



# EQUITY CAPITAL RAISE

**Increasing the Momentum of our Growth**

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Investor Relations

March 27, 2022

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# STRONG 2021 PERFORMANCE ACROSS KEY INDICATORS

## 2021 NET INCOME

**2,773M**

NIS 2,070m  
adjusted and normalized

## 2021 ROE

**13.6%**

10.1%  
adjusted and normalized

## 2021 CREDIT GROWTH

**+12.3%**

## 2021 EMPLOYEE PRODUCTIVITY

**+12.2%**

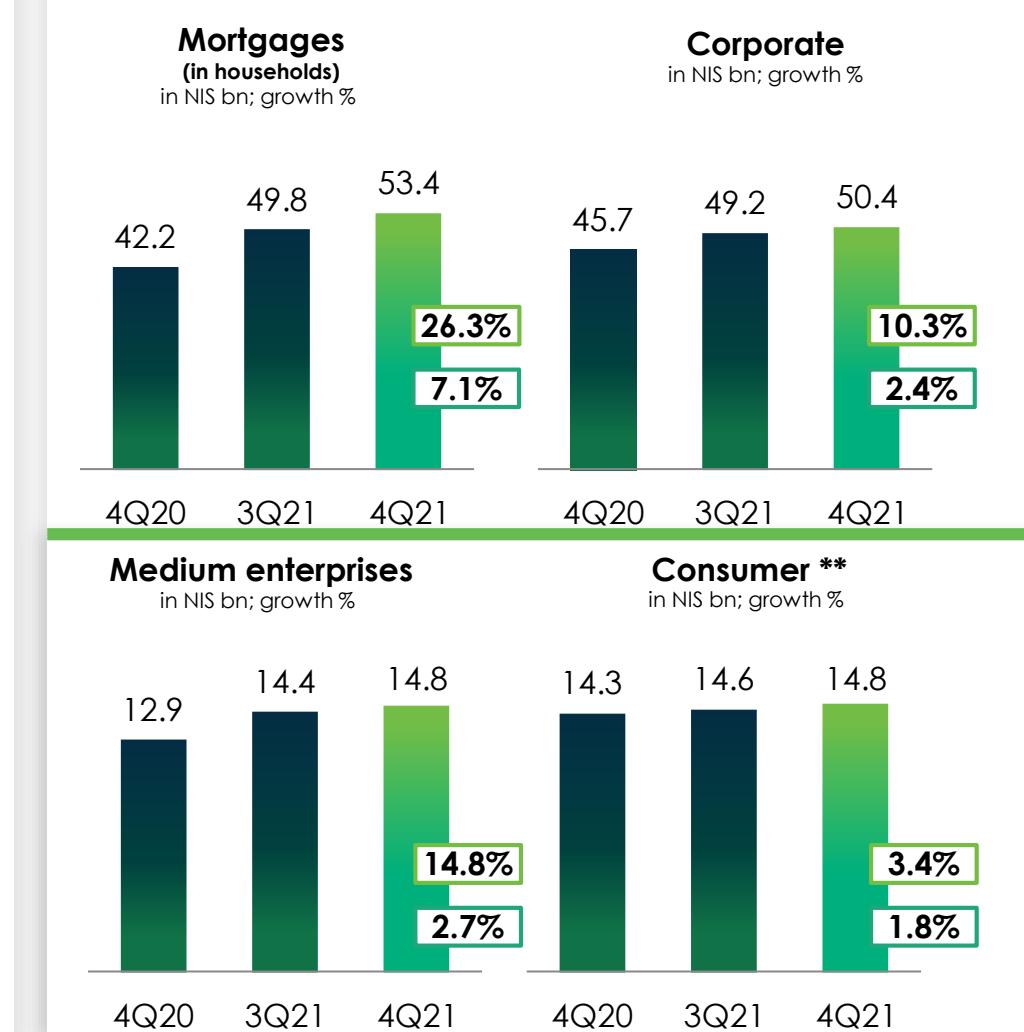
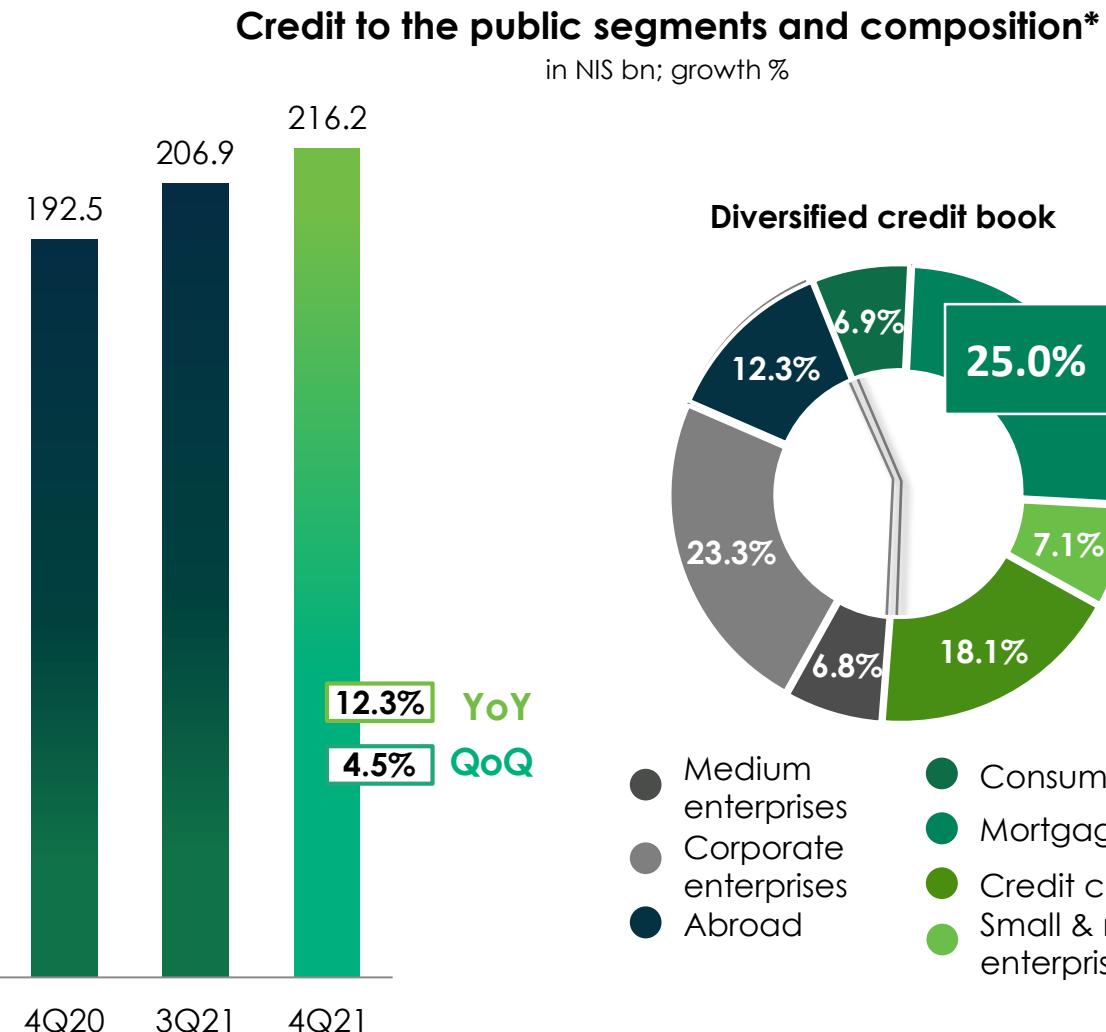
## 2021 MORTGAGE ORIGINATIONS

**+69.3%**

<sup>3</sup> \* Adjusted for certain items presented on slide 13

\*\* Normalized ROE = Replaces current credit loss expense ratio with the average credit loss expense ratio for the years 2016-2019 of 0.37%.

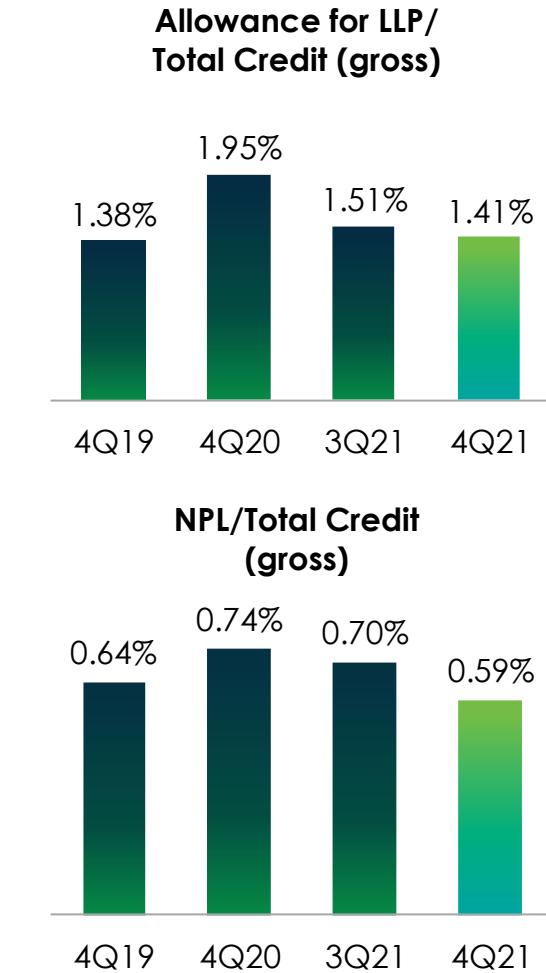
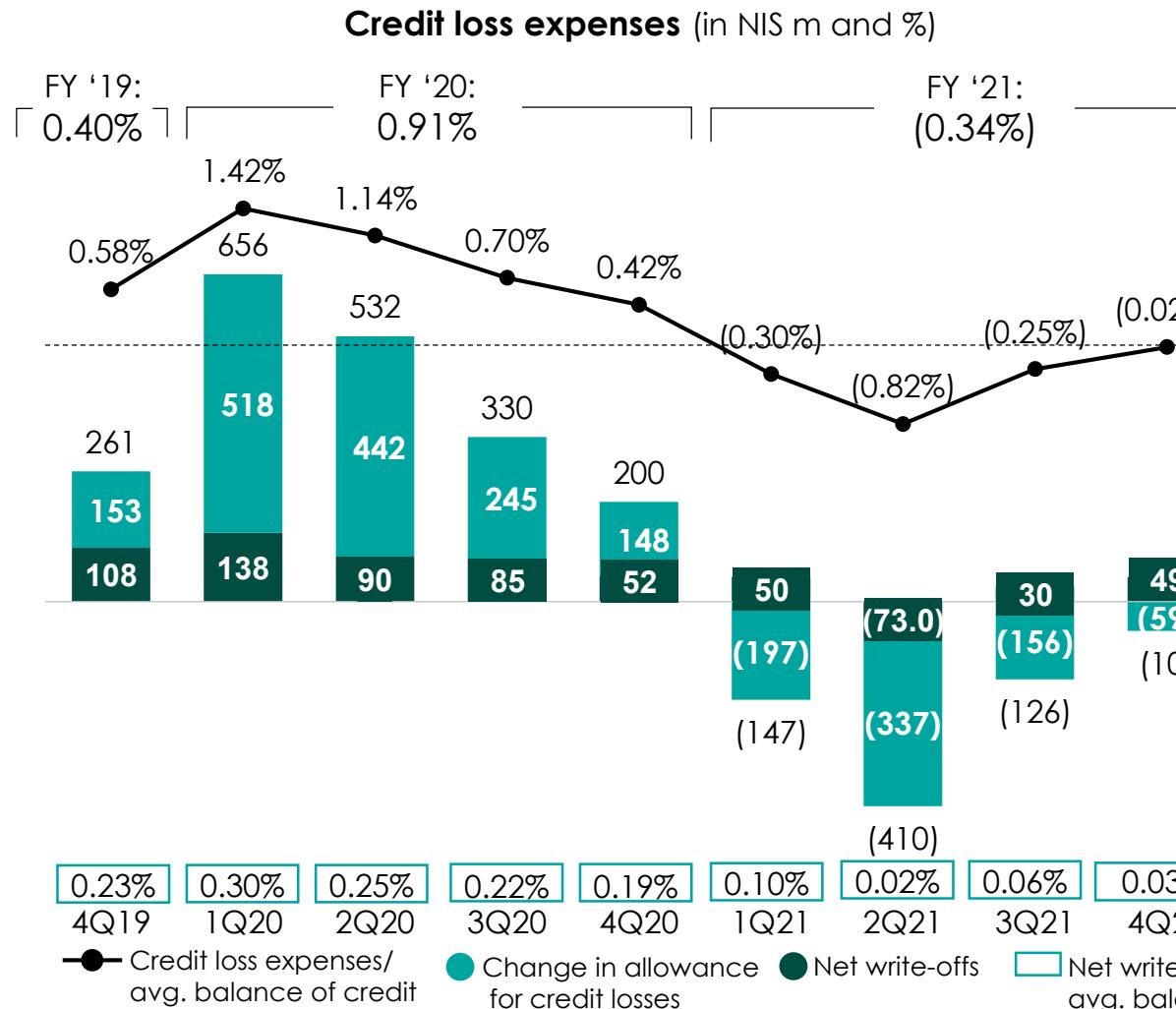
# ROBUST, SUSTAINABLE AND RESPONSIBLE GROWTH ACROSS ALL SECTORS ESPECIALLY TARGETED SEGMENTS



\* Regulatory segments, in Israel

\*\* Balance of household credit excluding mortgages and credit cards

# HIGH QUALITY LOANS AND CONSERVATIVE UNDERWRITING PRODUCE SOLID CREDIT METRICS

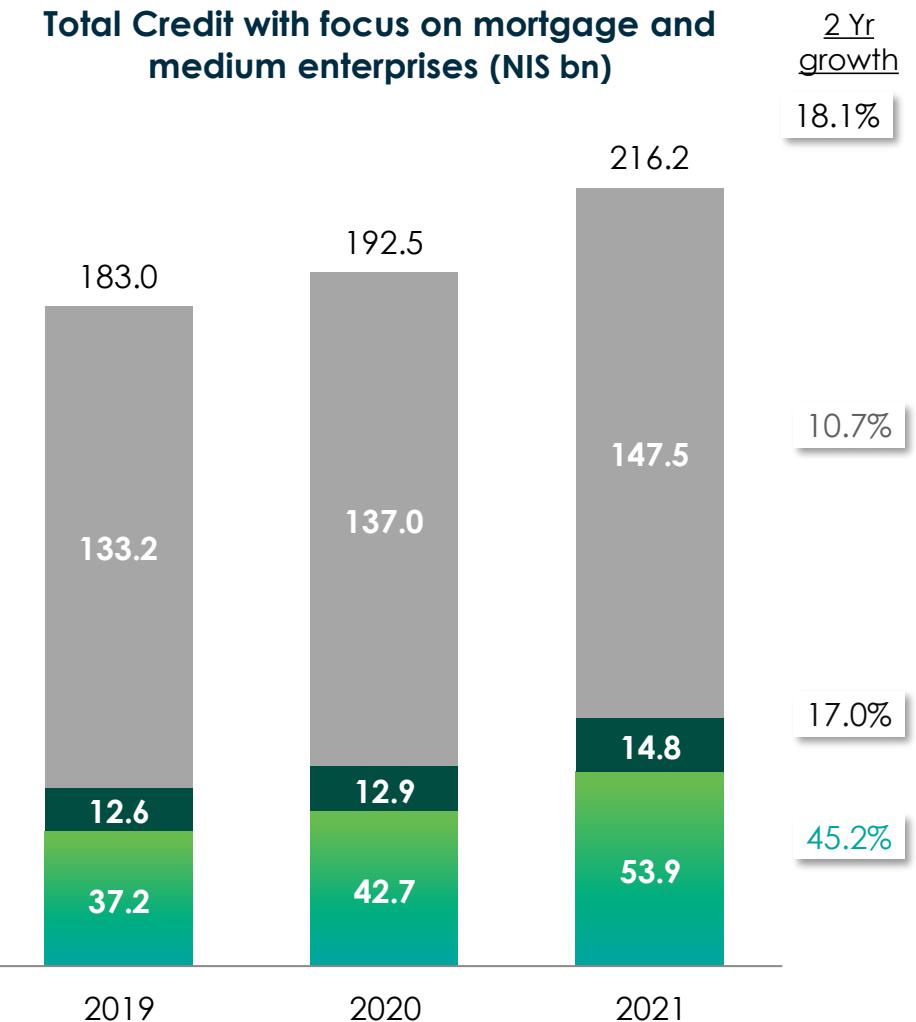


# WHY WE ARE RAISING CAPITAL

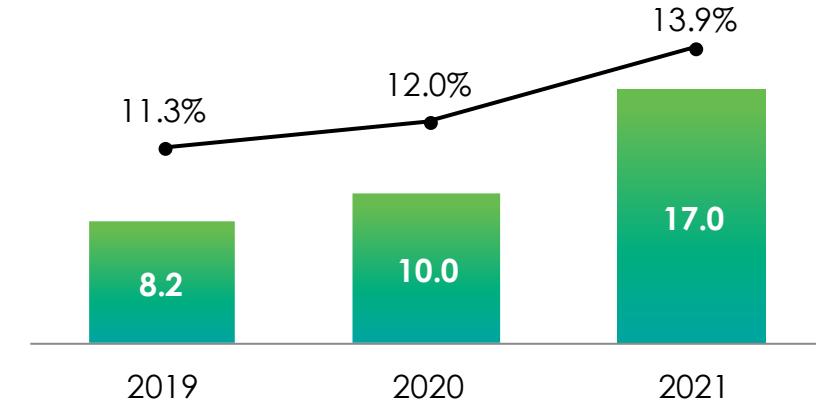
- 1 **Realize** significant growth potential, with an emphasis on mortgages and medium sized enterprises
- 2 **Take advantage** of the unique market opportunities created by our leverage ratio and relative exposure to real estate that have significant buffers to regulatory requirements
- 3 **Act on** the sharp rise in yields that imply an increase in interest rates which will have two impacts on the Bank:
  - a short term negative impact on our capital adequacy ratios of 0.3%
  - a significant increase in net interest income which coupled with continued growth of credit will deliver superior value for shareholders, if the current market expectations are realized

# CONTINUING THE MOMENTUM OF RESPONSIBLE, PROFITABLE AND FOCUSED GROWTH

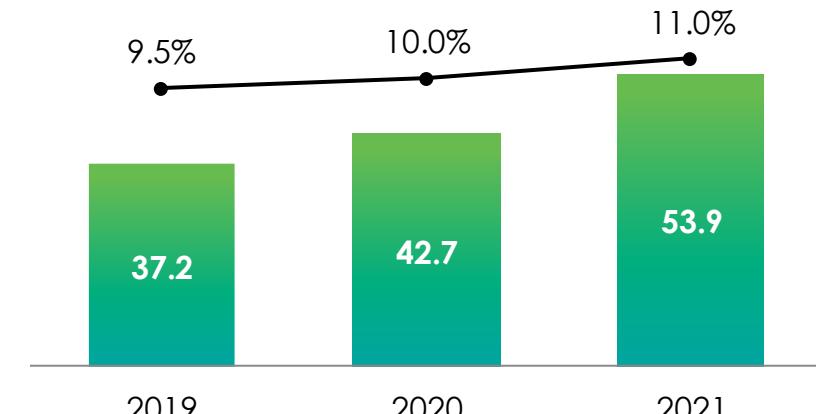
Total Credit with focus on mortgage and medium enterprises (NIS bn)



Mortgage origination (NIS bn) and market share

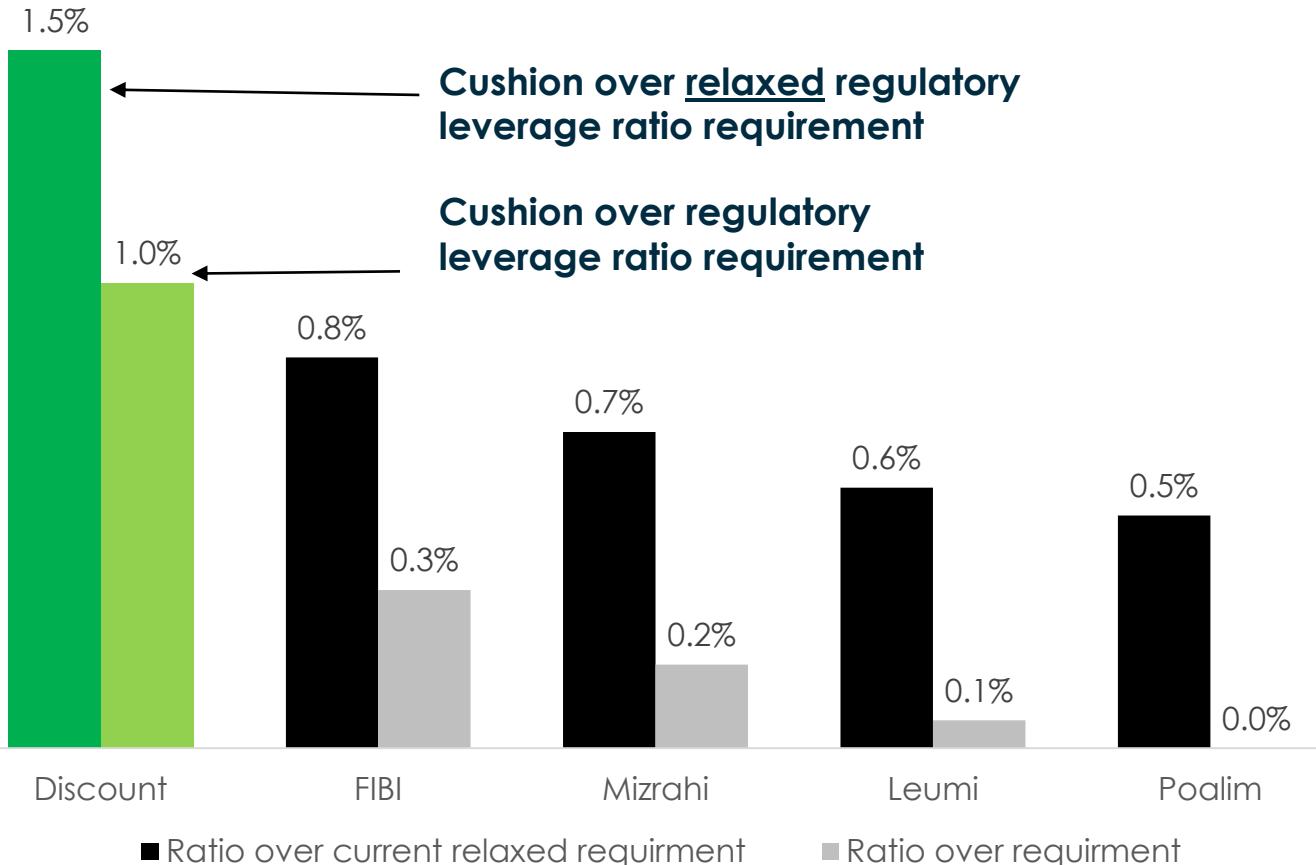


Mortgage Balance (NIS bn) and market share

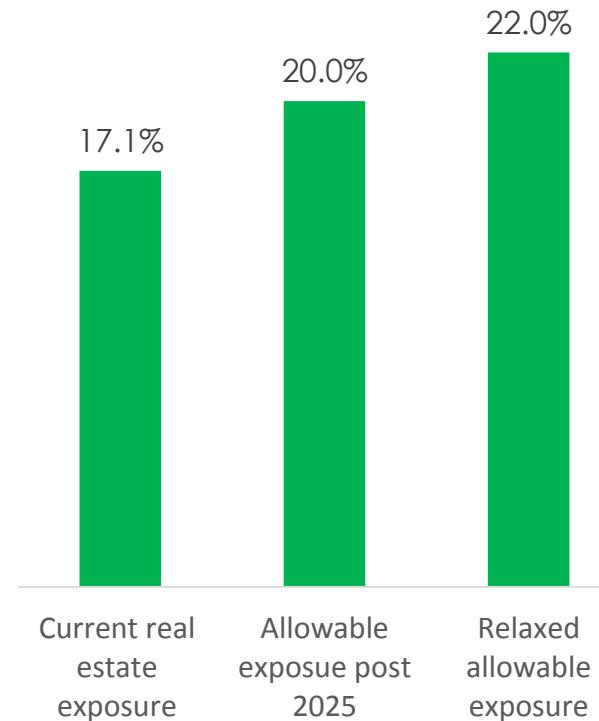


# TAKING ADVANTAGE OF CURRENT MARKET OPPORTUNITIES

## Well above regulatory limits on leverage ratio

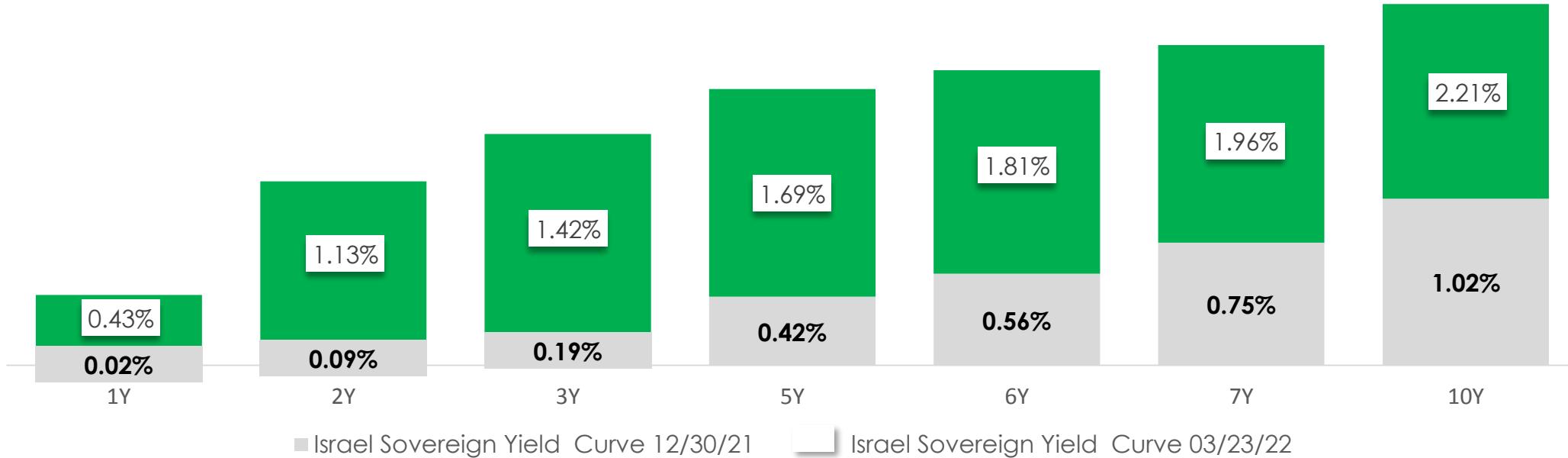


## Below regulatory limits of real estate exposure



# INCREASE IN YIELDS AND INTEREST EXPECTATIONS TO IMPROVE PROFITABILITY OVER TIME

Market expectations for a rise in interest rate have increased significantly since the beginning of the year



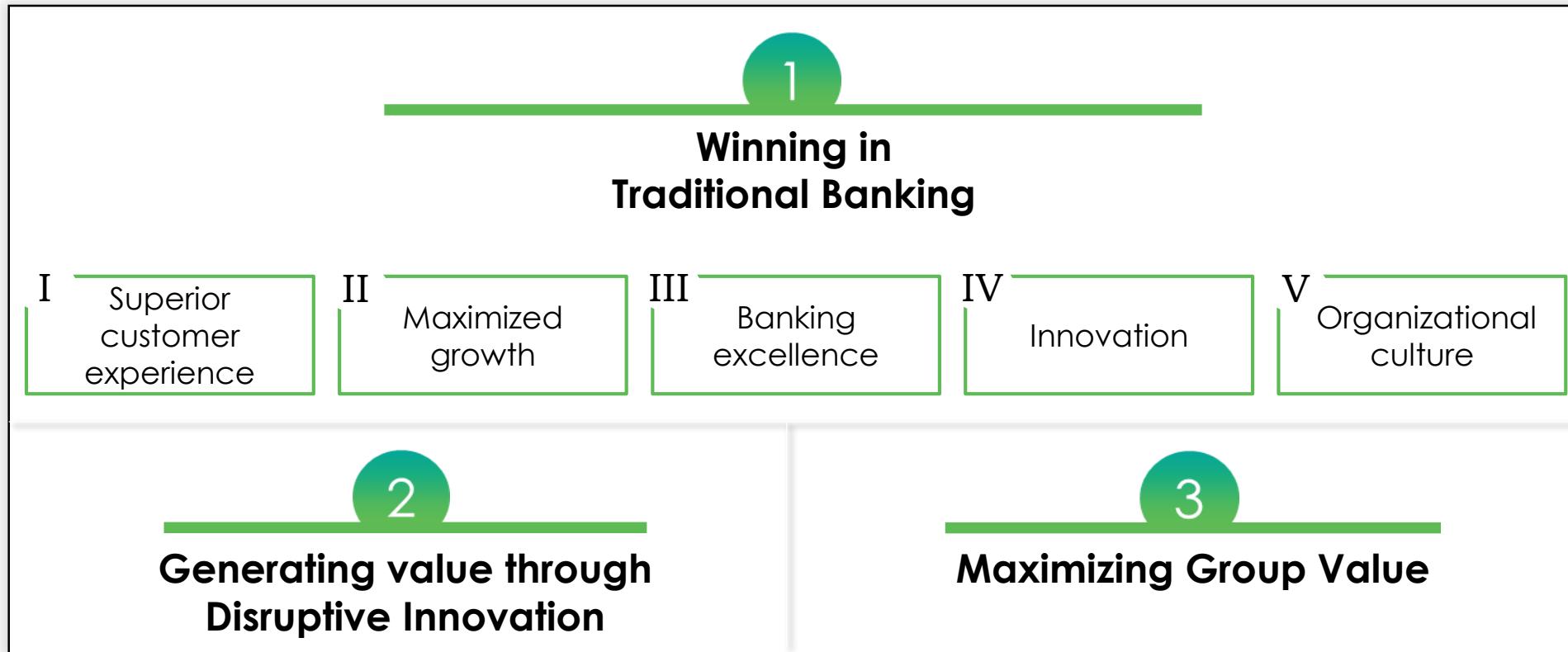
Short term negative impact on assets held for sale in the securities portfolio impacts the CET-1 ratio of 0.3%

Significant upside to net interest income from increases in interest rates in the mid to long term

# ADDITIONAL CAPITAL TO BOOST DRIVING VALUE THROUGH OUR STRATEGIC PLAN

## ULTIMATE GOAL:

TO BE THE BEST FINANCIAL INSTITUTION FOR ITS CUSTOMERS, DELIVERING SUPERIOR VALUE FOR SHAREHOLDERS, OVER TIME



# INCREASING THE PACE OF VALUE GENERATION TOWARDS OUR 2025 FINANCIAL TARGETS

**2014**  
WHERE WE STARTED

**2021**  
WHERE WE ARE

**2025**  
WHERE WE ARE GOING

## Net income (Adjusted and normalized\*\*)

896m



2,070m



3,500m

## ROE (Adjusted and normalized)

7.4%



10.1%



12.5%

## Efficiency Ratio (Adjusted)

78.6%



61.6%



55.0%

\* Adjusted for certain items presented on slide 13

\*\* The word "normalized" applies only to 2021 in which the current credit loss expense ratio is replaced with the average credit loss expense ratio for the years 2016-2019 of 0.37%.

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# APPENDIX

# ADJUSTMENTS TO PROFIT & LOSS

NIS m	Gross			Net			Gross		Net	
	4Q21	3Q21	4Q20	4Q21	3Q21	4Q20	2021	2020	2021	2020
Retirement benefits	14	7	373	9	4	246	143	413	94	272
Early redemption of long term benefits	29			19			29		19	
Provisions for new salary agreement	235		(7)	155		(3)	235	31	155	15
Income from real estate sales	-48			(38)			(48)		(38)	
Australia			(174)			(112)		65		43
Sales of Visa Inc. shares								(88)		(44)
Depreciation (NY Headquarters)			40			26	19	40	13	26
<b>Total</b>	<b>230</b>	<b>7</b>	<b>232</b>	<b>145</b>	<b>4</b>	<b>157</b>	<b>378</b>	<b>461</b>	<b>243</b>	<b>312</b>