



# 1Q 2024 REVIEW

## Financial Highlights

Investor Relations

May 2024

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# 1Q 2024 – KEEPING STRONG PERFORMANCE

NET INCOME

1,050<sub>M</sub>

ROE

14.6%

EFFICIENCY RATIO

52.8%

Banking in  
Israel \*

868<sub>M</sub>

17.1%\*\*

45.6%\*\*

DIVIDEND PAYOUT

↑ 30%

NII GROWTH

QoQ / YoY

-0.7% / -7.4%

CREDIT GROWTH

QoQ / YoY

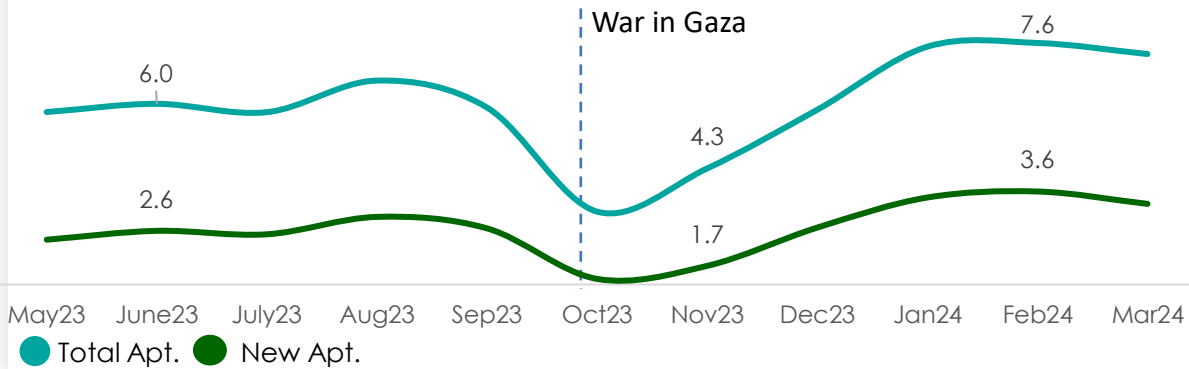
1.2% / 5.2%

\* Consolidated figures for banking operations of Discount & Mercantile

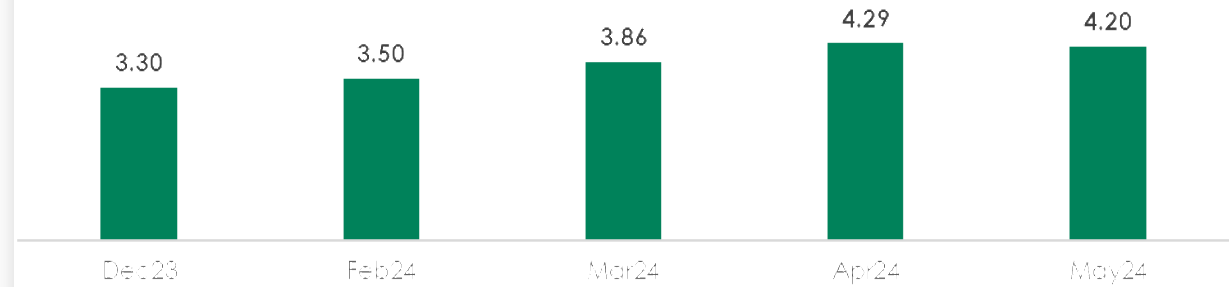
\*\* As calculated

# AMIDST ONGOING CONFLICT THE ECONOMY REMAINS STABLE

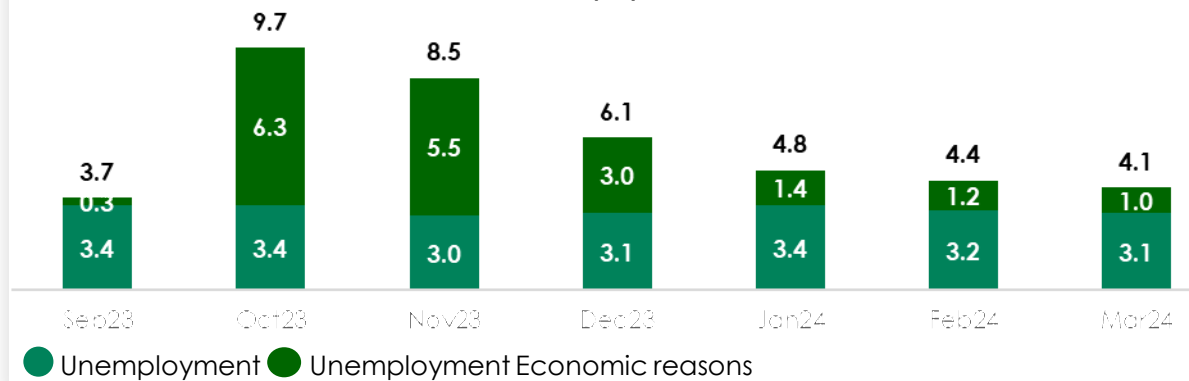
**Housing Market shows strong signs of recovery**  
(Sales in units\*, Thousands)



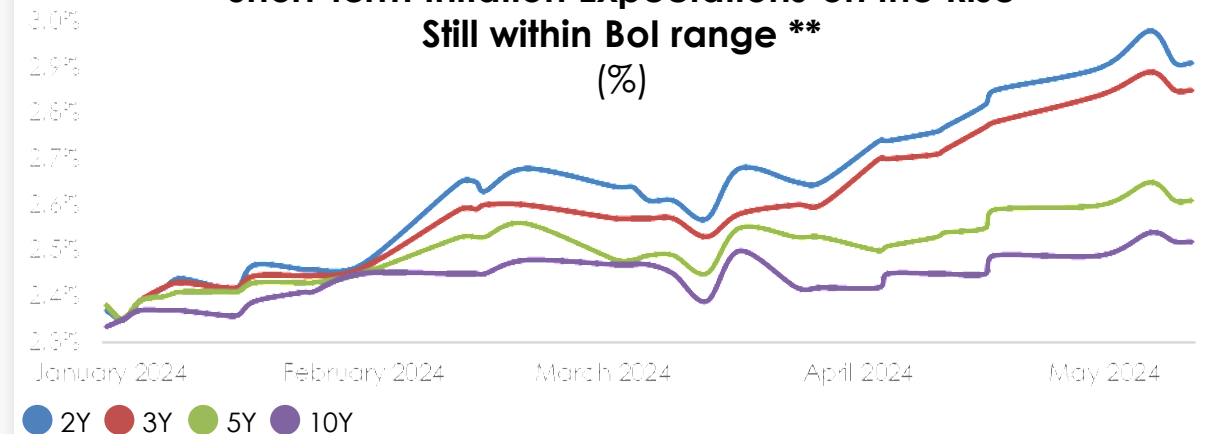
**Bank of Israel holds Interest Rate - Commencing the cutting will take more time than initially expected\*\***  
(Market Expectations for BoI Rate in Dec2024, %)



**The job market persists in demonstrating resilience\***  
(%)



**Short-term Inflation Expectations on the Rise**  
**Still within Bol range \*\***  
(%)



# 1Q 2024 HIGHLIGHTS

- **Net income of NIS 1,050m and ROE of 14.6% in 1Q24**, driven by higher non-interest financing income and reduction in collective allowances.
- **Reduction in collective allowance:** Credit loss expenses ratio stood at 0.12% due to a reduction in Collective Allowance provisioning. Non Performing Loans (NPL) out of total credit slightly decreased to 0.86% in 1Q24, compared with 0.91% in 4Q23 and 0.84% in 3Q23.
- **Credit growth aligns with market conditions as demand is experiencing a slowdown:** Total credit grew by 1.2% QoQ and 5.2% YoY, with corporates growing by 2.0% QoQ, mortgage balance by 1.0% QoQ and small enterprises stable with 0.1% growth QoQ.
- **NII demonstrated stability despite the decrease in Bol rate:** NII declined in 1Q24 by 0.7% QoQ and 7.4% YoY while the average Bol interest rate declined in 0.24% QoQ. Net Interest Margin (NIM) remained stable at 2.83% compared with 4Q23.
- **Operating efficiency reached 52.8% and 48.1% w/o CAL In 1Q24**, compared with 53.4% in 4Q23 and 46.1% in 1Q23.

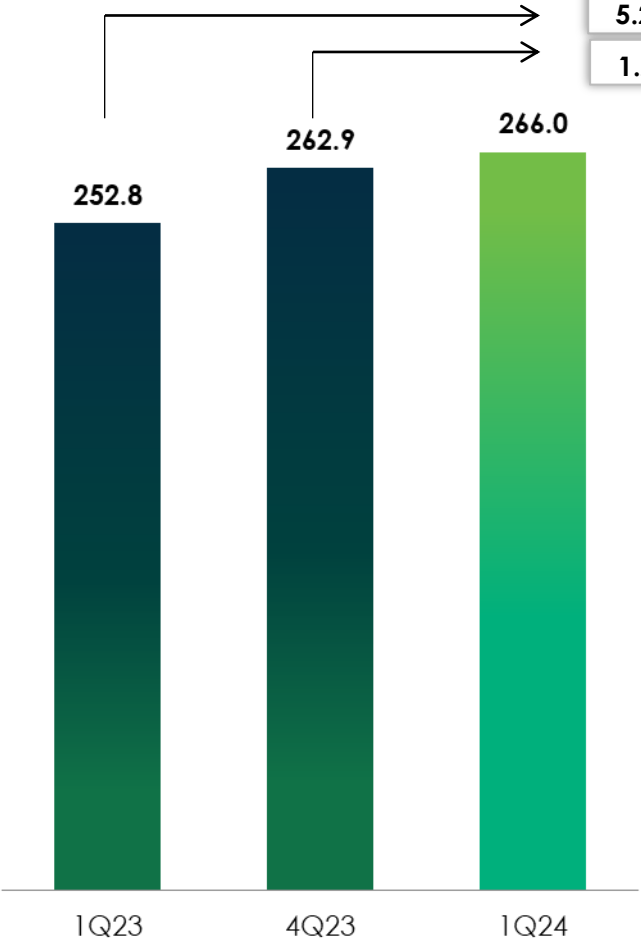
Adjusted 1Q24

Net Income	ROE	Cost-Income Ratio	Expenses Ratio for Credit Loss	CET-1 Ratio	LCR
<b>NIS 1,050m</b> 4Q23: NIS 919m; 1Q23: NIS 1,269m	<b>14.6%</b> 4Q23: 13.2%; 1Q23: 20.1%	<b>52.8%</b> 4Q23: 53.4%; 1Q23: 46.1%	<b>0.12%</b> 4Q23: 0.59%; 1Q23: 0.33%	<b>10.90%</b> 4Q23: 10.71%; 1Q23: 10.22%	<b>141.9%</b> 4Q23: 130.7%; 1Q23: 137.3%
<b>NIS 1,050m</b> 4Q23: NIS 821m; 1Q23: NIS 1,201m	<b>14.6%</b> 4Q23: 11.8%; 1Q23: 19.0%	<b>52.8%</b> 4Q23: 55.2%; 1Q23: 48.1%			

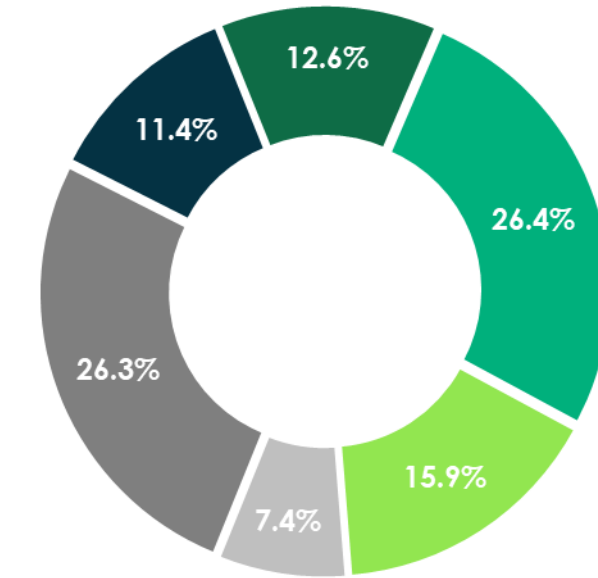
# CREDIT GROWTH ALIGNS WITH MARKET CONDITIONS AS DEMAND IS EXPERIENCING A SLOWDOWN

## Total Credit

in NIS bn; growth %



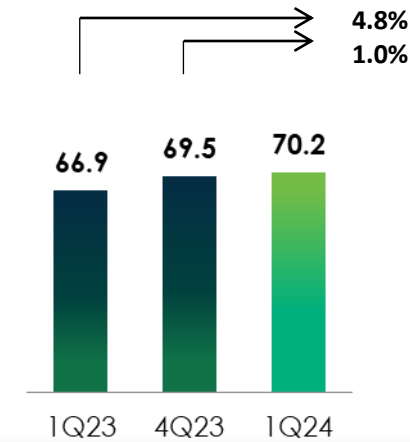
## Well Balanced Loan Book



- International
- Corporate enterprises
- Medium Enterprises
- Consumer & Private
- Mortgages
- Small & micro enterprises

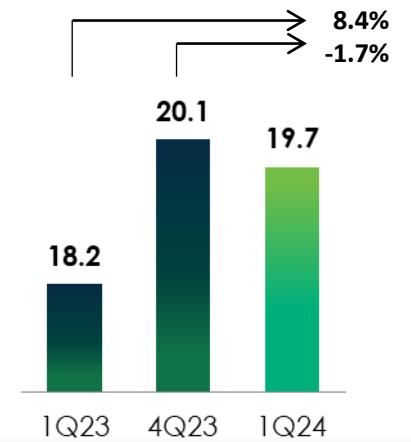
## Mortgages \*

in NIS bn; growth %



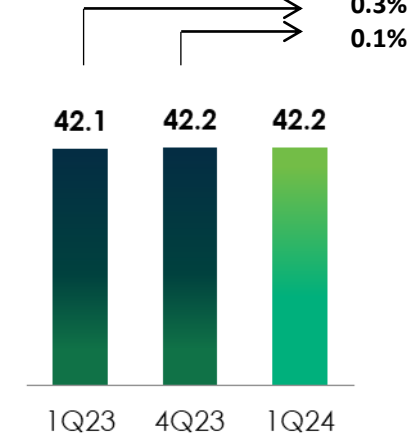
## Medium Enterprises

in NIS bn; growth %



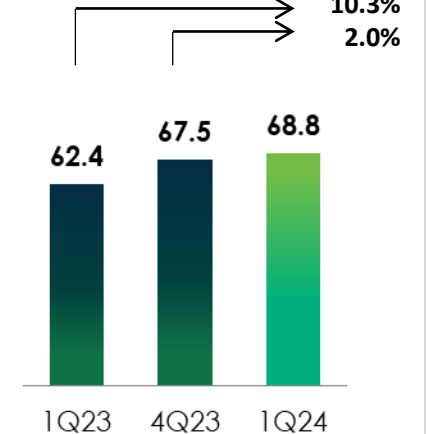
## Small Enterprises

in NIS bn; growth %



## Corporates

in NIS bn; growth %



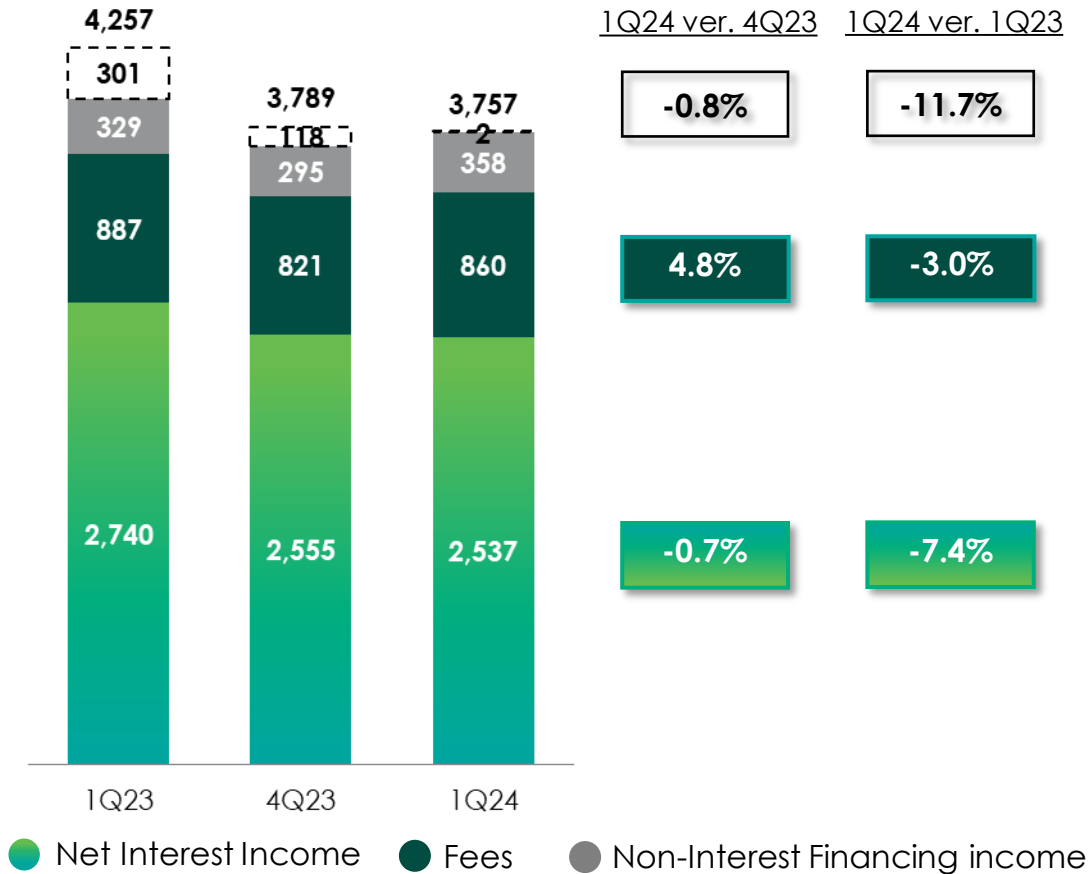
\* In Households

# STABLE INCOME FROM CORE BANKING ACTIVITY

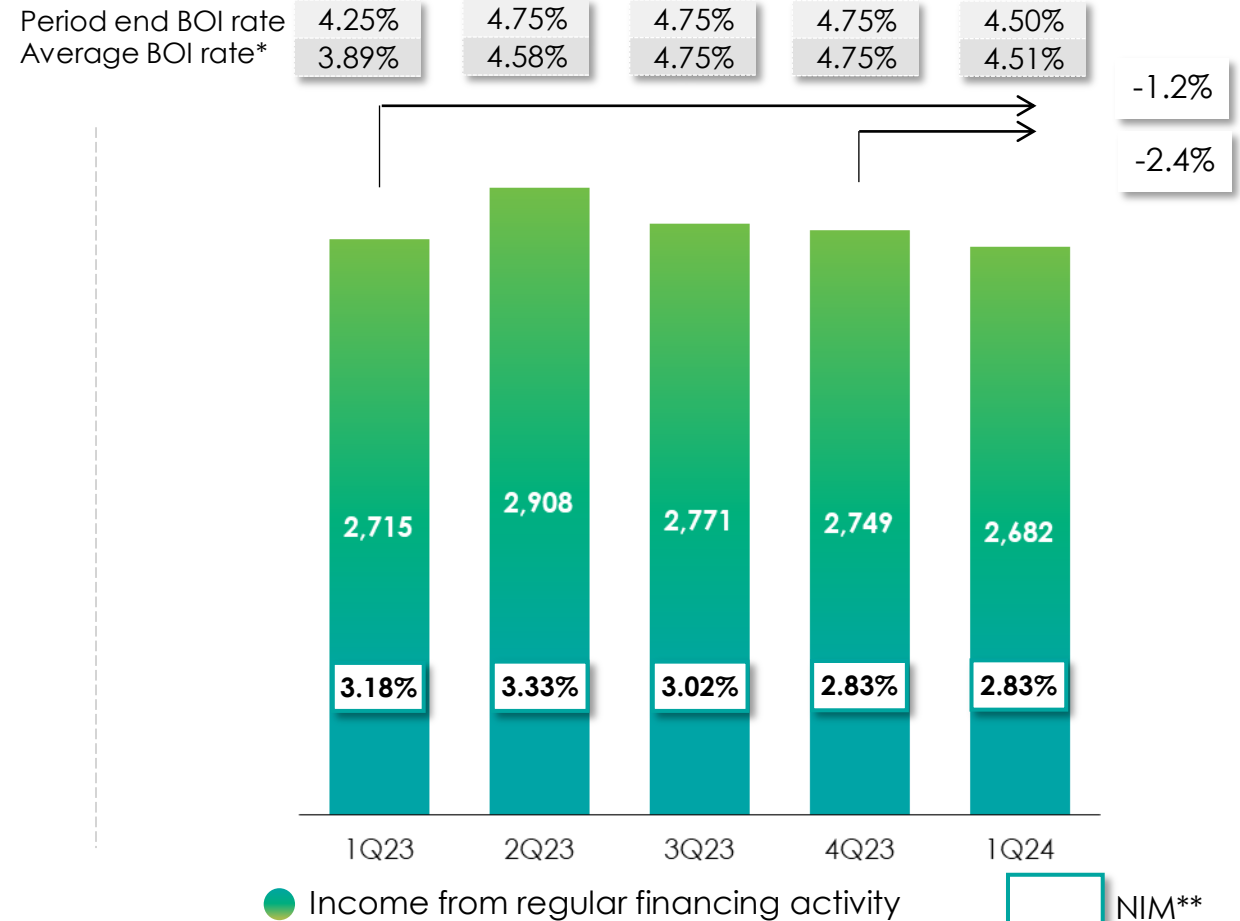
## THE NET INTEREST MARGIN REMAINS UNCHANGED

Total Income

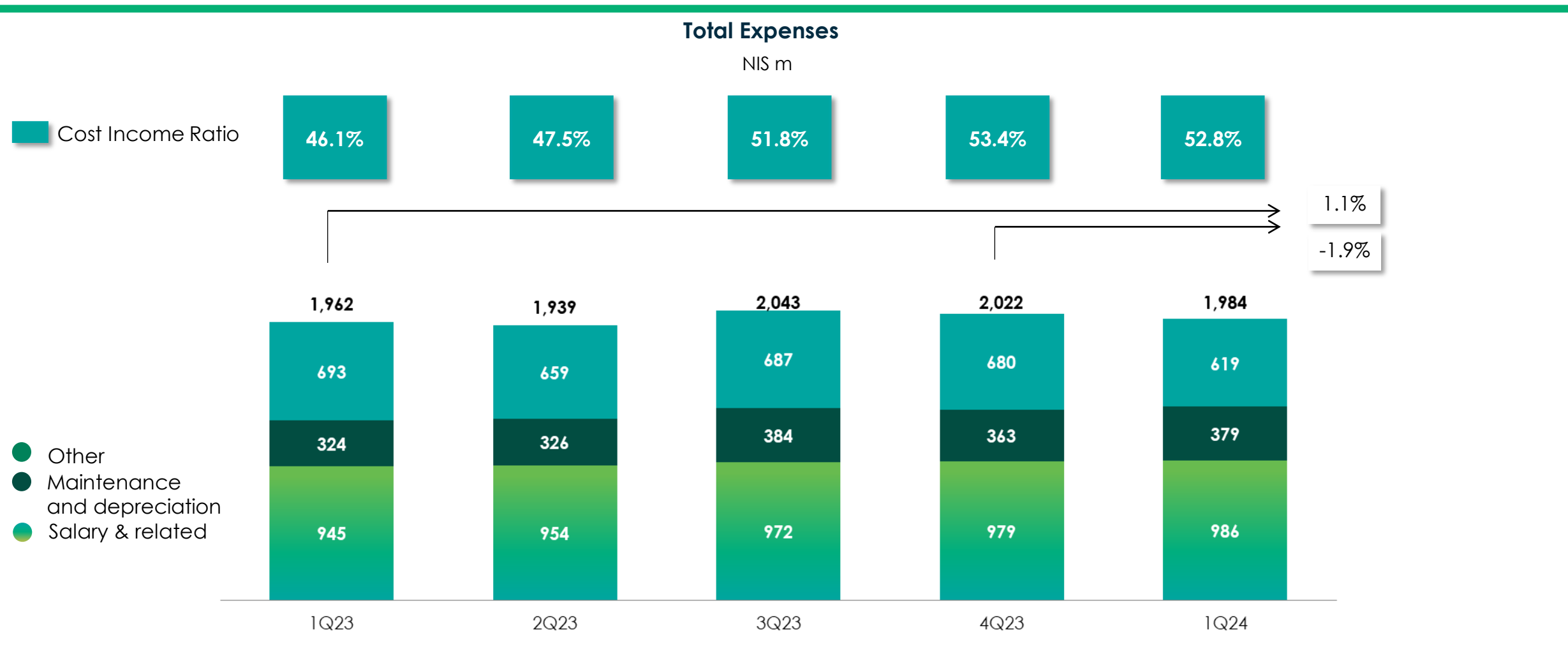
NIS m



Financing Income From Current Operations (NIS m)



# RESTRAINING EXPENSES AND IMPROVING EFFICIENCY AS A PRIMARY TARGET

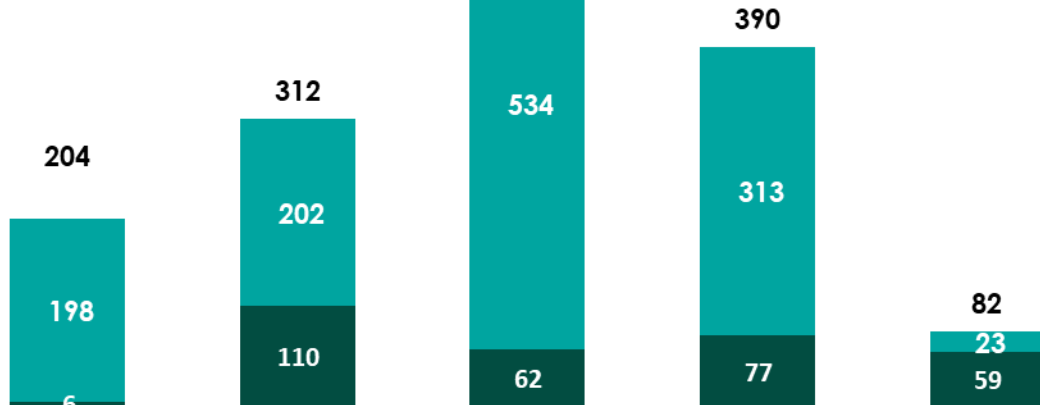
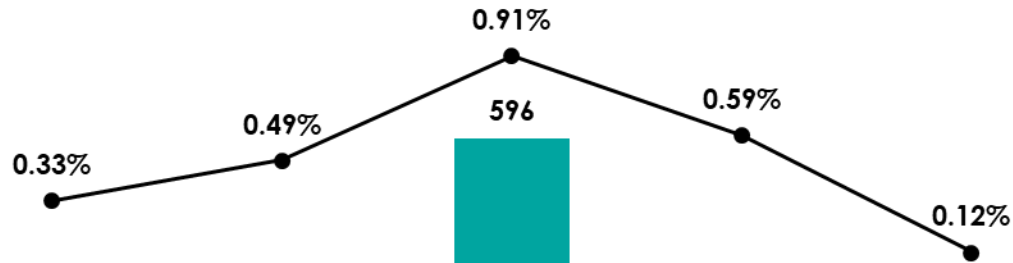




# CREDIT LOSS EXPENSES ARE DECREASING AS THE IMPACT OF THE WAR ON THE ECONOMY IS CONTAINED

Macro Environment allows reduction of Collective Allowances while maintaining a prudent risk appetite

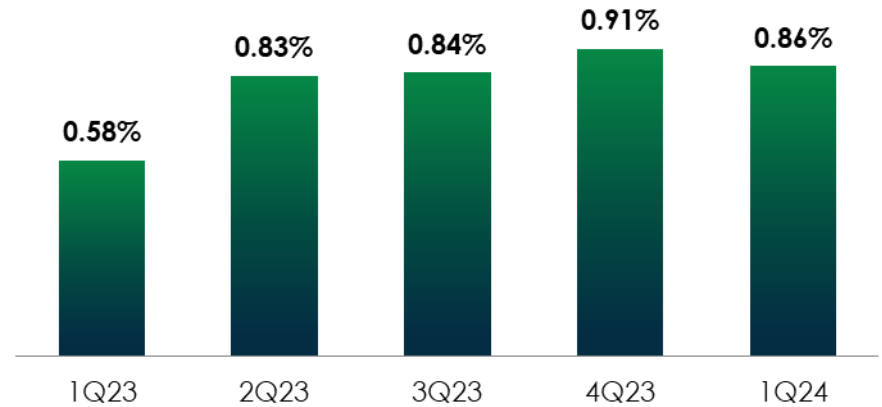
(in NIS m and %)



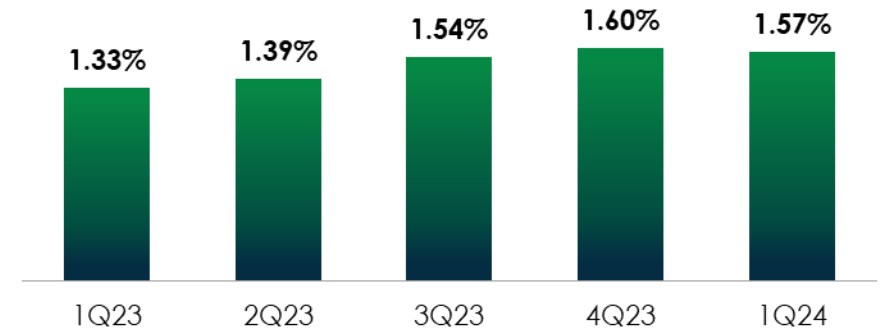
1Q23 2Q23 3Q23 4Q23 1Q24

● Collective allowances ● Specific Basis

Steady NPL/Total Credit\* Ratio



Allowance for Loan Loss Provisions from Total Credit\*\*

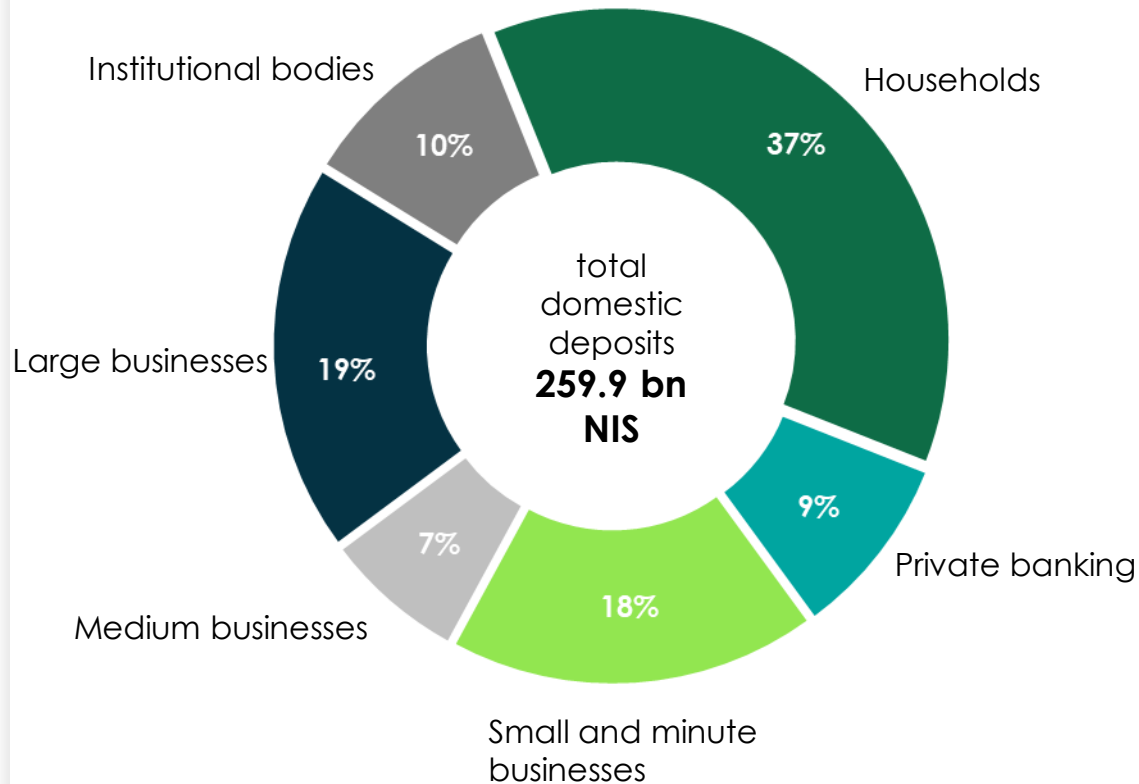


\* NPL: percent of non accrual from gross total credit.

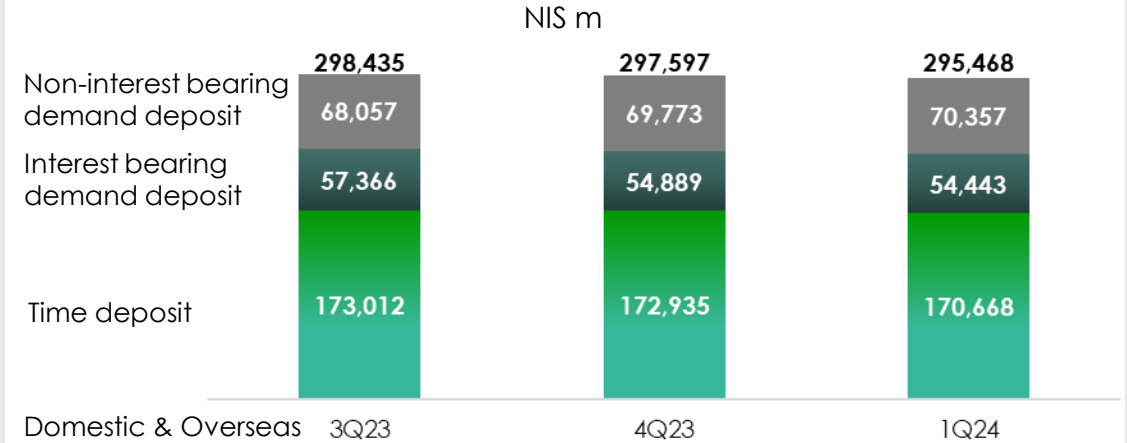
\*\* Calculated as percent of Loan Loss Provisions from total credit.

# ROBUST AND DIVERSIFIED FUNDING BASE

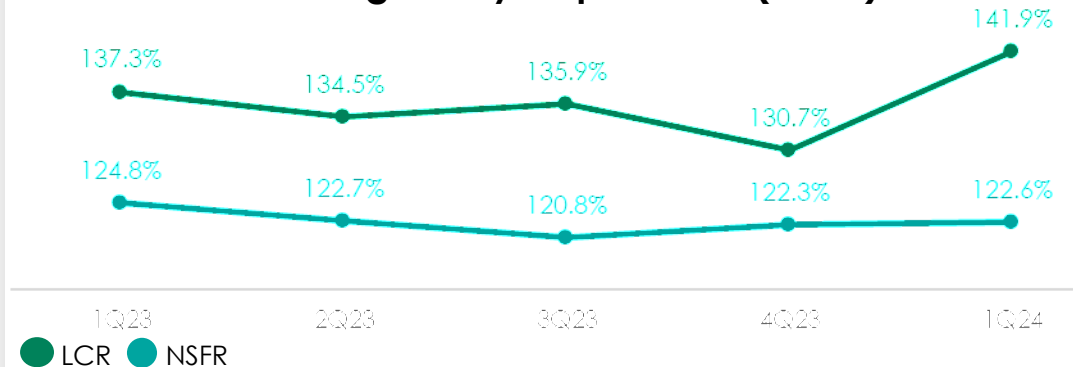
**Diversified domestic public deposit base with high share of households deposits 31.3.24**



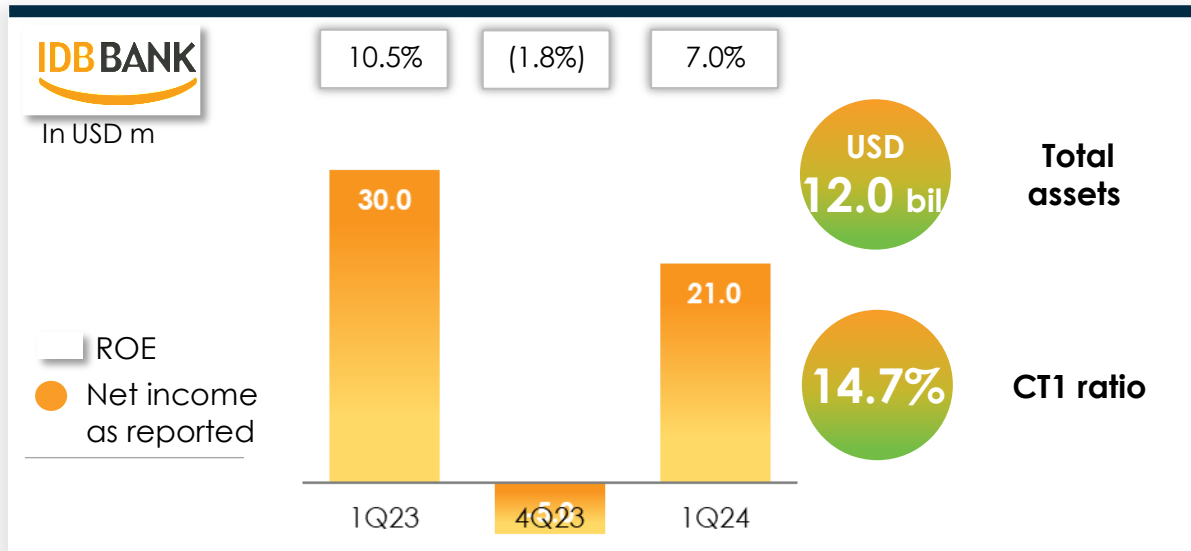
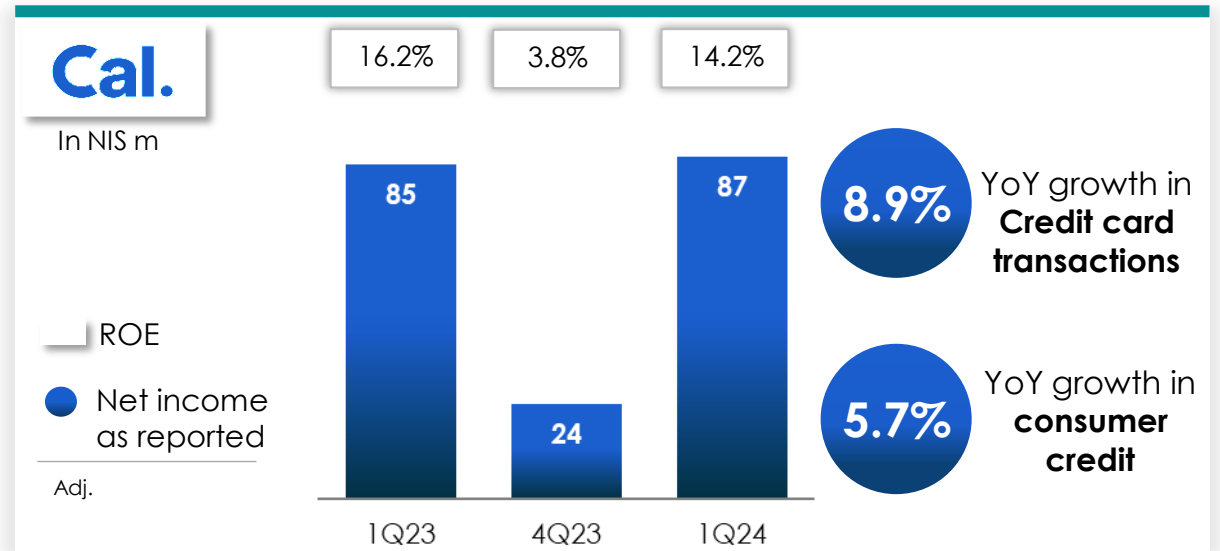
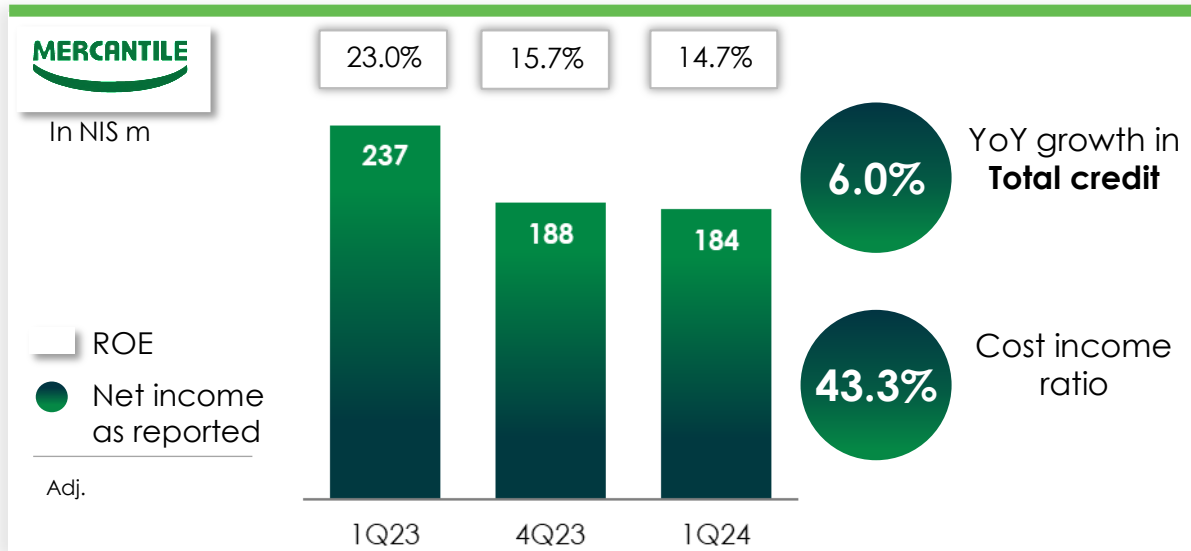
**Sustaining continual stability across the group**



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



# STRONG PERFORMANCE ACROSS OUR MAIN SUBSIDIARY COMPANIES

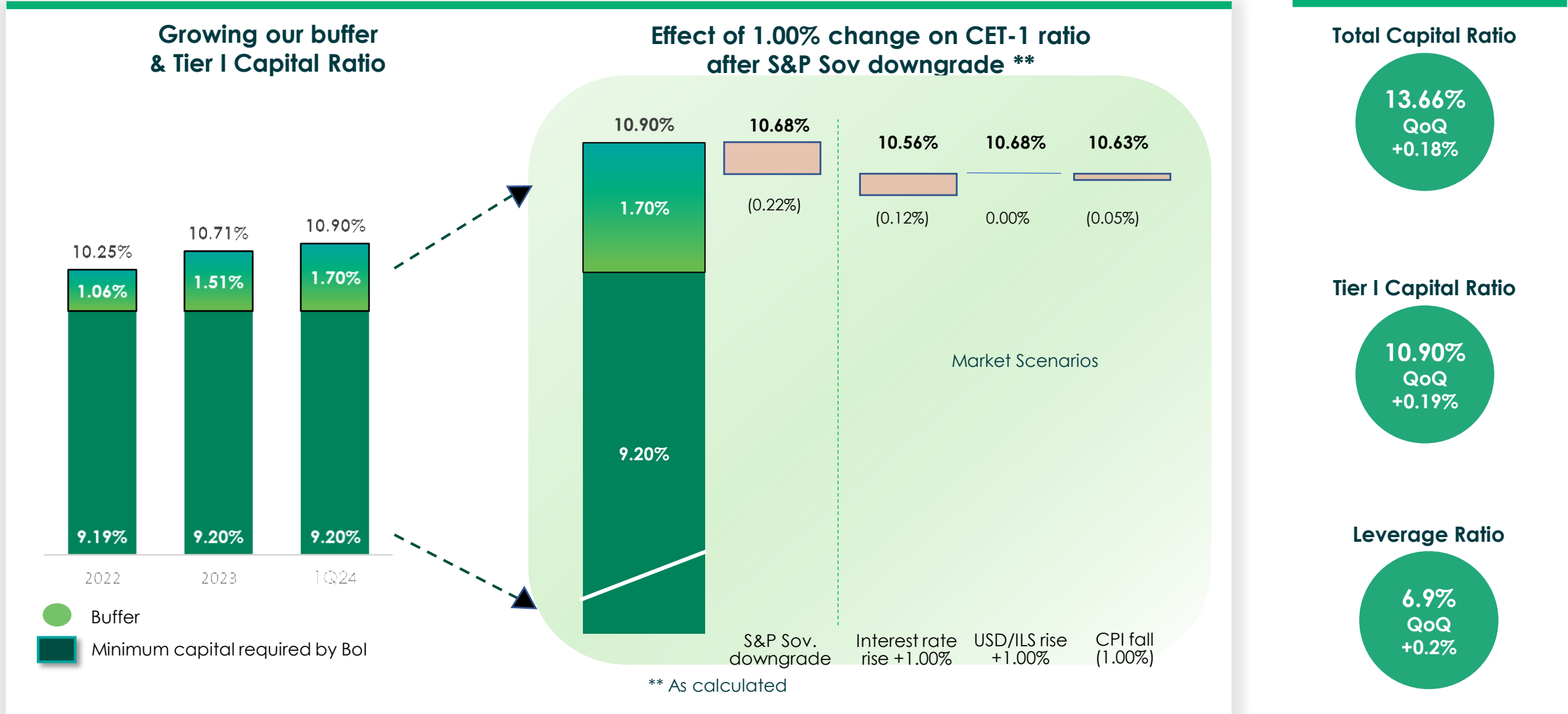


1Q24 Group Results	With CAL	w/o CAL *
Net Income; NIS bn.	1,050	1,004
ROE	14.6%	14.6%
Efficiency Ratio	52.8%	48.1%

\* (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.

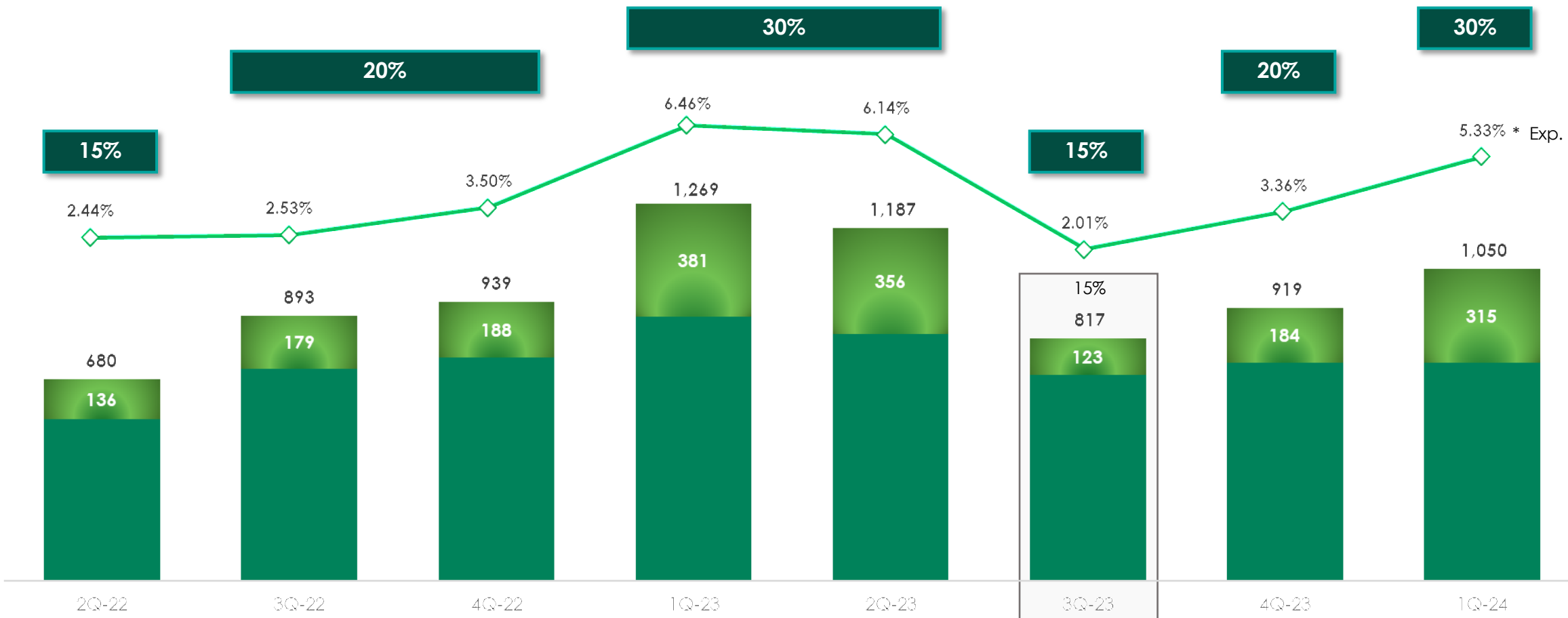
# POST S&P\* SOVEREIGN RATING DOWNGRADE CET-1 CAPITAL RATIO REMAINS ADEQUATE



\* On April 18, 2024, S&P Global Ratings lowered its long-term foreign and local currency sovereign credit ratings on Israel to 'A+' from 'AA-', This measure will impact the RWA & CET-1 capital ratio in 2Q24.

# DIVIDEND RATIO HAS BEEN REINSTATED TO 30%, COVERING THE SHORTFALL FROM THE LAST TWO QUARTERS

(NIS million)



■ Net Income   
 ● Dividend   
  Dividend distribution, %   
 —◆— Dividend Yield, %, as calculated

# TO SUMMARIZE

- ➔ **Solid results for 1Q24**, with **net income of 1,050 NIS**, and **ROE of 14.6%**.
- ➔ **Decrease in credit loss provisions:** As the economy adjusts well to operating amidst ongoing armed conflict, collective allowances are reduced. Credit loss expense are down to 0.12%. and Non Performing Loans (NPL) out of total credit are down to 0.86% with a sufficient cover ratio standing at 182%.
- ➔ **Credit growth aligned with market conditions, with asset quality remaining solid** – Credit growth of 1.2%, attributed to Corporates & Mortgages. The economy demonstrated resilience under ongoing conflict.
- ➔ **Stable Net Interest Margin** – NII slightly decreased by 0.7% in 1Q24 as Bol rate decreased in 0.25%. Net Interest Margin (NIM) remained at 2.83%.
- ➔ **Costs trimmed for two consecutive quarters**, countering previous increase in expenses.
- ➔ **Dividend payout** has been reinstated to 30% distribution.

# APPENDICES

# ISRAEL DISCOUNT BANK: P&L AND SELECTED RATIOS

20  
23

NIS m	1Q24	4Q23	1Q23	vs.4Q23	vs.1Q23
Net interest income	2,537	2,555	2,740	(0.7%)	(7.4%)
Credit loss expenses	82	390	204	(79.0%)	(59.8%)
Non-interest financing income	358	295	329	21.4%	8.8%
Commissions	860	821	887	4.8%	(3.0%)
Other income	2	118	301	(98.3%)	(99.3%)
Total non-interest income	1,220	1,234	1,517	(1.1%)	(19.6%)
<b>Total income</b>	<b>3,757</b>	<b>3,789</b>	<b>4,257</b>	<b>(0.8%)</b>	<b>(11.7%)</b>
Salaries and related expenses	986	979	945	0.7%	4.3%
Maintenance & depreciation	379	363	324	4.4%	17.0%
Other expenses	619	680	693	(9.0%)	(10.7%)
<b>Total operating and other expenses</b>	<b>1,984</b>	<b>2,022</b>	<b>1,962</b>	<b>(1.9%)</b>	<b>1.1%</b>
Income before taxes	1,691	1,377	2,091	22.8%	(19.1%)
Provision for taxes on income	644	470	763	37.0%	(15.6%)
Income after taxes	1,047	907	1,328	15.4%	(21.2%)
<b>Net income attributable to shareholders</b>	<b>1,050</b>	<b>919</b>	<b>1,269</b>	<b>14.3%</b>	<b>(2.1%)</b>
ROE	14.6%	13.2%	20.1%		
Cost income ratio	52.8%	53.4%	46.1%		
CET-1 ratio	10.90%	10.71%	10.22%		
NIM	2.83%	2.83%	3.18%		
Rate of credit loss expenses	0.12%	0.59%	0.33%		
NPL ratio	0.86%	0.91%	0.58%		
Dividend per share (in Agurot)*	25.46	14.86	30.78		

\* Dividend in respect of the relevant period



# ISRAEL DISCOUNT BANK: SELECTED BALANCE SHEET ITEMS

NIS m	31.3.24	31.12.23	31.3.23
Cash and deposits with banks	46,538	51,115	60,040
Securities	56,061	59,268	51,215
Securities borrowed or purchased under agreements to resell	930	851	1,251
Credit to the public	265,990	262,941	252,845
Provision for credit losses	(4,187)	(4,214)	(3,362)
Credit to the public, net	261,803	258,727	249,483
Credit to governments	2,889	3,073	2,912
Investment in investee companies	487	471	491
Buildings and equipment	4,558	4,535	4,031
Intangible assets and goodwill	161	161	162
Assets in respect of derivative instruments	10,030	11,106	11,959
Other assets	6,640	6,417	5,928
<b>Total Assets</b>	<b>390,097</b>	<b>395,724</b>	<b>387,472</b>
Deposits from the public	295,468	297,597	289,712
Deposits from banks and governments	11,773	11,404	17,648
Securities borrowed or sold via repo agreements*	5,351	12,642	7,787
Bonds and subordinated debt notes	17,844	15,491	15,097
Liabilities in respect of derivative instruments	8,784	10,469	10,005
Other liabilities	20,650	18,883	20,473
<b>Total liabilities</b>	<b>359,870</b>	<b>366,486</b>	<b>360,722</b>
Equity capital attributed to the Bank's shareholders	29,431	28,474	26,096
Non-controlling rights in consolidated companies	796	764	654
Total equity	30,227	29,238	26,750
<b>Total Liabilities and Equity</b>	<b>390,097</b>	<b>395,724</b>	<b>387,472</b>

\* Including securities borrowed or purchased under agreements to resell

# ISRAEL DISCOUNT BANK: ADJUSTMENTS TO P&L

Quarter ended at 31 March  
NIS m

NIS m	1Q24	4Q23	1Q23
<b>Reported net income</b>	<b>1,050</b>	<b>919</b>	<b>1,269</b>
Realization of assets	-	(97)	(142)
Provisions stemming from the separation of ICC	-	(1)	74
<b>Total</b>	<b>-</b>	<b>(98)</b>	<b>(68)</b>
Adjusted net income	1,050	821	1,201

# MERCANTILE: FINANCIAL PERFORMANCE

Main P&L and Balance Sheet metrics and selected ratios

NIS m	1Q24	4Q23	1Q23	Vs. 4Q23	Vs. 1Q23
Net interest income	528	536	563	(1.5%)	(6.2%)
Non-interest income	111	209	109	(46.9%)	1.8%
Total income	639	745	672	(14.2%)	(4.9%)
Operating & other expenses	277	252	255	9.9%	8.6%
<b>Net income - Adjusted</b>	<b>184</b>	<b>188</b>	<b>237</b>	<b>(2.1%)</b>	<b>(22.4%)</b>
Return on equity - Adjusted	14.7%	15.7%	23.0%		
Cost-income ratio - Adjusted	43.3%	40.1%	37.9%		
Rate of credit loss expenses	0.50%	0.76%	0.50%		
NIM	3.50%	3.64%	3.61%		
Total assets	63,674	63,789	64,417	(0.2%)	(1.2%)
Credit to the public, net	46,223	45,678	43,718	1.2%	5.7%
Securities	7,712	7,410	7,109	4.1%	8.5%
Deposits from the public	50,042	50,306	50,741	(0.5%)	(1.4%)
Total equity	5,147	4,977	4,262	3.4%	20.8%

# IDB BANK: FINANCIAL PERFORMANCE

Main P&L and Balance Sheet metrics and selected ratios

USD m	1Q24	4Q23	1Q23	Vs. 4Q23	Vs. 1Q23
Net Interest Income	81	80	87	1.3%	(7.1%)
Non-Interest income (Expenses)	18	(10)	17	N/A	4.7%
Total Income	99	70	104	41.4%	(5.1%)
Operating & Other Expenses	70	77	68	(9.1%)	2.5%
<b>Net Income</b>	<b>21</b>	<b>(5)</b>	<b>30</b>	<b>(520.0%)</b>	<b>(30.0%)</b>
Return on Equity	7.0%	(1.8%)	10.5%	(488.9%)	(33.3%)
Cost-Income Ratio	70.7%	110.0%	65.4%	(35.7%)	8.1%
Credit Loss Expenses ratio	0.05%	0.24%	(0.18%)	N/A	N/A
NIM	2.89%	2.77%	3.03%	4.3%	(4.6%)
Total Assets	12,014	12,219	12,830	(1.7%)	(6.4%)
Loans, net	8,140	8,102	8,086	0.5%	0.7%
Securities	2,605	2,608	2,679	(0.1%)	(2.0%)
Deposits from the Public	10,157	10,316	10,773	(1.5%)	(5.7%)
Total Equity	1,239	1,222	1,161	1.4%	6.7%

# CAL: FINANCIAL PERFORMANCE

Main P&L and Balance Sheet metrics and selected ratios

NIS m	1Q24	4Q23	1Q23	Vs. 4Q23	Vs. 1Q23
Income From Credit Card Transactions	438	401	423	9.2%	3.5%
Credit Loss Expense	40	98	41	(59.2%)	(2.4%)
Non-Interest Financing Expenses	5	-	301	N/A	N/A
Total Income	663	614	918	8.0%	(27.8%)
Total Expenses (excluding credit loss expenses)	510	474	542	7.6%	(5.9%)
<b>Net income - Adjusted</b>	<b>87</b>	<b>24</b>	<b>85</b>	<b>262.5%</b>	<b>2.4%</b>
Return on equity - Adjusted	14.2%	3.8%	16.2%		
Cost-income ratio - Adjusted	75.7%	77.5%	75.2%		
Total assets	20,639	19,378	19,435	6.5%	6.2%
Interest bearing credit	8,909	9,005	8,416	(1.1%)	5.9%
Consumer credit	7,626	7,741	7,216	(1.5%)	5.7%
Total equity	2,529	2,447	2,278	3.4%	11.0%