

**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  
3 Abba Hillel Silver St. Lod 7129404  
Phone: 076-8858111, 076-889419; Facsimile: 076-8859732  
Electronic Mail: David\_S@bll.co.il

March 19, 2024  
Reference: 2024-01-028089

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

**Immediate Report for General Material Information**

Nature of Event: *Presentation of the 2023 Financial Statements*

Issuance results should be reported using T20 form and not this form.  
Report on the rating of bonds or a corporation should be filed using a T125 form

Reference number of previous reports on the matter \_\_\_\_\_, \_\_\_\_\_.

Attached please find is a file [Presentation19324\\_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: *March 19, 2024, at 11:42.*

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

	<b>Name of the signatory</b>	<b>Title</b>	<b>Other</b>
<b>1</b>	<i>Omer Ziv</i>	<i>Head of the Capital Markes 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: 3 Abba Hillel Silver St. Lod 7129404, Tel: 076-8858111, 076-8859419 Facsimile: 076-8859732 Electronic Mail: [David\\_S@bll.co.il](mailto:David_S@bll.co.il) company's website: [www.leumi.co.il](http://www.leumi.co.il)

*Previous names of the reporting entity:*

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Name of Electronic Reporter: David Raoul Sackstein, Position: General Secretary, 3 Abba Hillel Silver St. Lod 7129404, Phone: 076-8857984, Facsimile: 076-8859732 Electronic Mail: [David.sackstein@bankleumi.co.il](mailto: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.magna.isa.gov.il/>

FY 2023



# Financial results presentation

# Disclaimer

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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.

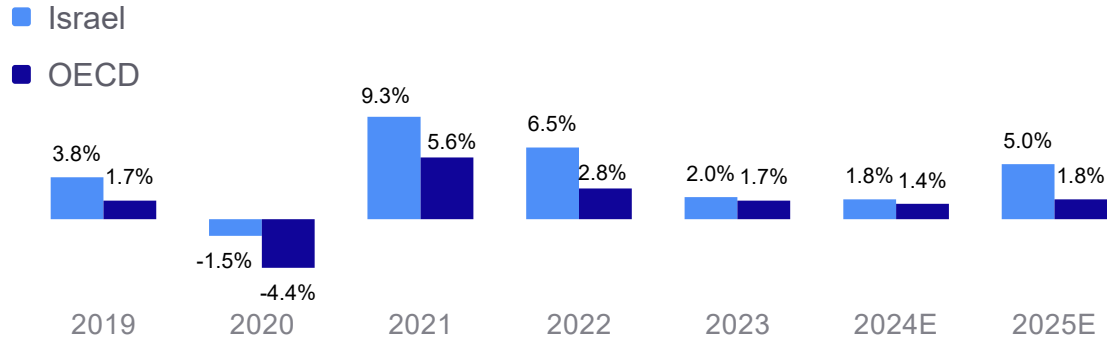
The conference call does not replace the need to review the latest periodic / quarterly reports in which full information is contained, including forward looking information, as defined in the Israeli Securities Law, and set out in the afore mentioned reports.

# Slower growth in 2024

## Economic fundamentals remain strong

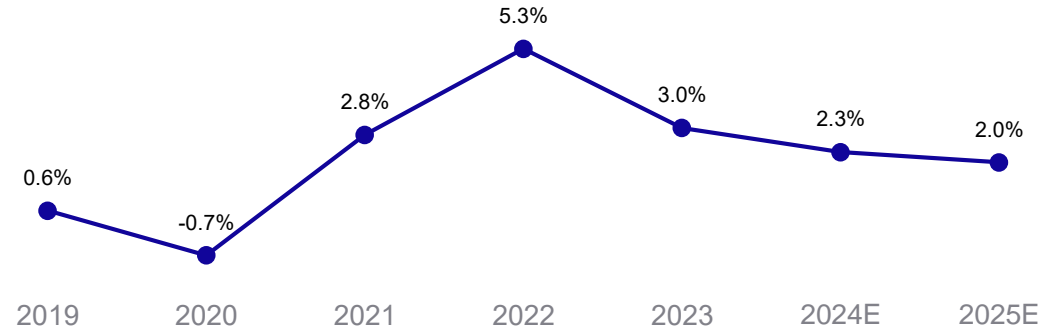
### ➤ GDP impact in 2024

(Real GDP Growth)



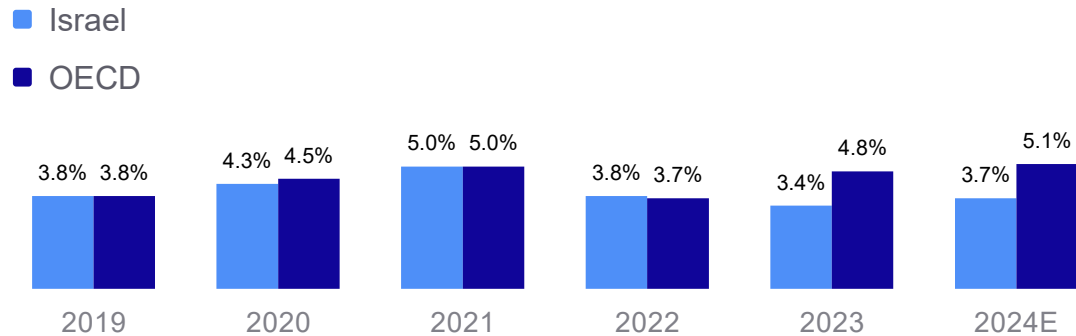
### ➤ Inflation slowing

(Inflation Evolution)



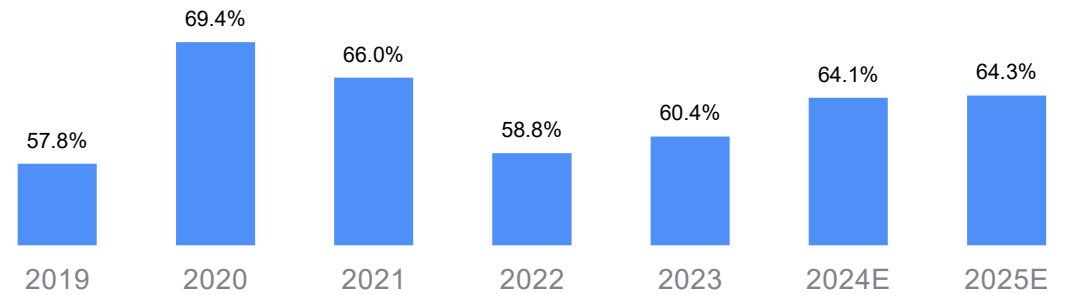
### ➤ Strong labor market

(Unemployment Rate <sup>(1)</sup> Evolution)

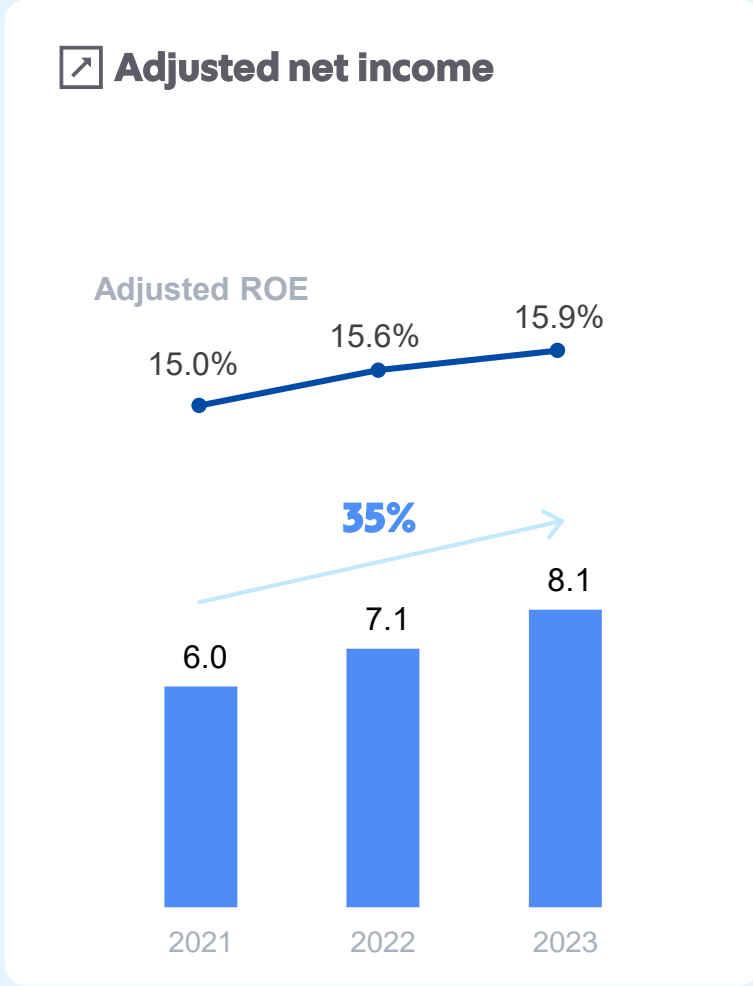
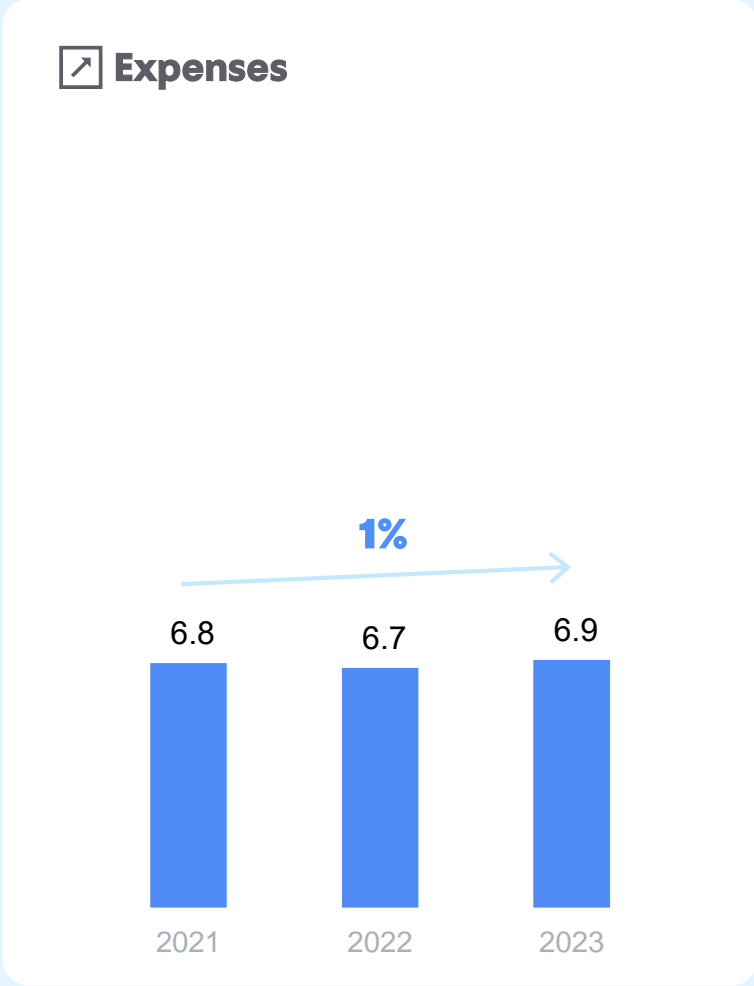
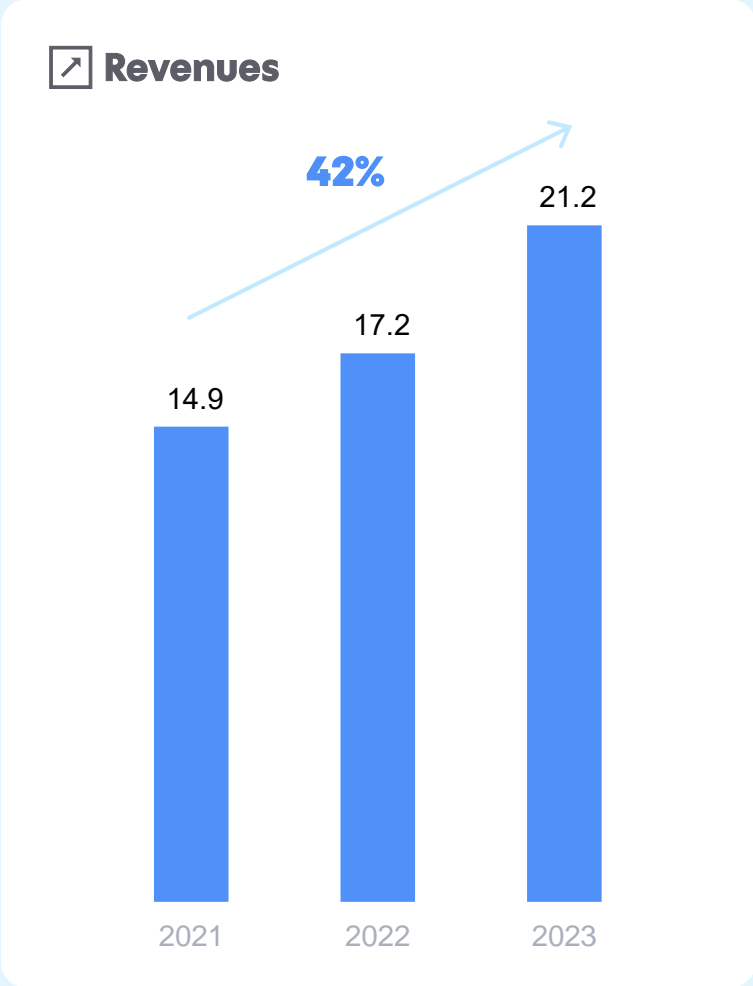


### ➤ Moderate increase in public debts

(Government Debt/GDP)



# Long-term growth in revenues and adjusted profit



4 (NIS Billions).  
Revenues and Expenses in 2021 and 2022 is excluding Leumi USA and proceeds of Leumi USA sale.  
Adjusted net income and ROE in 2022 excludes Leumi USA merger proceeds of NIS 645 million.  
Adjusted net income and ROE in 2023 excludes impairment of Valley stake of NIS 1.1 billion.

# Key 4Q 2023 messages

- The Iron Swords War which began in Israel on October 7<sup>th</sup> has resulted – among other things – in a decline in economic activity and an increase in economic uncertainty and risk.
- Measures taken by the bank to support those affected by the war include among others, exemptions and deferrals on loan payments and cuts to fees for affected customers. The bank also established an aid fund to support the rebuilding and rehabilitation of Kibbutz Be'eri on the Gaza border. Total estimated cost of these benefits is around NIS 575 million assuming 100% take-up.
- 4Q 2023 results reflect a slowdown in demand for credit and elevated collective provisions due to the reduced economic activity and increased uncertainty – despite this challenging environment, quarterly net income was NIS 1.8 billion with a healthy mid-teen ROE.
- The bank will distribute 20% of net income for the quarter bringing the annual dividend distribution to NIS 1.75 billion in addition to a share buyback of NIS 600m (of NIS 800m program). Total capital return of NIS 2.35 billion is 33% of 2023 net profit and reflects a +5% annual yield.
- In 1Q 2024, the bank will record pre-tax profit from the sale of two HQ buildings of NIS 829 million.

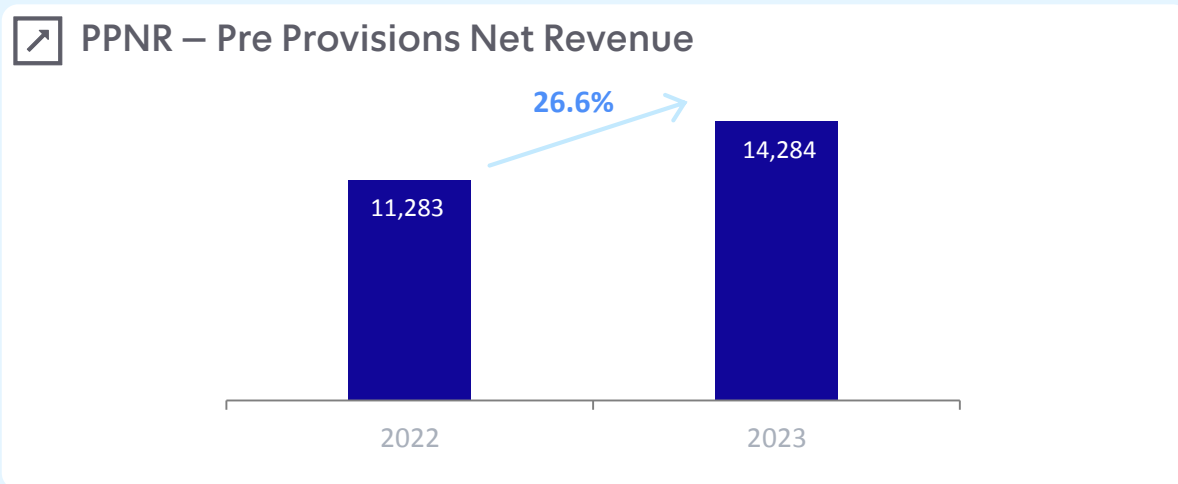
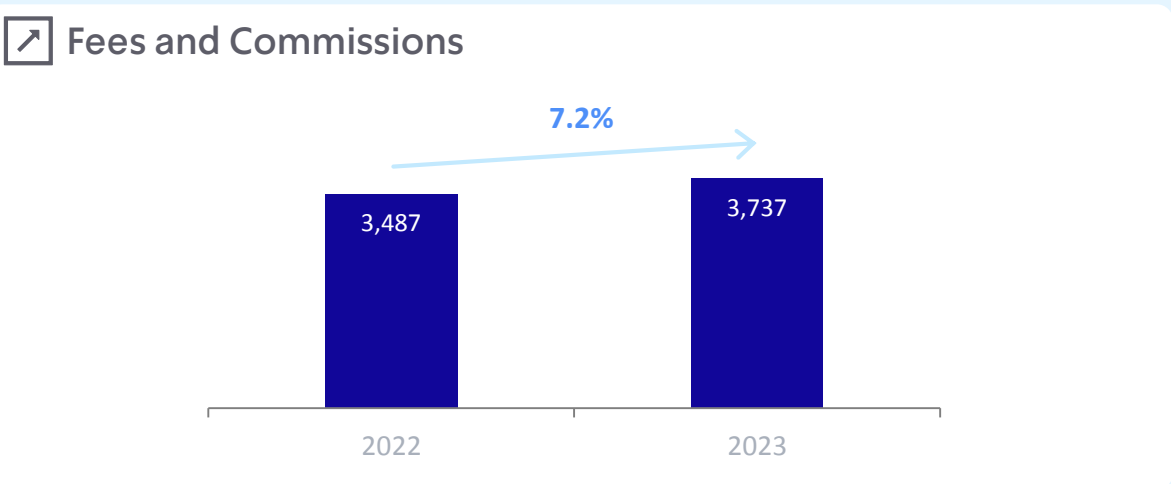
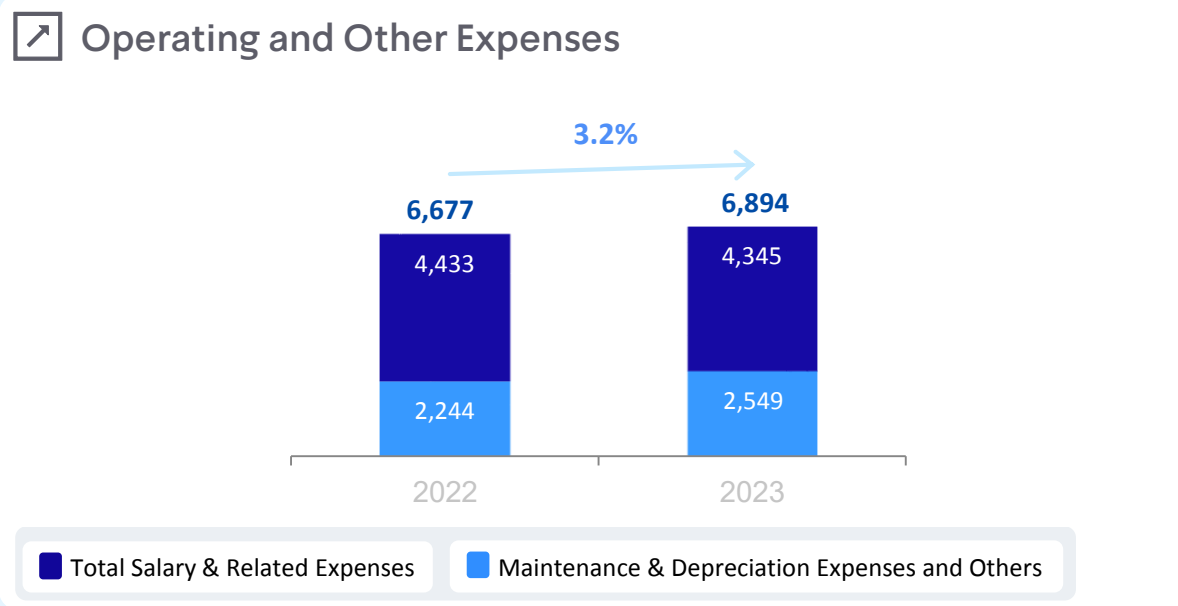
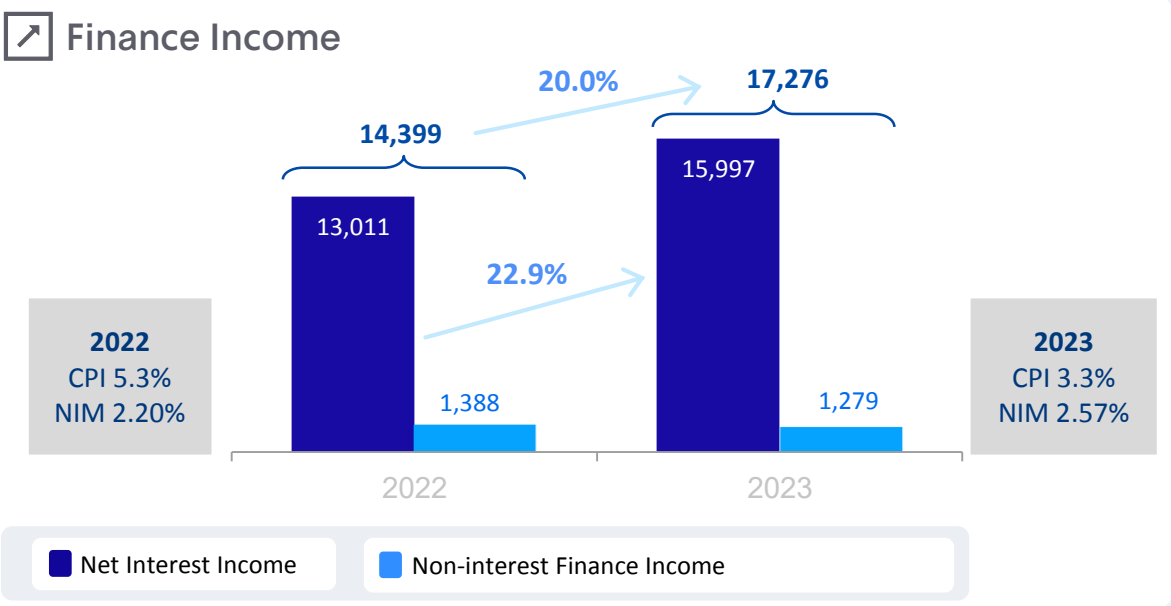
# Strong underlying performance

## Key financial metrics

	FY 2023	FY 2022	4Q 2023
Net Income	<b>7,027</b>	<b>7,709</b>	<b>1,826</b>
ROE	<b>13.7%</b>	<b>17.0%</b>	<b>13.8%</b>
Cost Income Ratio	<b>32.6%</b>	<b>37.2%</b>	<b>36.1%</b>
Credit Loss Expenses	<b>0.58%</b>	<b>0.13%</b>	<b>0.63%</b>
Net Loan Growth	<b>9.0%</b> <small>Y-o-Y</small>	<b>18.4%</b> <small>Y-o-Y</small>	<b>0.5%</b> <small>Q-o-Q</small>
Core Deposit Growth	<b>6.9%</b> <small>Y-o-Y</small>	<b>9.5%</b> <small>Y-o-Y</small>	<b>0.8%</b> <small>Q-o-Q</small>



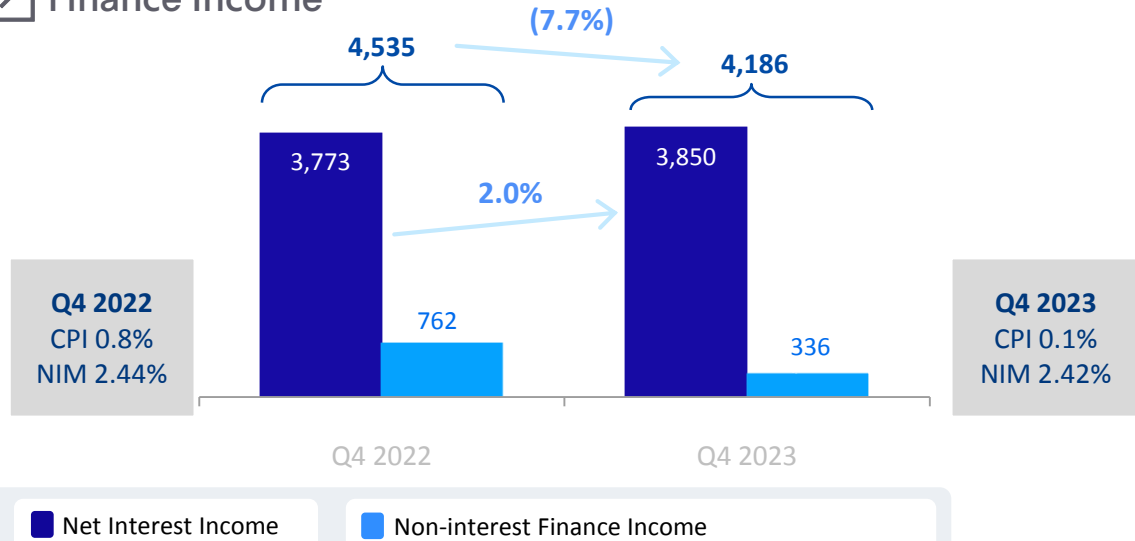
# 2023 vs. 2022 – Breakdown of Income and Expenses



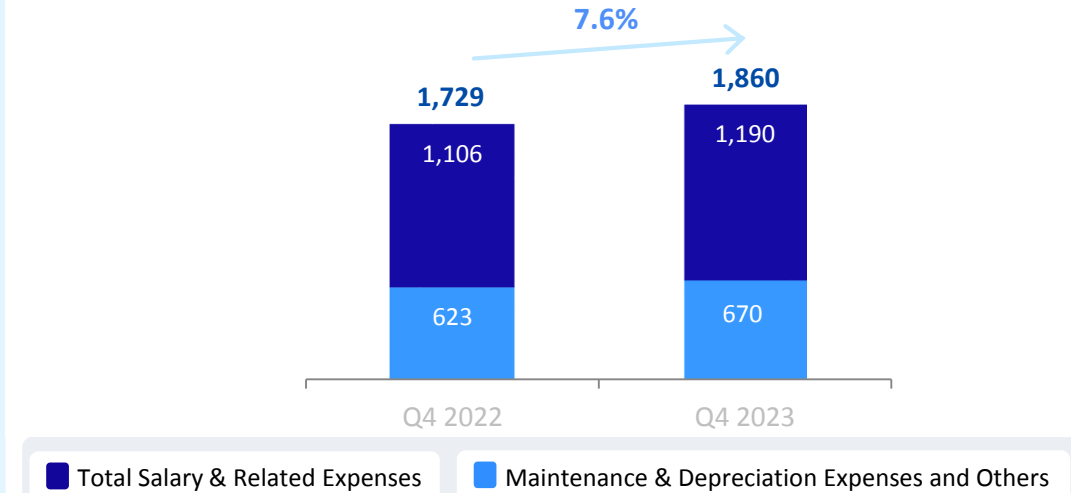
(NIS Millions)  
2022 is excluding Leumi USA.  
Total Salaries and Related Expenses include pension and other salary costs of NIS 591 million in 2022 and NIS 861 million in 2023.

# Q4 2023 vs. Q4 2022 – Breakdown of Income and Expenses

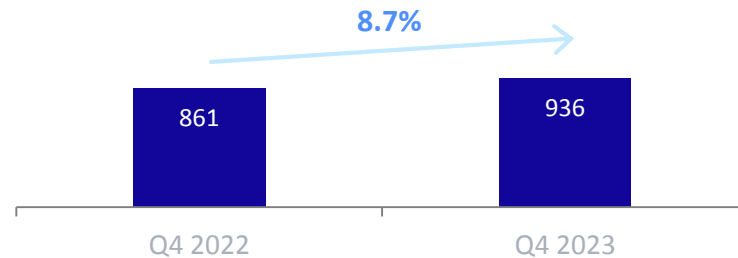
## Finance Income



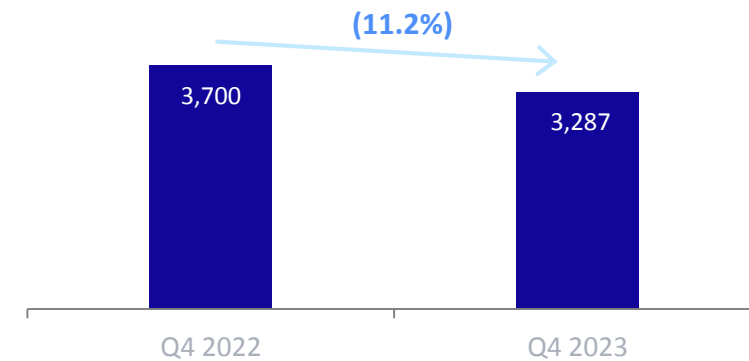
## Operating and Other Expenses



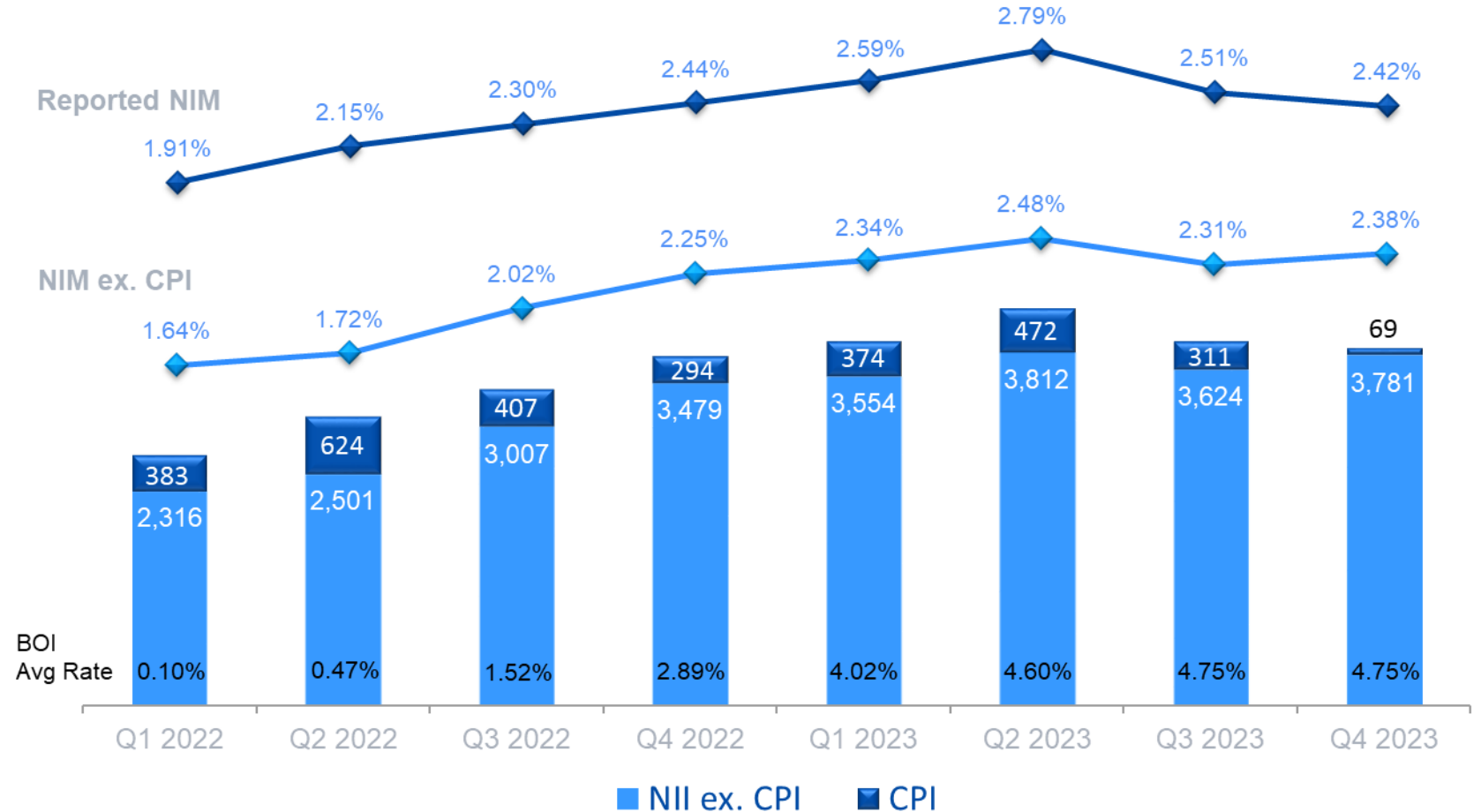
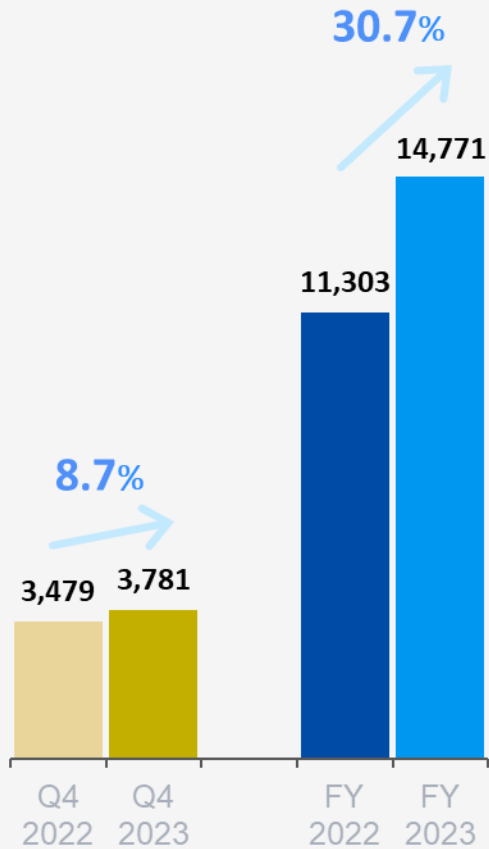
## Fees and Commissions



## PPNR – Pre Provisions Net Revenue

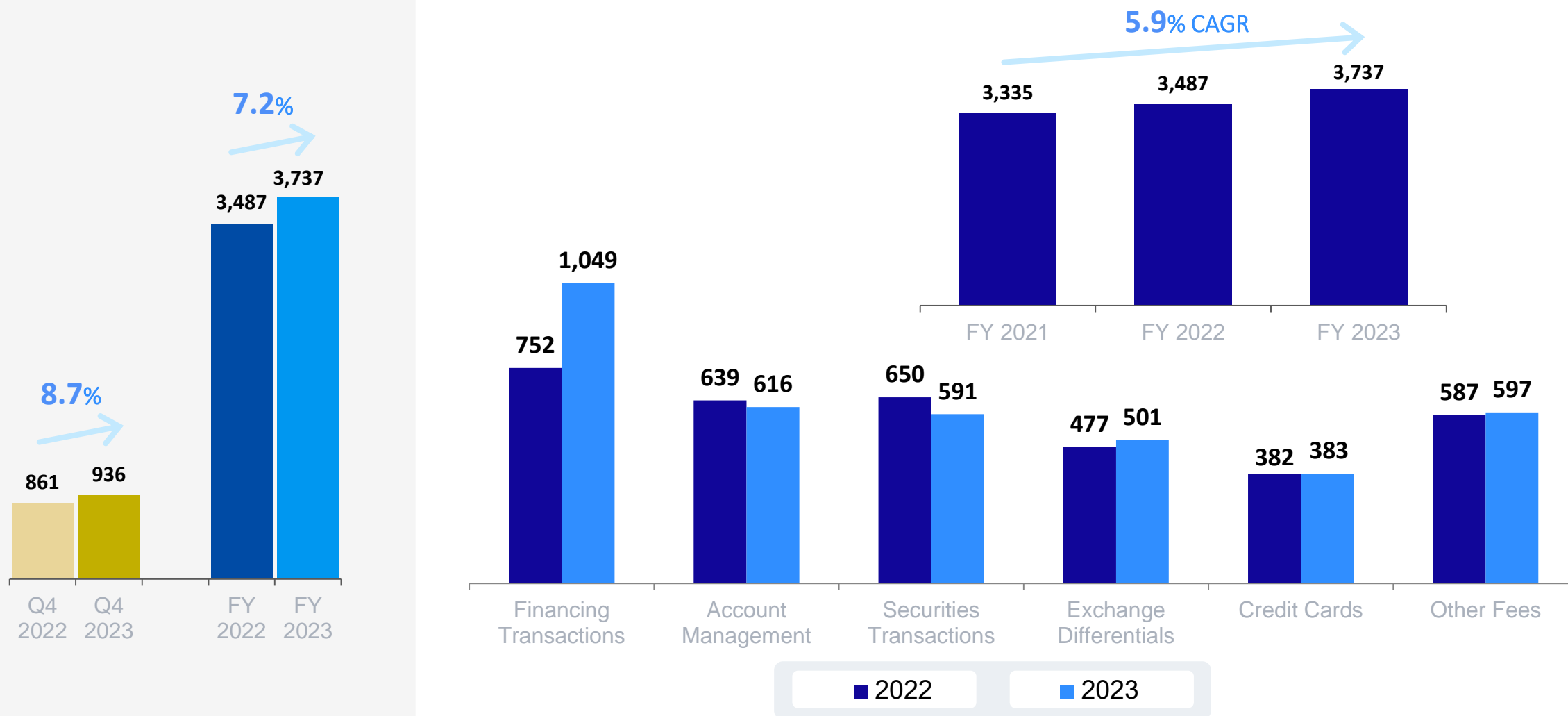


# Higher assets and NIM driving higher NII ex. CPI



(NIS Millions)  
2022 is excluding Leumi USA.

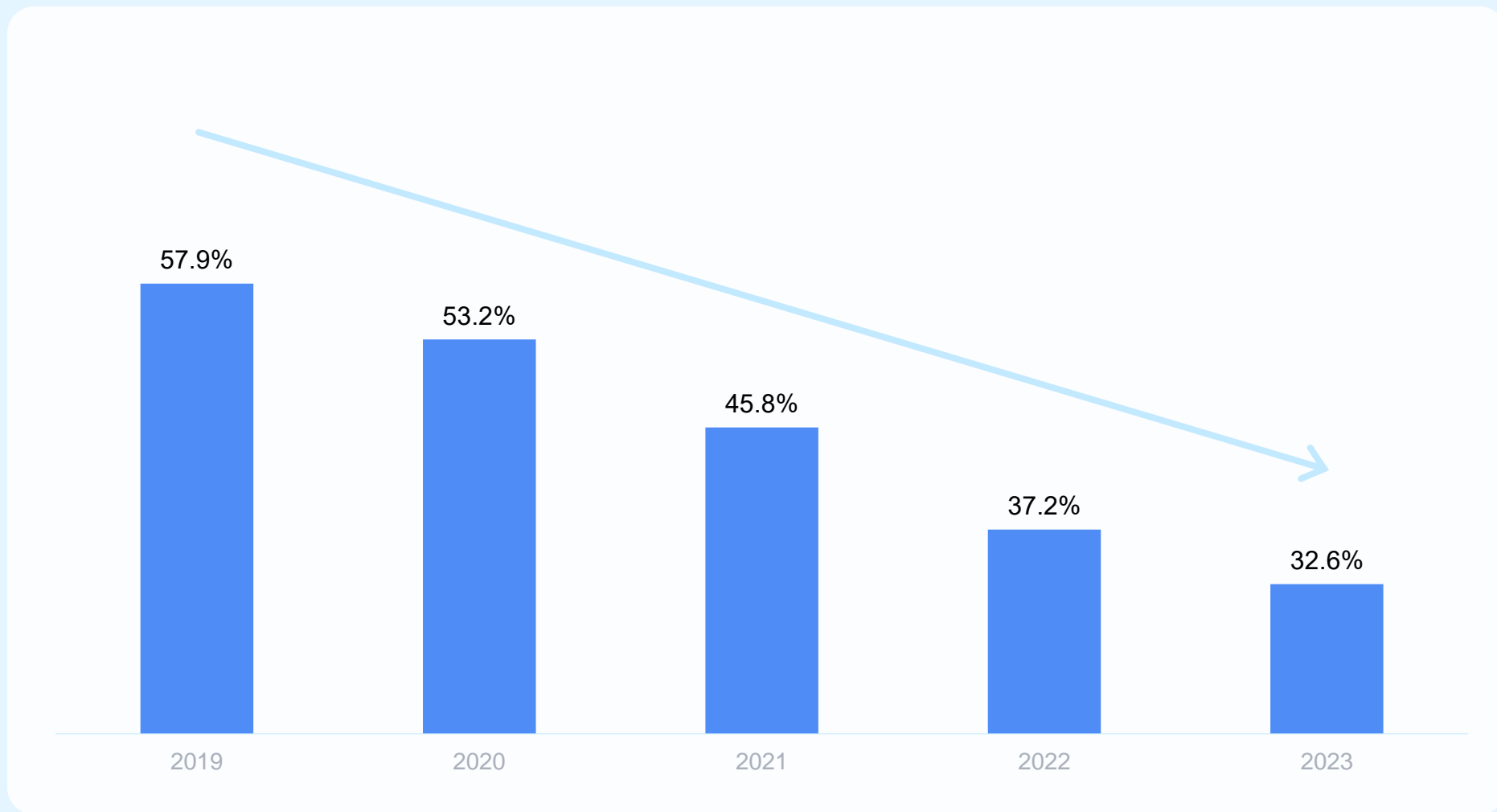
# Higher activity driving growth in fees and commissions



(NIS Millions)

10 2021 and 2022 is excluding Leumi USA.

# Multi-year decline in cost-income ratio

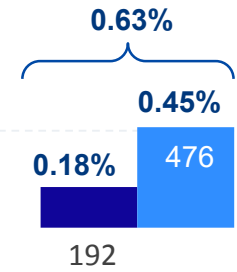
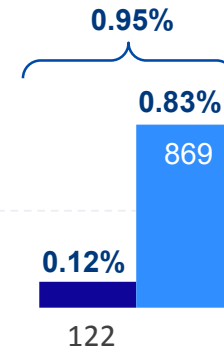
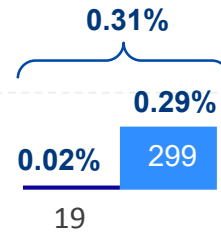
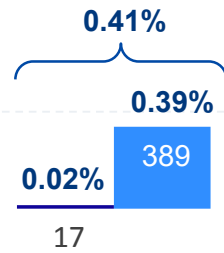
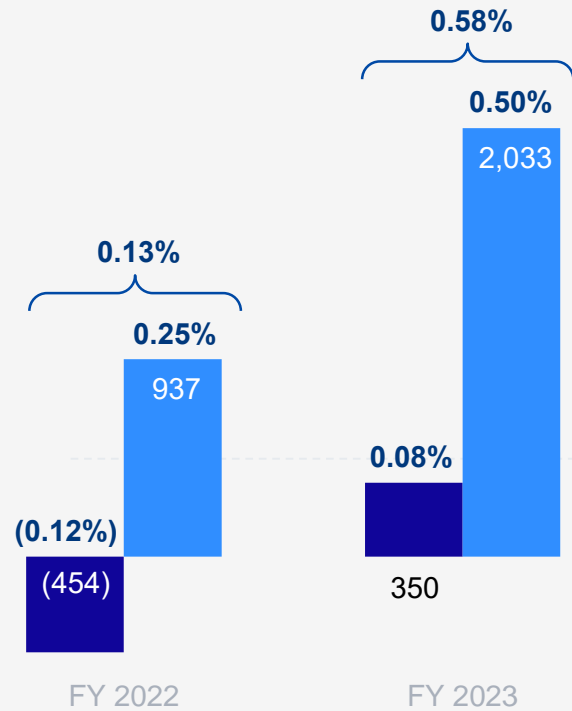


Leumi cost income ratio for 2019 is net of the effect of Leumi Card and excludes Leumi USA and for 2020-2022 excludes Leumi USA.

# Higher collective provisions due to macro

## Specific provisions remain low

### Loan loss expenses



■ Specific

■ Collective

(NIS Millions)

# Credit quality indicators remain robust

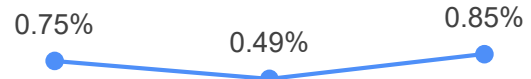
## Higher provisions provide a healthy buffer

### Credit Quality Indicators

#### Total Troubled Debts



#### NPLs



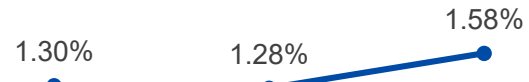
2021

2022

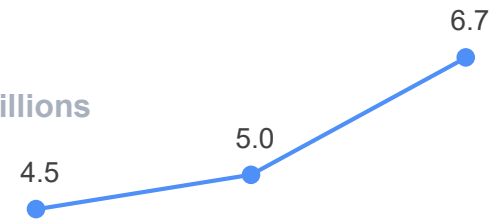
2023

### Total Provisions

#### Total Provisions



#### NIS Billions



2021

2022

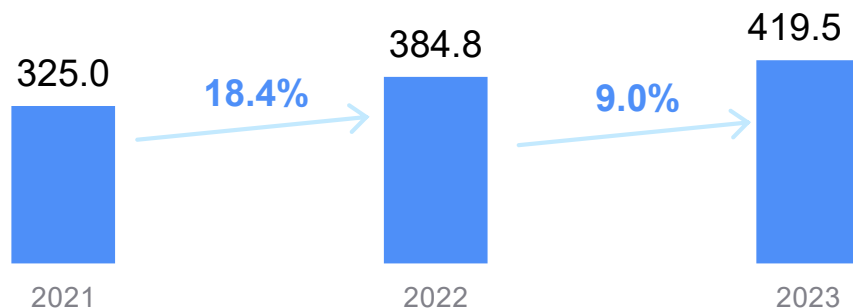
2023

The increase in total provisions in 2023 was mainly due to an increase in the collective provision – the total credit loss expense for the year was 0.58% while the credit loss expense in the specific provision was 0.08%

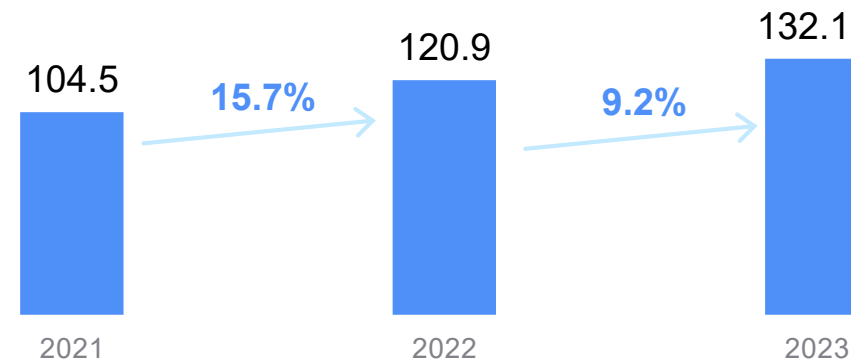
Reported. Total Troubled Debts, NPLs and Total Provisions are all as a % of Gross Loans.

# Higher than sector credit growth, but moderating

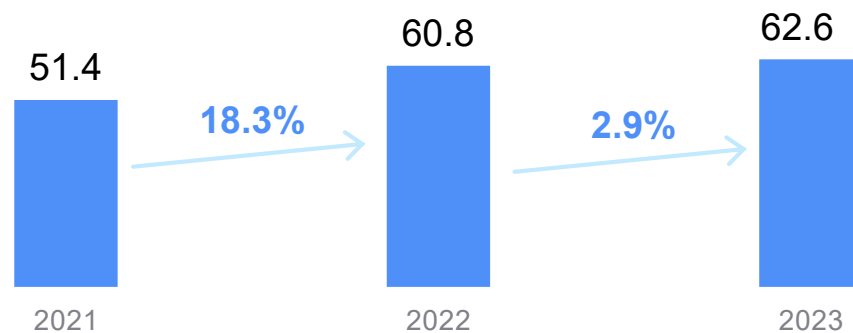
## Total Loans



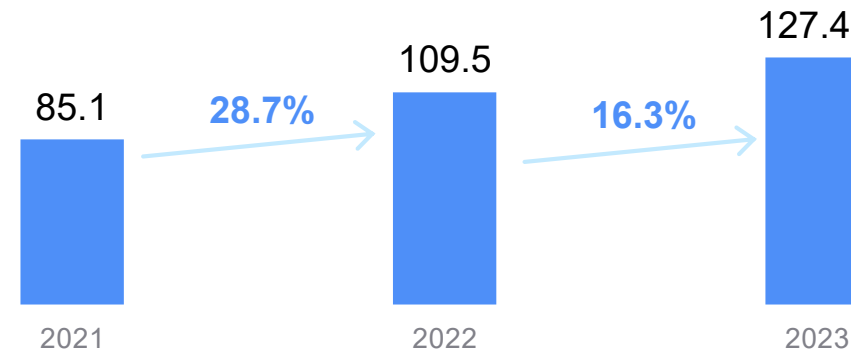
## Mortgages



## Middle-Market



## Corporate

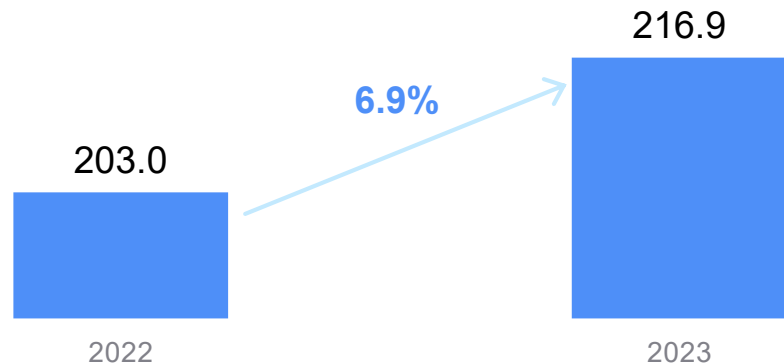


14 (NIS Billions)  
Total Loans in 2021 excludes Leumi USA.  
Corporate includes Corporate and Real-Estate. The growth is mainly from Real-Estate.

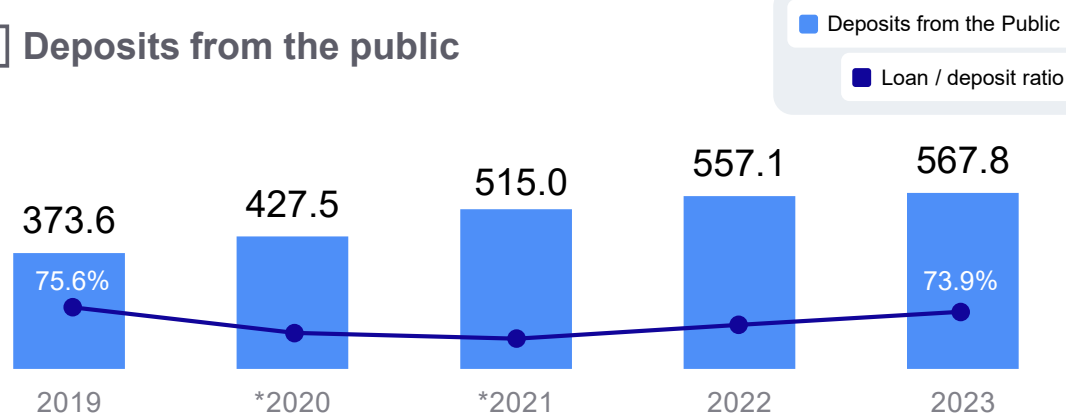


# Expanding and diversifying deposit base

## Core Deposits (in Israel)



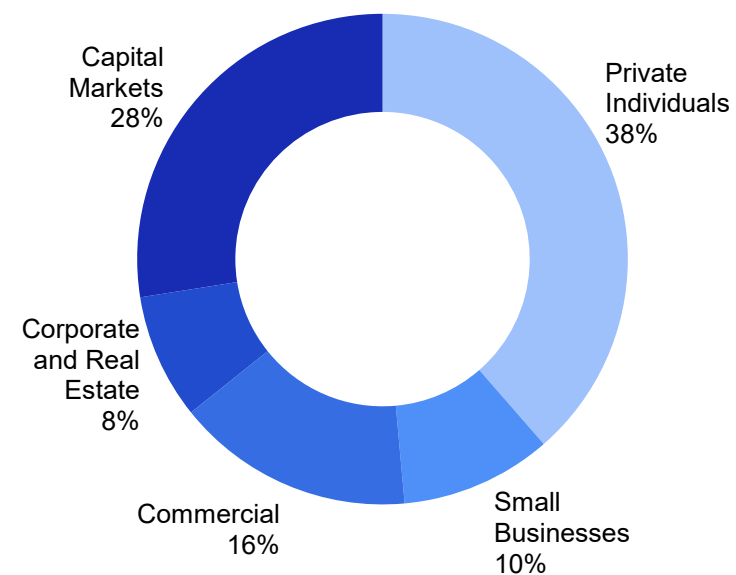
## Deposits from the public



(NIS Billions)

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

## Diversified deposit base

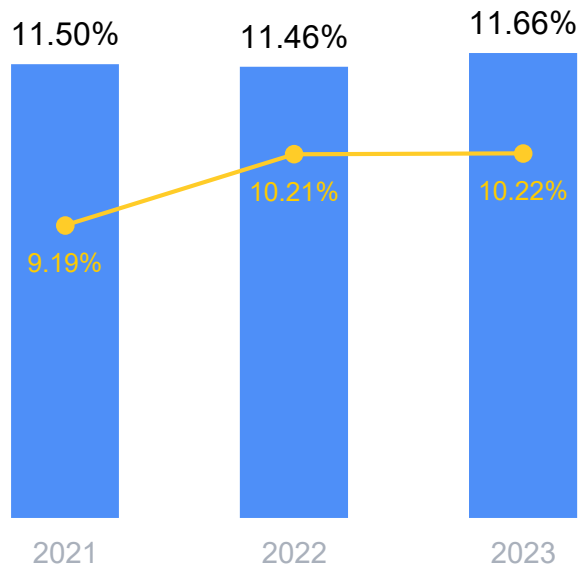


**118%**  
NSFR<sup>(1)</sup>

**124%**  
LCR<sup>(2)</sup>

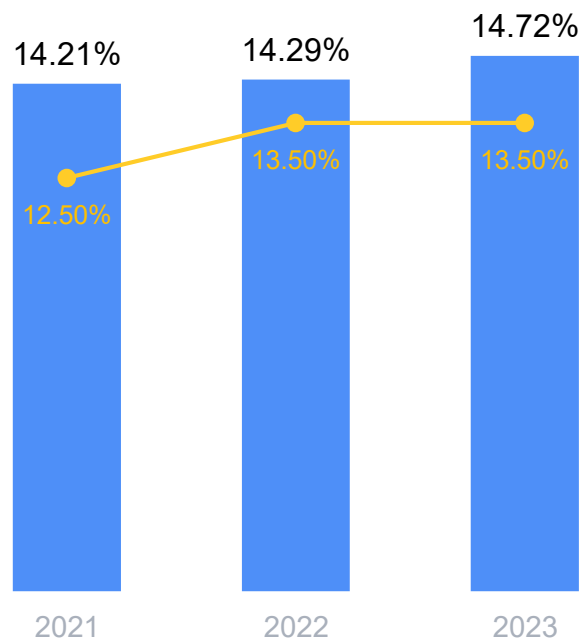
# Solid capital and leverage ratios

📈 CET1



■ CET1 Ratio ■ Minimum Regulatory Target

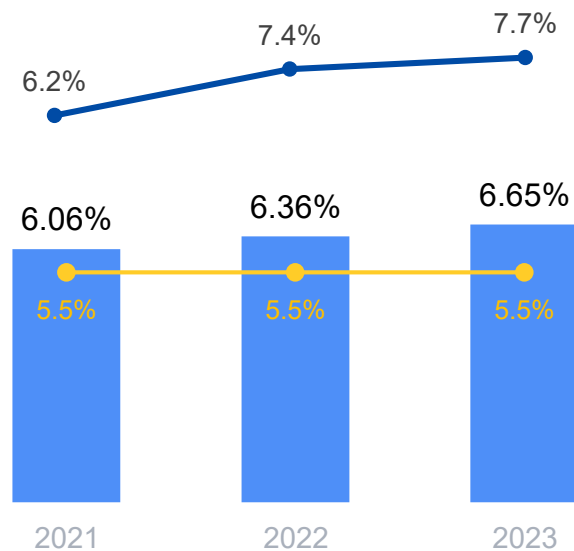
📈 Total Capital Ratio



■ TCR ■ Minimum Regulatory Target

📈 TCE and Leverage Ratios

TCE / Total Assets



■ Leverage Ratio ■ Minimum Regulatory Target

Regulatory thresholds for CET1 and TCR are as of December 31st, 2023. Regulatory thresholds for 2020-21 were lowered by the BOI due to Covid-19 impact.

16 Tangible Common Equity (TCE) = Retained Earnings + Share Capital and Reserves + Accumulated other comprehensive balance for employee benefits.

# Investment highlights

1

Healthy mid-teen ROE despite challenging economic backdrop

2

High-single digit asset growth and stable NIM driving higher NII and fees

3

Operating leverage from best-in-class cost income ratio

4

NPLs and specific provisions remain low – large allowance for doubtful debts provides healthy buffer

5

CET1 up to 11.66% supporting balance sheet while providing opportunity for capital return

6

NIS 829 million of additional pre-tax profits in Q1 2024 from HQ sales

FY 2023

Results  
presentation

Thank you / Q&A 