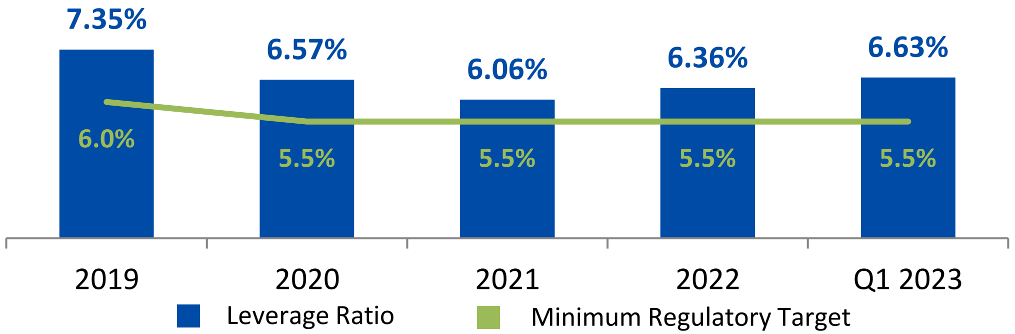
CET1



Total Capital Ratio

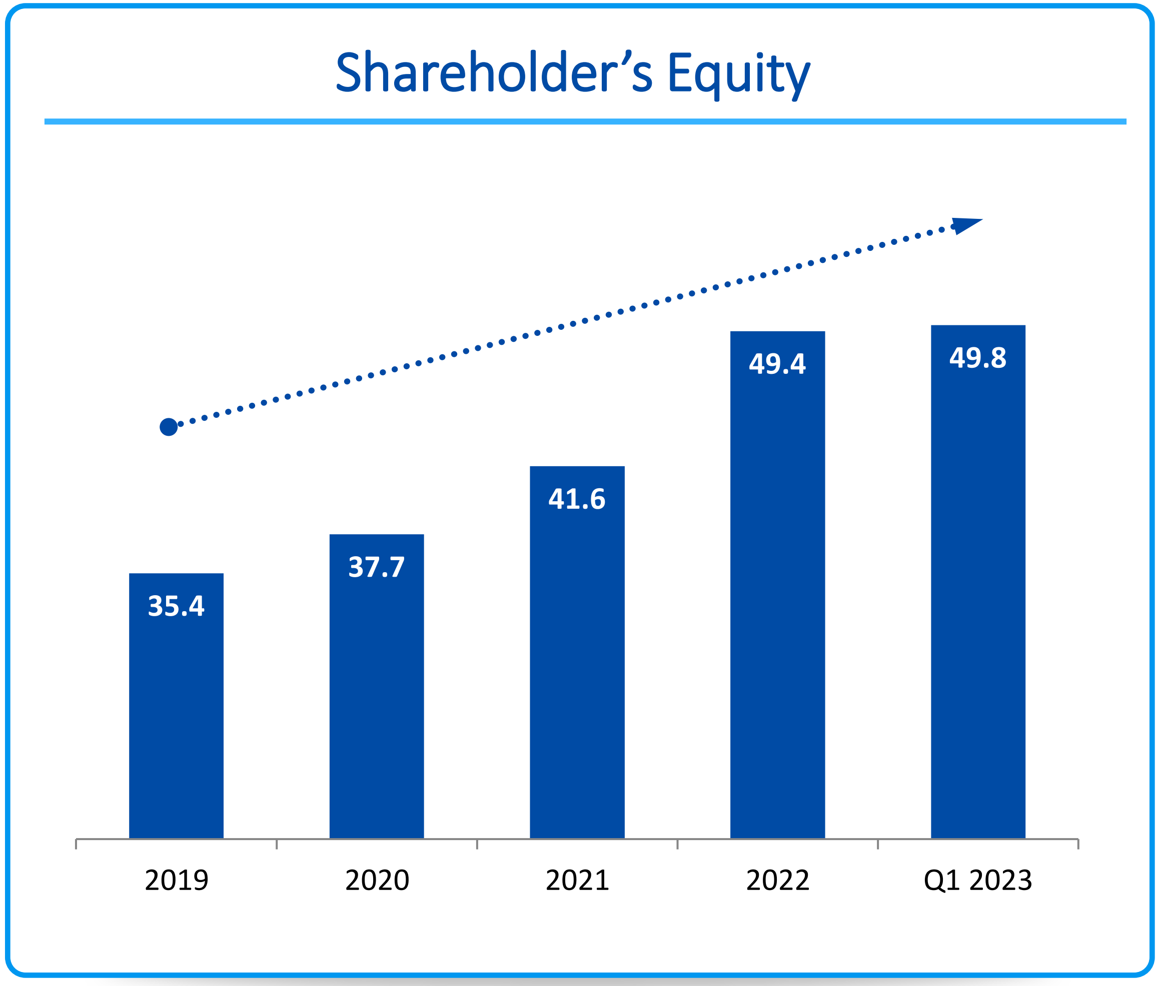


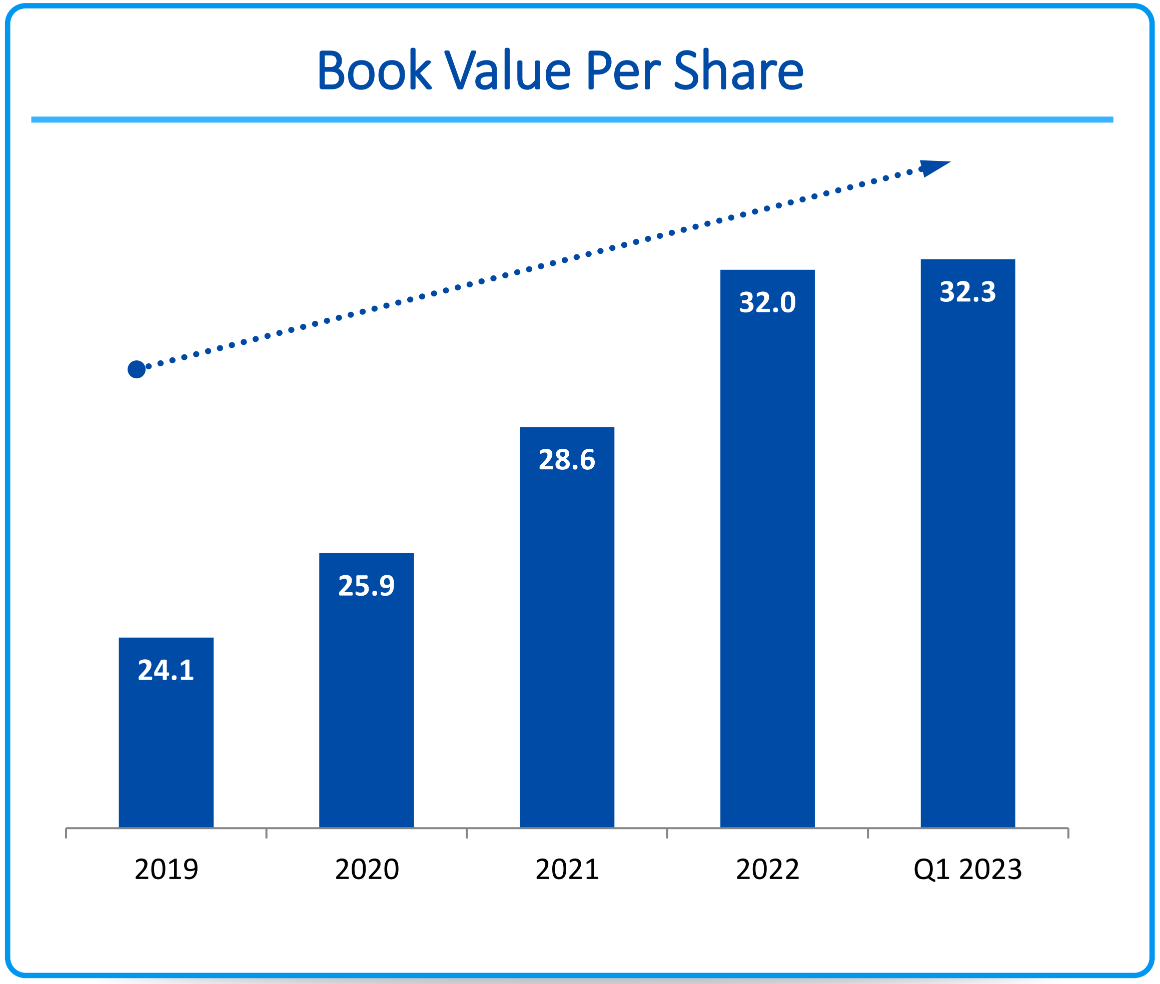
Leverage Ratio



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

Consistent Increase in BVPS





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


85%
60%
35%
CTMX
FTR
CSCO
CHK
AAPL
PRTO
AMZN
TSLA
AVGO
0.45
-0.23
-1.01
0.02
+2.58
-0.14
+0.45%
-2.34%
-1.89%

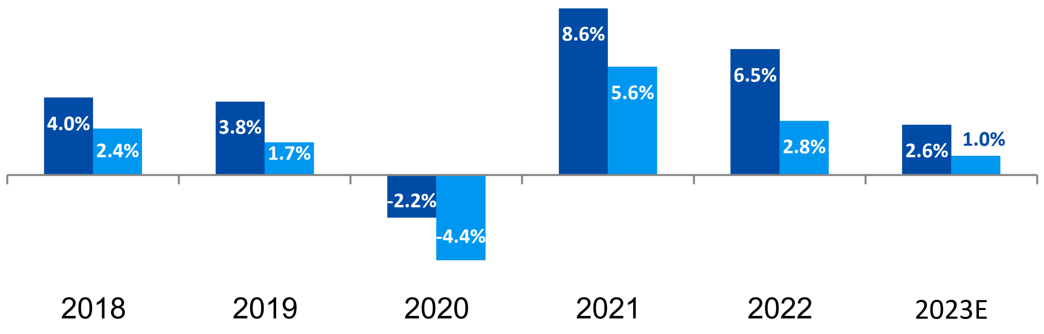
THANK YOU / Q&A


85%
60%
35%
CTMX
FTR
CSCO
CHK
AAPL
PRTO
AMZN
TSLA
AVGO
0.45
-0.23
-1.01
0.02
+2.58
-0.14
+0.45%
-2.34%
-1.89%

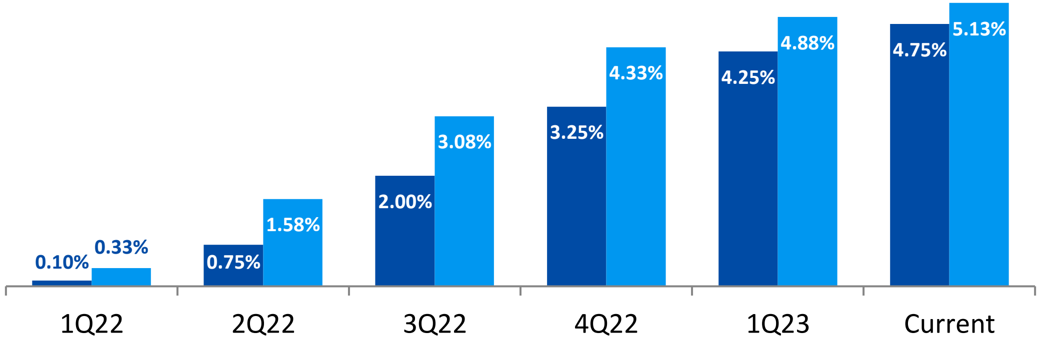
APPENDIX

Macro Factors and Indicators

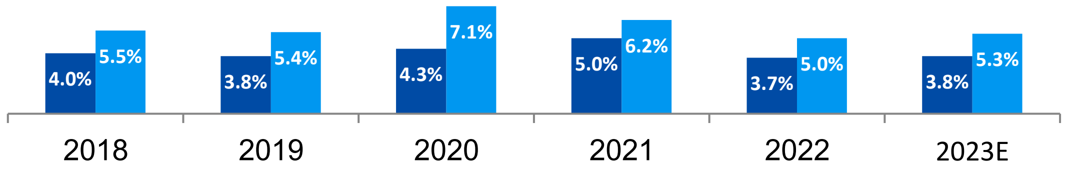
Robust Economic Growth
(Real GDP Growth Evolution)



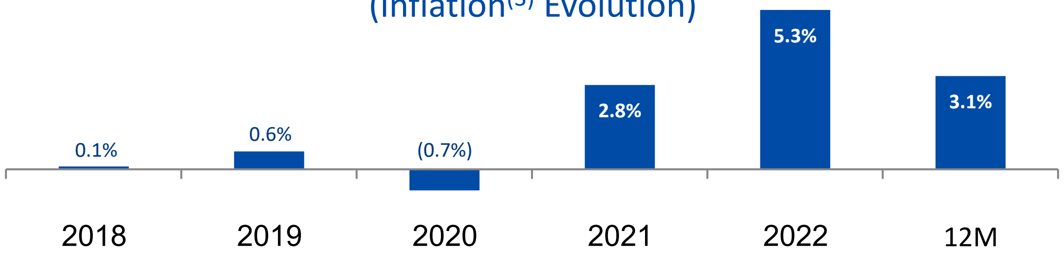
Further Rate Hikes Expected
(Rates[2] Evolution)



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.
(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.