

# 3Q 2024 REVIEW

## Financial Highlights

Investor Relations

November 18, 2024

**Disclaimer:**

This document has been prepared by Israel Discount Bank Ltd. (the "Bank") solely for use by the Bank in its presentation of its 3<sup>rd</sup> quarter report, as well as in strategic updates referred to in the Bank's reports. This presentation is not a substitute for the Bank's 2024 3<sup>rd</sup> quarter financial statements which include the full financial information including forward-looking Information. The English version of the financial statements are available on the Bank's investor relations website at [www.investors.discountbank.co.il](http://www.investors.discountbank.co.il)

This presentation includes forward-looking information, as defined in the Israeli Securities Law, 5728 - 1968. Such information includes, among other things, projections, objectives, estimates and assessments of the Bank, which relate to future events or issues, the occurrence of which is not certain and is outside the control of the Bank. Forward-looking information does not constitute proven, factual information, and is based solely on the viewpoint of the Bank's management, which is based, among other things, on analysis of general information that is known to the Bank's management as of the date of this presentation. Forward-looking information, by definition, is subject to the substantial risk of not coming to fruition, and such information is not definite and cannot be estimated in advance and is at times even beyond the Bank's control. The fulfillment of forward-looking information is impacted by risk factors that are characteristic of the Bank's activities and also by developments in the general environment and external factors that affect the Bank's operations, which cannot be estimated in advance and that by their nature are beyond the control of the Bank. Therefore, readers of this presentation are hereby warned that the results and achievements of the Bank in the future may be significantly different than those presented in the forward-looking information included in this presentation. Similarly, forward-looking projections and estimations are based on assumptions and information in the possession of the Bank as of the time of the presentation, and the Bank shall not be required to update or revise any such projection or estimation in order to reflect events or conditions that transpire after the date of the presentation.

**Disclaimer regarding unsponsored American Depositary Receipt (ADR):**

U.S. depository institutions or banks may establish ADR programs in respect of the shares of certain non-U.S. issuers without the consent or participation of such issuers (the so called "Unsponsored ADRs"). An ADR or American Depositary Receipt, which is issued by a U.S. bank or depository to evidence a share of a non-U.S. issuer that has been deposited with the U.S. bank or depository. An Unsponsored ADR program is set up without the cooperation of the non-U.S. issuer or even without its consent. Israel Discount Bank does not support or encourage the creation of Unsponsored ADR programs in respect of its securities and, in any event, disclaims any liability in connection with an Unsponsored ADR.

Israel Discount Bank makes no representation regarding its compliance with Rule 12g3-2(b) of the U.S. Securities Exchange Act of 1934, as amended.

# 3Q 2024 – DELIVERING ROBUST PERFORMANCE



## NET INCOME

1,137<sub>M</sub>

## ROE

14.9%

## EFFICIENCY RATIO

49.1%

Banking in  
Israel \*

976<sub>M</sub>

18.0%\*\*

40.5%\*\*

## DIVIDEND PAYOUT + SHARE BUYBACK

30% + 10%

## NII GROWTH

QoQ / YoY

0.7% / 5.8%

## CREDIT GROWTH

QoQ / YoY

3.2% / 7.2%

\* Consolidated figures for banking operations of Discount & Mercantile

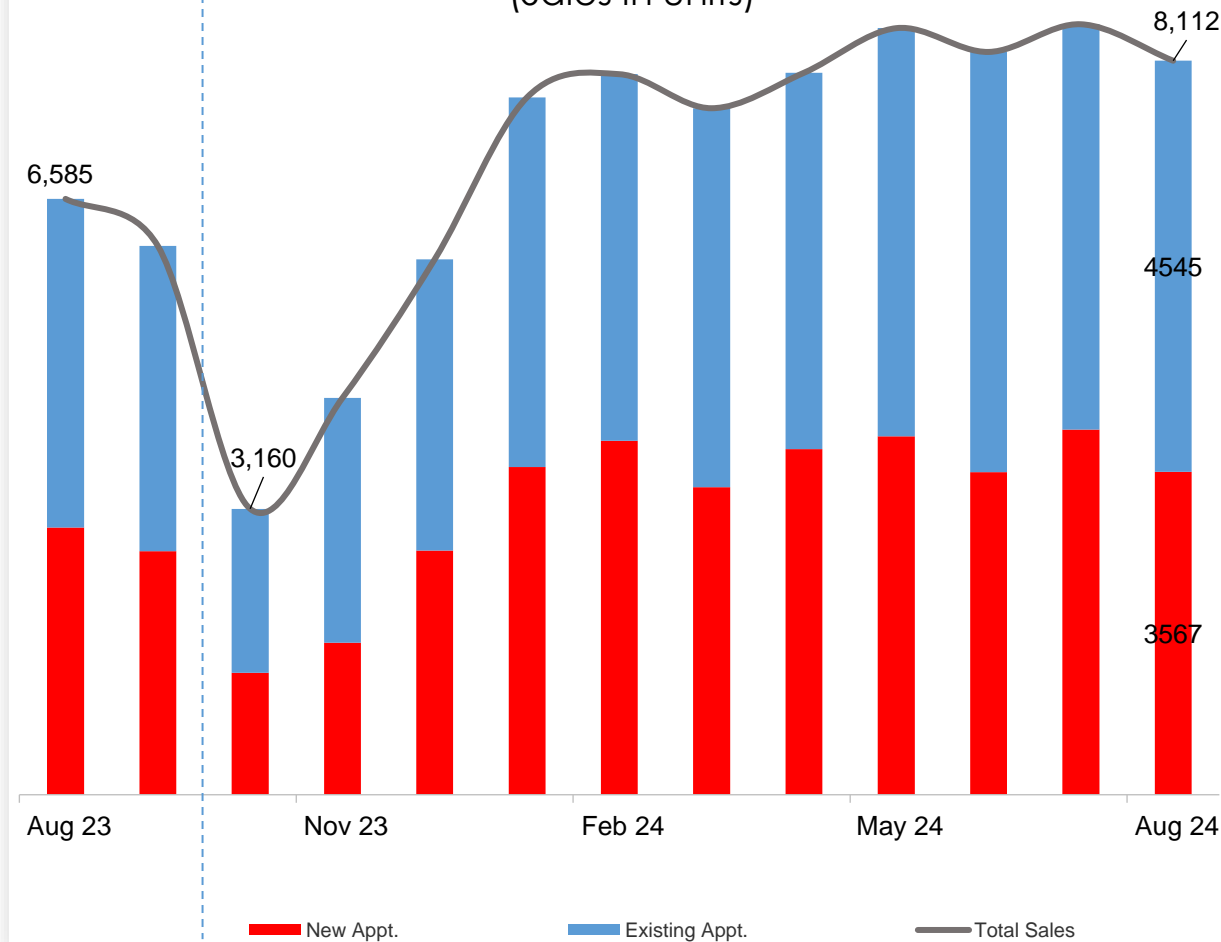
\*\* As calculated

# THE ECONOMY ADAPTED TO OPERATING UNDER CHALLENGING CONDITIONS



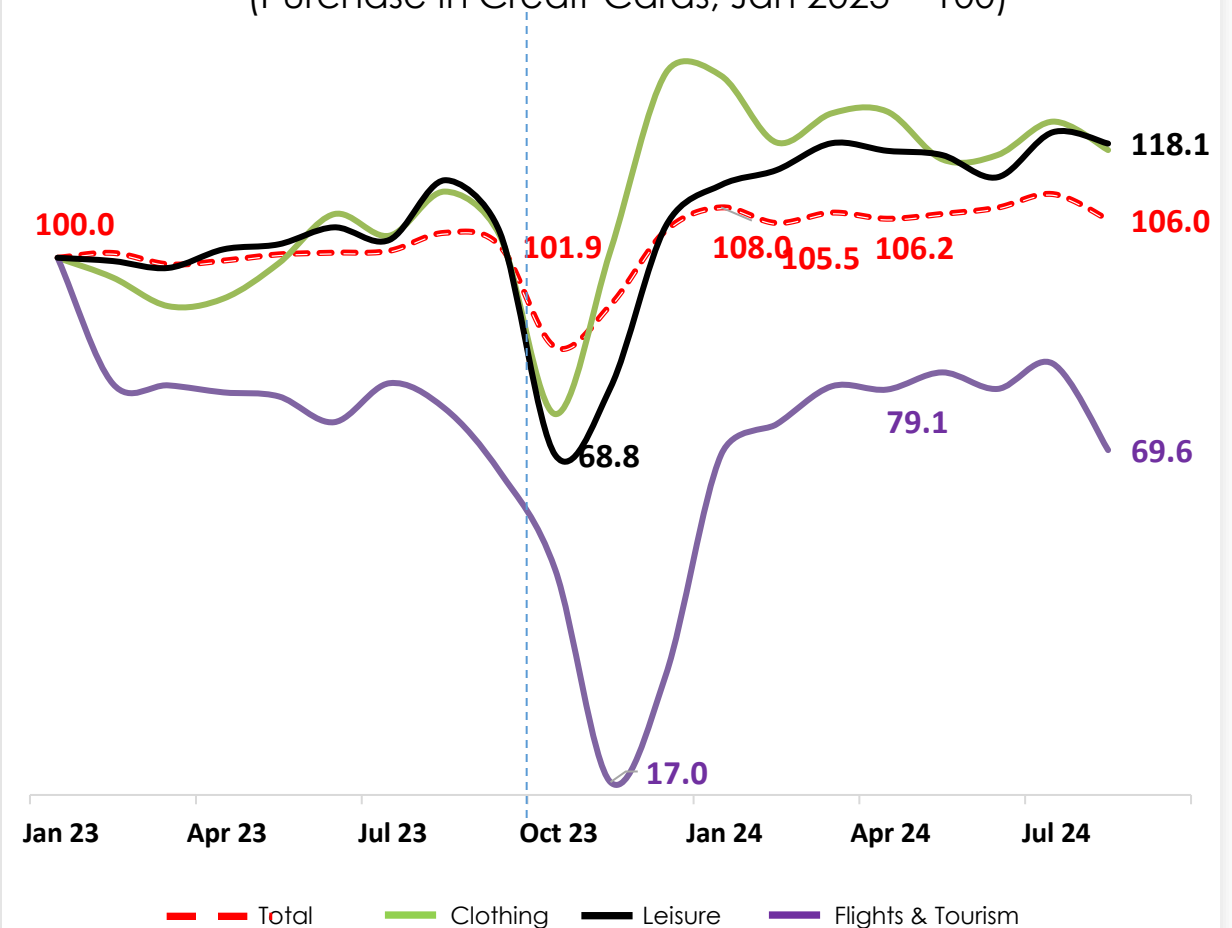
Following the recovery, the housing market maintains its momentum

(Sales in units)



Private Consumption turnover remains steady

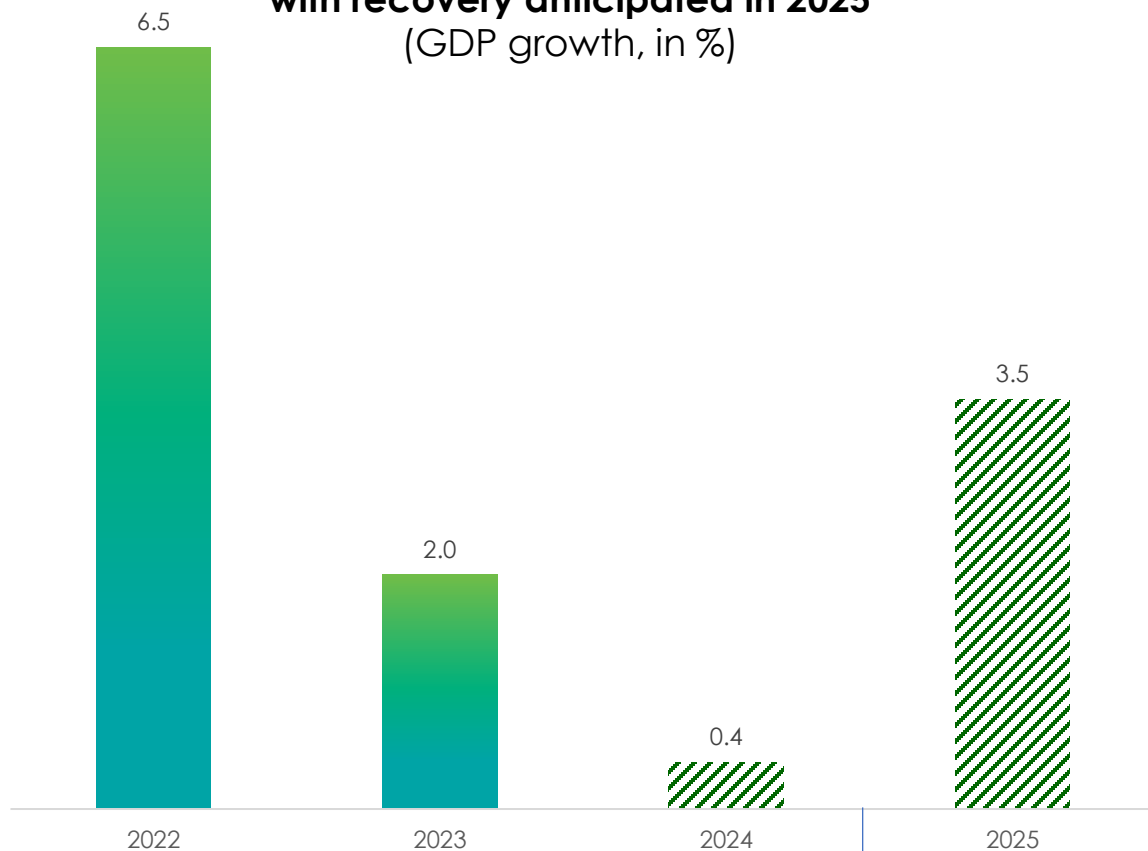
(Purchase in Credit-Cards, Jan 2023 = 100)



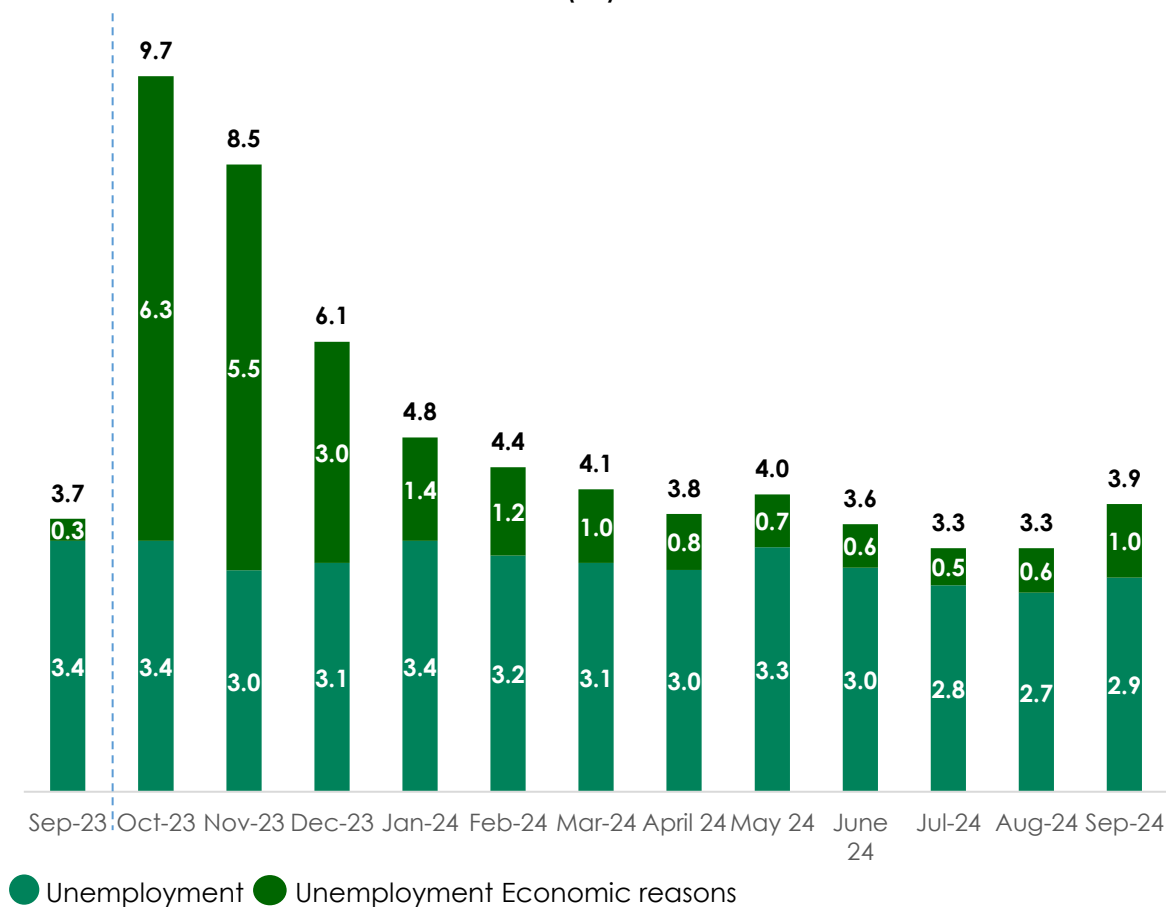
# THE ECONOMY IS AT FULL EMPLOYMENT GDP GROWTH IS EXPECT TO RECOVER IN 2025



The war has impacted GDP growth in 2024,  
with recovery anticipated in 2025  
(GDP growth, in %)

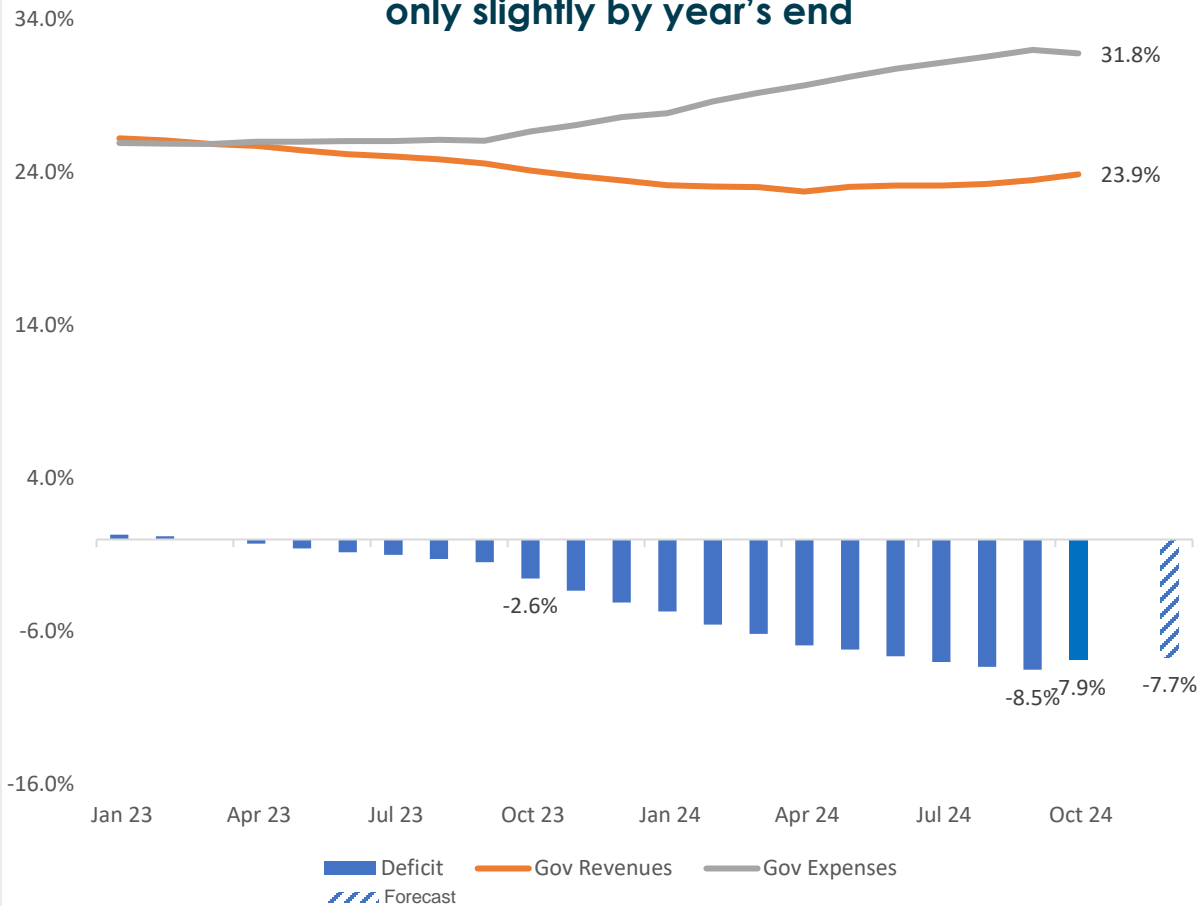


Job market shows resilience and strength  
(%)



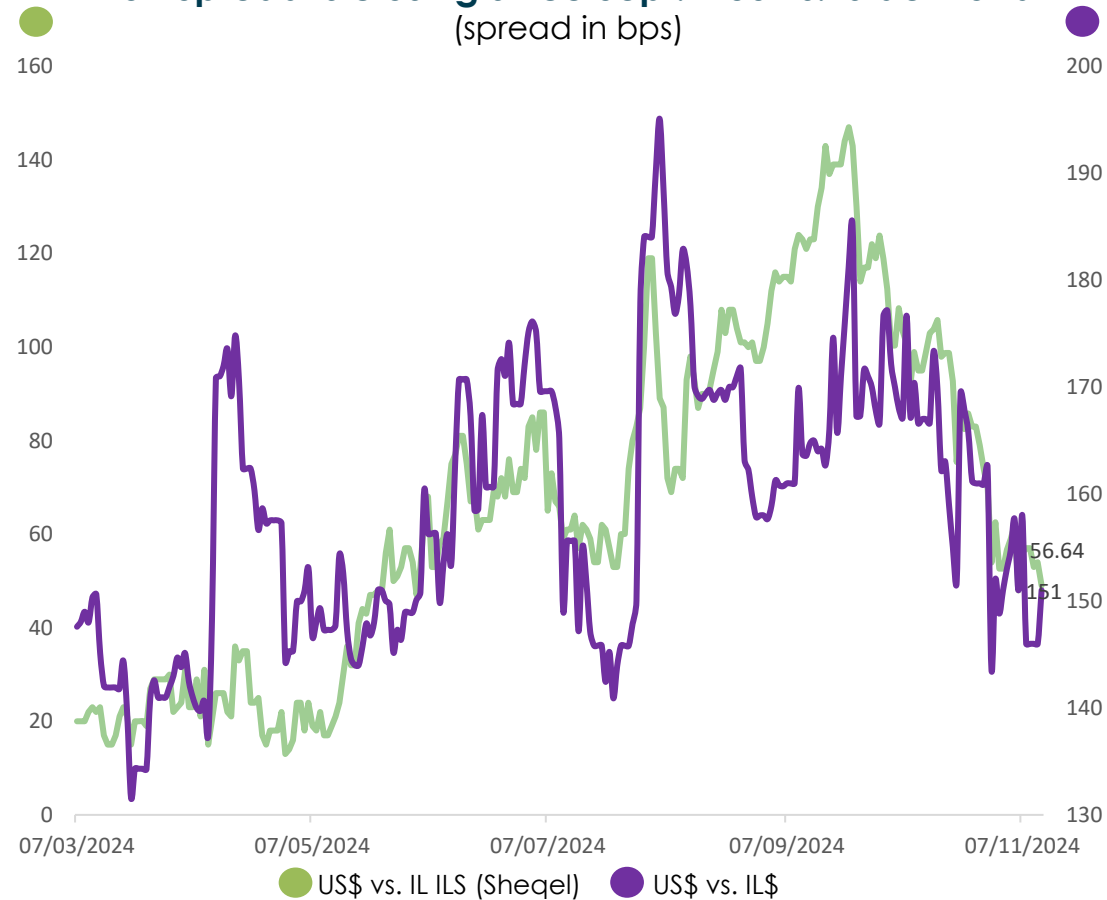
# GOVT. DEFICIT IS PROJECTED TO REMAIN HIGH THE 10Y SPREAD REMAINS HIGH BUT NARROWING

Fiscal Deficit is anticipated to decline only slightly by year's end



Source: Ministry of Finance data (Oct.24)

10Y Spread is closing since Sept. – US vs. Israel Bond  
(spread in bps)

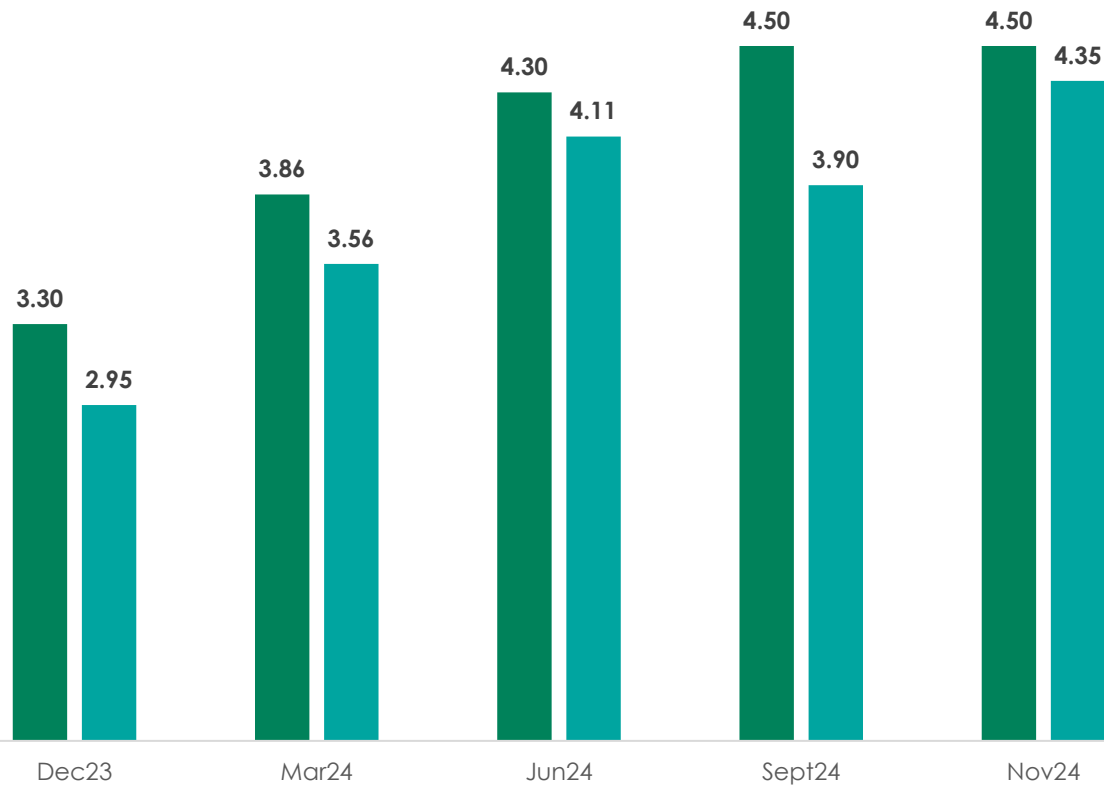


Source: Bloomberg

# BOI RATE STAY HIGHER FOR LONGER INFLATION IS EXPECTED TO REMAIN ABOVE THE LIMIT

## Bank of Israel holds Interest Rate - higher for longer

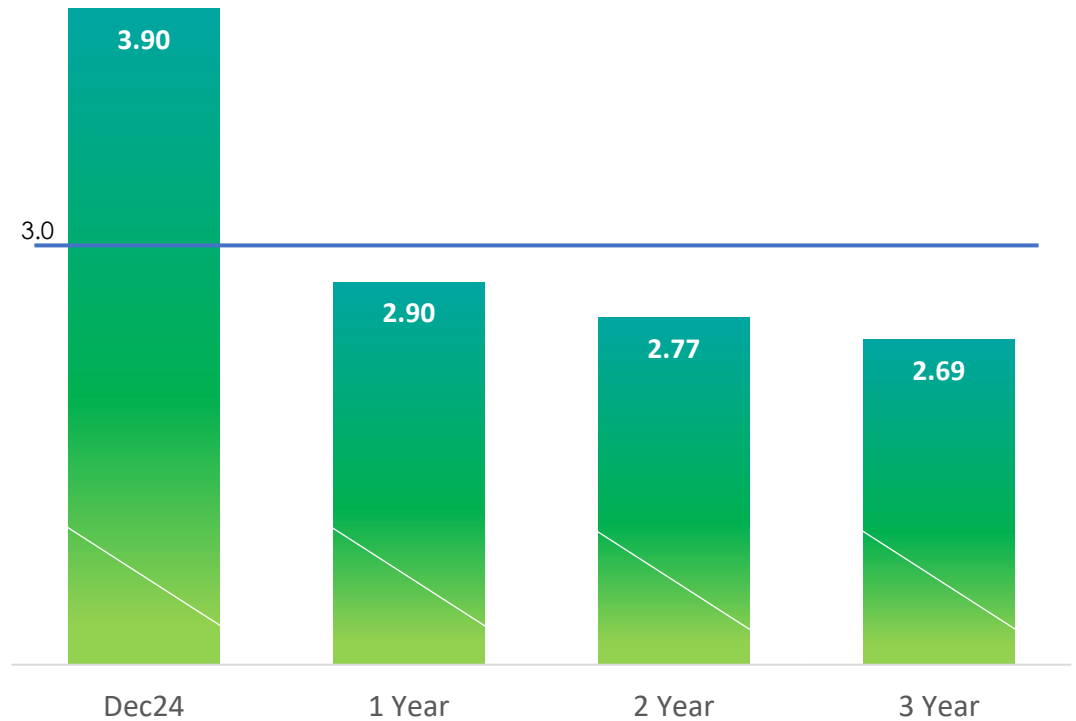
(Market Expectations for BoI Rate at year-end on specific dates, %)



Year End ● 2024 ● 2025

## Inflation is projected to converge within BoI upper range

(Israel Inflation - CPI Forwards, %)



# 3Q24 AND 9M24 FINANCIAL HIGHLIGHTS



- **Net income of NIS 1,137m and ROE of 14.9% in 3Q24**, driven by increase in Fees & commissions and non-interest financing income.
- **Credit growth has regained momentum**: Total credit grew by 3.2% QoQ and 7.2% YoY, with corporates growing by 4.6% QoQ, small businesses with 3.6% growth and mortgage balance by 1.8%.
- **Increase in collective allowance**: Credit loss expenses ratio stood at 0.40% due to a higher Collective Allowance provisioning as credit portfolio expand. Non Performing Loans (NPL) out of total credit continue to decrease to 0.76% in 3Q24, compared with 0.83% in 2Q24 and 0.91% in 4Q23.
- **Marginal growth in NII with continued effect of CPI**: NII grew in 3Q24 by 0.7% QoQ and 5.8% YoY with support of CPI while the Bol interest rate remained at 4.50%. Net Interest Margin (NIM) reduced to 3.06% compared with 3.19% in 2Q24.
- **Operating efficiency over the first nine months reached 51.0% and 46.1% w/o CAL**, with 49.1% achieved in 3Q24.
- **The Bank announces a Dividend Payout of 30% and a share buyback of 10% of the net profit** amounting to a total of 40% of the net profit for 3Q24. (The share buyback program is up to NIS 500m over the next four quarters)

Adjusted 3Q24

Net Income	ROE	Cost-Income Ratio	Credit Loss Expenses Ratio
<b>NIS 1,137 m</b> 2Q24: NIS 1,045 m; 3Q23: NIS 817 m	<b>14.9%</b> 2Q24: 14.1%; 3Q23: 12.0%	<b>49.1%</b> 2Q24: 51.3%; 3Q23: 51.8%	<b>0.40%</b> 2Q24: 0.38%; 3Q23: 0.92%
<b>NIS 1,198 m</b> 2Q24: NIS 1,090 m;	<b>15.7%</b> 2Q24: 14.7%;	<b>49.4%</b> 2Q24: 50.9%;	

Adjusted 9M24

Net income	ROE	Cost-Income Ratio	Credit Loss Expenses Ratio
<b>NIS 3,232 m</b> 9M23: NIS 3,273 m	<b>14.5%</b> 9M23: 16.6%	<b>51.0%</b> 9M23: 48.4%	<b>0.30%</b> 9M23: 0.58%
<b>NIS 3,388 m</b> 9H23: NIS 3,205 m	<b>15.2%</b> 9M23: 16.2%	<b>51.0%</b> 9M23: 49.1%	

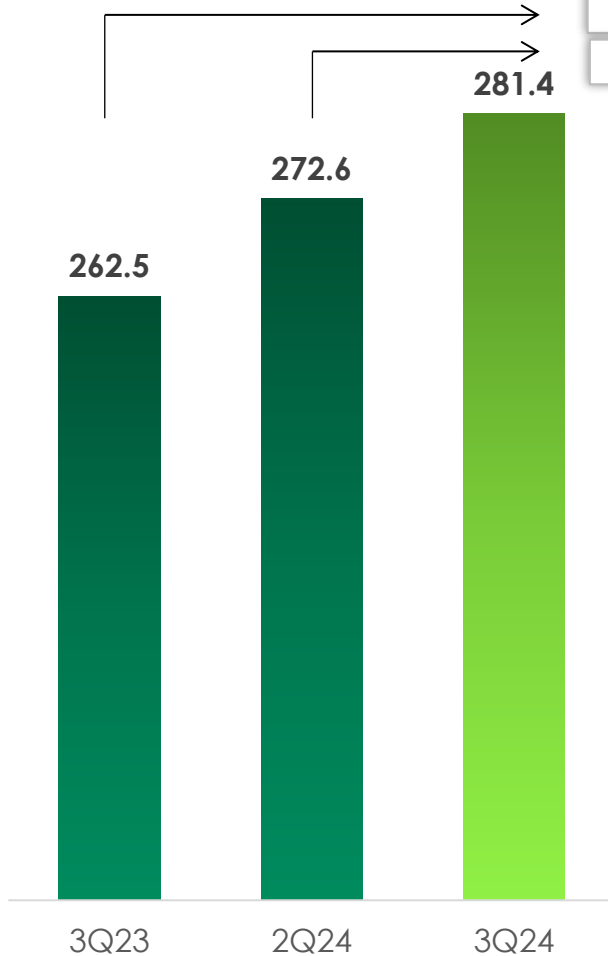


# CREDIT GROWTH IS REBOUNDED – DEMAND ACROSS ALL SEGMENTS

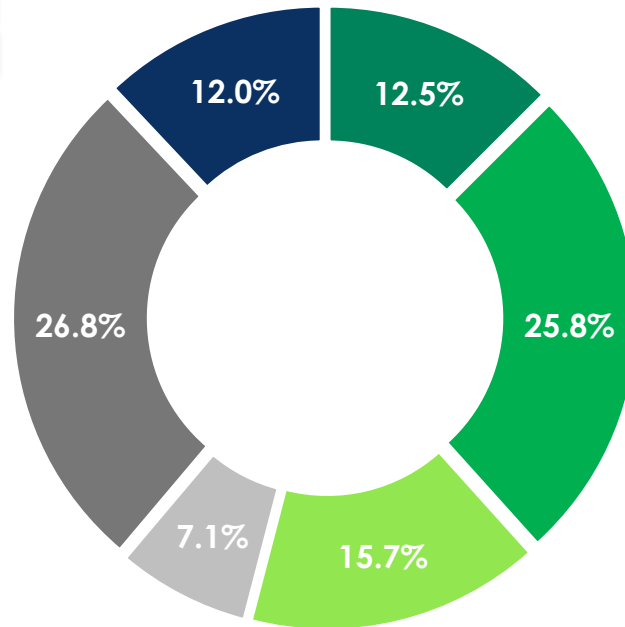


## Total Credit

in NIS bn; growth %



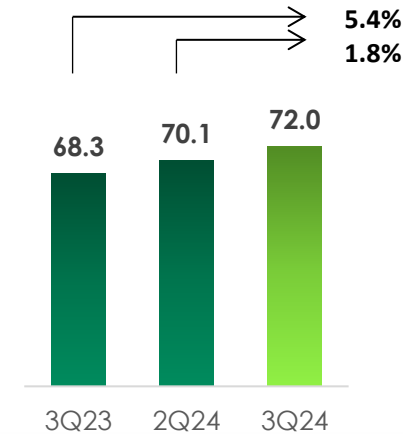
## Well Balanced Loan Book



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

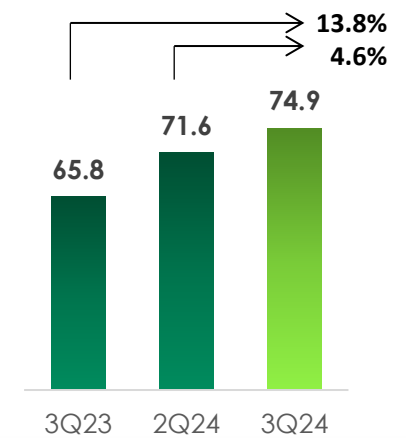
## Mortgages

in NIS bn; growth %



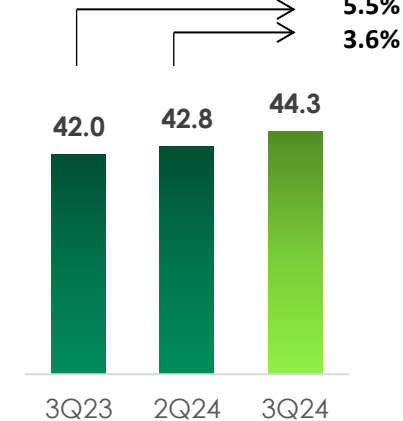
## Corporates

in NIS bn; growth %



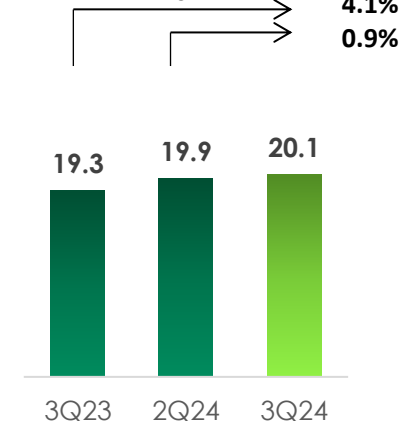
## Small businesses

in NIS bn; growth %

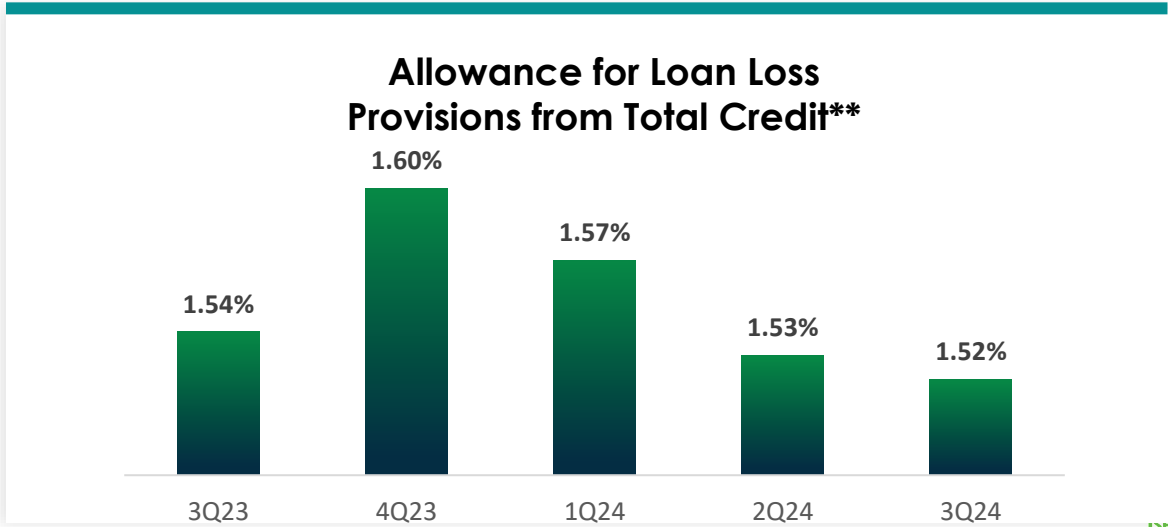
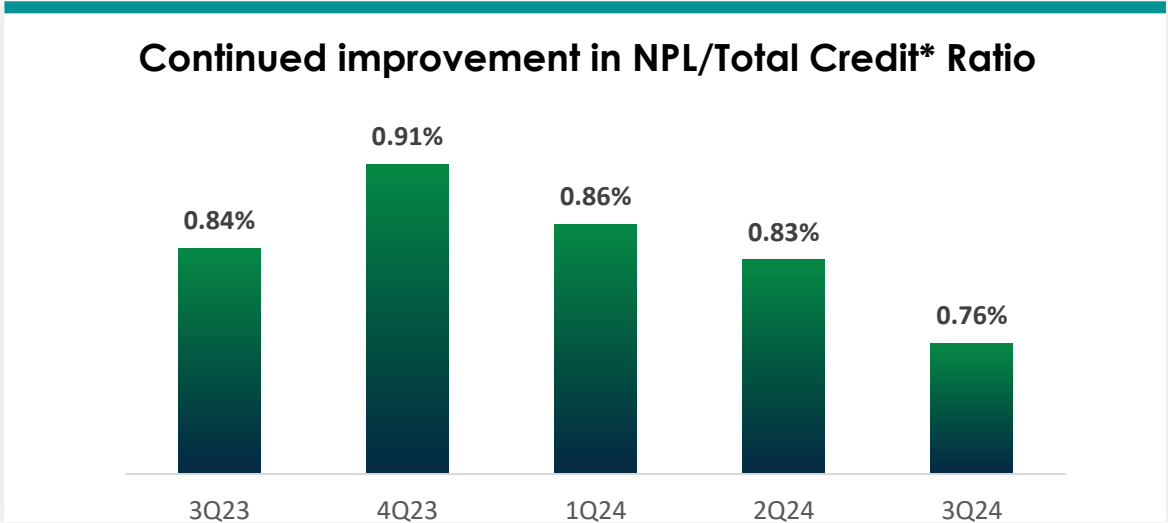
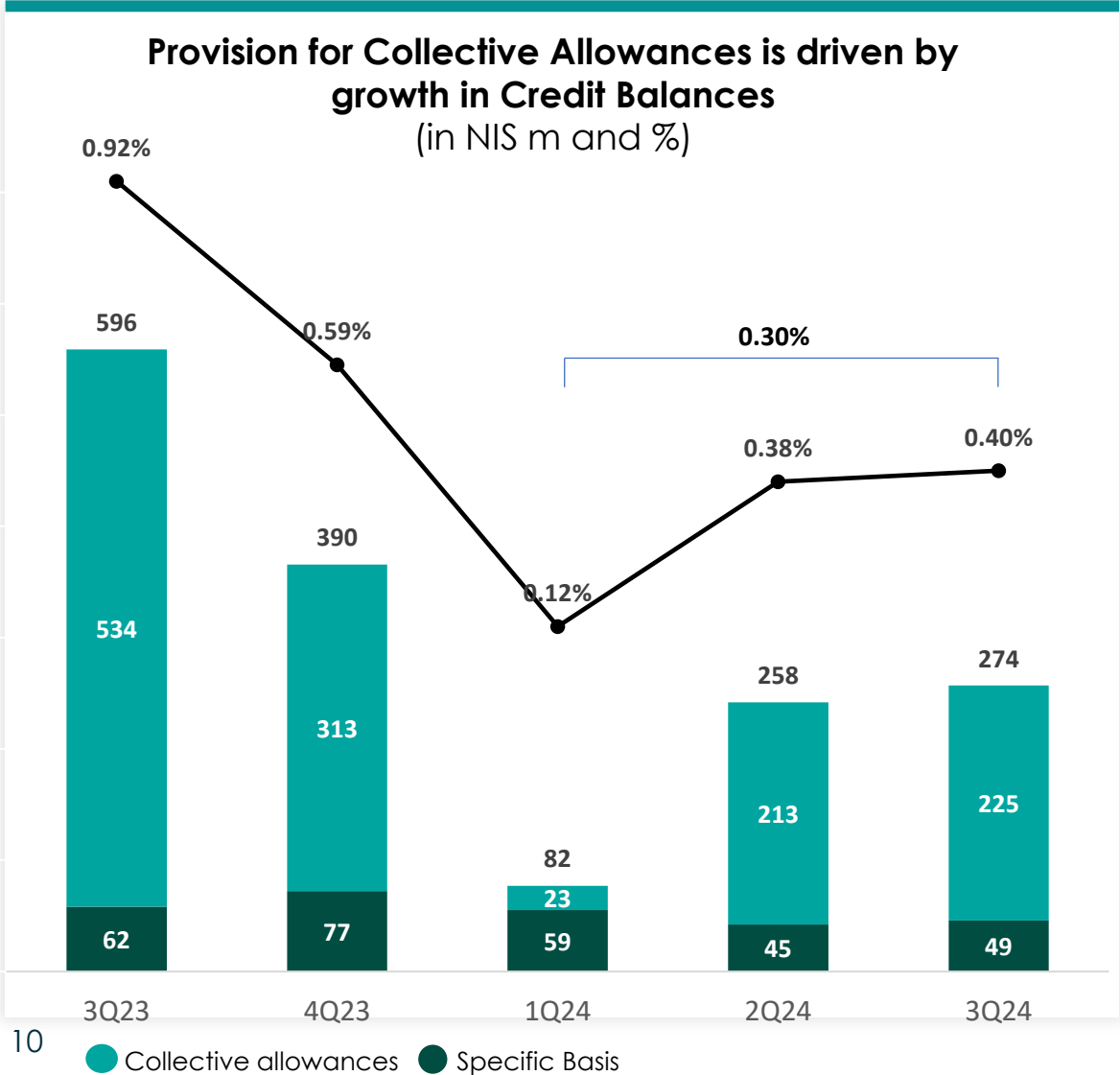


## Medium Enterprises

in NIS bn; growth %



# CREDIT LOSS EXPENSES REMAIN WITHIN NORMAL RANGE WHILE NPL RATIO IS GRADUALLY DECREASING



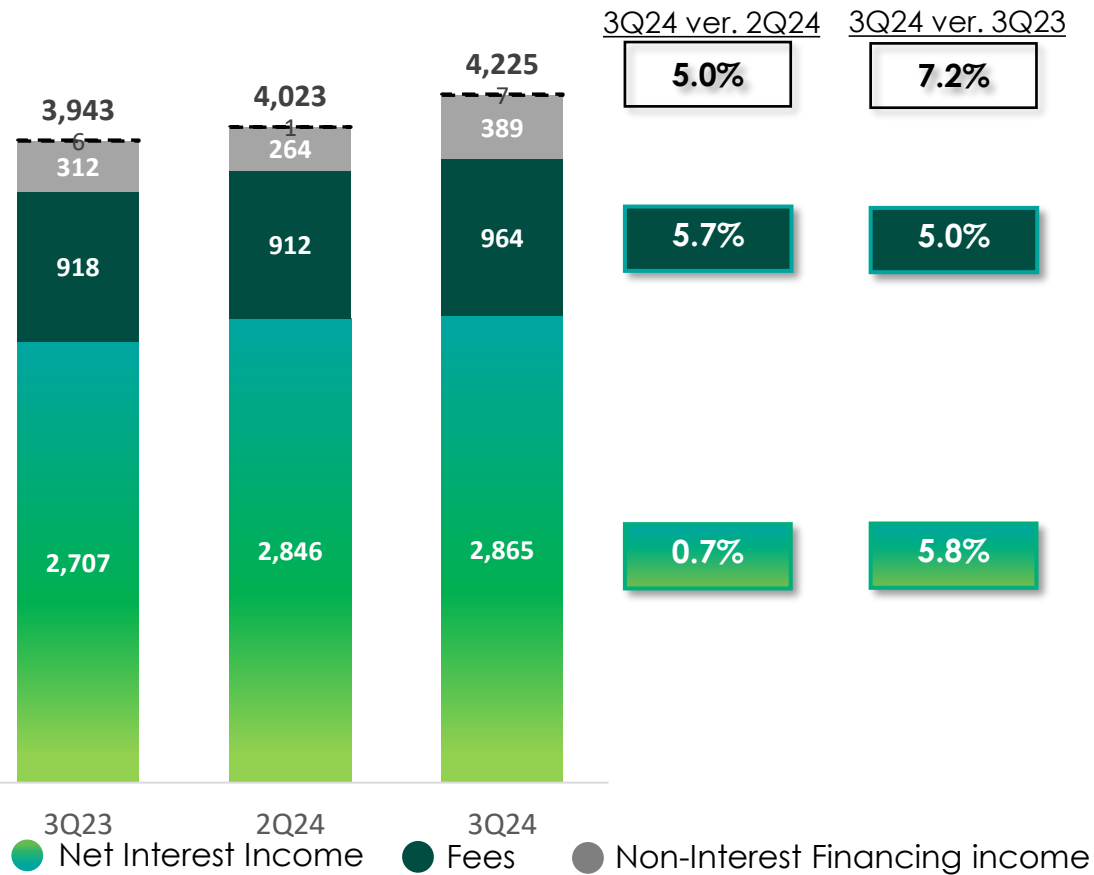
\* NPL: percent of non accrual from gross total credit.  
\*\* Calculated as percent of Loan Loss Provisions from total credit.

# FEES AND NON-INTEREST FINANCING INCOME SUPPORT THE INCREASE IN TOTAL INCOME



## Total Income

NIS m



## Financing Income From Current Operations (NIS m)

Period end BOI rate  
Average BOI rate\*

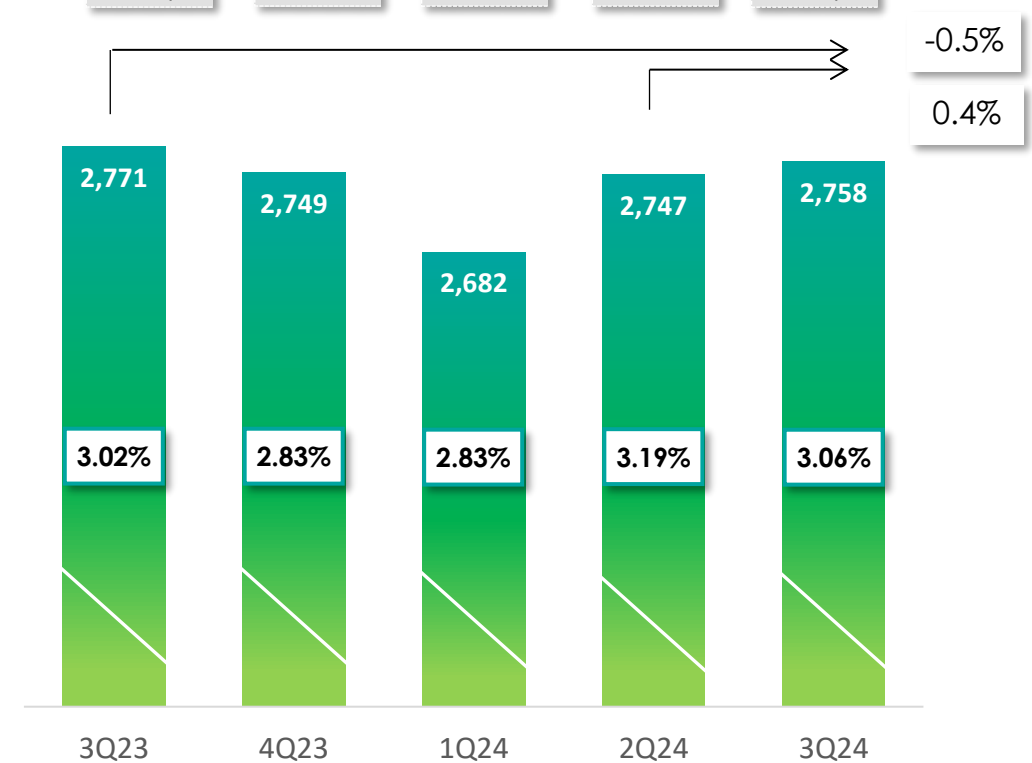
4.75%  
4.58%

4.75%  
4.75%

4.50%  
4.51%

4.50%  
4.50%

4.50%  
4.50%

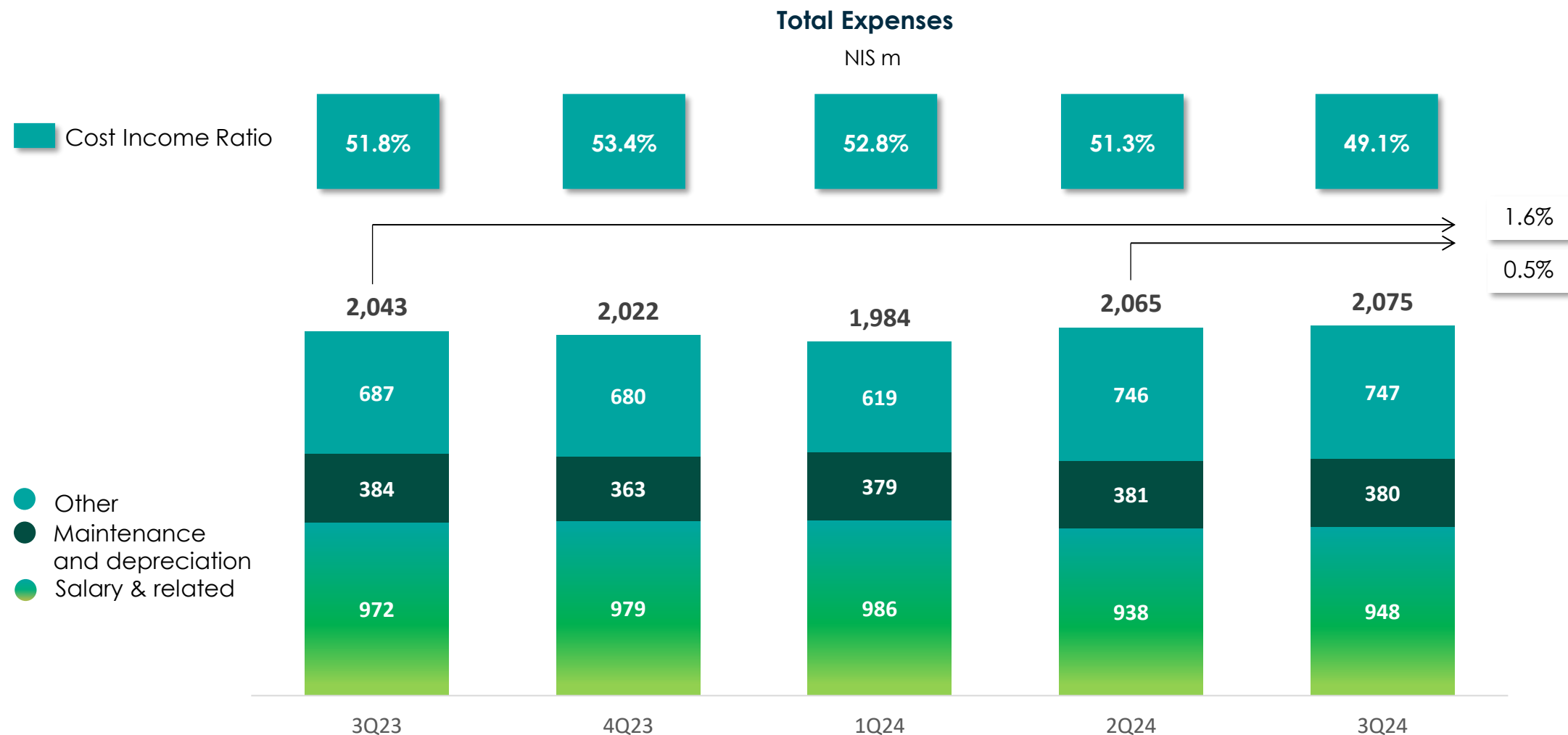


Income from regular financing activity, excl. CPI NIM\*\*

\* As calculated

\*\* Net yield on interest bearing assets

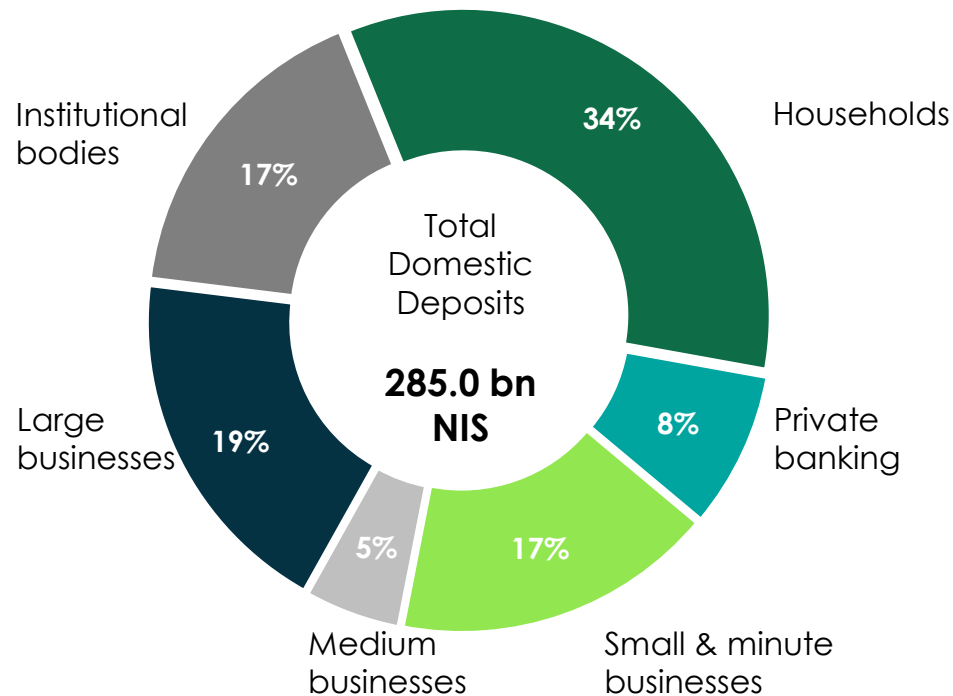
# TOTAL EXPENSES ARE CONTAINED



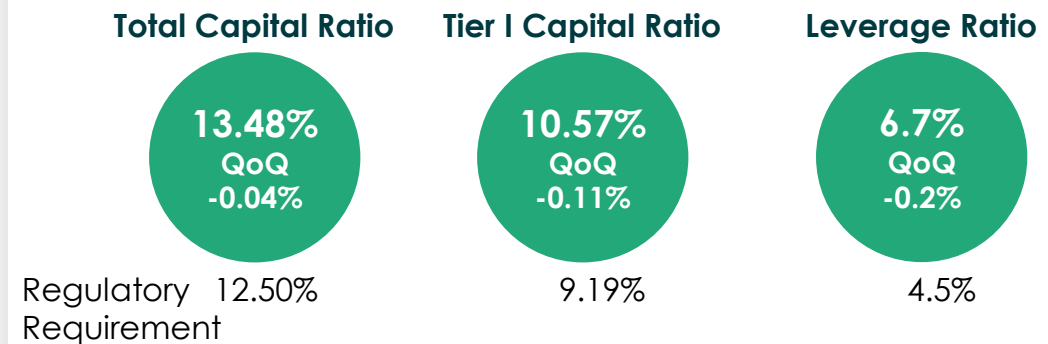
# ROBUST AND DIVERSIFIED FUNDING BASE WITH STRONG CAPITAL RATIO



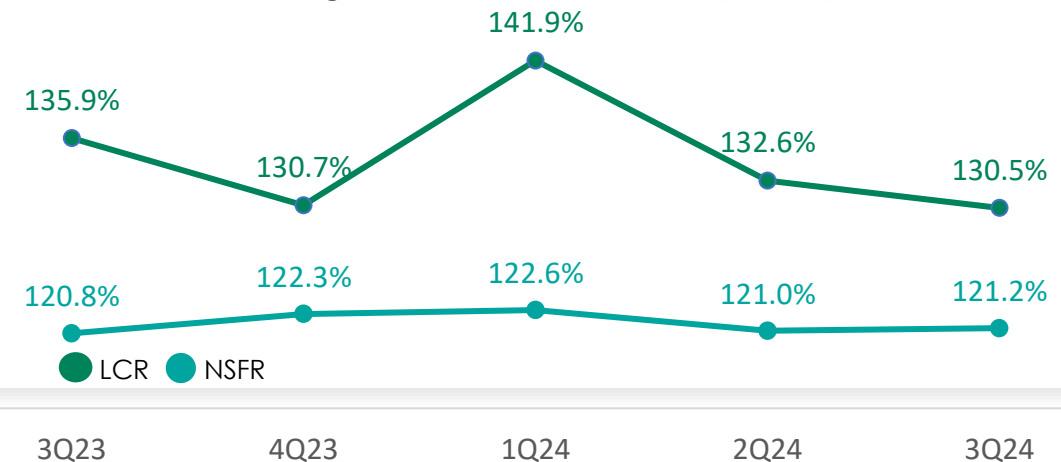
Diversified domestic public deposit base  
with high share of households deposits



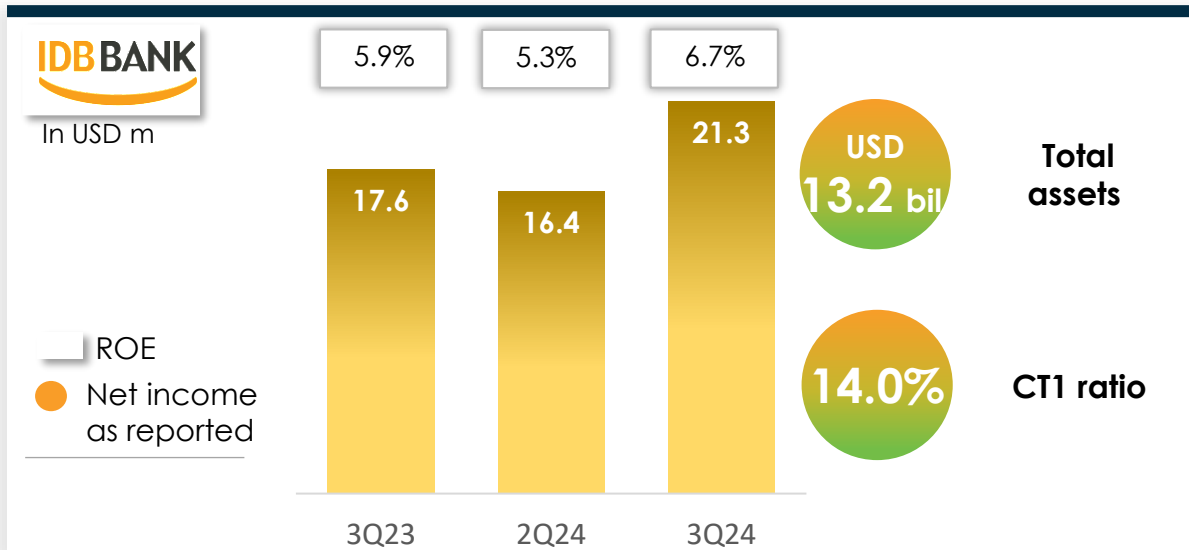
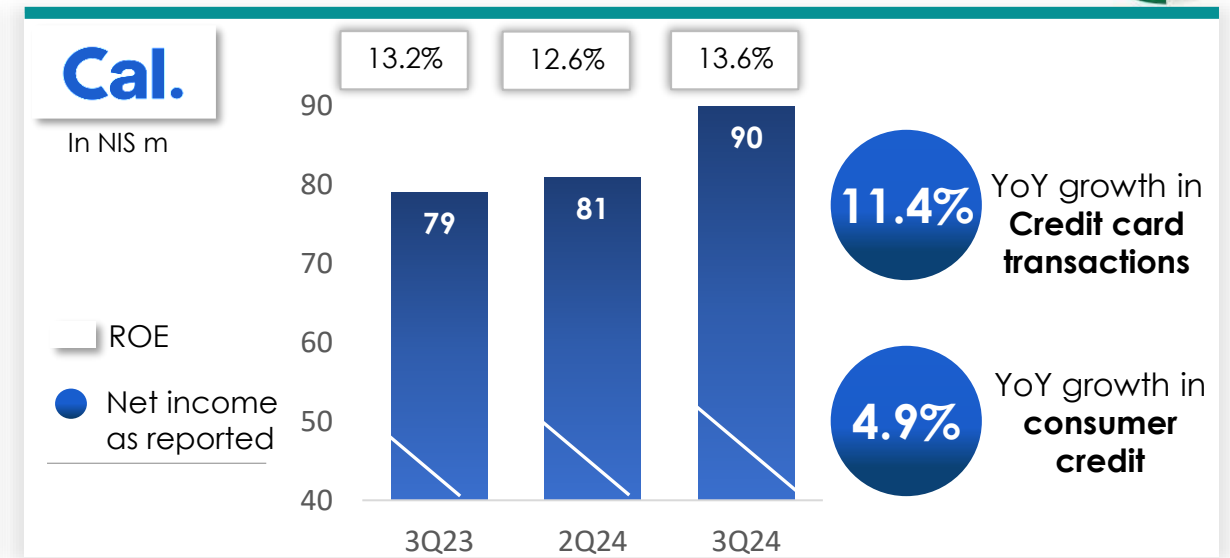
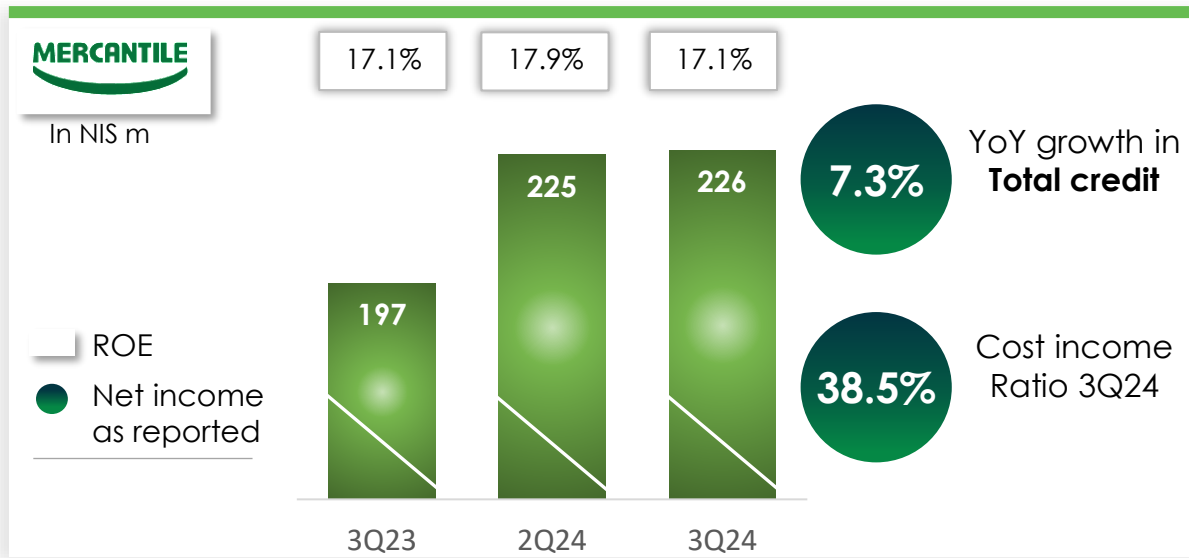
Capital ratio well above the regulatory requirement



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



# CONTRIBUTION TO PROFIT FROM KEY SUBSIDIARIES



9M24 Group Results	With CAL	w/o CAL *
Net Income; NIS bn.	3,232	3,103
ROE	14.5%	14.6%
Efficiency Ratio	51.0%	46.1%

\* (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 3Q24**, with **net income of 1,137 NIS**, and **ROE of 14.9%**.
- ➡ **Responsible Credit growth continues the momentum**, with **asset quality remaining solid** – Credit growth of 3.2%, across all segments.
- ➡ **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 maintained at 49m NIS, and Non Performing Loans (NPL) out of total credit are down to 0.76% with a sufficient cover ratio standing at 1.52%.
- ➡ **Expenses** are contained, with a marginal growth of 0.5%.
- ➡ **The Bank announces a Dividend Payout of 30% and a share buyback of 10% of the net profit** amounting to a total of 40% of the net profit for 3Q24. (The share buyback program is up to NIS 500m over the next four quarters)

# APPENDICES



# ISRAEL DISCOUNT BANK: P&L AND SELECTED RATIOS

NIS m	3Q24	2Q24	3Q23	vs.2Q24	vs.3Q23	9M24	9M23	change
Net interest income	2,865	2,846	2,707	0.7%	5.8%	8,248	8,381	(1.6%)
Credit loss expenses	274	258	596	6.2%	(54.0%)	614	1,112	(44.8%)
Non-interest financing income	389	264	312	47.3%	24.7%	1,011	923	9.5%
Commissions	964	912	918	5.7%	5.0%	2,736	2,674	2.3%
Other income	7	1	6	600.0%		10	307	(96.7%)
Total non-interest income	1,360	1,177	1,236	15.5%	10.0%	3,757	3,904	(3.8%)
<b>Total income</b>	<b>4,225</b>	<b>4,023</b>	<b>3,943</b>	<b>5.0%</b>	<b>7.2%</b>	<b>12,005</b>	<b>12,285</b>	<b>(2.3%)</b>
Salaries and related expenses	948	938	972	1.1%	(2.5%)	2,872	2,871	0.0%
Maintenance & depreciation	380	381	384	(0.3%)	(1.0%)	1,140	1,034	10.3%
Other expenses	747	746	687	0.1%	8.7%	2,112	2,039	3.6%
<b>Total operating and other expenses</b>	<b>2,075</b>	<b>2,065</b>	<b>2,043</b>	<b>0.5%</b>	<b>1.6%</b>	<b>6,124</b>	<b>5,944</b>	<b>3.0%</b>
Income before taxes	1,876	1,700	1,304	10.4%	43.9%	5,267	5,229	0.7%
Provision for taxes on income	724	645	457	12.2%	58.4%	2,013	1,846	9.0%
Income after taxes	1,152	1,055	847	9.2%	36.0%	3,254	3,383	(3.8%)
<b>Net income attributable to shareholders</b>	<b>1,137</b>	<b>1,045</b>	<b>817</b>	<b>8.8%</b>	<b>39.2%</b>	<b>3,232</b>	<b>3,273</b>	<b>(1.3%)</b>
ROE	14.9%	14.1%	12.0%			14.5%	16.6%	
Cost income ratio	49.1%	51.3%	51.8%			51.0%	48.4%	
CET-1 ratio	10.53%	10.67%	10.36%			10.53%	10.36%	
NIM	3.06%	3.19%	3.02%			3.03%	3.17%	
Rate of credit loss expenses	0.40%	0.38%	0.92%			0.30%	0.58%	
NPL ratio	0.76%	0.83%	0.84%			0.76%	0.84%	
Dividend per share (in Agurot)*	27.57	25.34	9.91					

\* Dividend in respect of the relevant period

ISRAEL DISCOUNT BANK: ADJUSTMENTS TO P&L



NIS, m

	3Q24	2Q24	3Q23
Reported net income	1,137	1,045	817
Profit from the sale of rights in Visa Europe	(18)		
Special Income Tax	74	54	-
Effect of Settlement	5	11	-
Effect of change in VAT		(20)	
Adjusted net income	1,198	1,090	817

## ISRAEL DISCOUNT BANK: SELECTED BALANCE SHEET ITEMS

NIS m	30.9.24	31.12.23	30.09.23
Cash and deposits with banks	57,816	51,115	57,552
Securities	67,217	59,268	52,380
Securities borrowed or purchased under agreements to resell	1,155	851	1,150
Credit to the public	281,386	262,941	262,463
Provision for credit losses	(4,285)	(4,214)	(4,034)
Credit to the public, net	277,101	258,727	258,429
Credit to governments	2,758	3,073	3,313
Investment in investee companies	493	471	468
Buildings and equipment	4,625	4,535	4,502
Intangible assets and goodwill	161	161	162
Assets in respect of derivative instruments	9,176	11,106	14,857
Other assets	6,420	6,417	6,389
<b>Total Assets</b>	<b>426,922</b>	<b>395,724</b>	<b>399,202</b>
Deposits from the public	323,593	297,597	298,435
Deposits from banks and governments	8,092	11,404	14,668
Securities borrowed or sold via repo agreements*	13,776	12,642	11,007
Bonds and subordinated debt notes	20,768	15,491	16,225
Liabilities in respect of derivative instruments	7,846	10,469	11,445
Other liabilities	20,807	18,883	19,031
<b>Total liabilities</b>	<b>394,882</b>	<b>366,486</b>	<b>370,811</b>
Equity capital attributed to the Bank's shareholders	31,211	28,474	27,621
Non-controlling rights in consolidated companies	829	764	770
Total equity	32,040	29,238	28,391
<b>Total Liabilities and Equity</b>	<b>426,922</b>	<b>395,724</b>	<b>399,202</b>

# MERCANTILE: FINANCIAL PERFORMANCE



Main P&L and Balance Sheet metrics and selected ratios

NIS m	3Q24	2Q24	3Q23	Vs. 2Q24	Vs. 3Q23
Net interest income	588	580	577	1.4%	1.9%
Non-interest income	93	99	104	(6.1%)	(10.6%)
Total income	681	679	681	0.3%	-
Operating & other expenses	262	282	275	(7.1%)	(4.7%)
<b>Net income</b>	<b>226</b>	<b>225</b>	<b>197</b>	<b>0.4%</b>	<b>14.7%</b>
Return on equity	17.1%	17.9%	17.1%		
Cost-income ratio	38.5%	41.5%	40.4%		
Rate of credit loss expenses	0.46%	0.45%	0.68%		
NIM	3.71%	3.77%	3.83%		
Total assets	67,843	66,657	61,388	1.8%	10.5%
Credit to the public, net	48,381	47,311	45,081	2.3%	7.3%
Securities	8,506	8,920	6,881	(4.6%)	23.6%
Deposits from the public	54,654	53,116	48,788	2.9%	12.0%
Total equity	5,480	5,217	4,725	5.0%	16.0%

9M24	9M23	Change
1,696	1,748	(3.0%)
303	324	(6.5%)
1,999	2,072	(3.5%)
821	796	3.1%
<b>635</b>	<b>692</b>	<b>(8.2%)</b>
16.6%	21.2%	
41.1%	38.4%	
0.45%	0.98%	
3.65%	3.79%	

IDBBANK: FINANCIAL PERFORMANCE



Main P&L and Balance Sheet metrics and selected ratios

USD m	3Q24	2Q24	3Q23	Vs. 1Q24	Vs. 2Q23	9M24	9M23	Change
Net Interest Income	81.6	79.0	82	3.3%	(0.5%)	242	255	(5.1%)
Non-Interest income (Expenses)	20.1	21.0	21	(4.3%)	(4.3%)	59	55	7.3%
Total Income	101.7	100.0	103	1.7%	(1.3%)	301	310	(2.9%)
Operating & Other Expenses	72.0	71.0	74	1.4%	(2.7%)	213	215	(0.9%)
Net Income	21.4	17.0	17	25.9%	25.9%	59	69	(14.5%)
Return on Equity	6.7%	5.3%	5.9%			6.3%	7.9%	
Cost-Income Ratio	70.6%	71.0%	71.8%			70.8%	69.4%	
Credit Loss Expenses ratio	0.10%	0.30%	0.25%			0.14%	0.06%	
NIM	2.78%	2.77%	2.86%			2.81%	2.95%	
Total Assets	13,219	12,276	12,443	7.7%	6.2%			
Loans, net	8,941	8,381	8,236	6.7%	8.6%			
Securities	2,562	2,564	2,714	(0.1%)	(5.6%)			
Deposits from the Public	10,887	10,116	10,318	7.6%	5.5%			
Total Equity	1,301	1,254	1,169	3.7%	11.3%			

# CAL: FINANCIAL PERFORMANCE



Main P&L and Balance Sheet metrics and selected ratios

NIS m	3Q24	2Q24	3Q23	Vs. 2Q24	Vs. 3Q23
Income From Credit Card Transactions	526	479	480	9.8%	9.6%
Credit Loss Expense	79	67	93	17.9%	(15.1%)
<b>Total Income</b>	<b>784</b>	<b>713</b>	<b>701</b>	10.0%	11.8%
Total Expenses (excluding credit loss expenses)	584	540	502	8.1%	16.3%
<b>Net income</b>	<b>90</b>	<b>81</b>	<b>79</b>	11.1%	13.9%
Return on equity	13.6%	12.6%	13.2%		
Cost-income ratio	74.5%	75.7%	71.6%		
Total assets	21,765	20,759	20,454	4.8%	6.4%
Interest bearing credit	9,213	8,981	9,103	2.6%	1.2%
Consumer credit	7,813	7,654	7,770	2.1%	0.6%
Total equity	2,711	2,620	2,444	3.5%	10.9%

9M24	9M23	Change
1,443	1,350	6.9%
186	187	(0.5%)
<b>2,160</b>	<b>2,269</b>	(4.8%)
1,634	1,527	7.0%
<b>252</b>	<b>424</b>	(40.6%)
13.1%	14.9%	
75.6%	63.7%	