



# Q1 2020 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.

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# COVID-19 in Israel – Stabilizers Introduced by the Government and BOI



## Coronavirus in Israel

- Relatively low sick and death rate
  - Approximately 17,000 cases
  - Approximately 2,000 active cases, and
  - Less than 300 deaths to date
- Lockdown lift begun towards the end of April 2020
- Currently almost all business restrictions removed



## Israeli Government Relief Program; Bank of Israel Monetary Measures

- Series of measures initially totaling NIS 80B introduced by Israeli government (March 2020). Expansion of plan to NIS 100B (May 2020)
  - Including state-backed loans
- Actions Taken by BOI to Assist the Banking System Customers:
  - Interest rate down to 0.1% from 0.25% (April 6, 2020)
  - QE and NIS repo transactions (including for non-bank financial companies)
  - Various regulatory easements (e.g. capital ratios)
  - USD Liquidity tools



# COVID-19 – Protecting Health and Safety of Employees and Customers, while Continuing to Provide Service and Support

## Remote Service & Digital Adoption

- A Leap in Digital Adoption by Customers across Business Lines
- Immediate Migration to Working Remotely, Across Business Lines



## Customers

- Tailored Solutions for Corporate Customers
- Deferral Payment Program – cash flow remedy for businesses, consumers, mortgages (NIS 915m in Q1)
- State-backed loans provided to businesses (NIS 2.6B to date)
- Supportive loans to individual and business customers



## Operational Resilience

- Ongoing and heightened monitoring of risk factors
- Expenses cut - to mitigate the lower income



# Macroeconomic Factors and Indicators

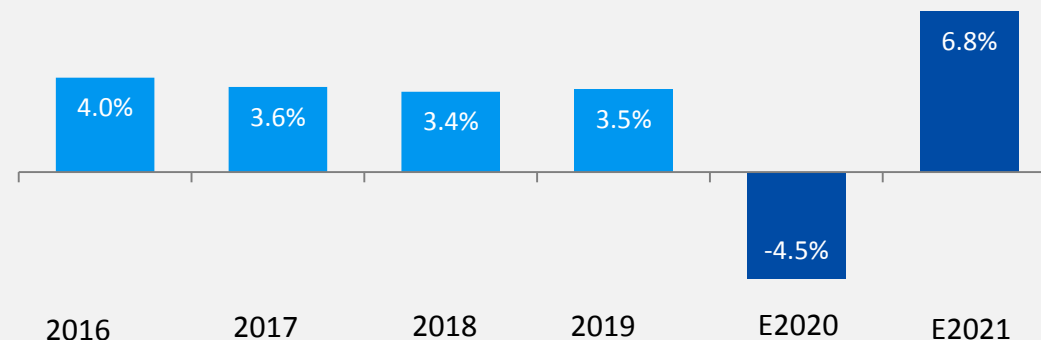
## Young and Growing Population



- Young Population - Median Age at 30
- Population Growing at 2% Per Year

## GDP, Rate of Change, Real Terms

BOI estimates (May 25 2020)



## CPI

BOI estimates (May 25 2020)

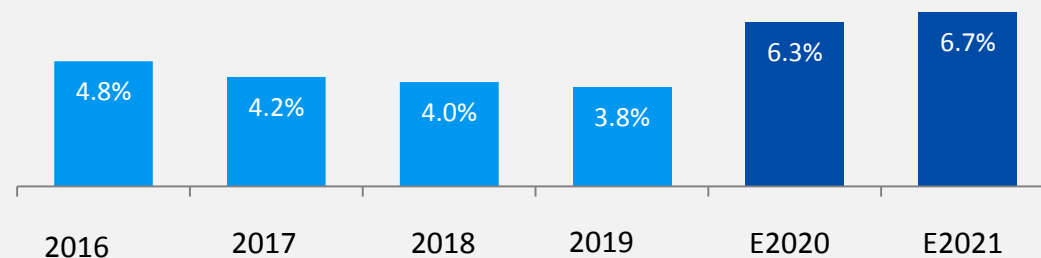
Q1 2020  
**(0.5%)**

E2020  
**(0.5%)**

E2021  
**0.7%**

## Unemployment, Annual Average, Age Group 25-64

BOI estimates (May 25 2020)



Source: Bank of Israel, Israel Ministry of Finance (MOF), Government Database for the Public data.gov.il



# Q1 2020 vs. Q1 2019

Income Statement		The COVID-19 Impact	
	Q1 2020	Q1 2019*	
Net Interest Income	2,169	2,120	Considerable Increase in Loan Loss Expenses, Primarily in Collective Provisions
Loan Loss Expenses (income)	860	(18)	
NII after Loan Losses Expenses	1,309	2,138	
Non-interest Finance Income	(660)	351	Capital Markets <ul style="list-style-type: none"> <li>• Substantial losses in Q1</li> <li>• Improvement since end of quarter, has offset these losses materially</li> </ul>
Commissions and Other income	893	809	
Operating & Other Expenses	1,803	1,946	Pension Liabilities Down by NIS 3B in Q1; Recorded Directly to Comprehensive Income
Net Income Attributed to Shareholders	(232)	879	
Comprehensive Income Attributed to Shareholders	1,359	697	

## Non-Indicative Financial Ratios:

Loan Loss Provision - 1.2%

Cost Income Ratio - 74.7%

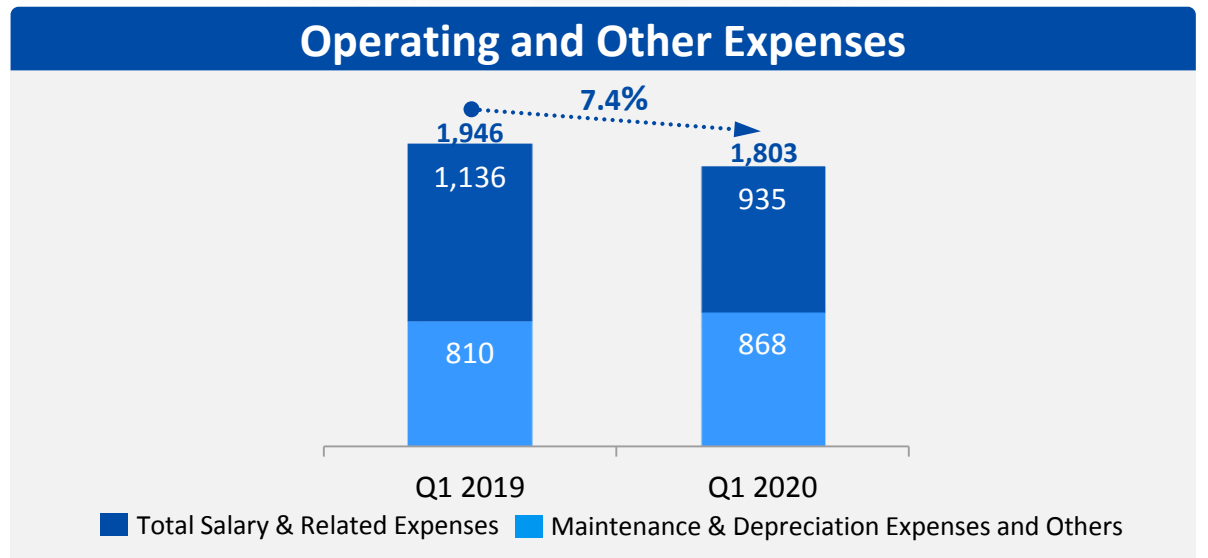
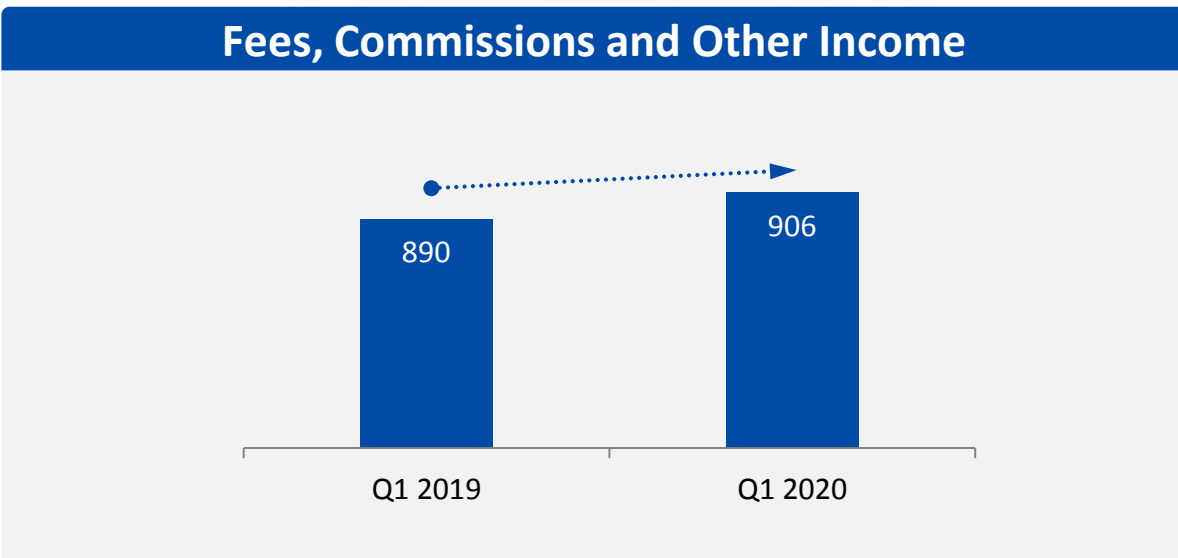
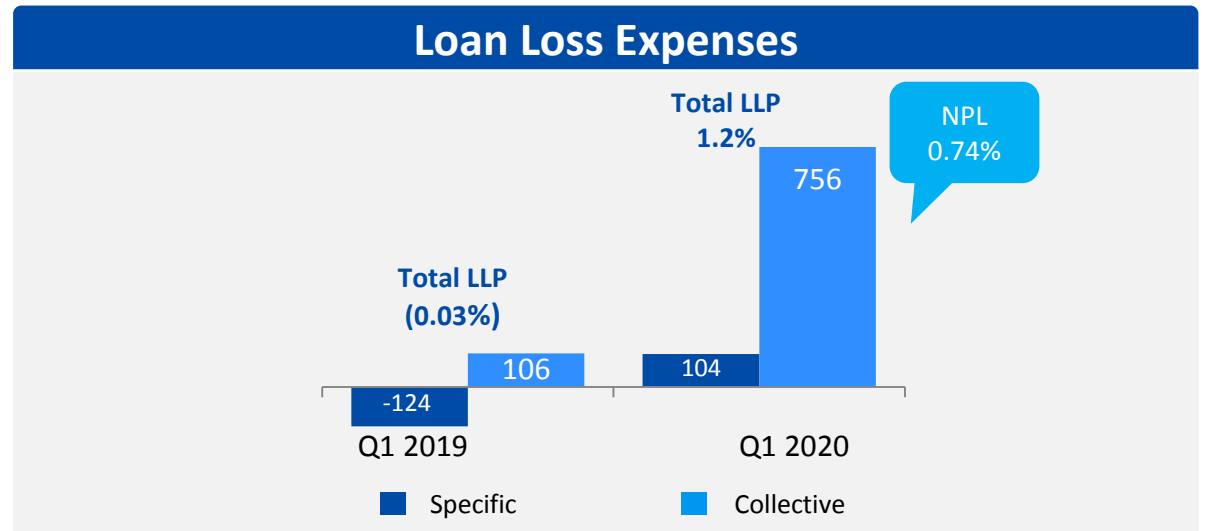
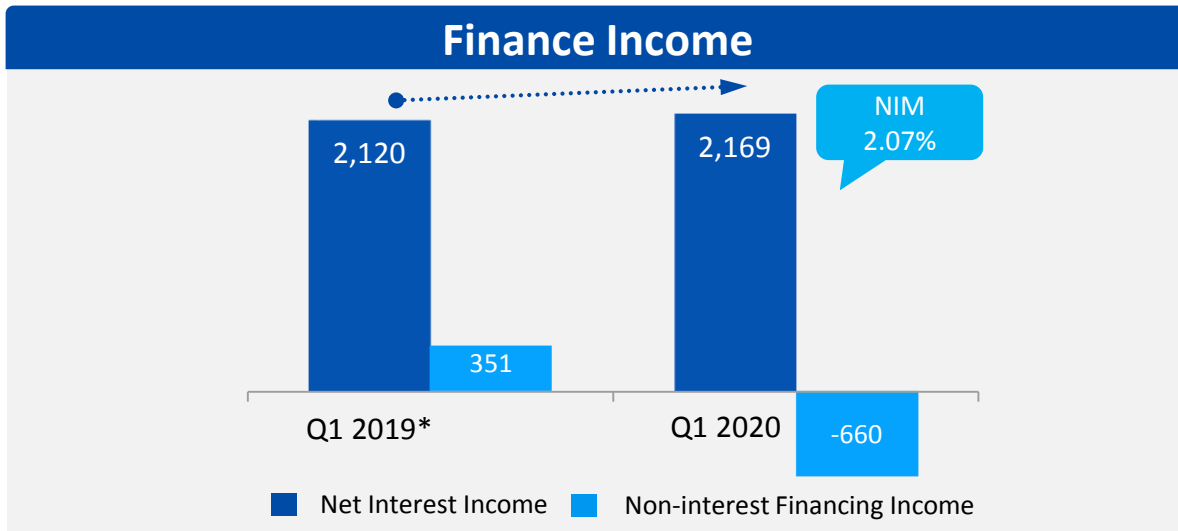
ROE - (2.6%)

(NIS Millions)

\* Excluding effect of the sale of Leumi Card , as per the financial statements



# Q1 2019 to Q1 2020 – Breakdown of Income and Expenses



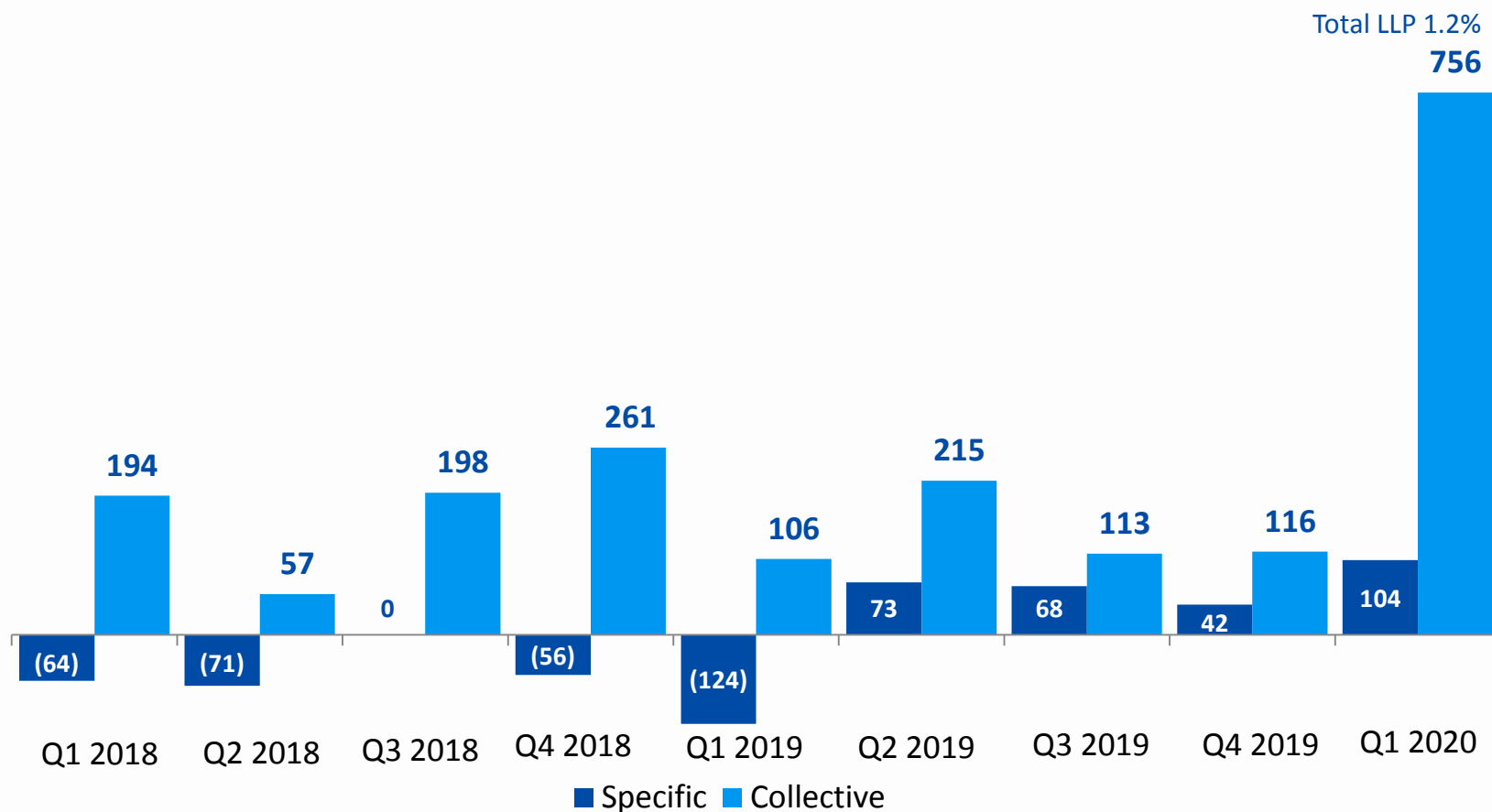
(NIS Millions)

\*Q1 2019 - Excluding the sale of Leumi Card NIS 314M

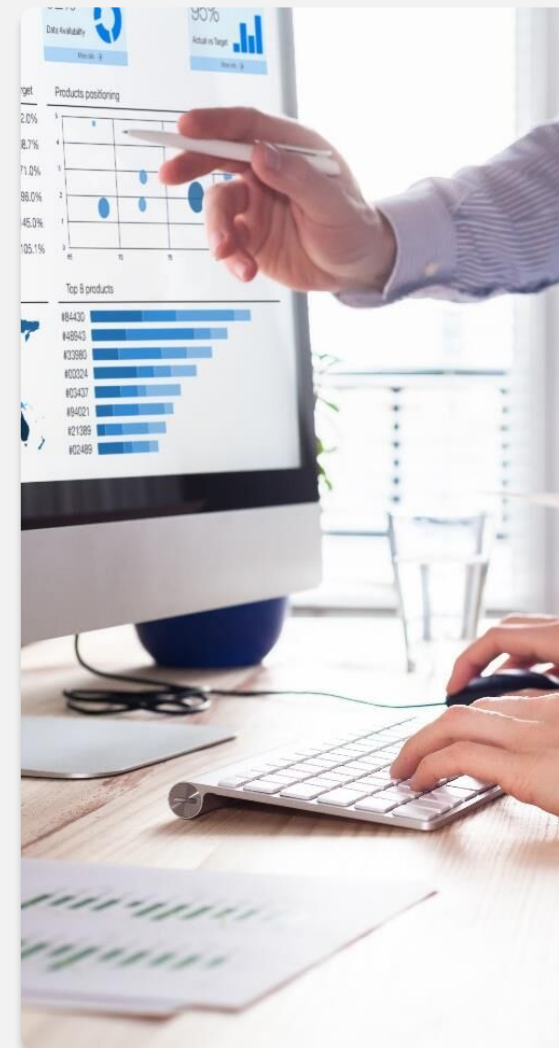


# Loan Loss Expenses Breakdown and Evolvment

## Q1 2018 through Q1 2020

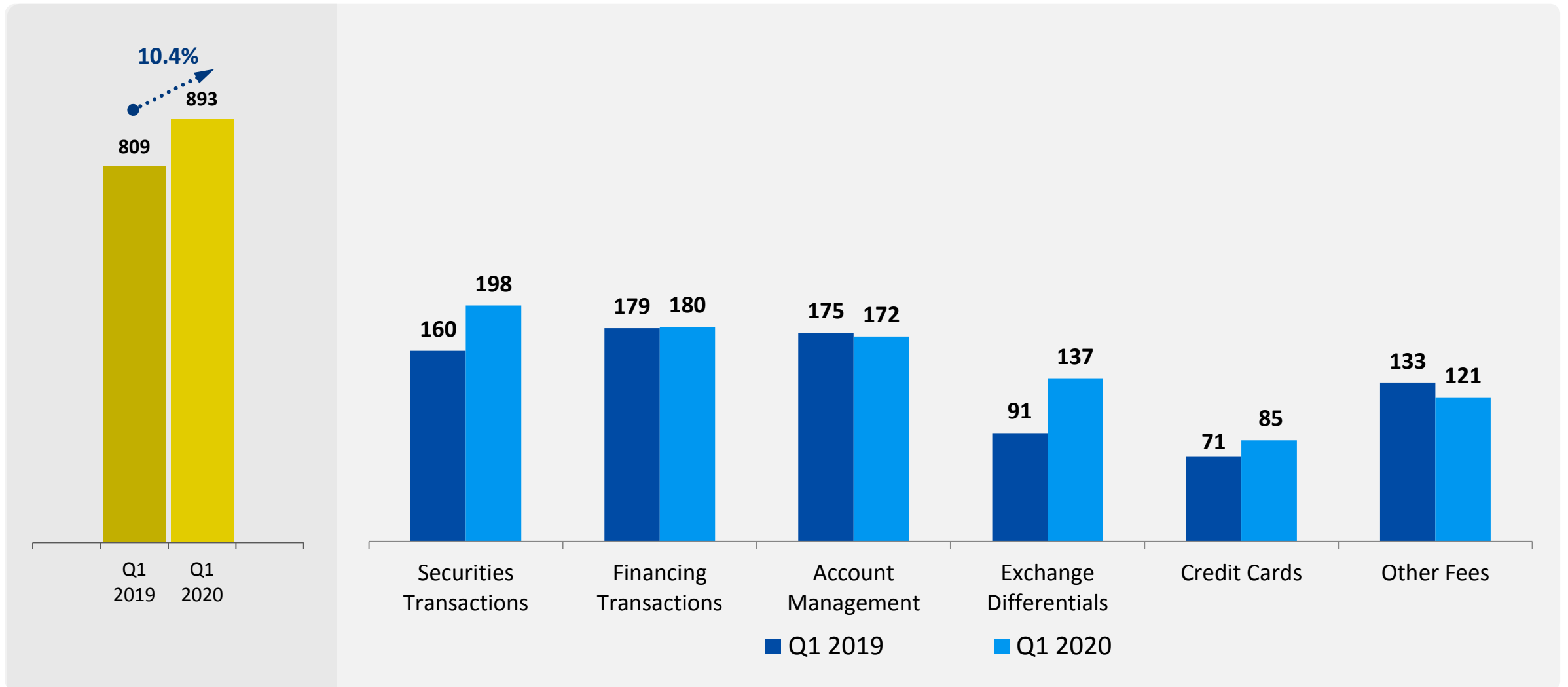


(NIS Millions)





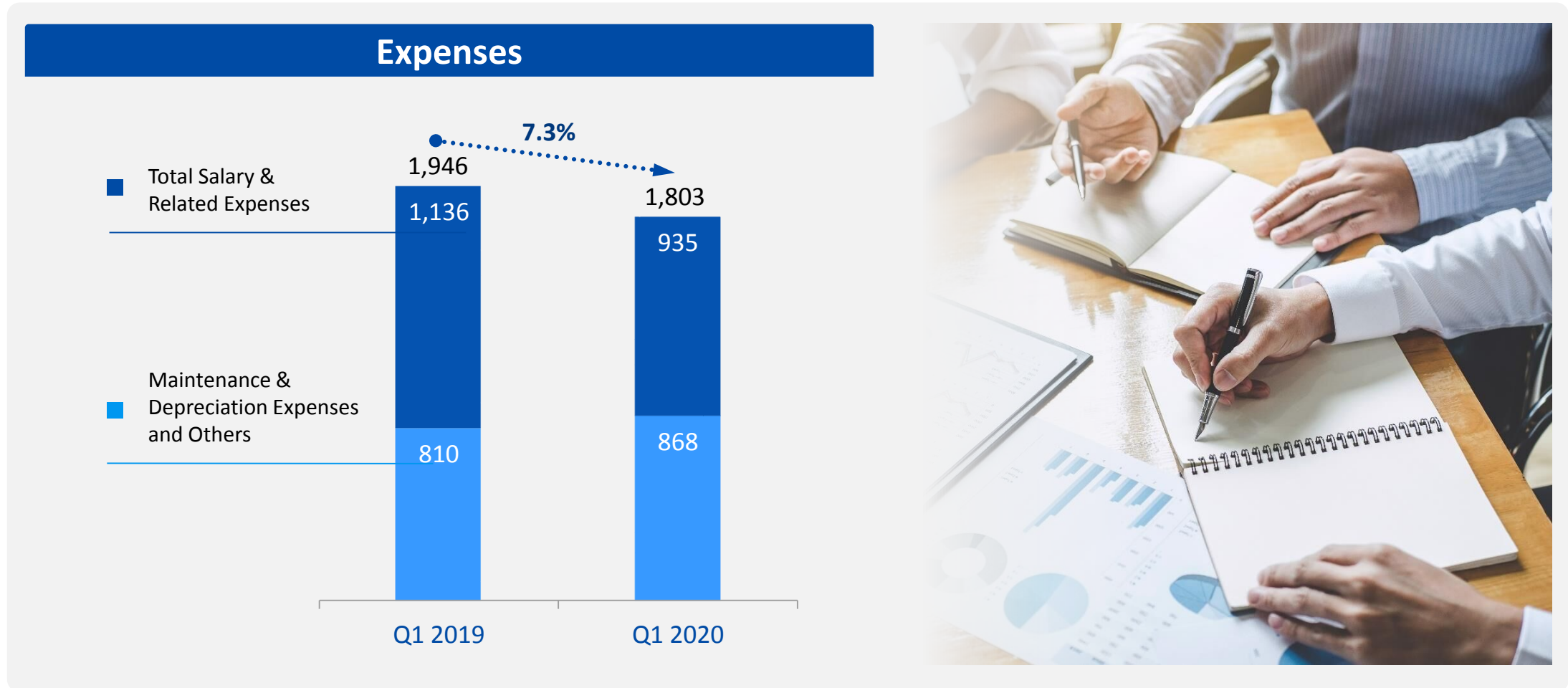
# Fees and Commissions Performance Year-over-Year



(NIS Millions)



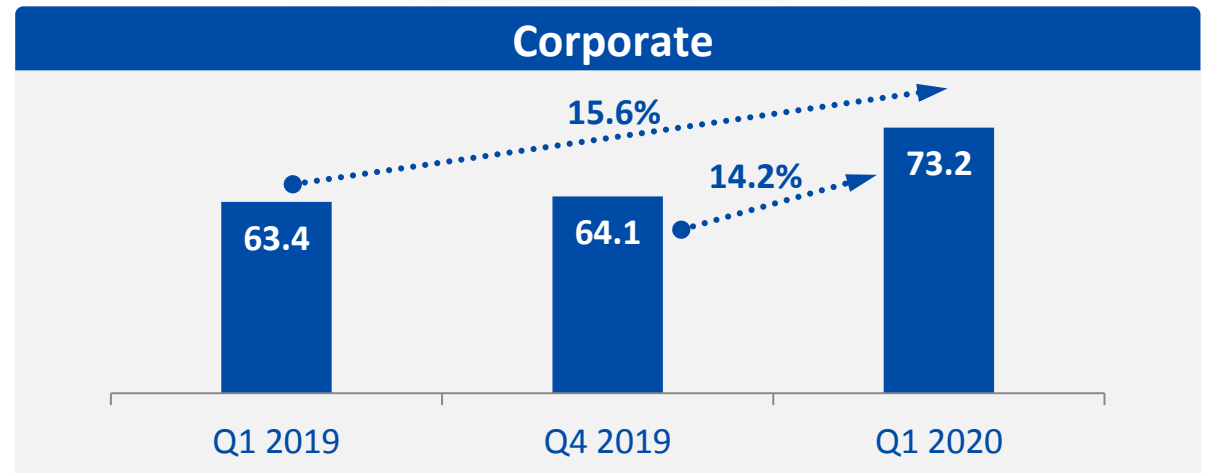
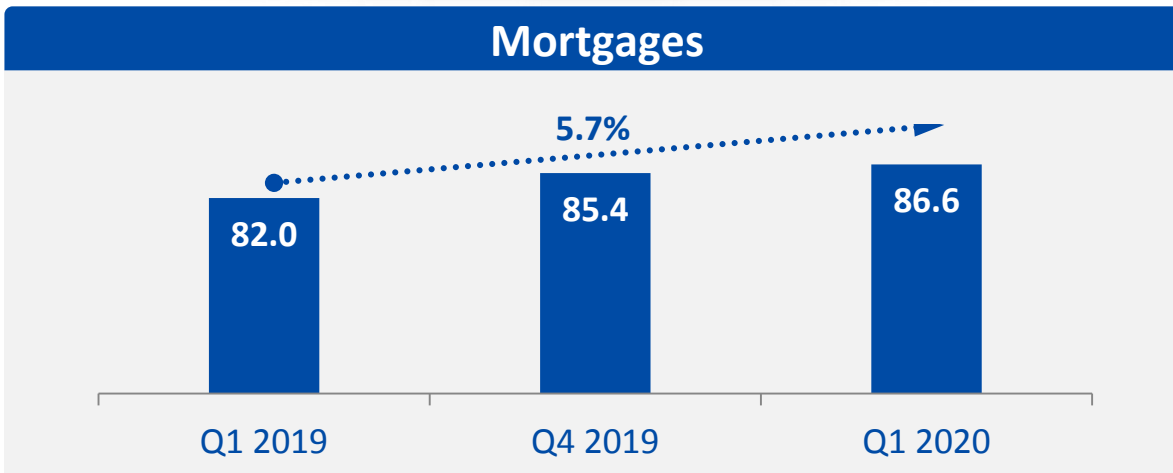
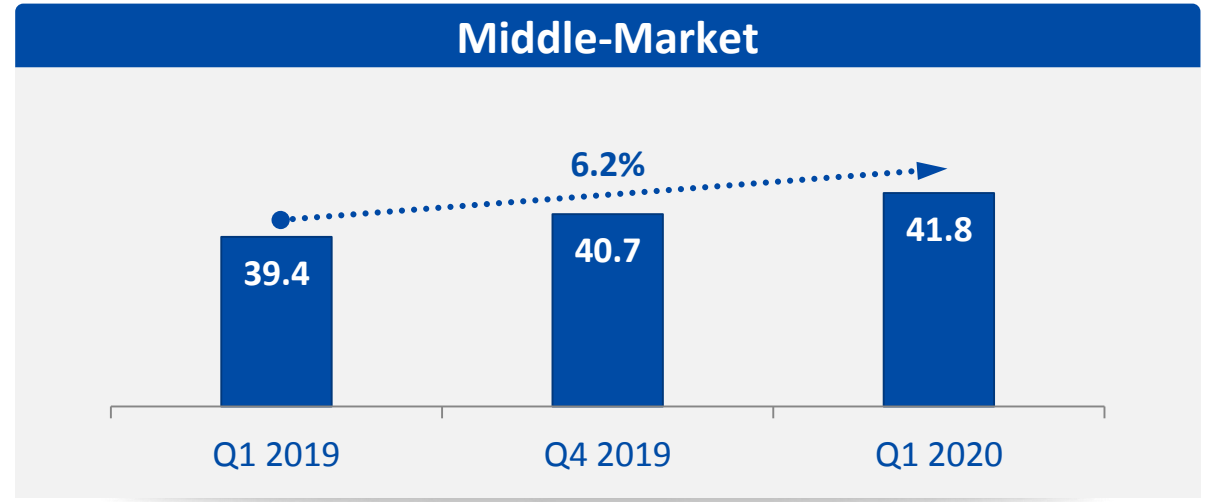
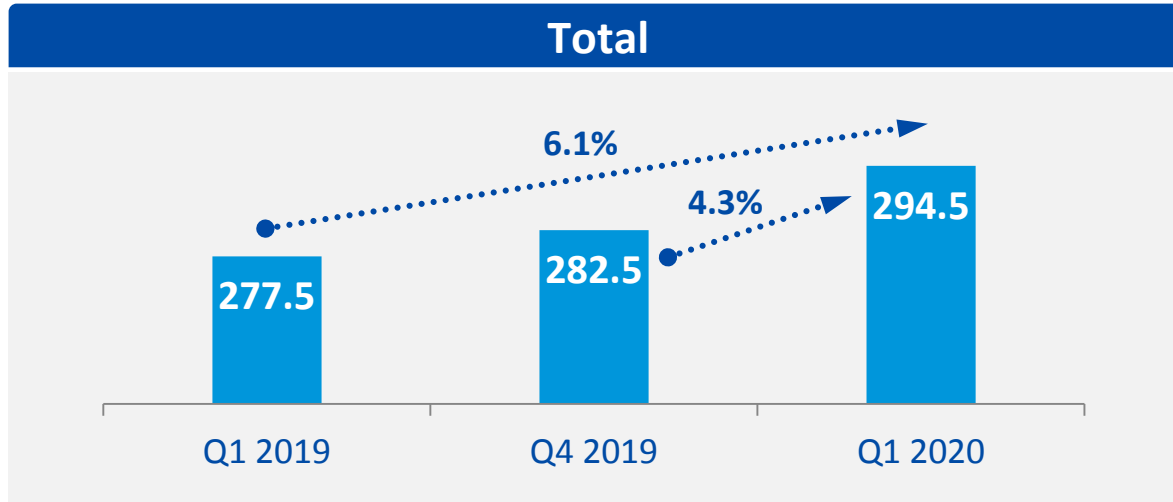
# Q1 Expenses and Efficiency Ratio



(NIS Millions)



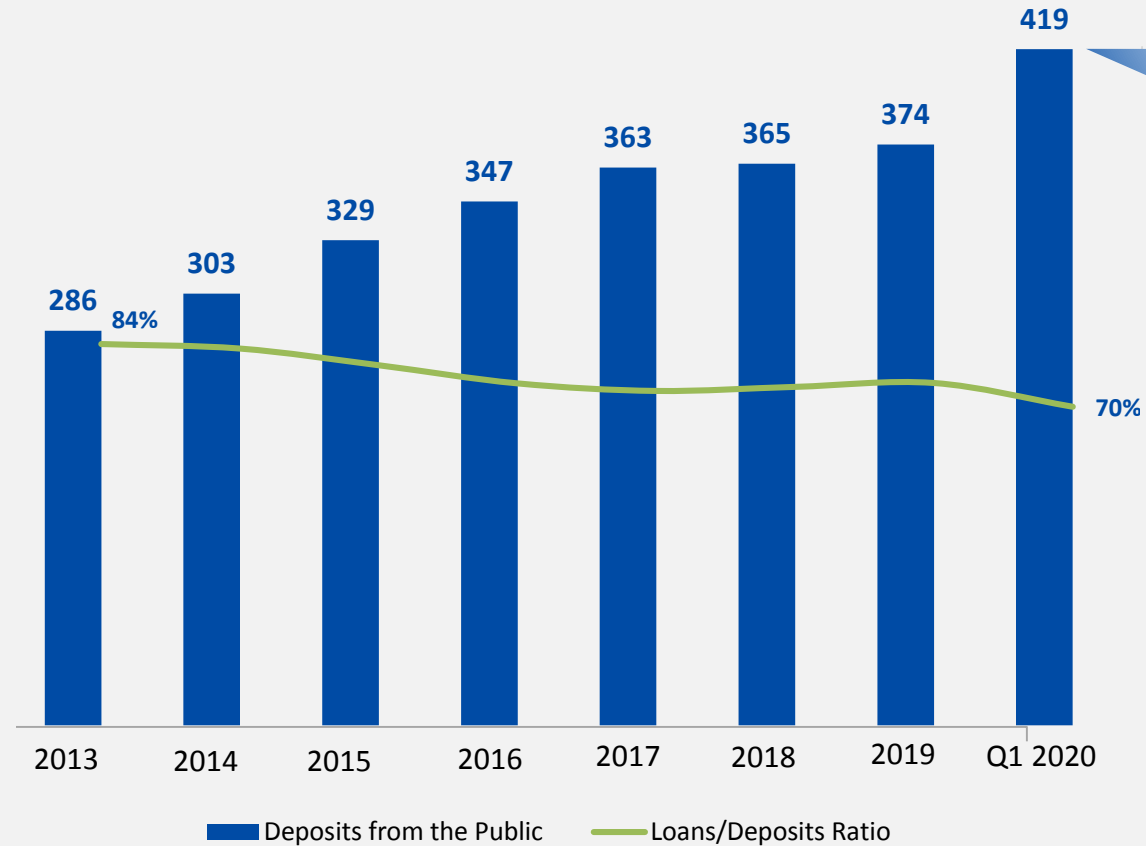
# Loan Growth in Line with Strategy



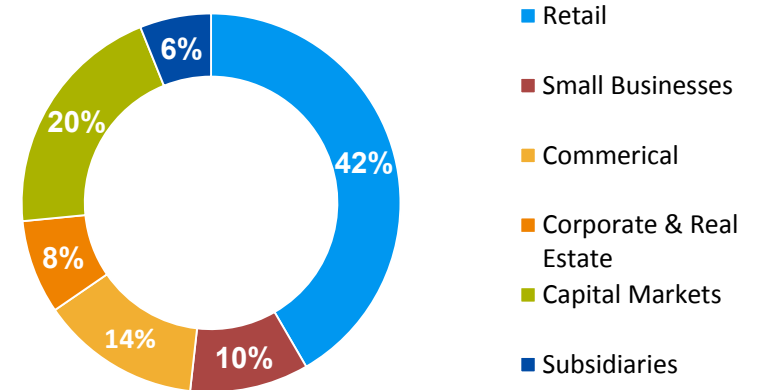
(NIS Billions)  
Corporate includes Corporate and Real-Estate



# Solid and Diverse Deposit Base. Conservative, Well-funded Portfolio



## Deposits from the Public March 31, 2020



(NIS Billions)



# Capital Regulatory Easement and Requirements

## Capital Requirement– Regulatory Easement

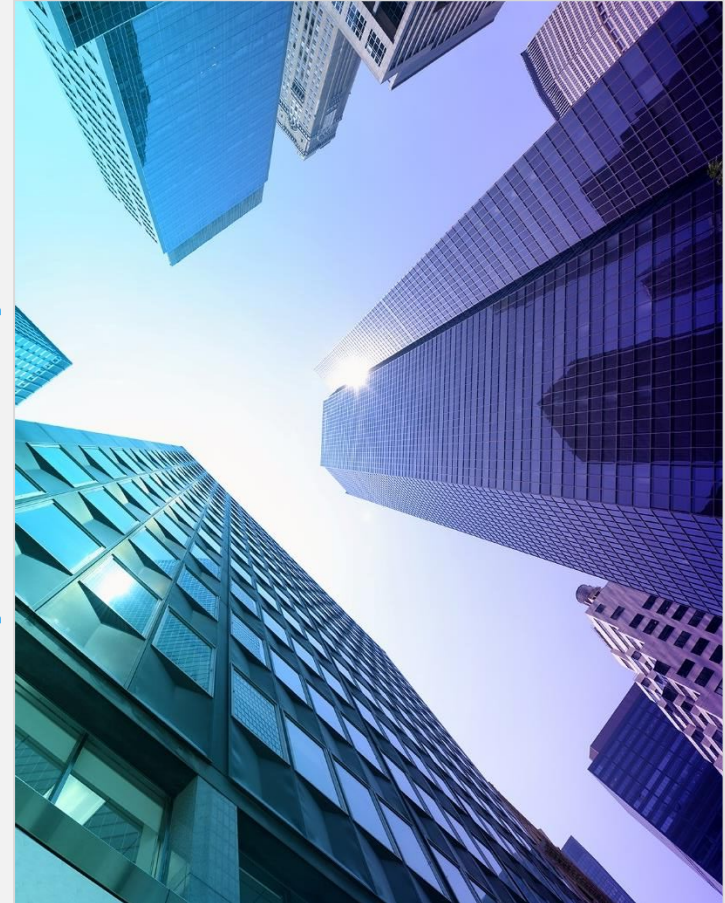
- CET1 – reduced from 10.25% to 9.25%
- TCR – reduced from 13.75% to 12.75%
- Back to original requirement by September 30, 2022

## Dividends

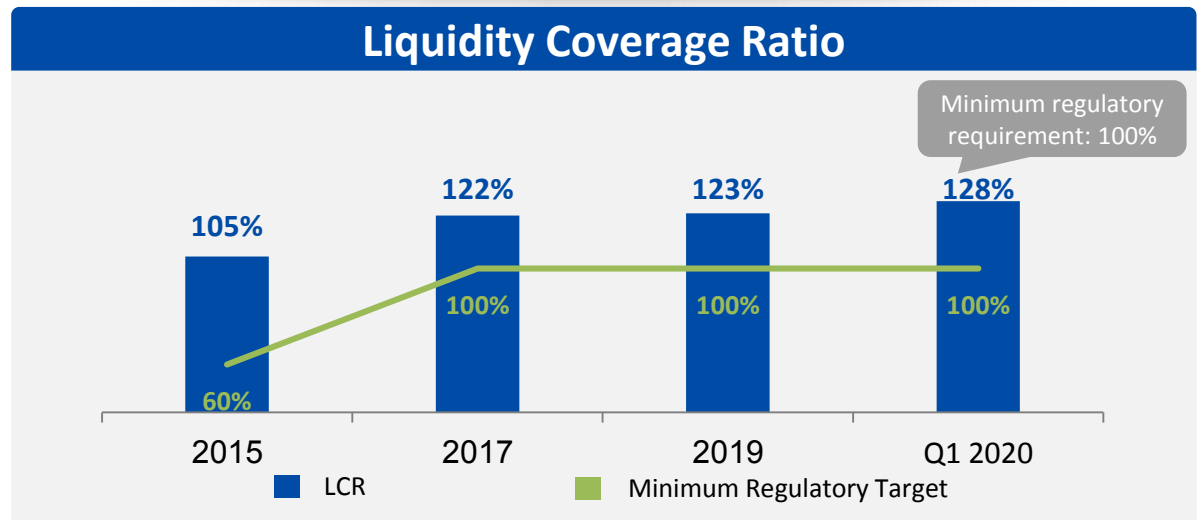
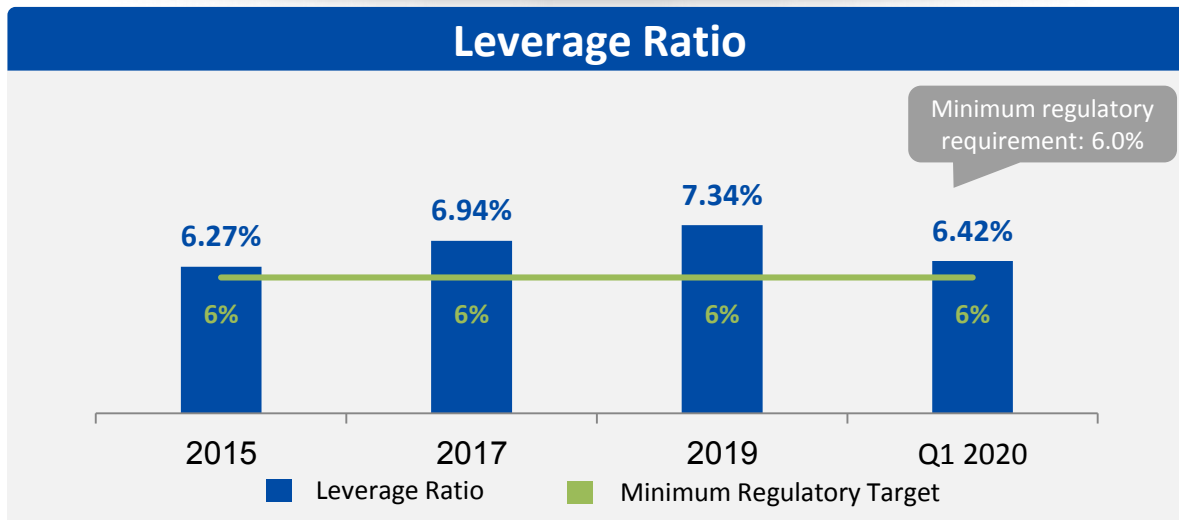
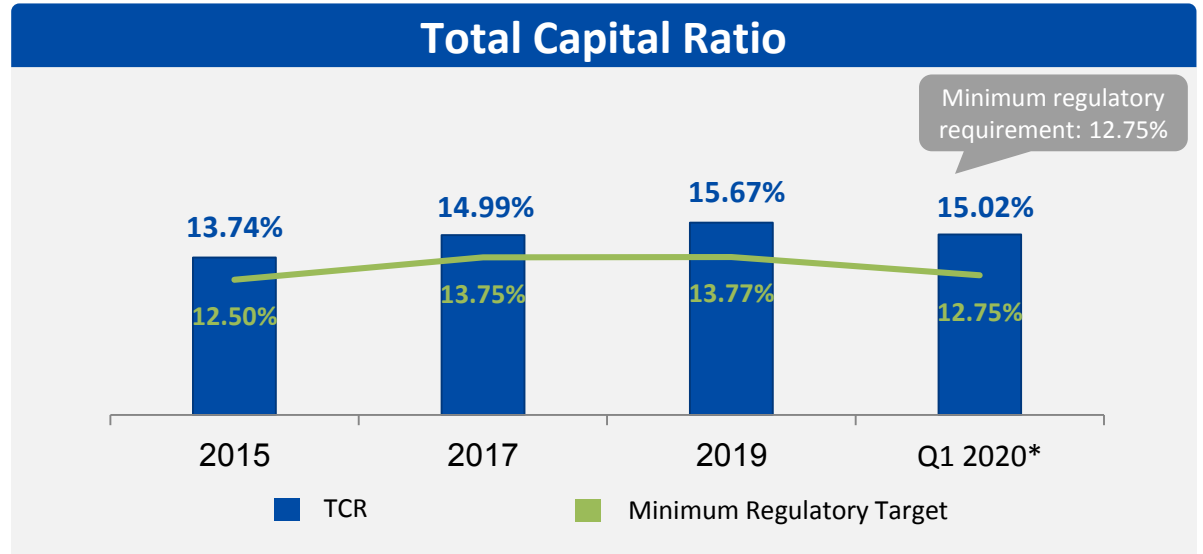
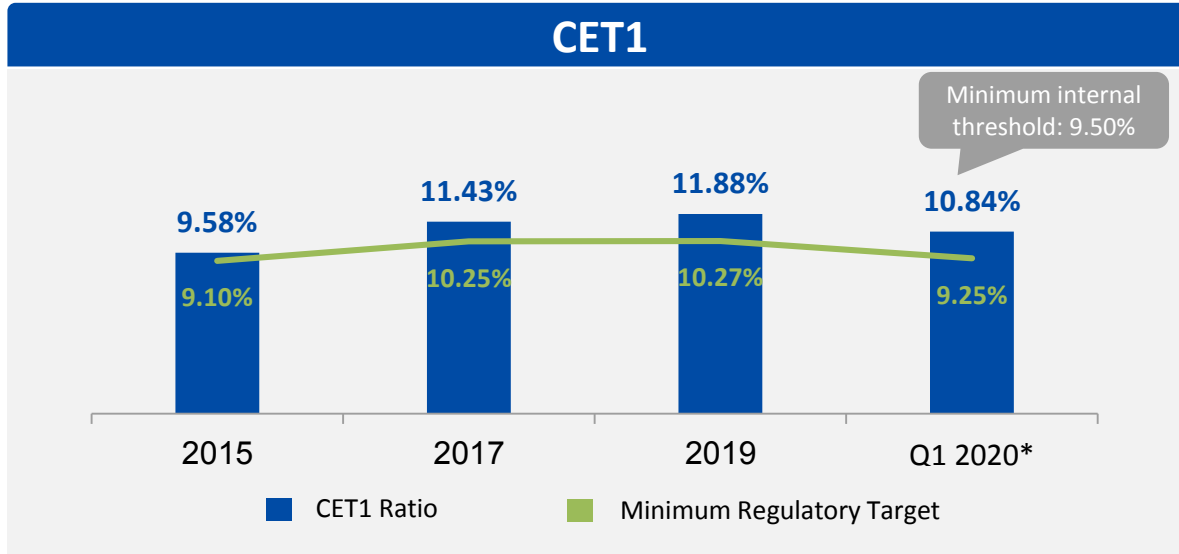
- Distribution plan implementation put on hold

## Buyback

- 1<sup>st</sup> stage - NIS 250 million completed on April 2, 2020
- Remainder of implementation put on hold



# Solid Capital and Leverage Ratios



\* Regulatory target currently valid through September 30, 2022





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Q&A



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THANK YOU