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## MARCH 31, 2023 FINANCIAL RESULTS PRESENTATION



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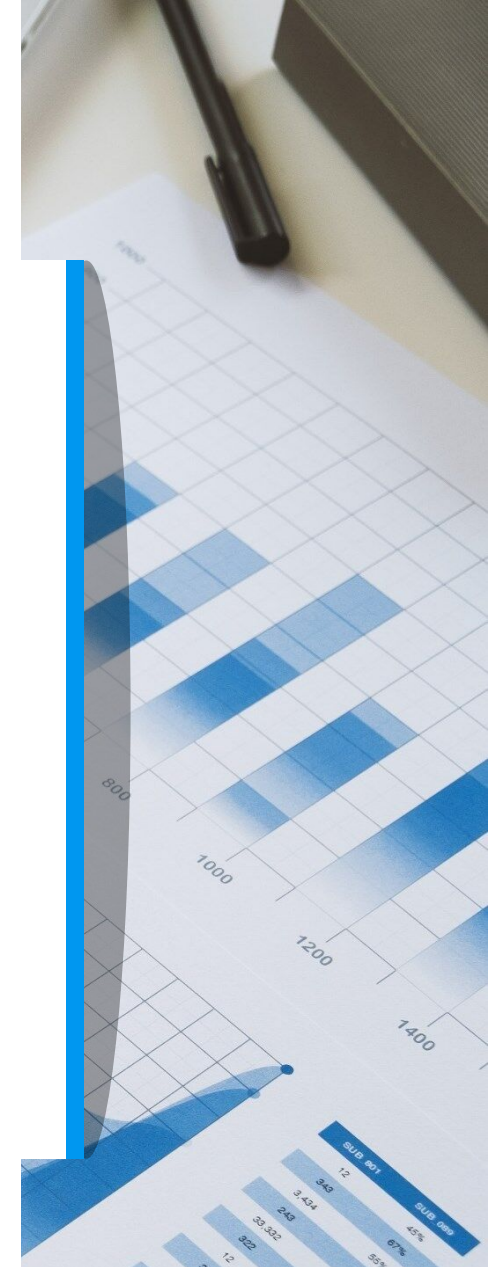
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# Key 1Q 2023 Messages

- **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.

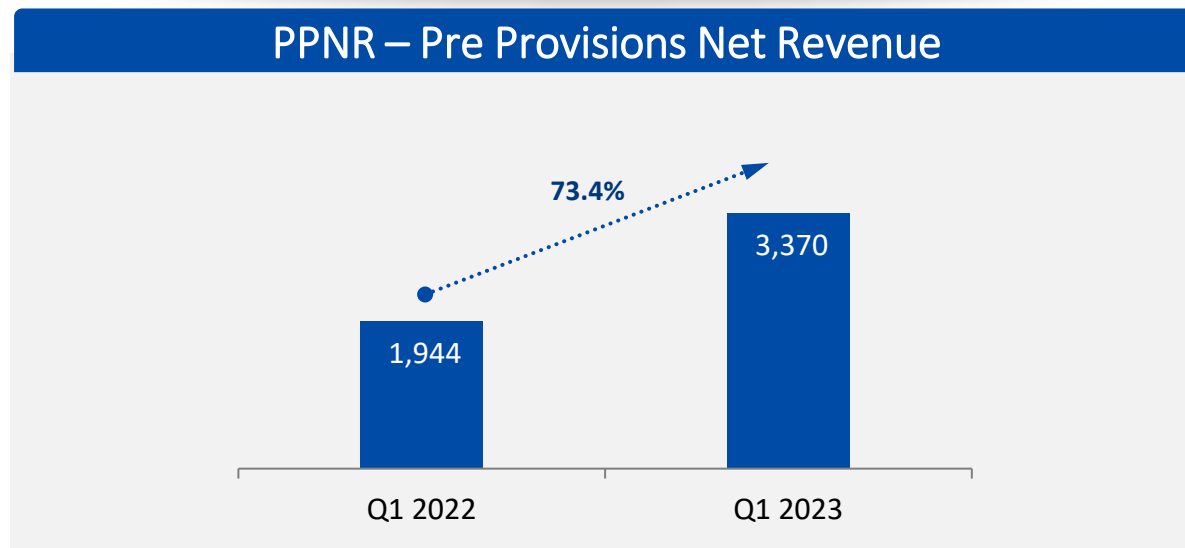
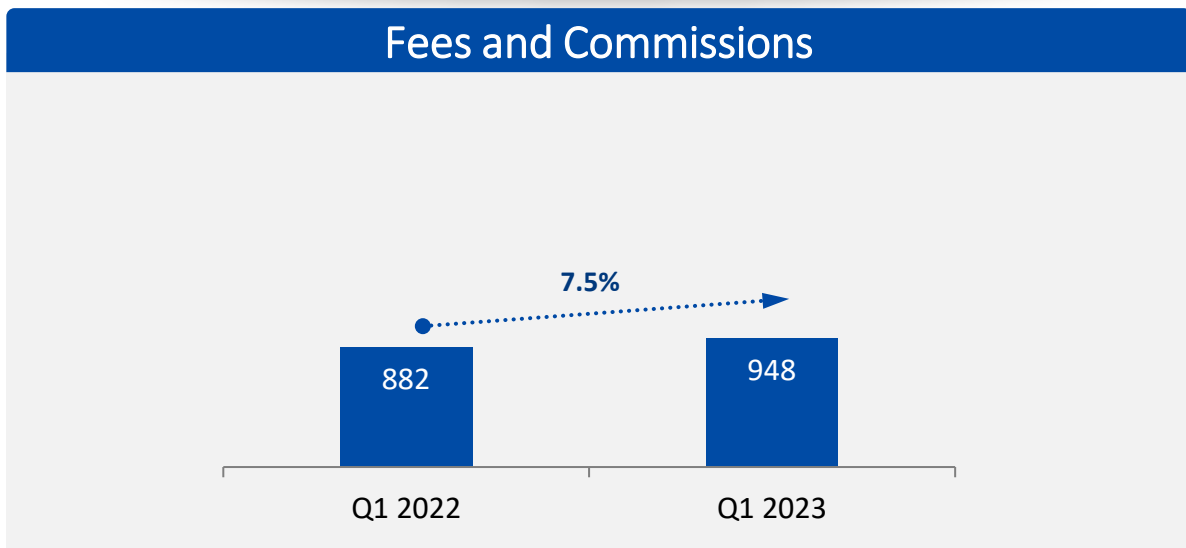
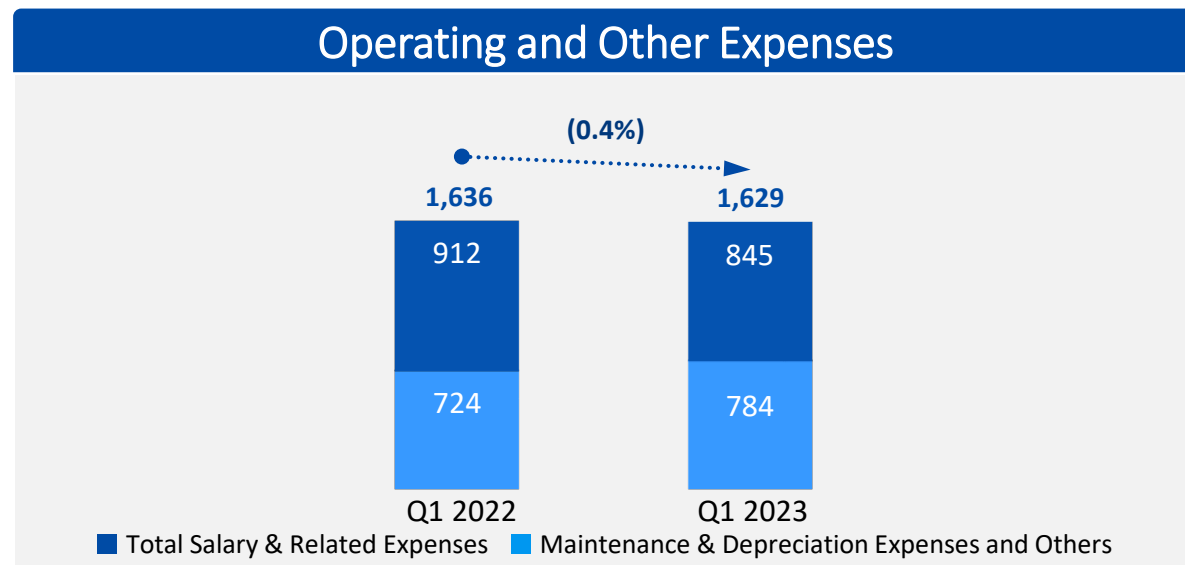
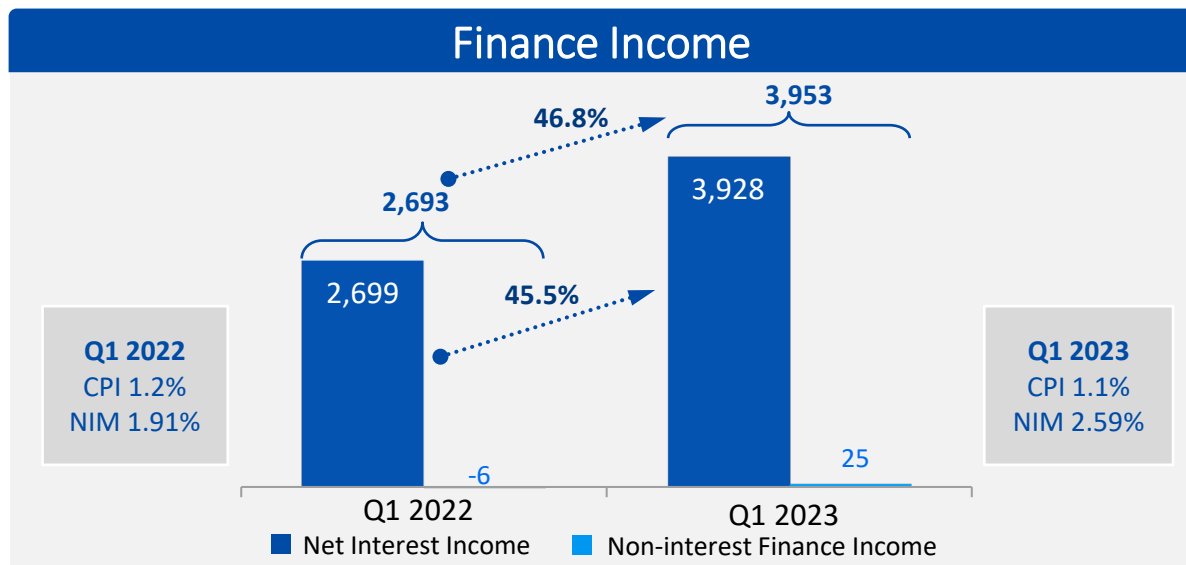


# Major Developments

- **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

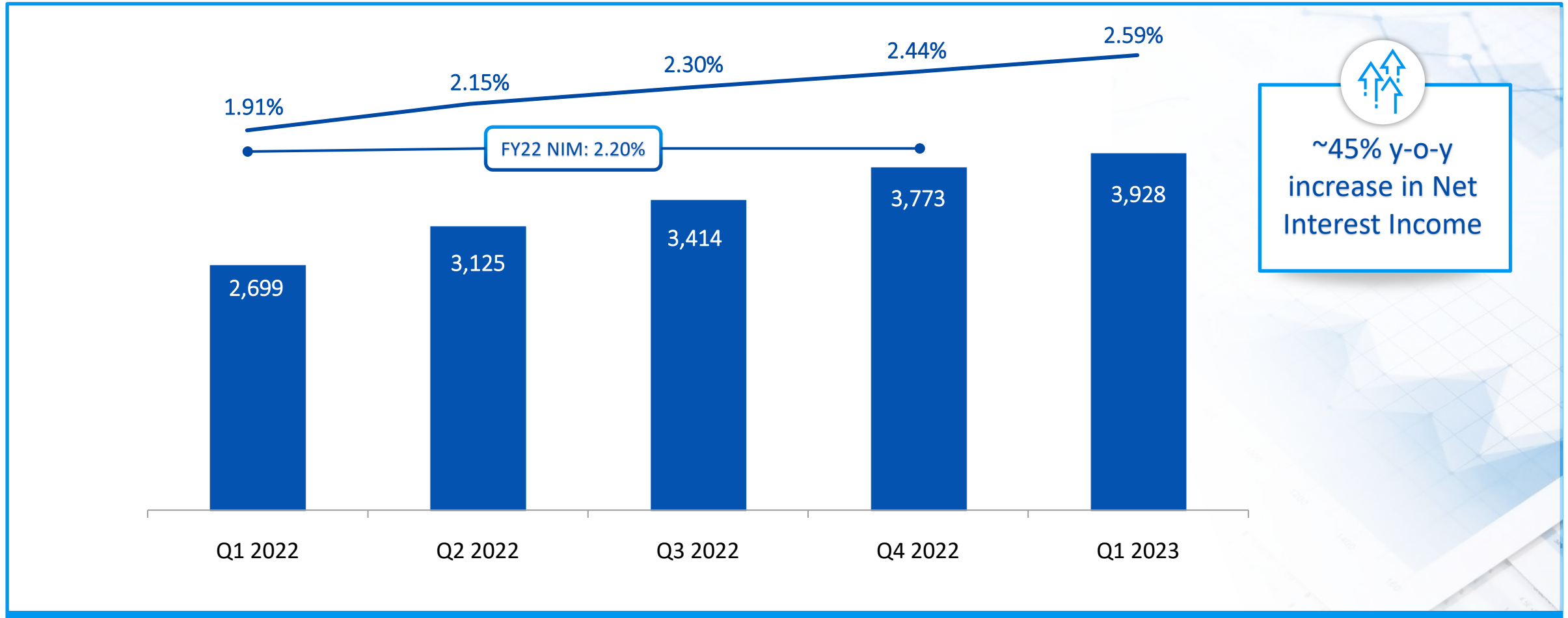


(NIS Millions)  
Excludes Leumi USA.





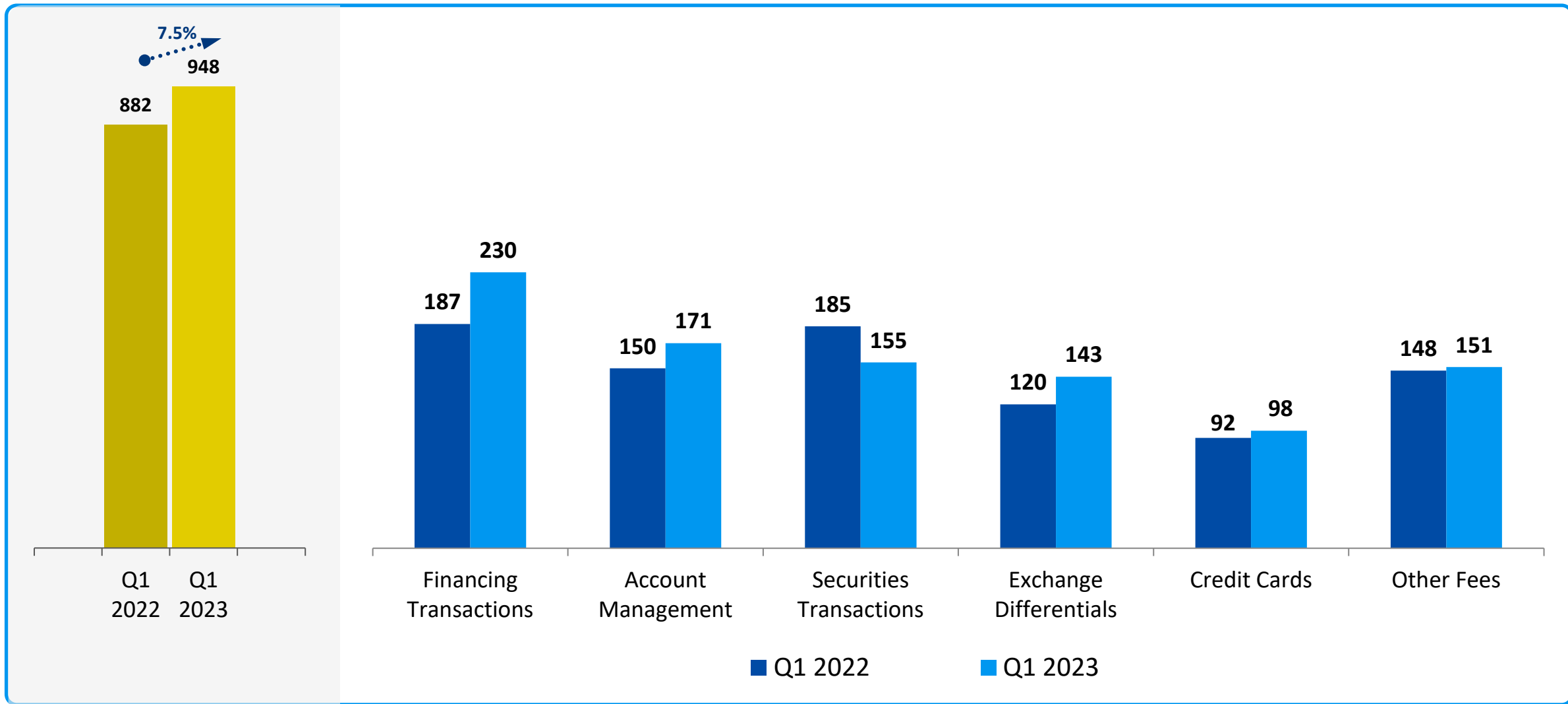
# Rising Net Interest Income and NIM



(NIS Millions)  
Excludes Leumi USA.



# Fees and Commissions Performance Year-over-Year

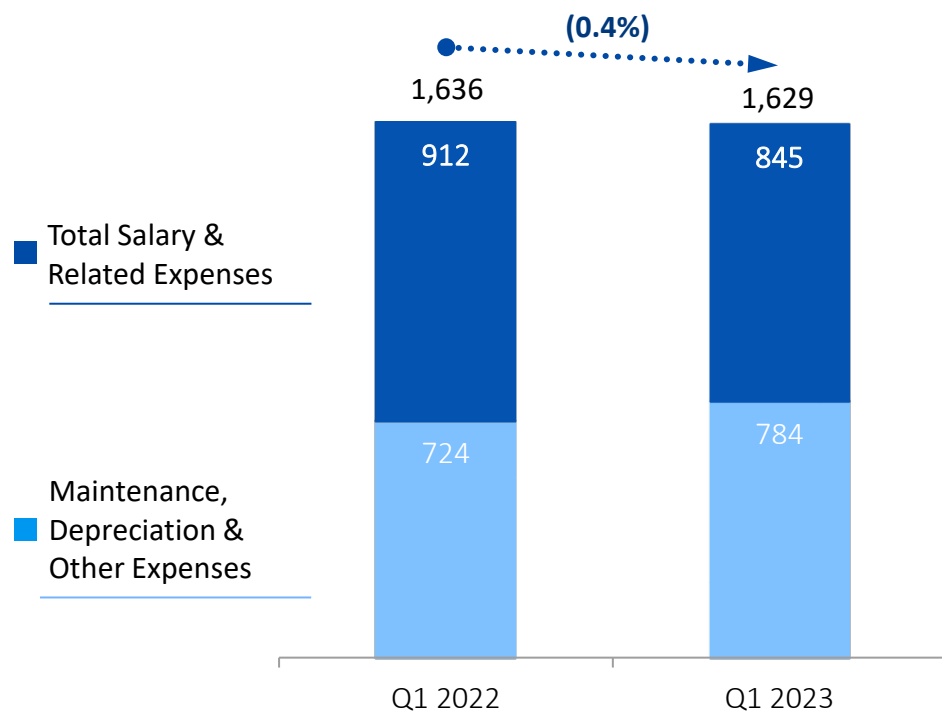


(NIS Millions)  
Excludes Leumi USA.

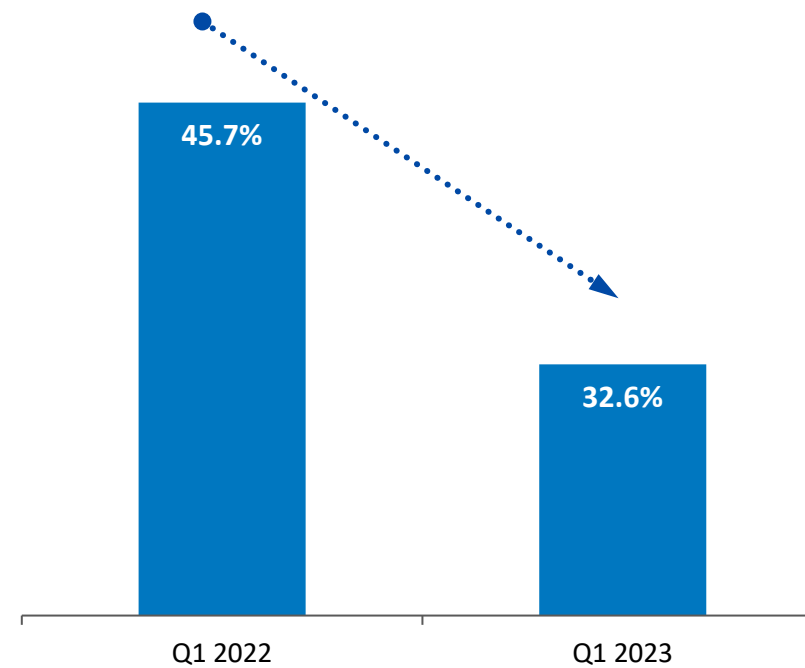


# Consistent Improvement in Cost Structure

## Total Expenses



## Cost-Income Ratio

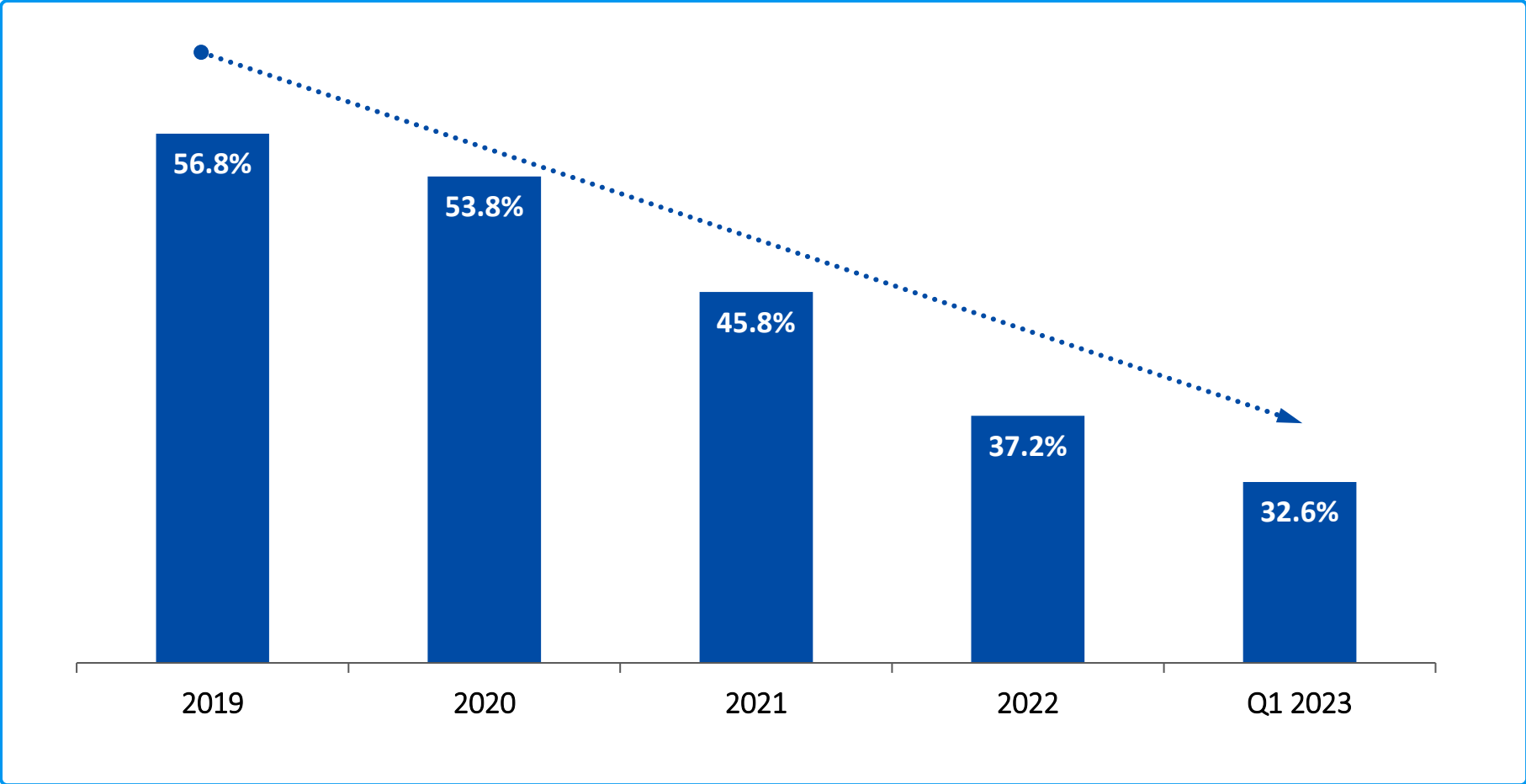


(NIS Millions)  
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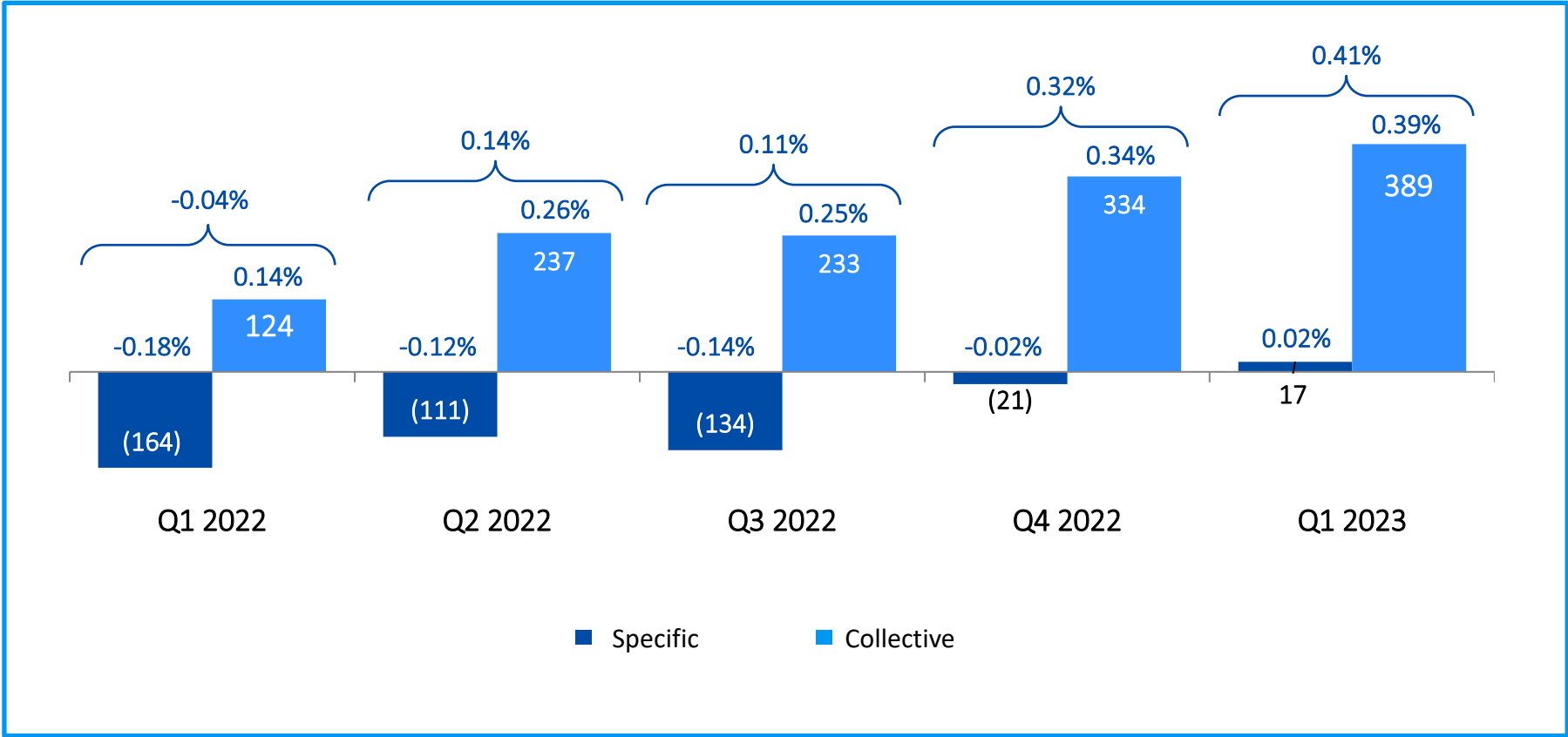


# Ongoing Decline in Cost-Income Ratio; Now Comfortably <40%



\* 2020-2022 excludes Leumi USA.

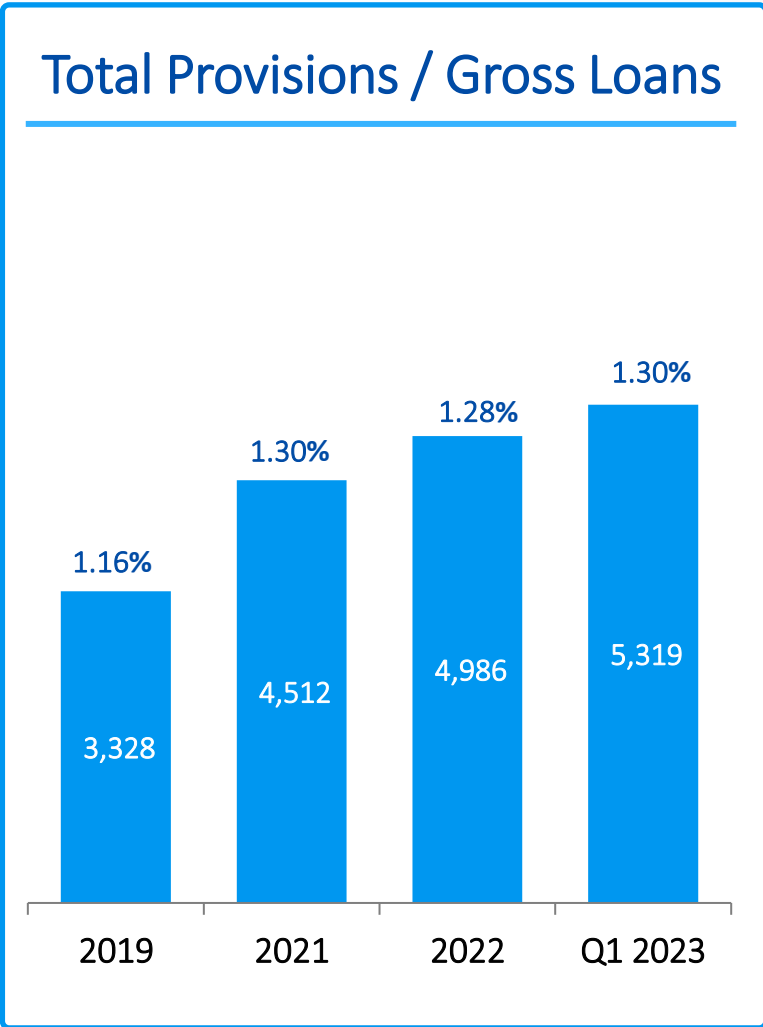
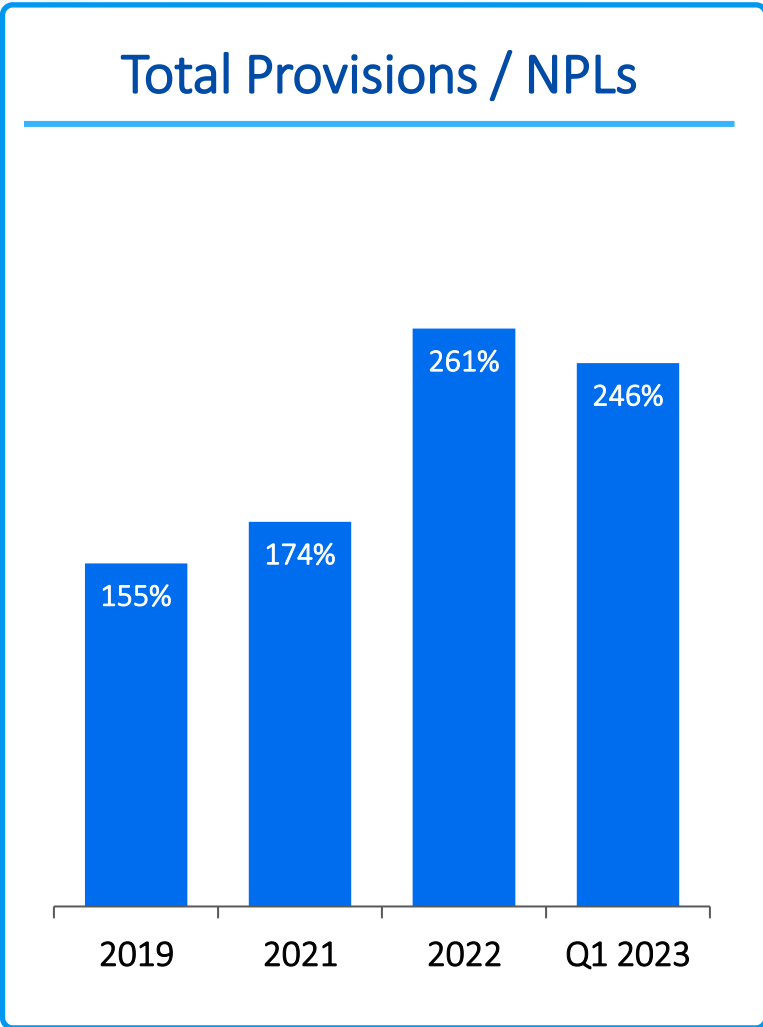
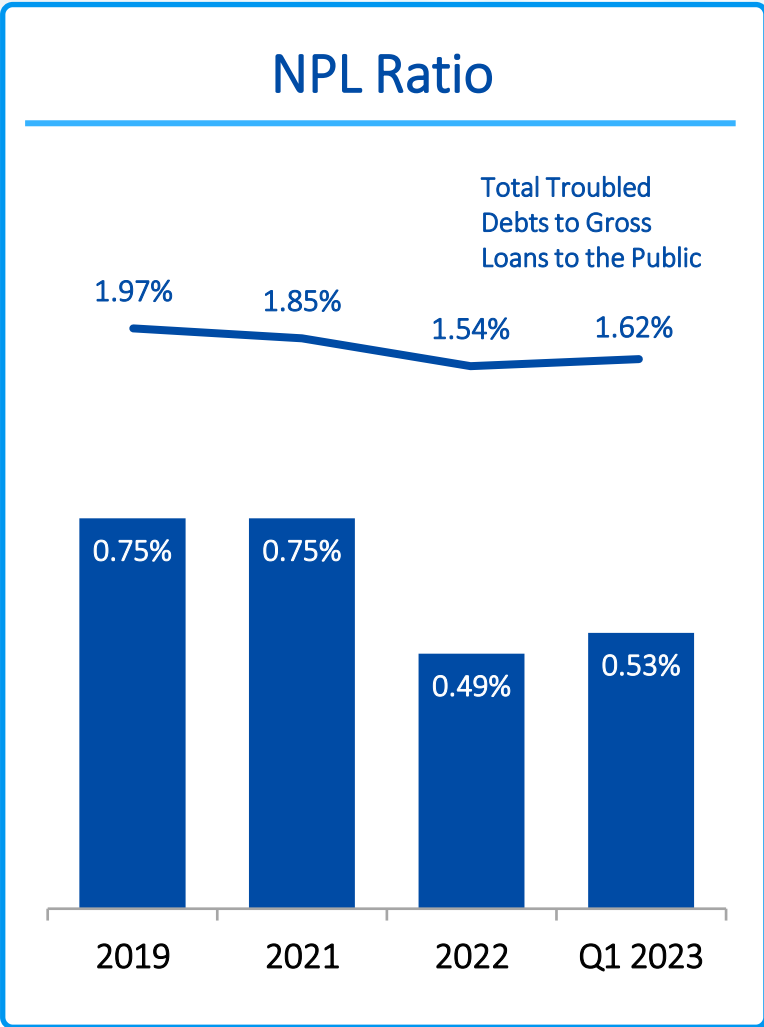
# Moderate Increase in Loan Loss Expenses



(NIS Millions)



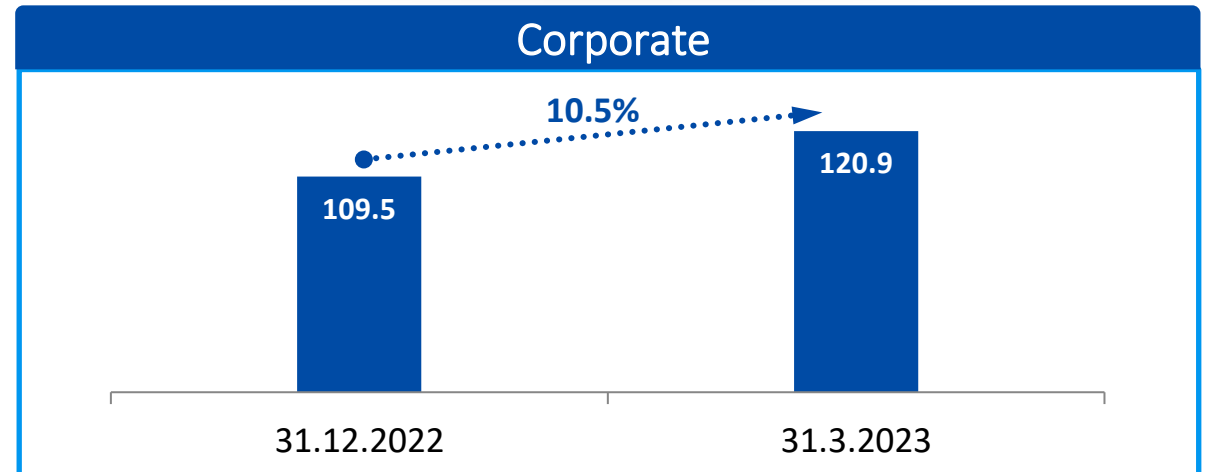
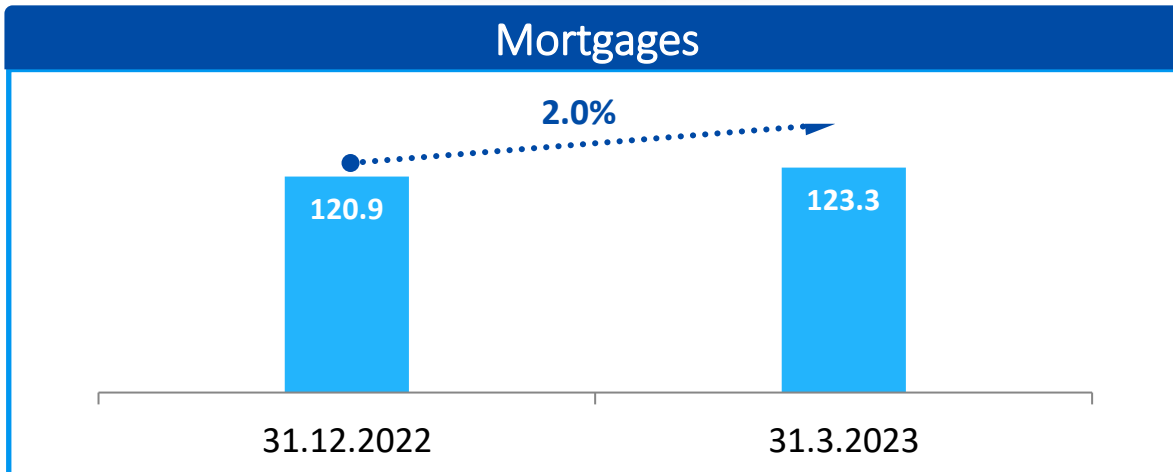
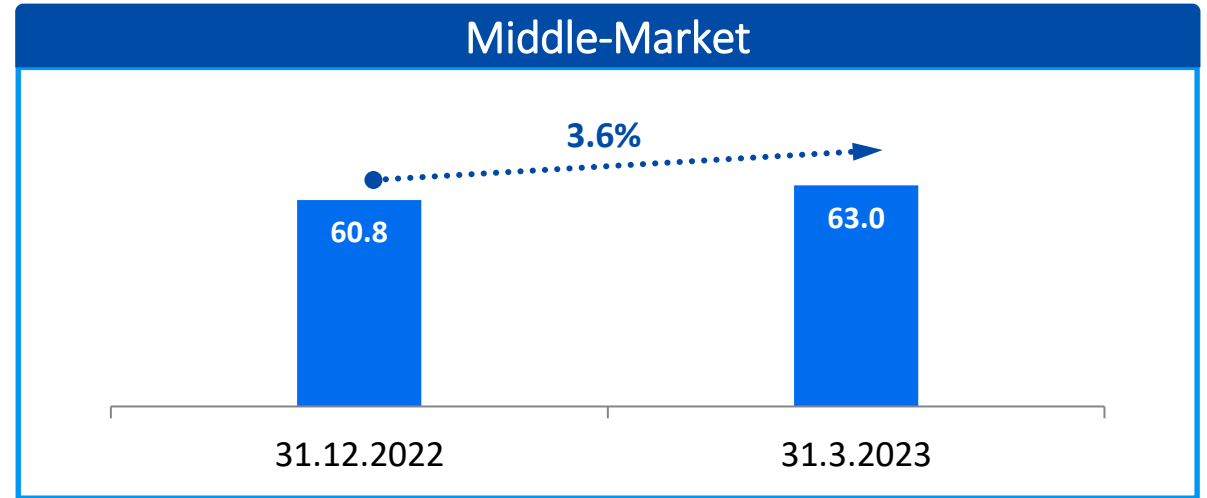
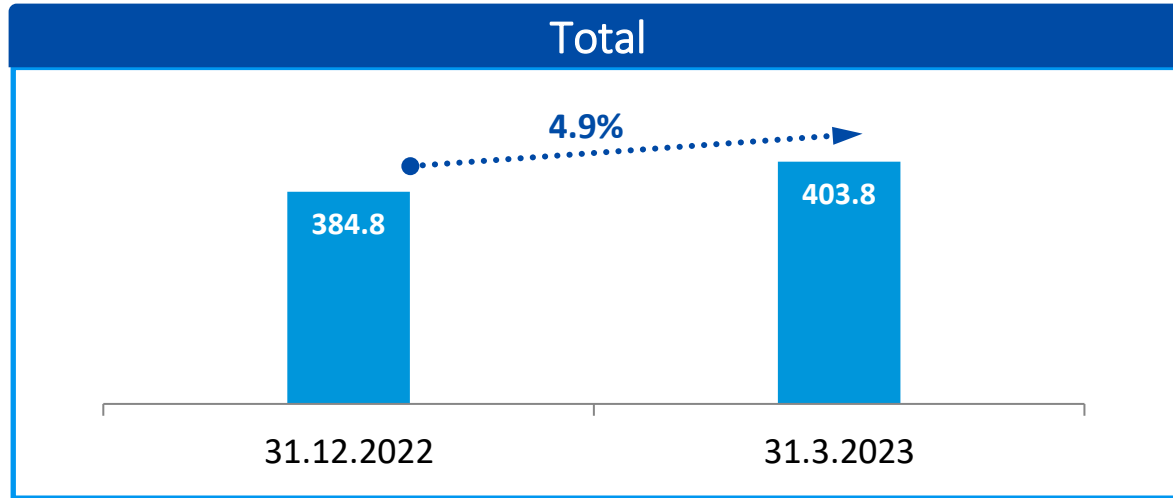
# Robust Credit Quality Indicators



Note: 2020 excluded due to Covid impact.



# Loan Growth Continues in Line with Strategy

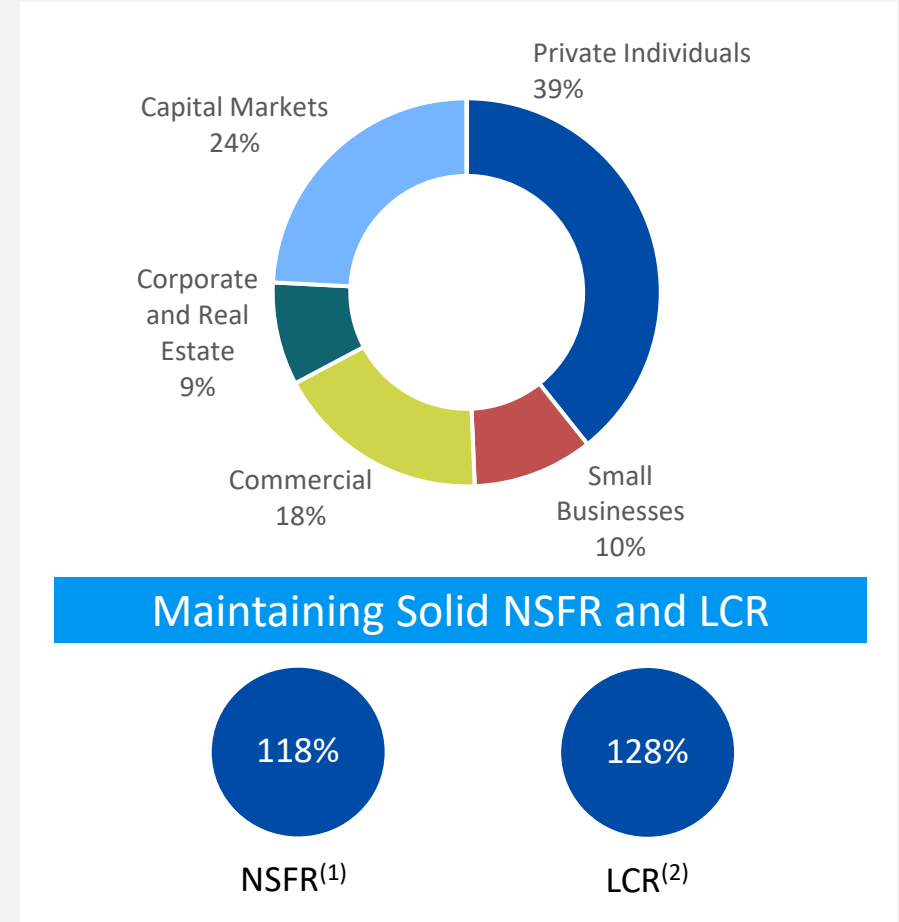
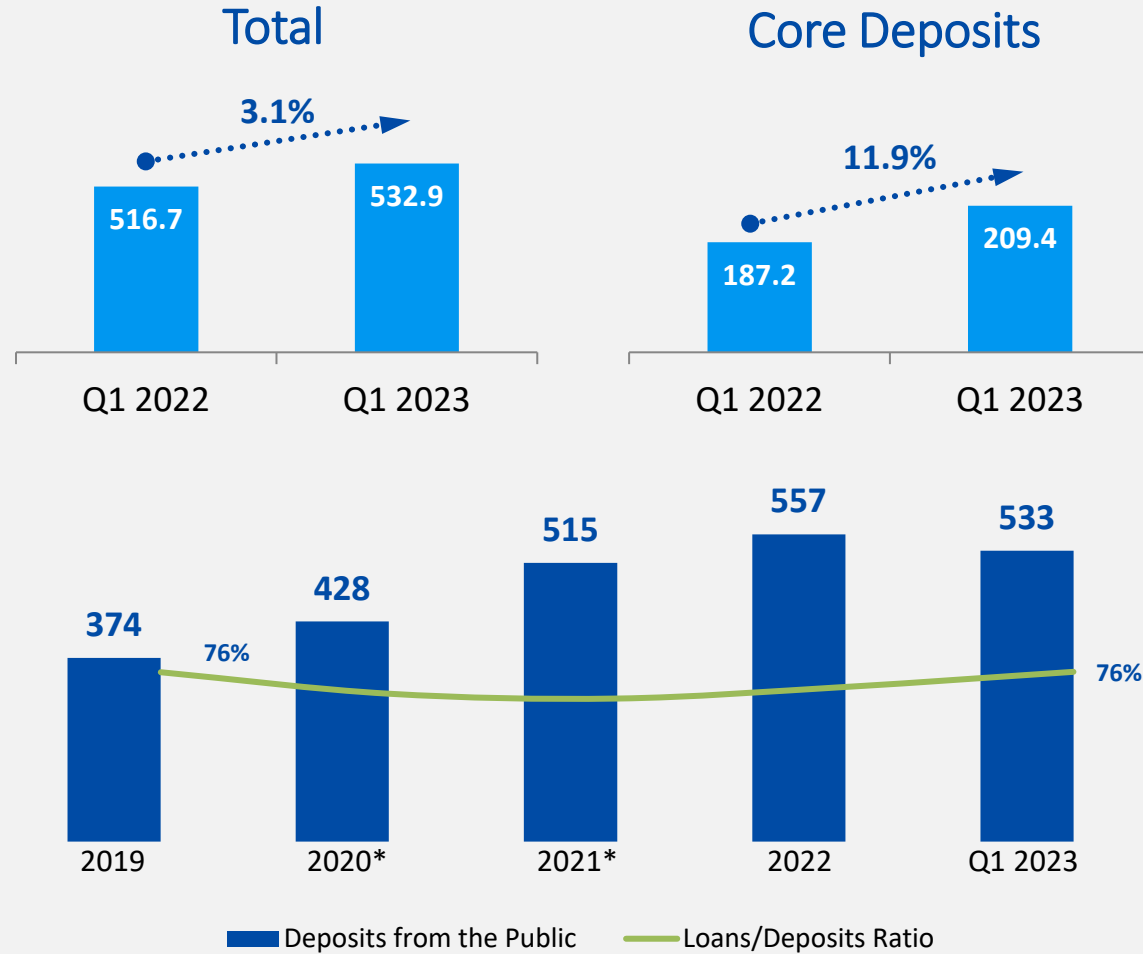


(NIS Billions)

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



# Diversified Deposit Base



Core Deposits = Deposits from Private Individuals.

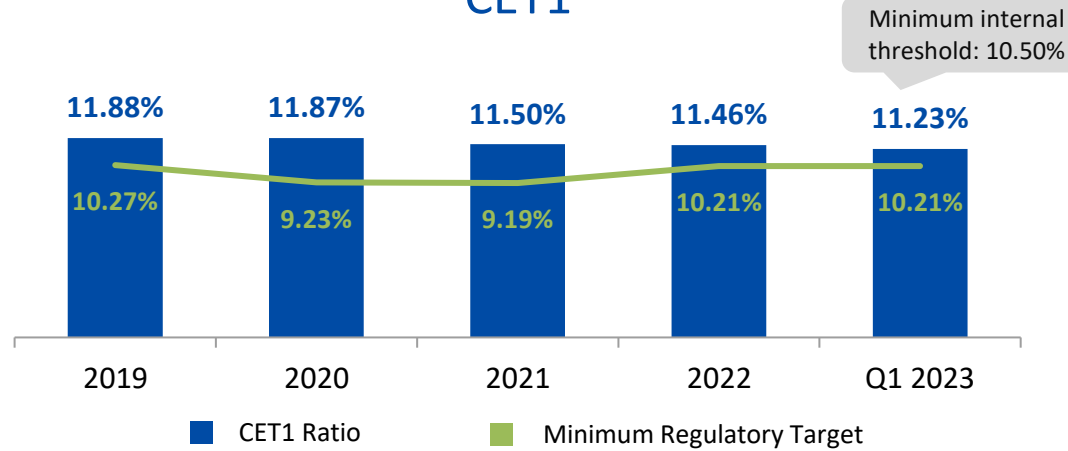
\* Excluding Leumi USA. Total Deposits and Core Deposits for Q1 2022 are also excluding Leumi USA.

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

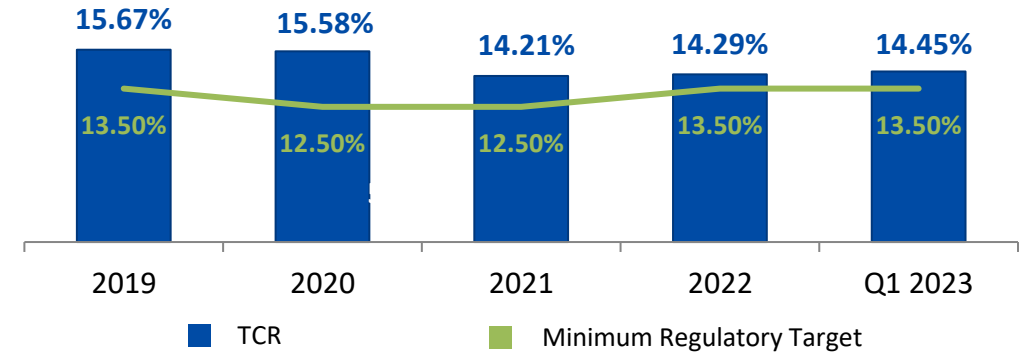


# Solid Capital and Leverage Ratios

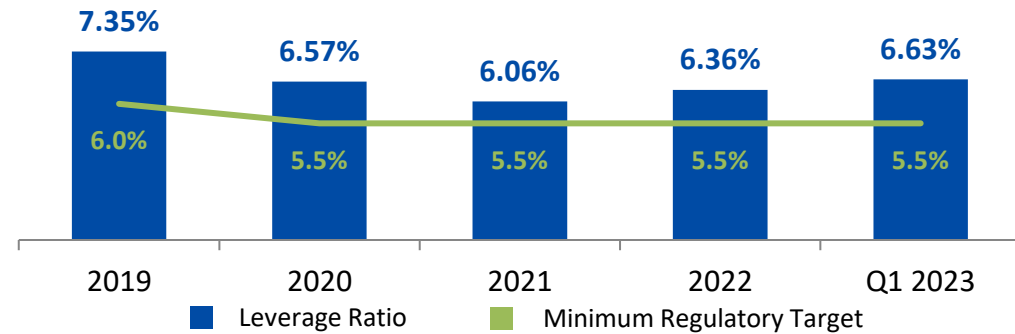
## CET1



## Total Capital Ratio



## Leverage Ratio



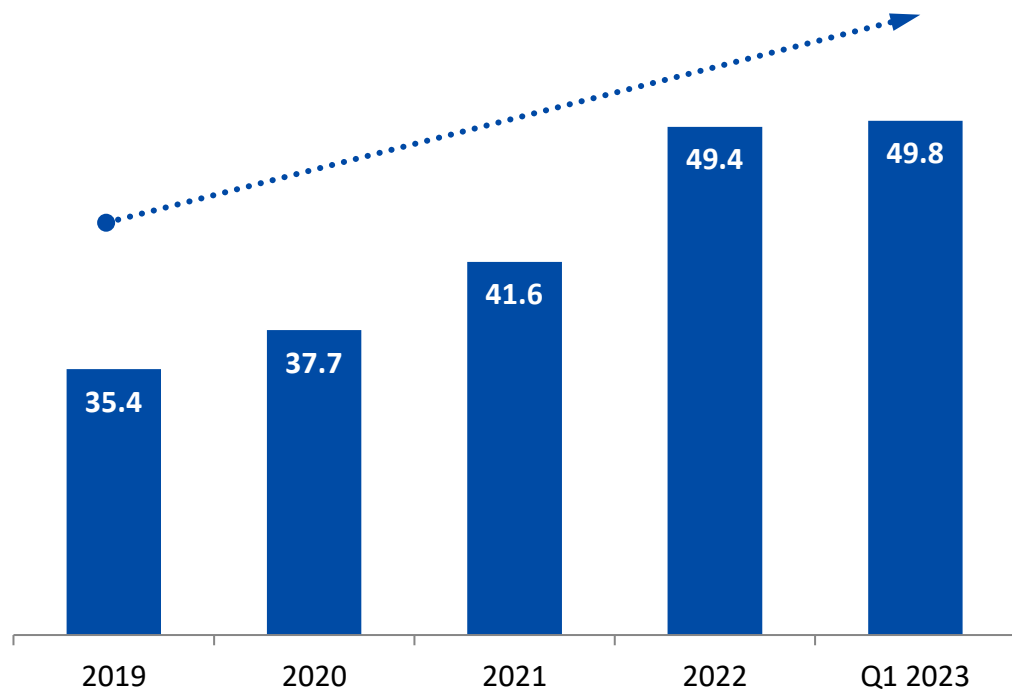
Regulatory and internal thresholds for CET1 and TCR are as of March 31<sup>st</sup>, 2023.



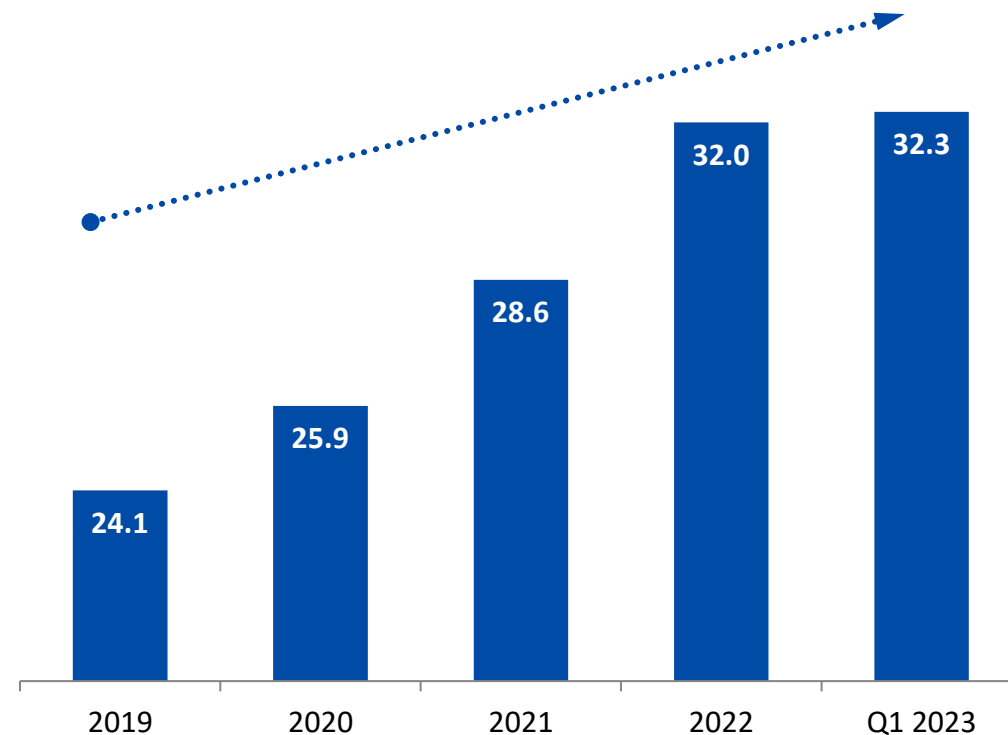


# Consistent Increase in BVPS

## Shareholder's Equity

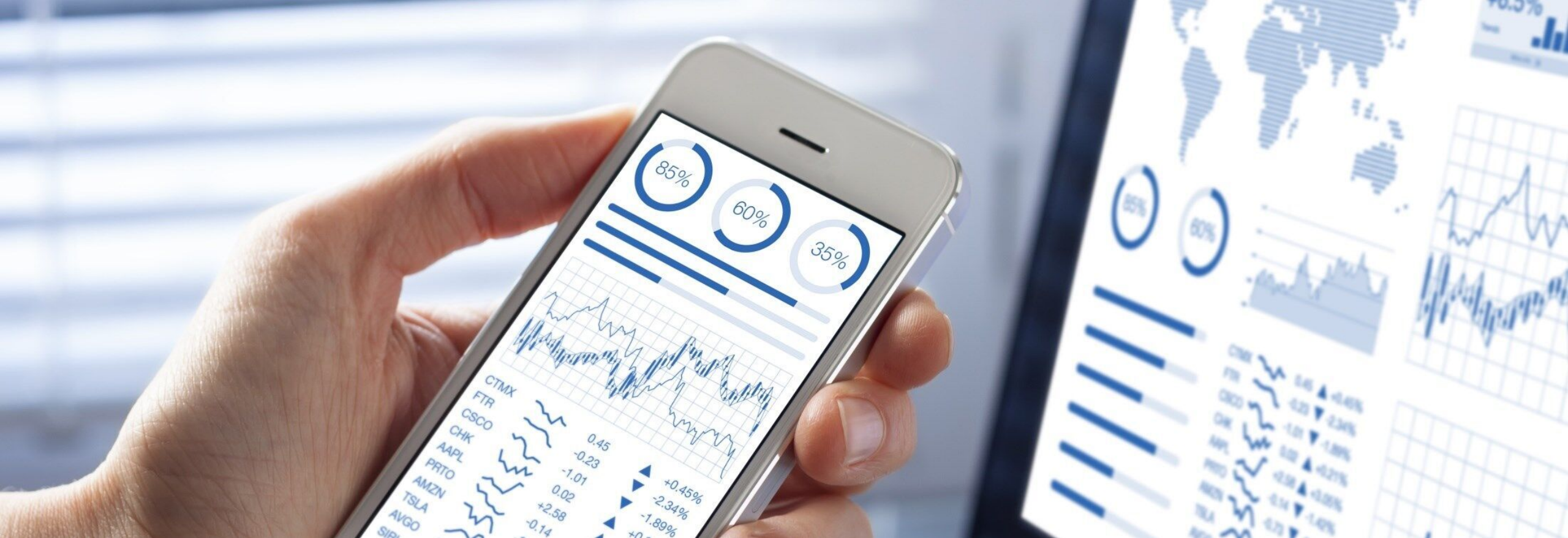


## Book Value Per Share



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

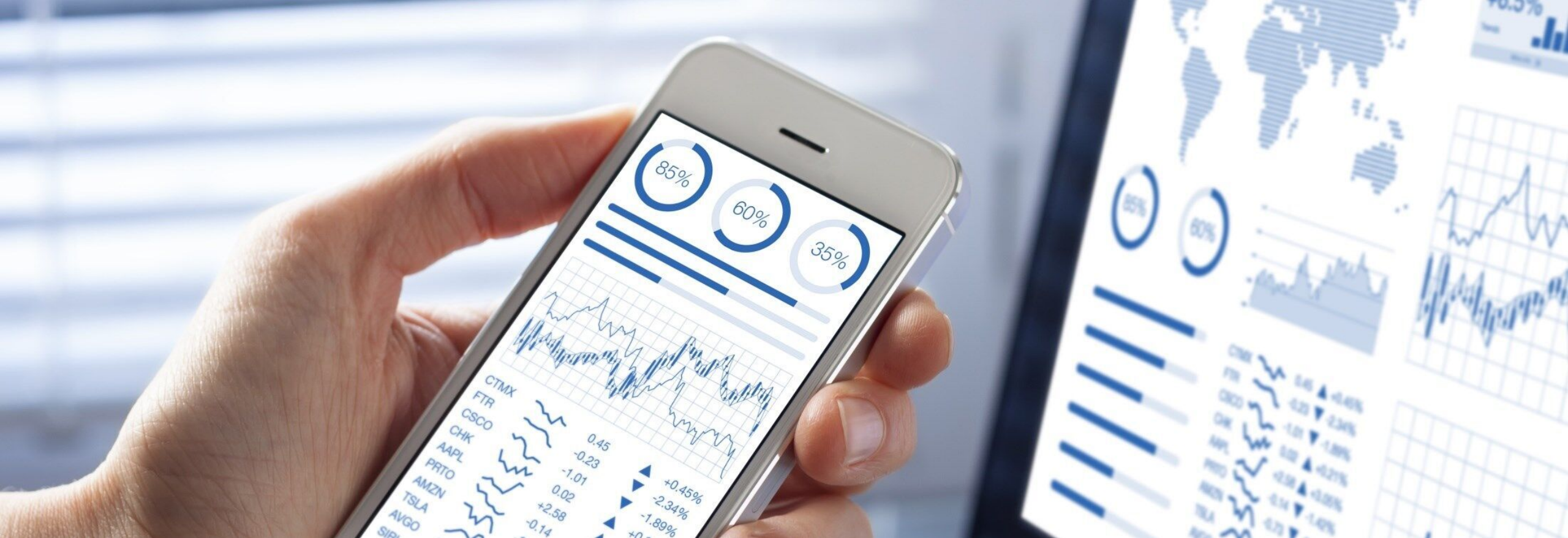




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THANK YOU / Q&A





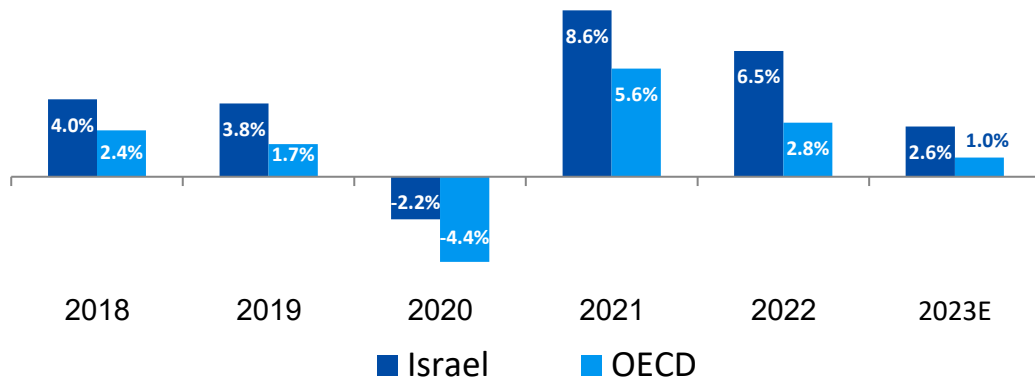
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## APPENDIX

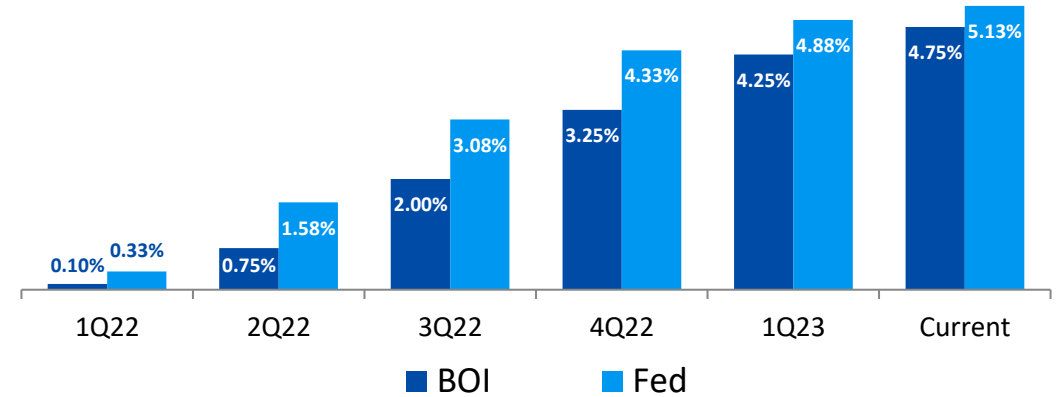


# Macro Factors and Indicators

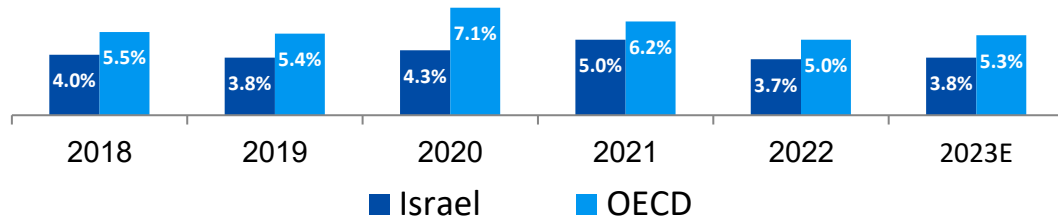
## Robust Economic Growth (Real GDP Growth Evolution)



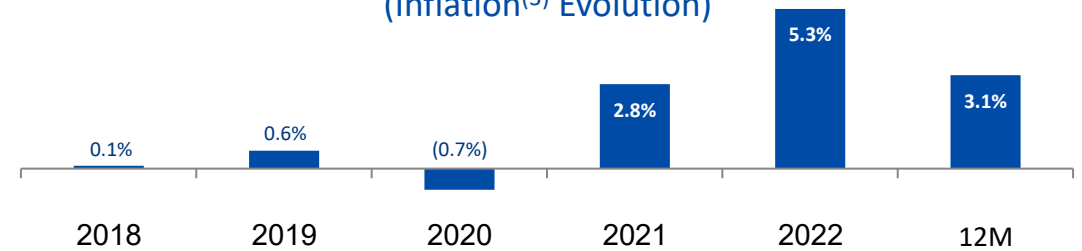
## Further Rate Hikes Expected (Rates<sup>(2)</sup> Evolution)



## Strong Labor Market (Unemployment Rate<sup>(1)</sup> Evolution)



## Inflation Slowing (Inflation<sup>(3)</sup> 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.

