



2Q 2024 REVIEW

Financial Highlights

Investor Relations

AUGUST 15, 2024

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2Q 2024 – DELIVERING STABLE PERFORMANCE



NET INCOME

1,045_M

ROE

14.1%

EFFICIENCY RATIO

51.3%

Banking in
Israel *

923_M

17.7%**

43.6%**

DIVIDEND PAYOUT

30%

NII GROWTH

QoQ / YoY

12.2% / -3.0%

CREDIT GROWTH

QoQ / YoY

2.5% / 6.1%

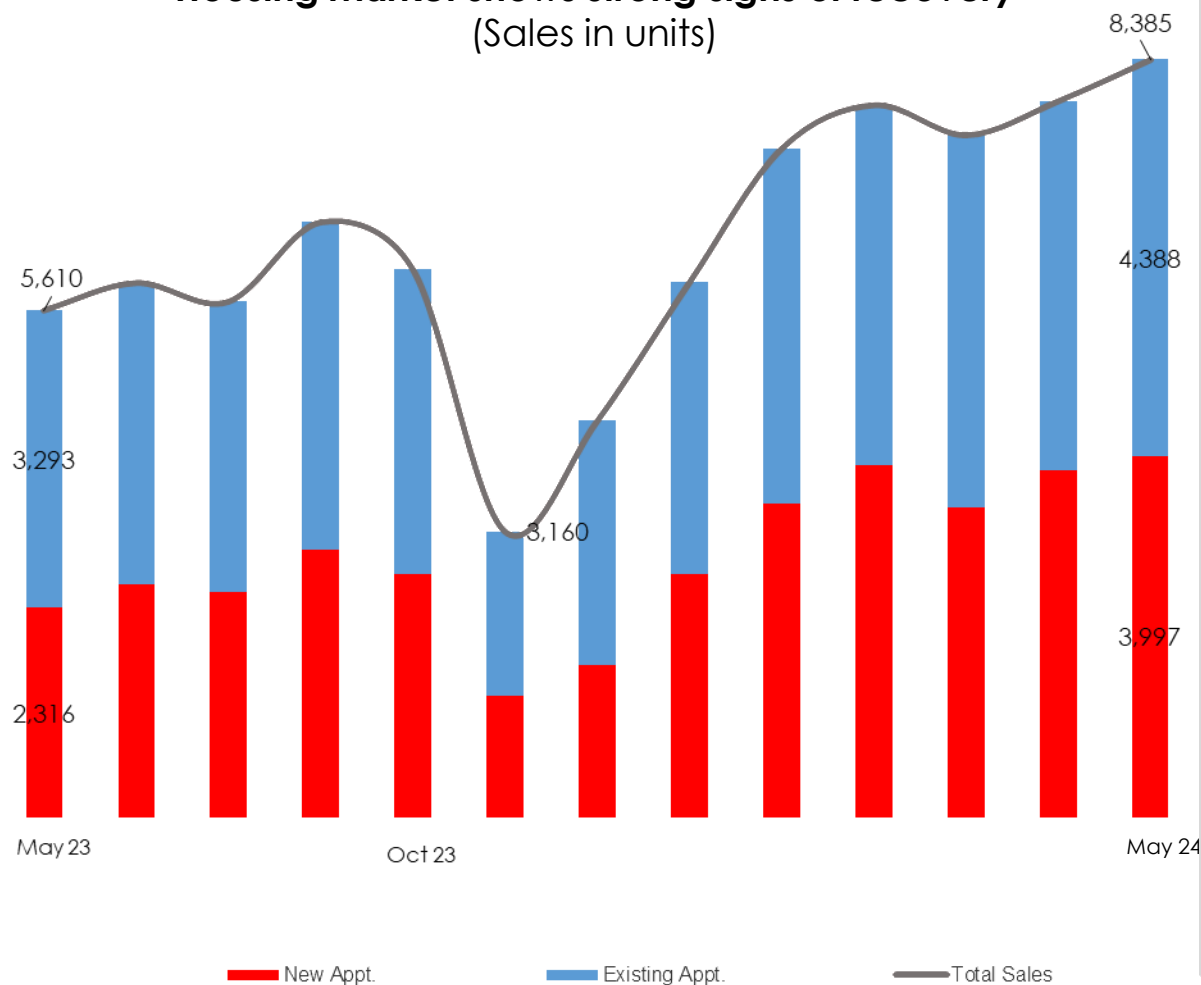
* Consolidated figures for banking operations of Discount & Mercantile

** As calculated

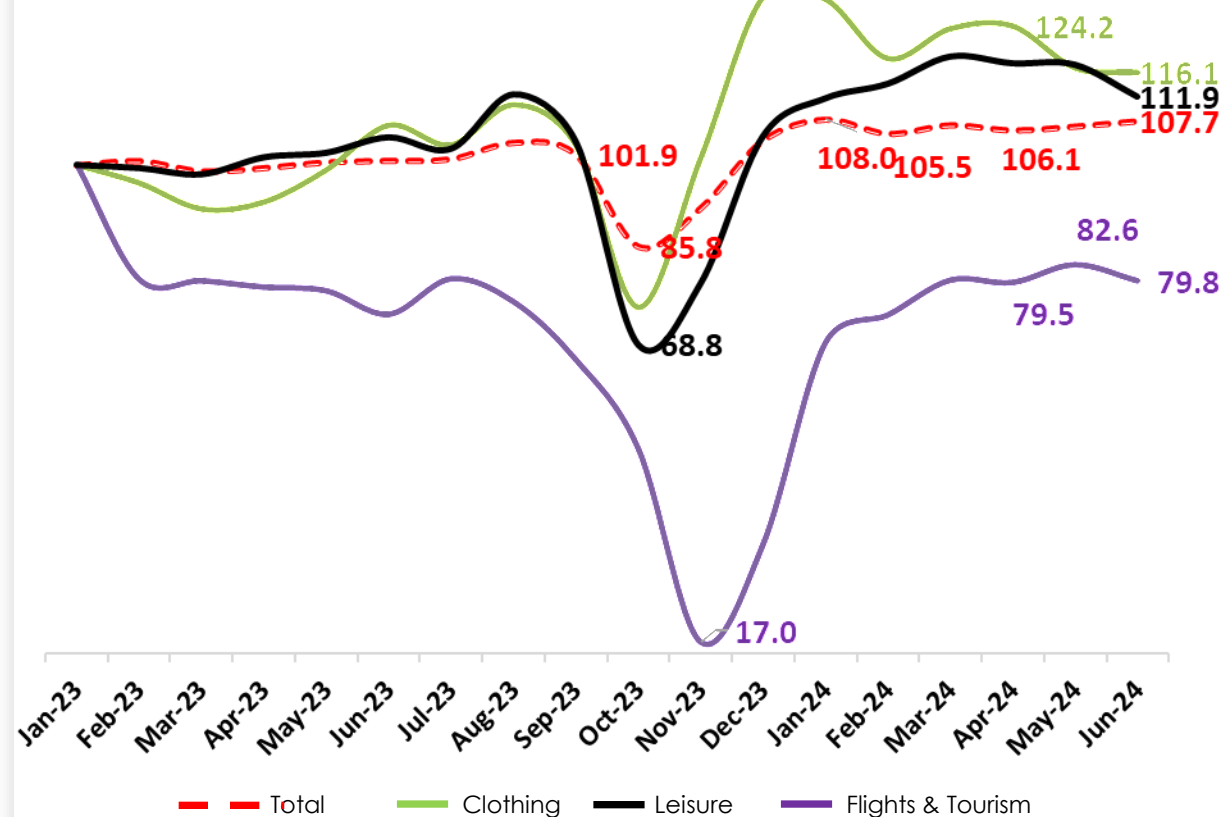
THE ECONOMY IS GAINING MOMENTUM



Housing Market shows strong signs of recovery
(Sales in units)



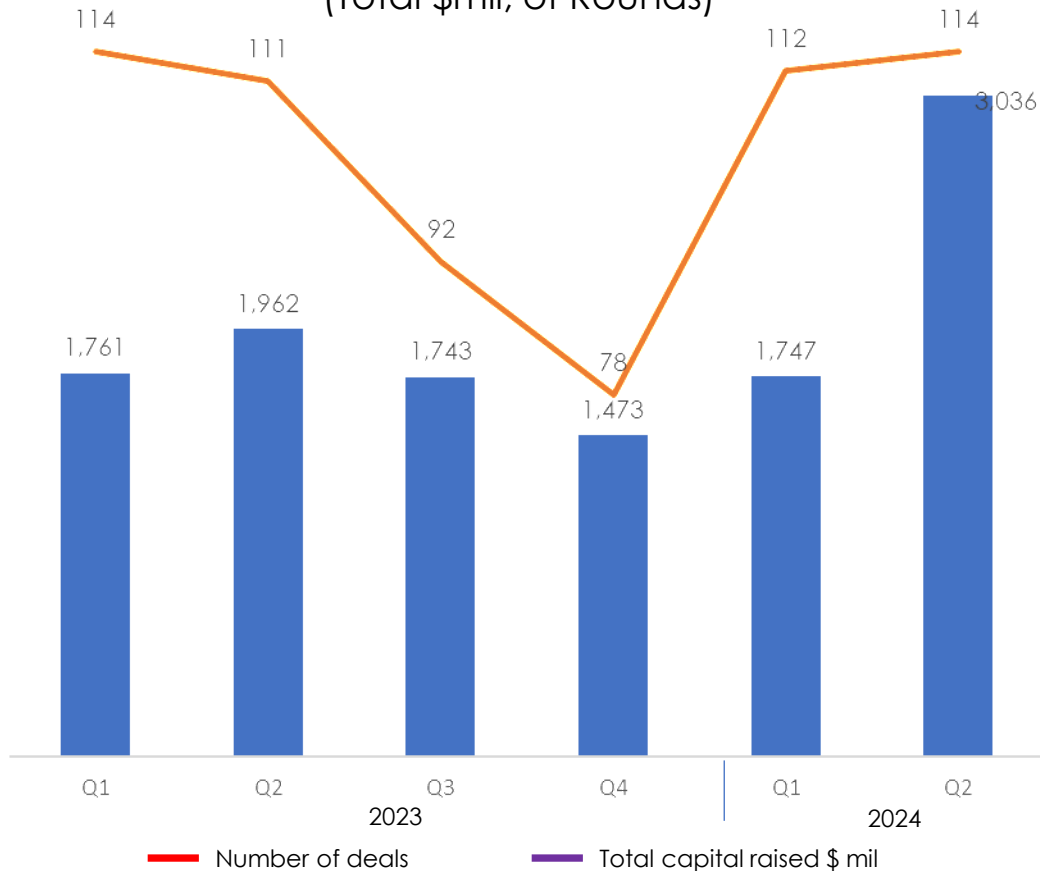
Private Consumption in Credit-Cards is now surpassing pre-war levels
(Jan 2023 = 100)



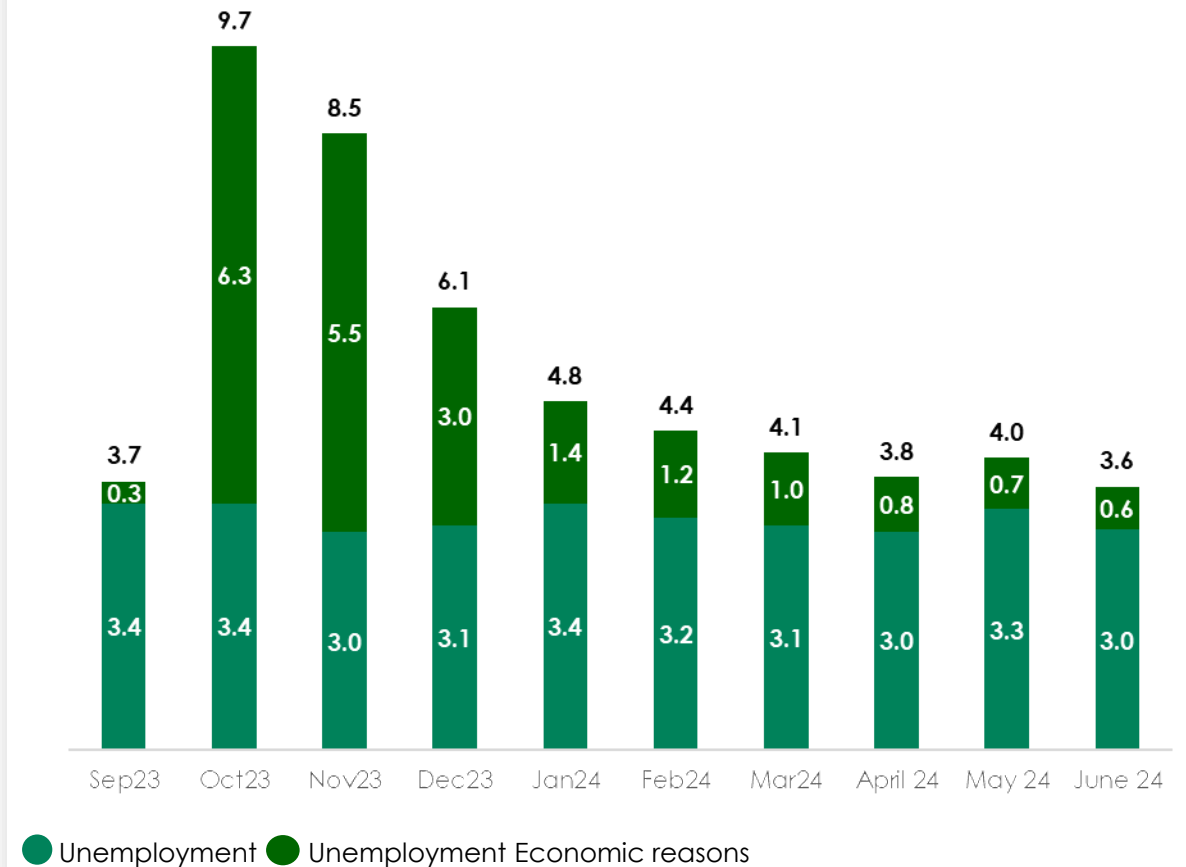
THE ECONOMY IS GAINING MOMENTUM



Israeli Tech Sector's Capital-Raise signals continued turnaround*
(Total \$mil, of Rounds)



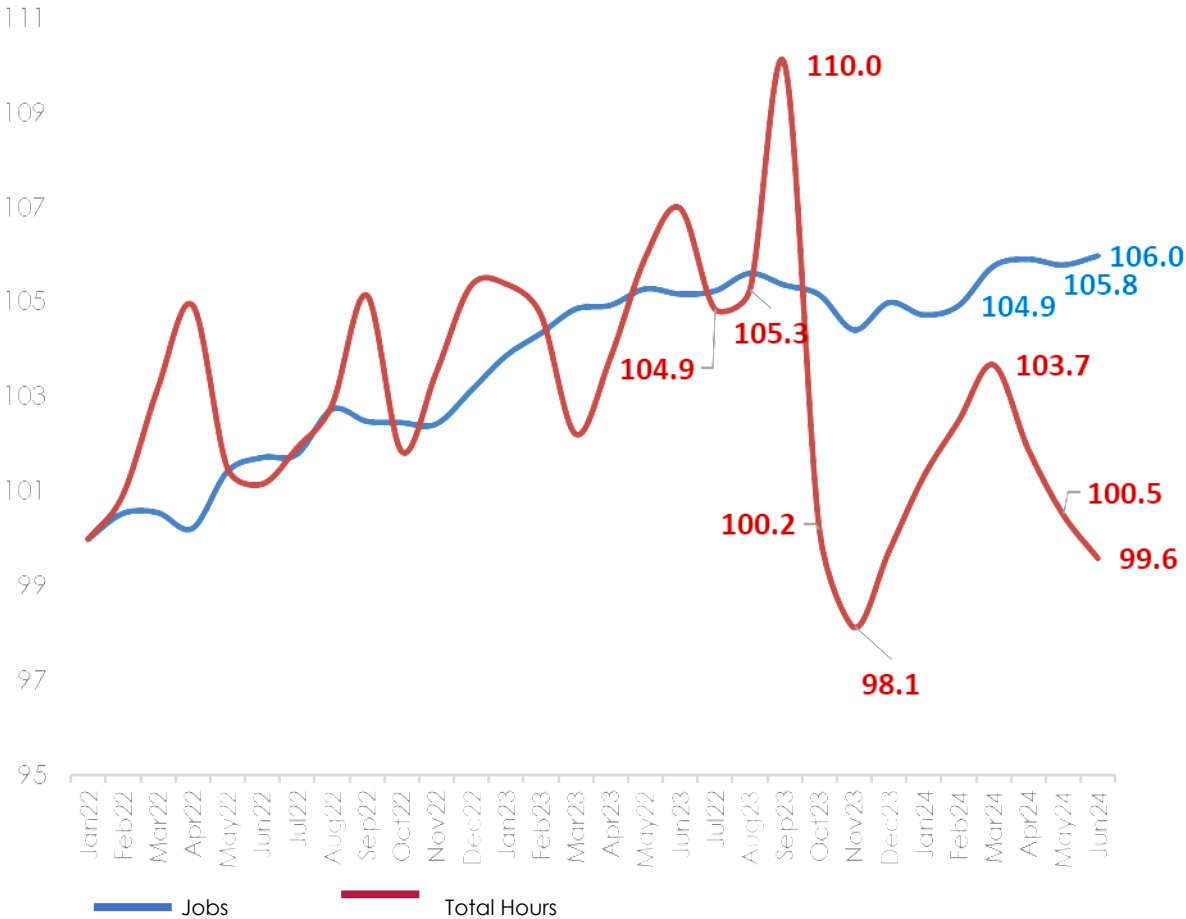
Job market shows resilience and strength**
(%)



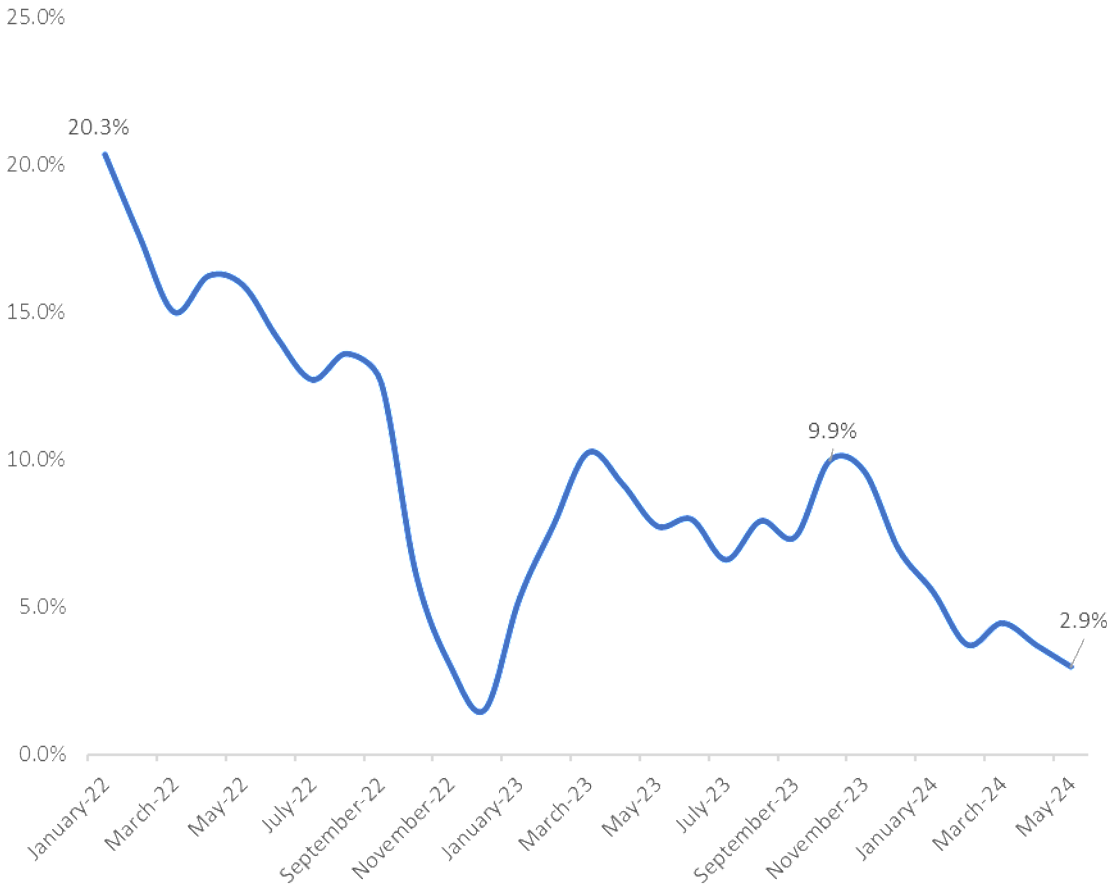
BUT HIGH-TECH SERVICES EXPORT IS SLOWING DOWN AND WORKING HOURS REMAIN STAGNANT



Job Growth Continues, But Total Working Hours is stagnant
(January 202 = 100)



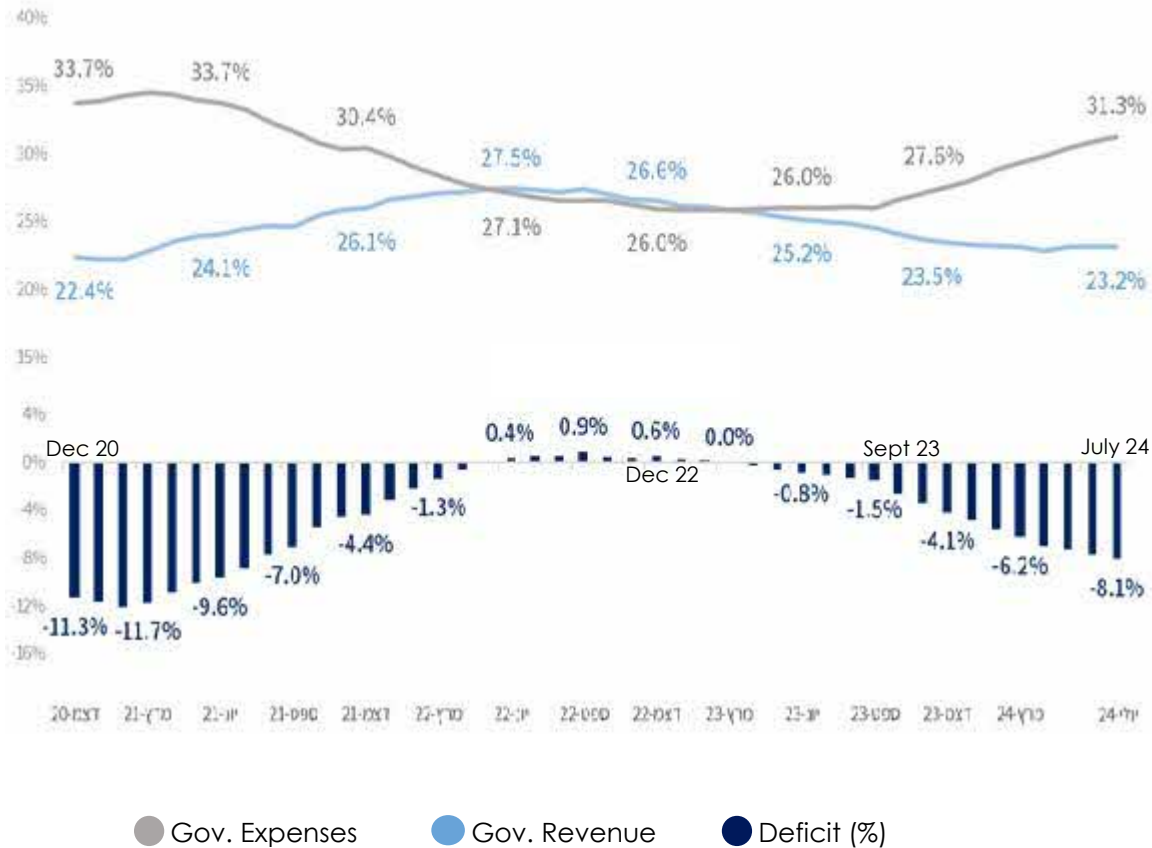
High-Tech Services Exports faces deceleration
(Annual Growth Rate in %)



AND SHARP INCREASE IN GOVT. DEFICIT OPENS THE SPREAD IN THE BOND MARKET



Fiscal Deficit widens



Source: Ministry of Finance data (Apr.24)

Opening of the 10Y Spread – US vs. Israel Bond
(spread in bps)

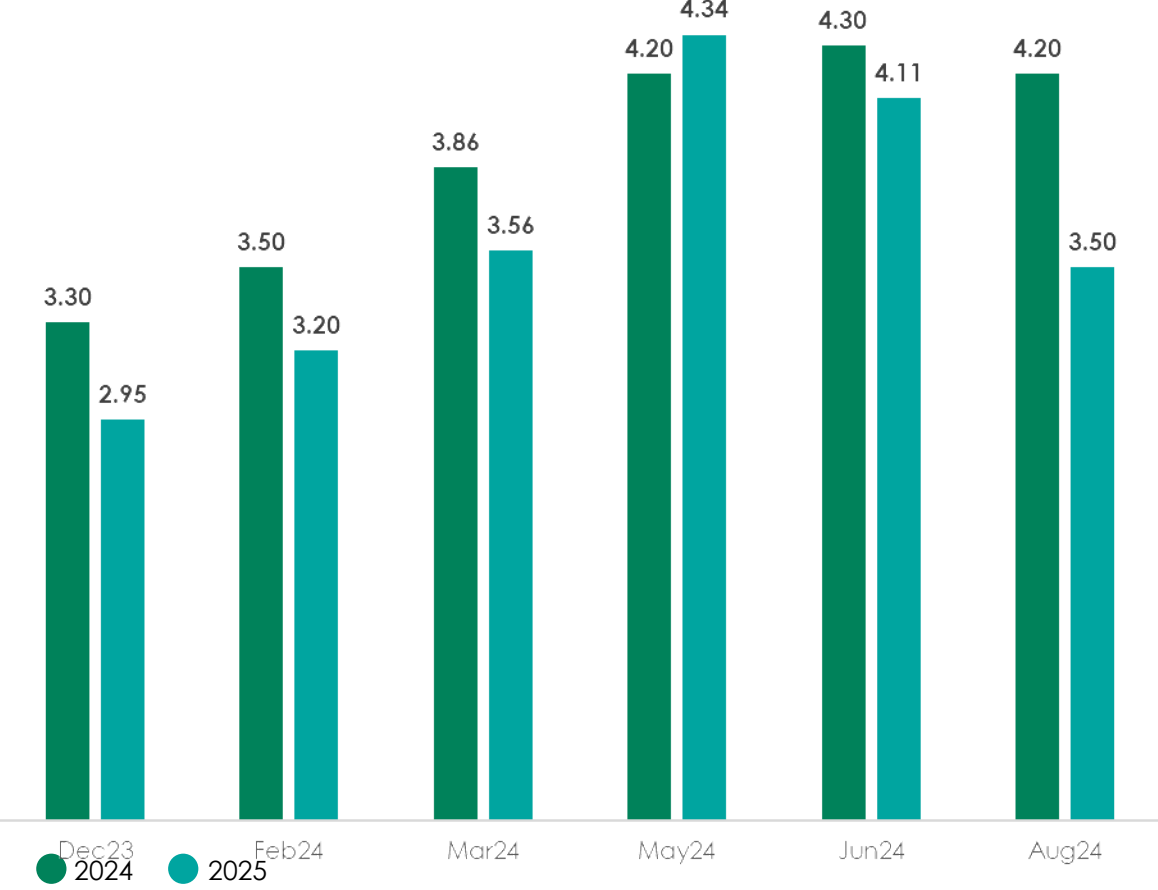


Source: Bloomberg

BOI RATE EXPECTED TO DECREASE DURING 2025 INFLATION IS ANTICIPATED TO STAY WITHIN UPPER LIMITS

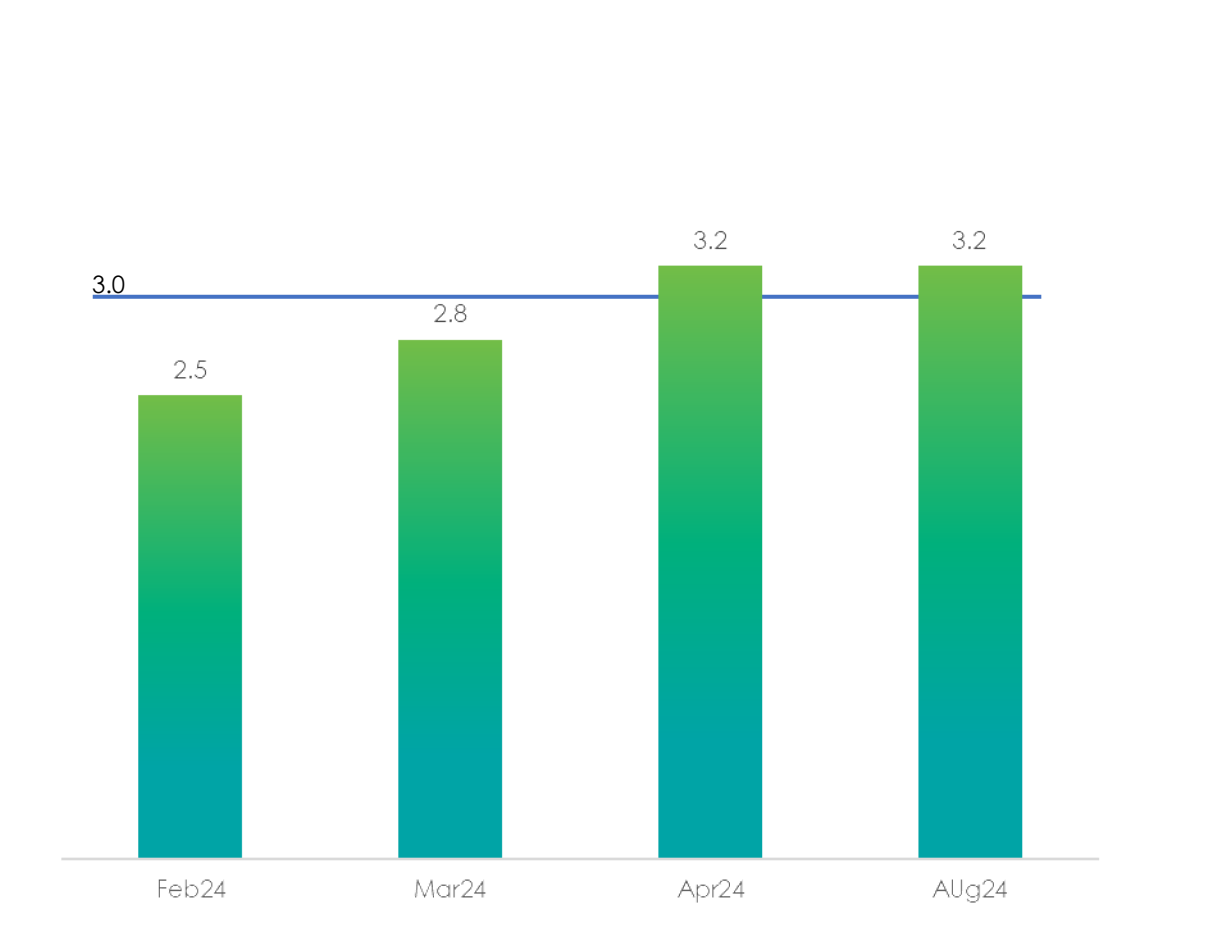
Bank of Israel holds Interest Rate - Commencing the cutting will take more time than initially expected

(Market Expectations for Bol Rate in Dec2024, Dec2025, %)



Inflation is projected to stay above upper range of Bol target

(CPI Contracts for Dec 2024, %)



Source: Bloomberg, Aug 2024

2Q24 AND 1H24 FINANCIAL HIGHLIGHTS

- **Net income of NIS 1,045m and ROE of 14.1% in 2Q24**, driven by higher NII, supported by effect of CPI and increase in Fees & commissions.
- **Increase in collective allowance:** Credit loss expenses ratio stood at 0.38% due to a higher Collective Allowance provisioning as credit portfolio expand and stringent model parameters. Non Performing Loans (NPL) out of total credit slightly decreased to 0.83% in 2Q24, compared with 0.86% in 1Q24 and 0.91% in 4Q23.
- **Credit growth has regained momentum:** Total credit grew by 2.5% QoQ and 6.1% YoY, with corporates growing by 4.0% QoQ, mortgage balance by 1.8% QoQ and small businesses with 1.4% growth QoQ.
- **NII demonstrated significant growth with strong effect of CPI:** NII grew in 2Q24 by 12.2% QoQ and (3.0)% YoY while the Bol interest rate remained at 4.50%. Net Interest Margin (NIM) improved to 3.19% compared with 2.83% in 1Q24.
- **Operating efficiency reached 51.3% and 47.3% w/o CAL in 1H24**, compared with 52.8% in 1Q24 and 47.5% in 2Q23.

Adjusted 2Q24

Net Income	ROE	Cost-Income Ratio	Credit Loss Expenses Ratio
NIS 1,045 1Q24: NIS 1,050 m; 2Q23: NIS 1,187 m	14.1% 1Q24: 14.6%; 2Q23: 18.0%	51.3% 1Q24: 52.8%; 2Q23: 47.5%	0.38% 1Q24: 0.12% 2Q23: 0.49%
NIS 1,090 1Q24: NIS 1,100 m;	14.7% 1Q24: 15.3%;	50.9% 1Q24: 52.8%;	

Adjusted 1H24

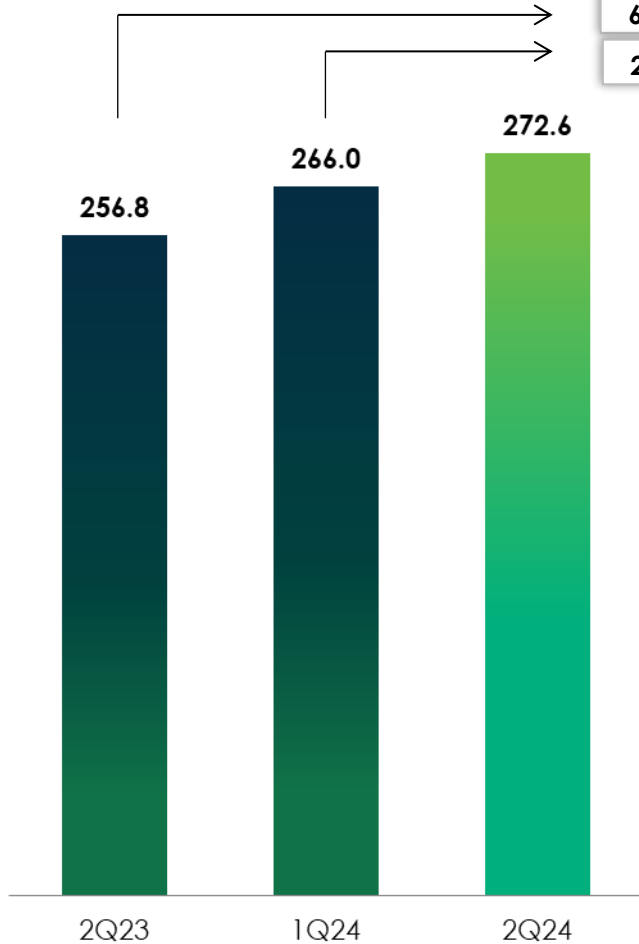
Net income	ROE	Cost-Income Ratio	Credit Loss Expenses Ratio
NIS 2,095 1H23: NIS 2,456 m	14.4% 1H23: 19.0%	52.0% 1H23: 46.8%	0.25% 1H23: 0.41%
NIS 2,190 1H23: NIS 2,388 m	15.0% 1H23: 18.5%	51.8% 1H23: 47.8%	

CREDIT GROWTH IS REBOUNDED – DEMAND ACROSS ALL SEGMENTS

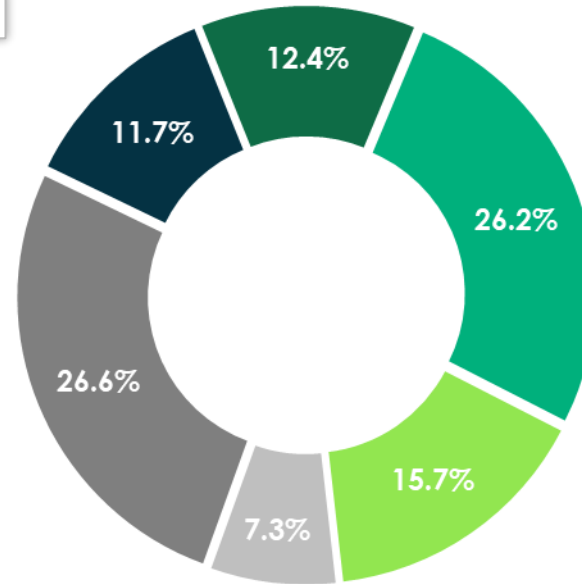


Total Credit

in NIS bn; growth %



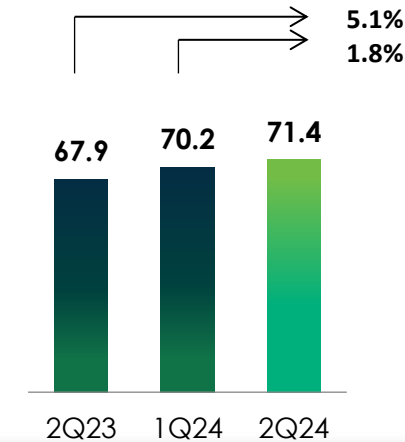
Well Balanced Loan Book



- International
- Consumer & Private
- Corporate enterprises
- Medium Enterprises
- Mortgages
- Small & minute Businesses

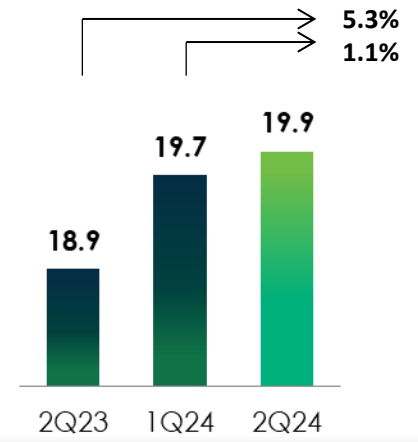
Mortgages

in NIS bn; growth %



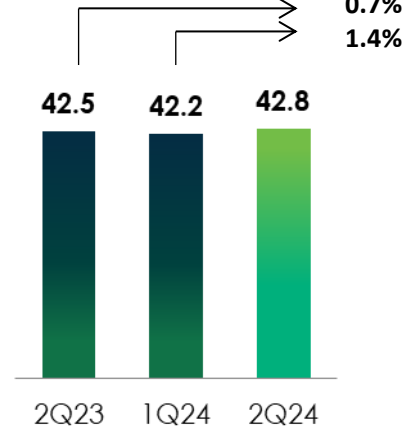
Medium Enterprises

in NIS bn; growth %



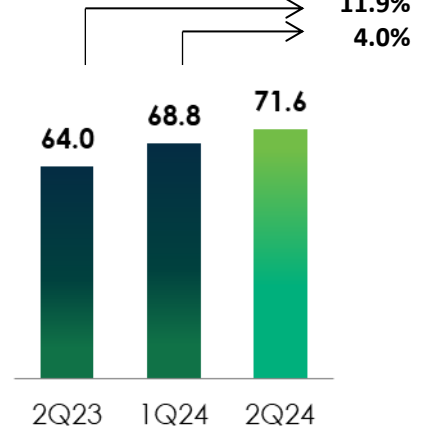
Small Enterprises

in NIS bn; growth %



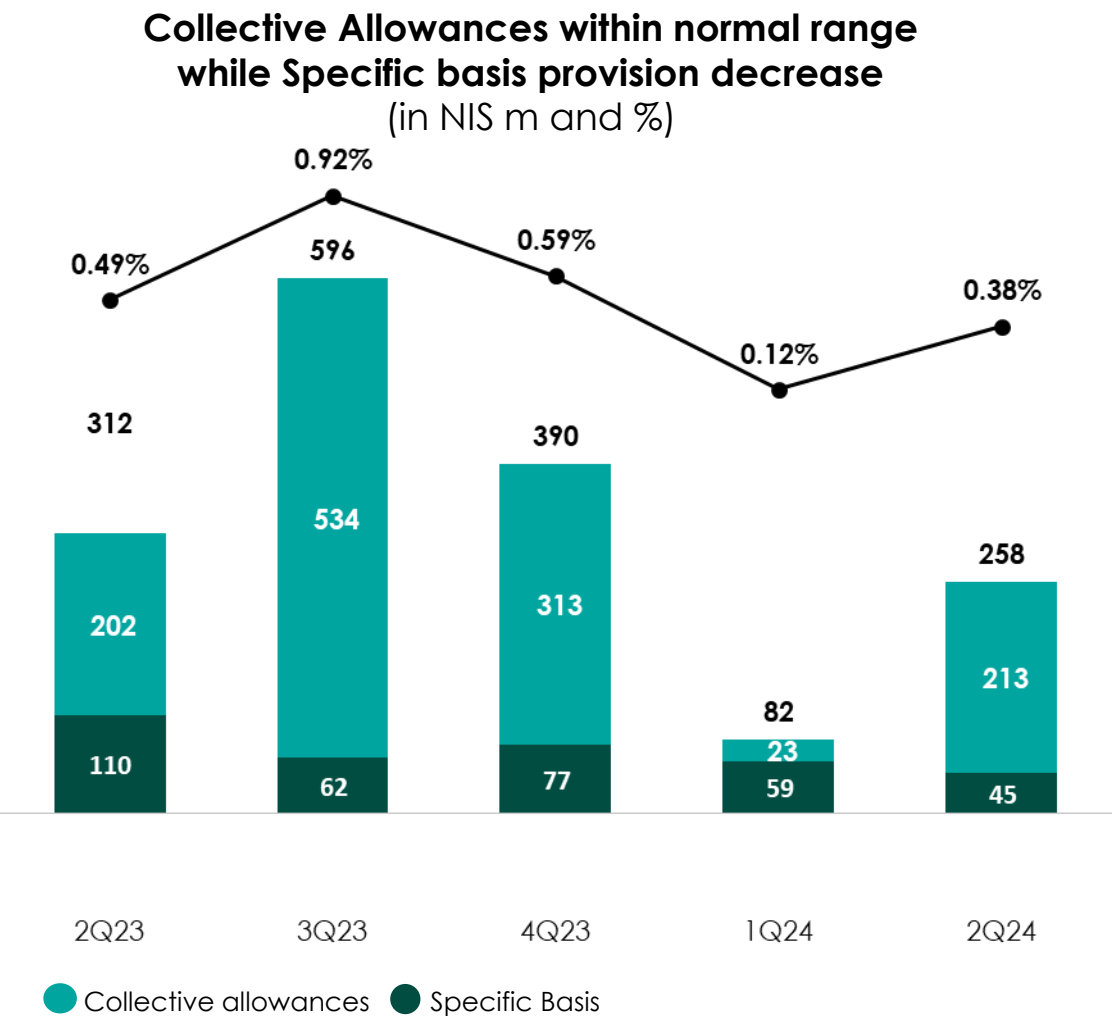
Corporates

in NIS bn; growth %

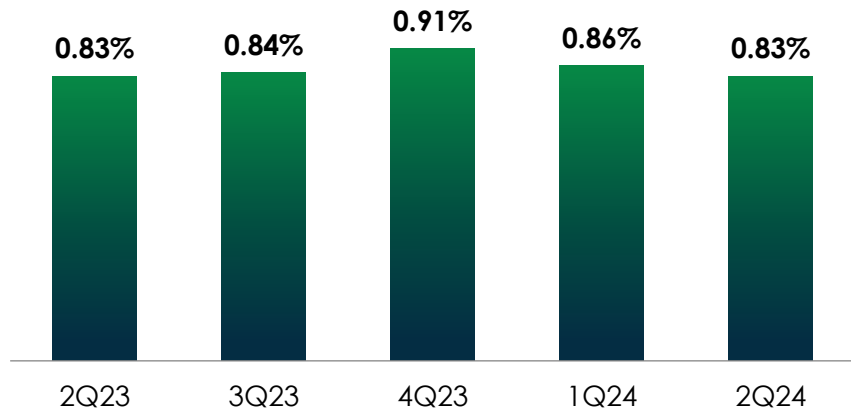


CREDIT LOSS EXPENSES REMAIN WITHIN NORMAL RANGE

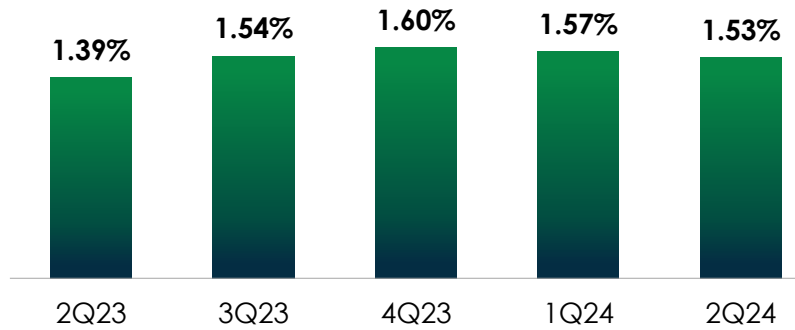
NPL RATIO IS GRADUALLY DECREASING



Steady improvement in NPL/Total Credit* Ratio



Allowance for Loan Loss Provisions from Total Credit**



* NPL: percent of non accrual from gross total credit.

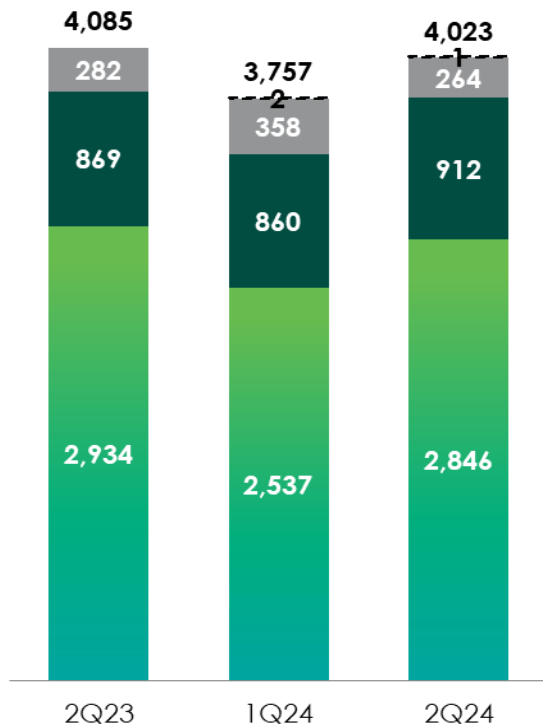
** Calculated as percent of Loan Loss Provisions from total credit.

INCREASE IN TOTAL INCOME DRIVEN MAINLY BY NET INTEREST INCOME



Total Income

NIS m



2Q24 ver. 1Q24

2Q24 ver. 2Q23

7.1%

-1.5%

6.0%

4.9%

12.2%

-3.0%

Net Interest Income Fees Non-Interest Financing income

Other Income

Financing Income From Current Operations (NIS m)

Period end BOI rate
Average BOI rate*

4.25%

4.75%

4.75%

4.50%

4.50%

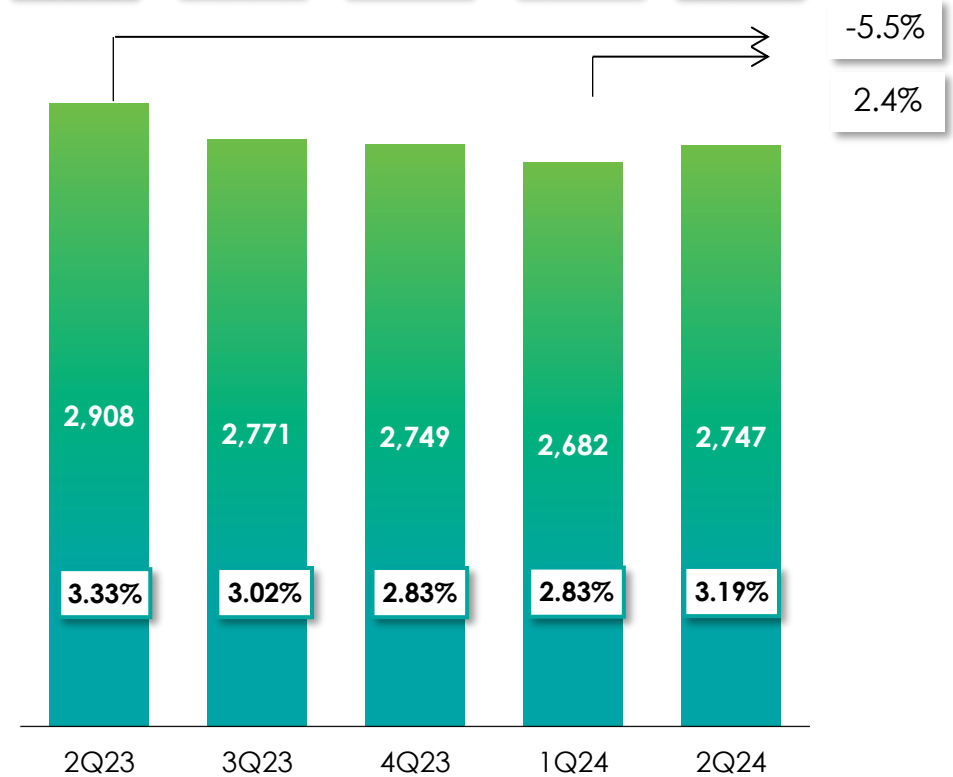
3.89%

4.58%

4.75%

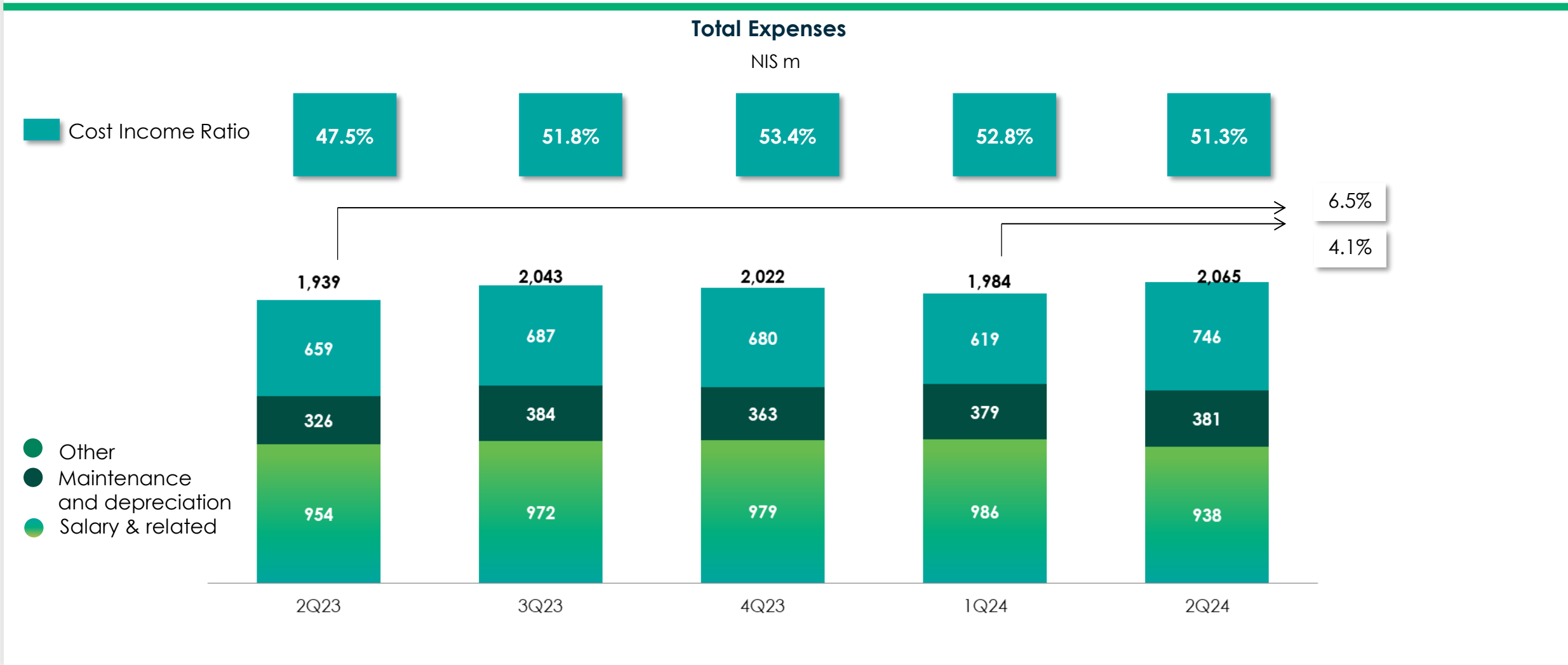
4.51%

4.50%



Income from regular financing activity, excl. CPI NIM**

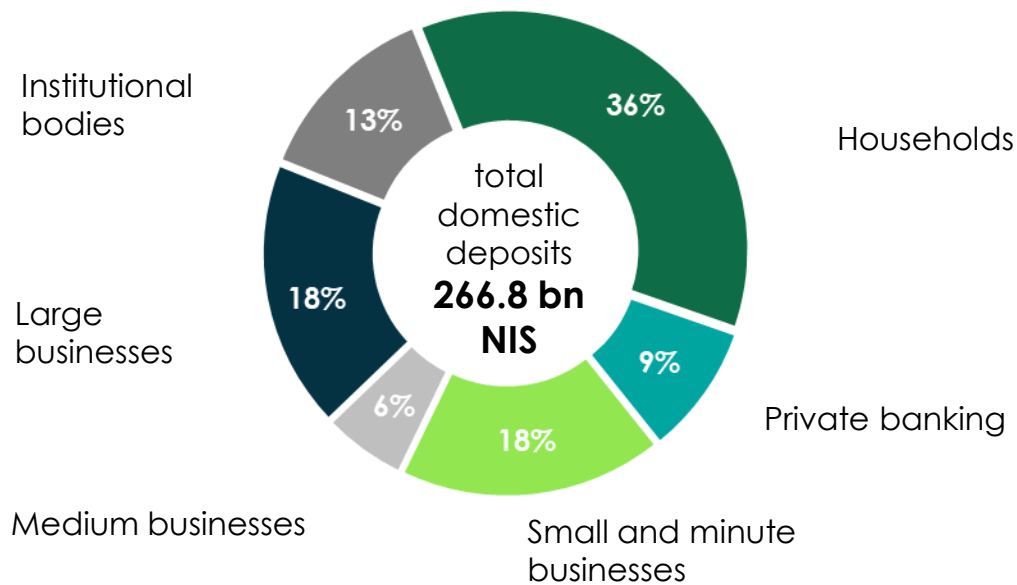
SALARY & MAINTENANCE EXPENSES ARE CONTAINED AS OTHER EXPENSES RISE



ROBUST AND DIVERSIFIED FUNDING BASE WITH STRONG CAPITAL RATIO

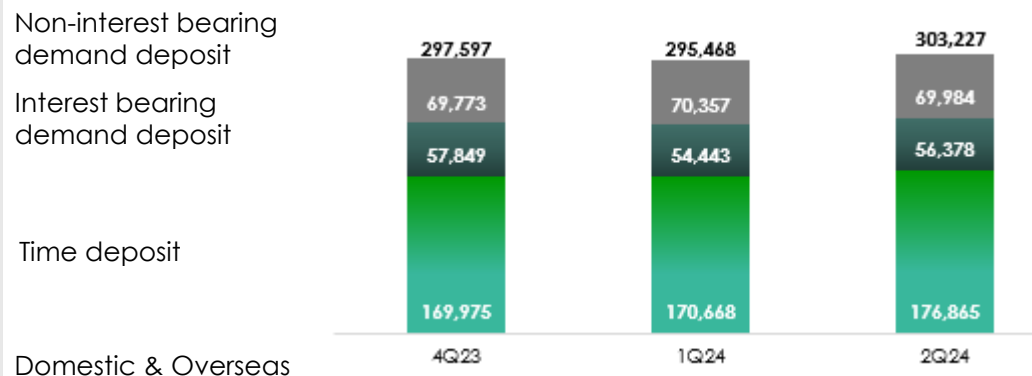


**Diversified domestic public deposit base
with high share of households deposits 30.6.24**

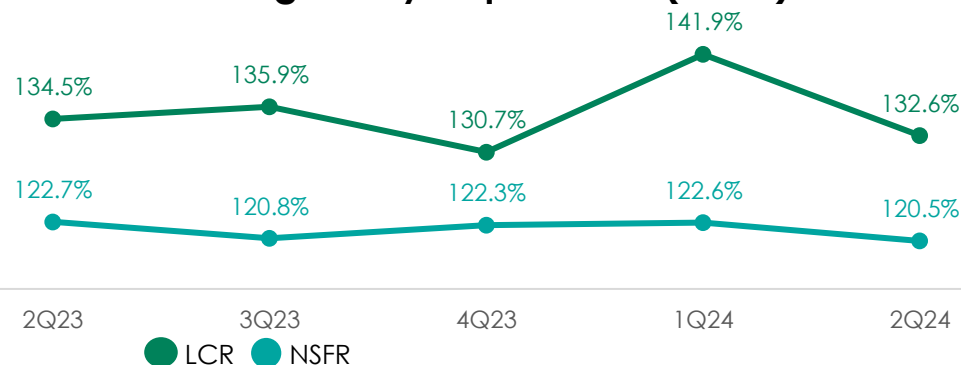


Sustaining continual stability across the group

NIS m



**Maintaining solid LCR And NSFR well above
the regulatory requirement (100%)**



Total Capital Ratio

13.35%
QoQ
-0.31%

Tier I Capital Ratio

10.67%
QoQ
-0.23%

Leverage Ratio

6.9%
QoQ
0.0%

DISCOUNT IS ABOUT TO ACQUIRE FULL OWNERSHIP OF PAYBOX



Acquiring complete Ownership of PayBox as part of our strategy to establish it as a significant non-bank provider

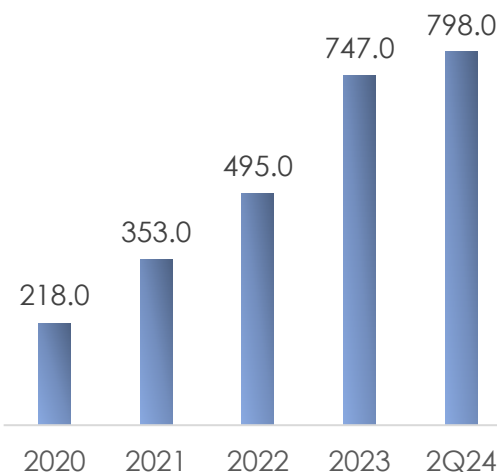
- Separate and independent company with entrepreneurial DNA.
- With more than 1.4 m unique users, Paybox is well positioned to challenge the banking sector.
- With full mandate to compete all banks, including Discount.
- A groundbreaking e-wallet to manage mutual accounts was introduced to the market in June 2024.
- Continuously bringing new products with high potential to gain market share.



Deposits

798.0M

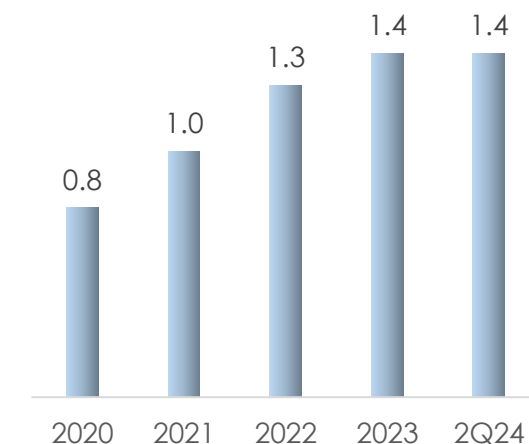
NIS millions



Unique active users

~ 1.4M

Active 90 days; millions



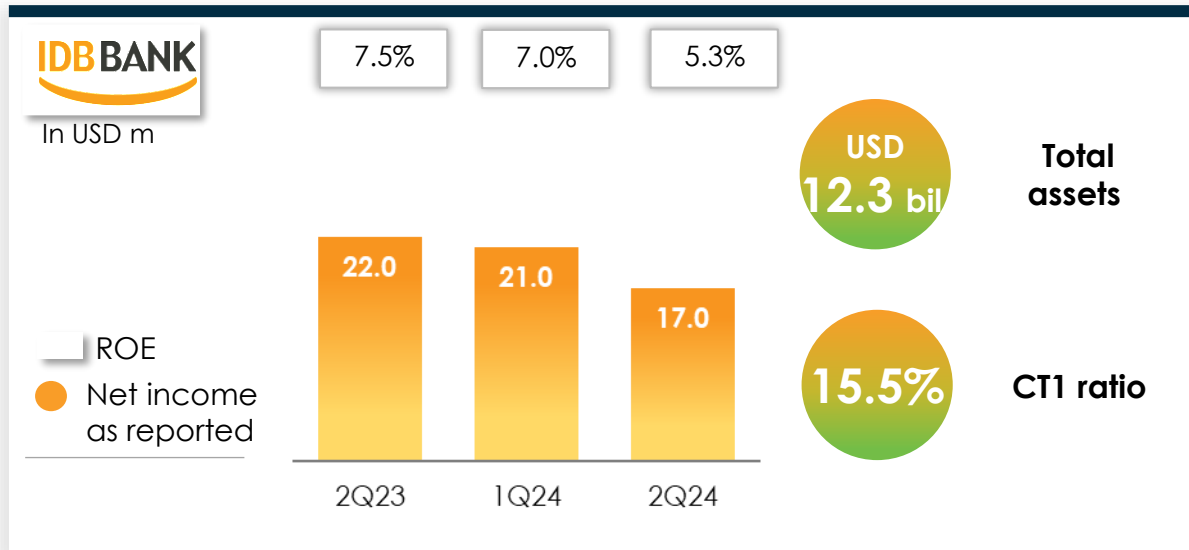
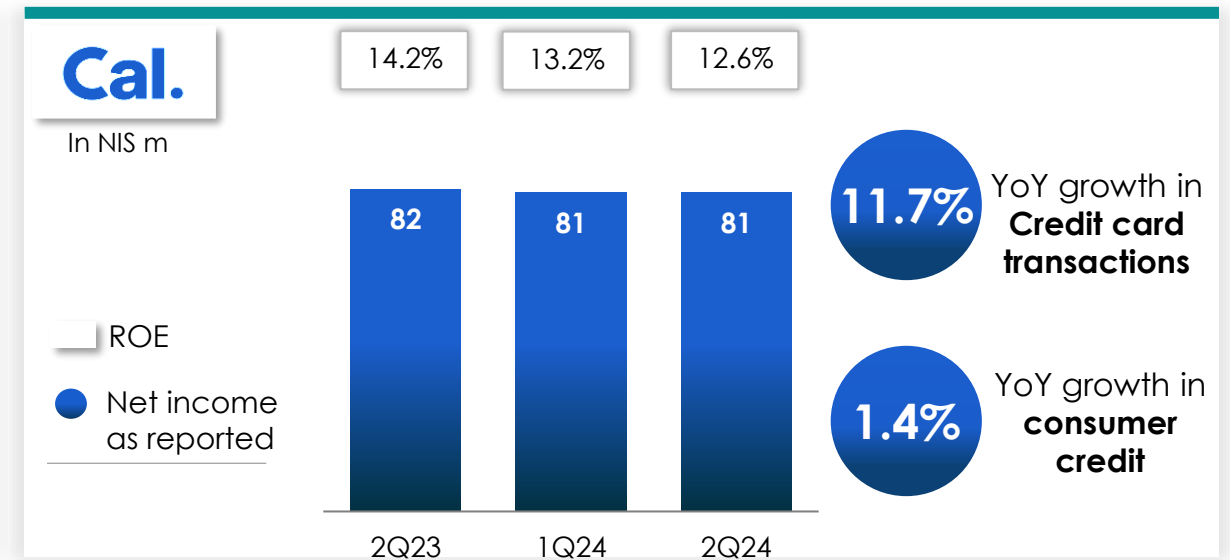
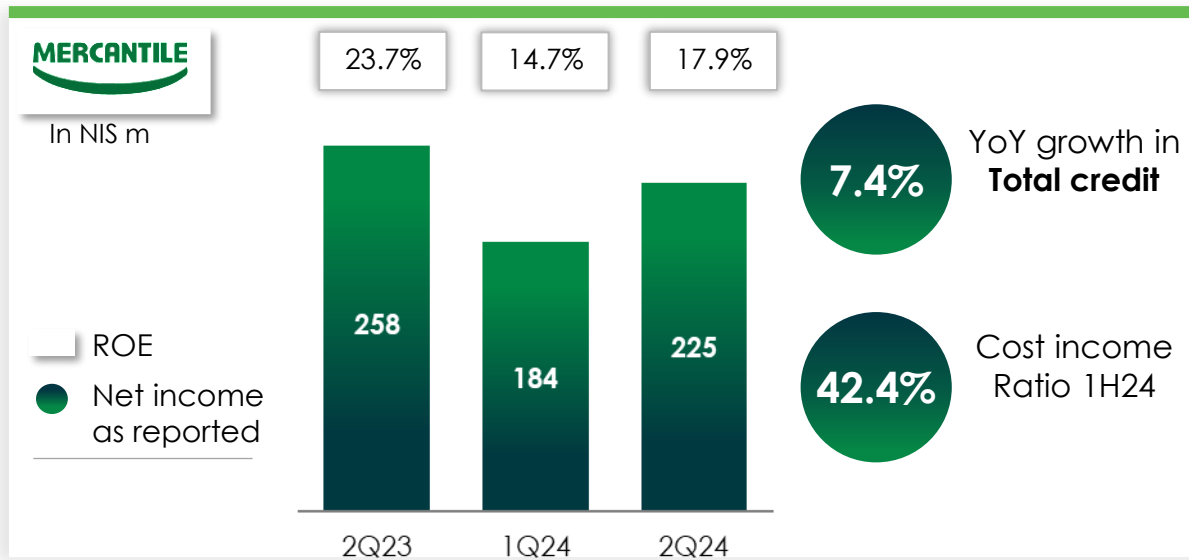
DISCOUNT HAS ENTERED INTO AGREEMENT TO SELL ~ 15% OF IDBNY TO GALLATIN POINT CAPITAL

Discount signed an agreement with the American investment fund Gallatin Point Capital for the sale of approximately 15% of the shares of IDBNY

- a strategic move to improve the bank's business growth.
- Leveraging the strategic connections of the fund in the financial sector in the US.
- The fund and its managers enjoy a rich experience in the financial sector, including in Israel, with a proven track record



CONTRIBUTION TO PROFIT FROM KEY SUBSIDIARIES



1H24 Group Results	With CAL	w/o CAL *
Net Income; NIS bn.	2,095	2,011
ROE	14.4%	14.5%
Efficiency Ratio	52.0%	47.3%

* (1) The data for ICC has been totally eliminated, with no calculation in respect of the alternative use of the risk assets that would become available as a result of the separation as well as the yield produced by them and with no calculation of the gains produced by the realization of the holdings in ICC and the yield produced by the investment thereof in an alternative activity.

(2) In congruence of that stated above, the capital has been standardized so as to maintain the actually existing capital adequacy level, and accordingly, the return on equity has been standardized.

TO SUMMARIZE



- ➡ **Solid & continuous results for 2Q24**, with **net income of 1,045 NIS**, and **ROE of 14.1%**.
- ➡ **Credit growth is gaining momentum, aligned with the economy, with asset quality remaining solid** – Credit growth of 2.5%, attributed to Corporates & Mortgages. The economy demonstrated resilience & growth under ongoing conflict.
- ➡ **Credit loss provisions within normal range:** As the economy adjusts well to operating amidst ongoing armed conflict, collective allowances reflects the expand of our loan portfolio. Specific provisions are down to 45m NIS, and Non Performing Loans (NPL) out of total credit are down to 0.83% with a sufficient cover ratio standing at 1.53%.
- ➡ **Salary Costs** are well managed, **other Costs increased in 20%**, reflecting higher volumes in CAL and on-time items.
- ➡ **The IDBNY-Gallatin and Paybox deals** are key steps in reshaping our group, aimed at strengthening our market position and enhancing our offerings.

APPENDICES

ISRAEL DISCOUNT BANK: P&L AND SELECTED RATIOS

20
23

NIS m	2Q24	1Q24	2Q23	vs.1Q24	vs.2Q23
Net interest income	2,846	2,537	2,934	12.2%	(3.0%)
Credit loss expenses	258	82	312	214.6%	(17.3%)
Non-interest financing income	264	358	282	(26.3%)	(6.4%)
Commissions	912	860	869	6.0%	4.9%
Other income	1	2	-	(50.0%)	
Total non-interest income	1,177	1,220	1,151	(3.5%)	2.3%
Total income	4,023	3,757	4,085	7.1%	1.5%-
Salaries and related expenses	938	986	954	(4.9%)	(1.7%)
Maintenance & depreciation	381	379	326	0.5%	16.9%
Other expenses	746	619	659	20.5%	13.2%
Total operating and other expenses	2,065	1,984	1,939	4.1%	6.5%
Income before taxes	1,700	1,691	1,834	0.5%	(7.3%)
Provision for taxes on income	645	644	626	0.2%	3.0%
Income after taxes	1,055	1,047	1,208	0.8%	(12.7%)
Net income attributable to shareholders	1,045	1,050	1,187	(0.5%)	(12.0%)
ROE	14.1%	14.6%	18.0%		
Cost income ratio	51.3%	52.8%	47.5%		
CET-1 ratio	10.67%	10.90%	10.35%		
NIM	3.19%	2.83%	3.33%		
Rate of credit loss expenses	0.38%	0.12%	0.49%		
NPL ratio (90 day or over)	0.87%	0.91%	0.89%		
Dividend per share (in Agurot)*	25.34	25.46	28.79		

* Dividend in respect of the relevant period

ISRAEL DISCOUNT BANK: SELECTED BALANCE SHEET ITEMS

NIS m	30.6.24	31.12.23	30.6.23
Cash and deposits with banks	46,404	51,115	56,696
Securities	60,634	59,268	54,537
Securities borrowed or purchased under agreements to resell	983	851	1,024
Credit to the public	272,558	262,941	256,768
Provision for credit losses	(4,164)	(4,214)	(3,571)
Credit to the public, net	268,394	258,727	253,197
Credit to governments	2,905	3,073	3,036
Investment in investee companies	485	471	483
Buildings and equipment	4,597	4,535	4,245
Intangible assets and goodwill	161	161	162
Assets in respect of derivative instruments	10,330	11,106	12,400
Other assets	6,399	6,417	6,035
Total Assets	401,292	395,724	391,815
Deposits from the public	303,227	297,597	292,656
Deposits from banks and governments	11,260	11,404	14,344
Securities borrowed or sold via repo agreements*	9,232	12,642	10,728
Bonds and subordinated debt notes	18,177	15,491	16,479
Liabilities in respect of derivative instruments	8,641	10,469	10,124
Other liabilities	19,621	18,883	19,802
Total liabilities	370,158	366,486	364,133
Equity capital attributed to the Bank's shareholders	30,325	28,474	27,016
Non-controlling rights in consolidated companies	809	764	666
Total equity	31,134	29,238	27,682
Total Liabilities and Equity	401,292	395,724	391,815

* Including securities borrowed or purchased under agreements to resell

ISRAEL DISCOUNT BANK: ADJUSTMENTS TO P&L

Quarter ended at 30 June
NIS m

NIS m	2Q24	1Q24	2Q23
Reported net income	1,045	1,050	1,187
Realization of assets	34	50	-
Provisions stemming from the separation of ICC	11	-	-
Total		-	-
Adjusted net income	1,090	1,100	1,187

MERCANTILE: FINANCIAL PERFORMANCE

Main P&L and Balance Sheet metrics and selected ratios

mercantile

NIS m	2Q24	1Q24	2Q23	Vs. 1Q24	Vs. 2Q23
Net interest income	580	528	608	9.8%	(4.6%)
Non-interest income	99	111	111	(10.8%)	(10.8%)
Total income	679	639	719	6.3%	(5.6%)
Operating & other expenses	282	277	266	1.8%	6.0%
Net income - Adjusted	225	184	258	22.3%	(12.8%)
Return on equity - Adjusted	17.9%	14.7%	23.7%		
Cost-income ratio - Adjusted	41.5%	43.3%	37.0%		
Rate of credit loss expenses	0.45%	0.50%	0.57%		
NIM	3.77%	3.47%	3.91%		
Total assets	66,657	63,674	63,137	4.7%	5.6%
Credit to the public, net	47,311	46,223	44,163	2.4%	7.1%
Securities	8,920	7,712	6,872	15.7%	29.8%
Deposits from the public	53,116	50,042	49,637	6.1%	7.0%
Total equity	5,217	5,147	4,531	1.4%	15.1%

IDBBANK: FINANCIAL PERFORMANCE

Main P&L and Balance Sheet metrics and selected ratios

IDB Bank

USD m	2Q24	1Q24	2Q23	Vs. 1Q24	Vs. 2Q23
Net Interest Income	79.0	81.0	86.2	(2.5%)	(8.4%)
Non-Interest income (Expenses)	21.0	18.0	16.7	16.7%	25.7%
Total Income	100.0	99.0	102.8	1.0%	(2.7%)
Operating & Other Expenses	71.0	70.0	73.0	1.4%	(2.7%)
Net Income	17.0	21.5	22.0	-0.2	-0.2
Return on Equity	5.3%	7.1%	7.5%		
Cost-Income Ratio	71.7%	70.7%	70.9%		
Credit Loss Expenses ratio	0.3%	0.1%	0.1%		
NIM	2.78%	0.9%	3.0%		
Total Assets	12,276	12,014	12,224	2.2%	0.4%
Loans, net	8,381	8,140	7,982	3.0%	5.0%
Securities	2,564	2,605	2,705	(1.6%)	(5.2%)
Deposits from the Public	10,116	10,157	10,266	(0.4%)	(1.5%)
Total Equity	1,254	1,239	1,167	1.2%	7.5%

CAL: FINANCIAL PERFORMANCE

Main P&L and Balance Sheet metrics and selected ratios

CAL

NIS m	2Q24	1Q24	2Q23	Vs. 1Q24	Vs. 2Q23
Income From Credit Card Transactions	479	438	447	9.4%	7.2%
Credit Loss Expense	67	40	53	67.5%	26.4%
Non-Interest Financing Expenses	8	5	-	60.0%	
Total Income	713	663	650	7.5%	9.7%
Total Expenses (excluding credit loss expenses)	540	510	483	5.9%	11.8%
Net income - Adjusted	81	81	82	-	(1.2%)
Return on equity - Adjusted	12.6%	13.2%	14.2%		
Cost-income ratio - Adjusted	75.7%	76.9%	74.3%		
Total assets	20,759	20,639	19,633	0.6%	5.7%
Interest bearing credit	8,981	8,909	8,762	0.8%	2.5%
Consumer credit	7,654	7,626	7,549	0.4%	1.4%
Total equity	2,620	2,529	2,358	3.6%	11.1%