



Q2 2025 REVIEW



Financial Highlights



Q2 2025 Highlights – Delivering on Our Strategic Roadmap

Solid Progress Across Core Strategic Pillars – Growth, Efficiency, and Leadership in Digital Banking

New Collective Labor Agreement

- ▶ Enhances managerial flexibility and promote a culture of excellence. Allows for termination of up to 75 permanent employees holding tenure status. Estimated total cost: approximately NIS 65 million annually. 30% saving compared to the previous agreement.

Growth Strategy Credit Expansion

- ▶ Strong growth in the credit portfolio **of banking in Israel, up 3.6% QoQ.**

Execution of the Efficiency Plan

- ▶ Initiation of the efficiency plan implementation in Mercantile and improving business performance and increased focus in IDBNY.

Digital Leadership Reinforced

- ▶ Continued excellence in digital banking customer satisfaction, based on the latest BoI industry survey

BoI Survey: July 2025, Digital banking – internet site and mobile app

Divestment of CAL

Entering negotiations
to sell the bank's
holdings in CAL

▶ The bank is in negotiations with three bidding groups, which have advanced to the second stage, to enter into a binding agreement for the sale of its holdings in CAL.

classifying

▶ The Bank determined that the conditions for classifying CAL as a “disposal group held for sale” and as a “discontinued operation” have been met.

▶ Accordingly, beginning with the second quarter 2025 report, CAL is presented as a “discontinued operation.”

VAT court ruling
regarding CAL and
other credit card
companies

▶ The Court ruled that ***Fees on foreign currency transactions*** conducted abroad while “card-not-present” are subject to the full VAT rate, except for certain sectors.

CAL is reviewing the judgment and, at this stage, the bank has recorded a provision of NIS 75 million in respect of the tax assessment.

2Q 2025 - Delivering Robust Performance

Net Income

1,115_M

ROE

13.6%

Efficiency Ratio*

46.1%

Banking
in Israel **

1,100

18.1%

42.2%

Dividend Distribution

50%

NII Change*

10.0%

QoQ

Credit Growth*

1.9%

QoQ

Banking in Israel
Credit Growth**

3.6%

QoQ

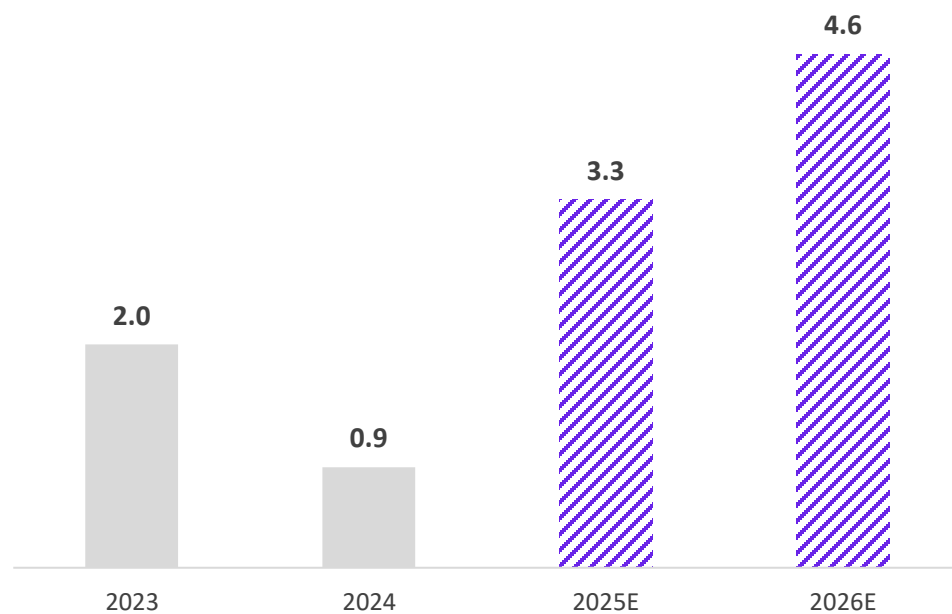
* The comparative figures have been restated to reflect the classification of CAL's operations as "discontinued operations"

** Consolidated figures for banking operations of Discount & Mercantile

The Economy is at full employment

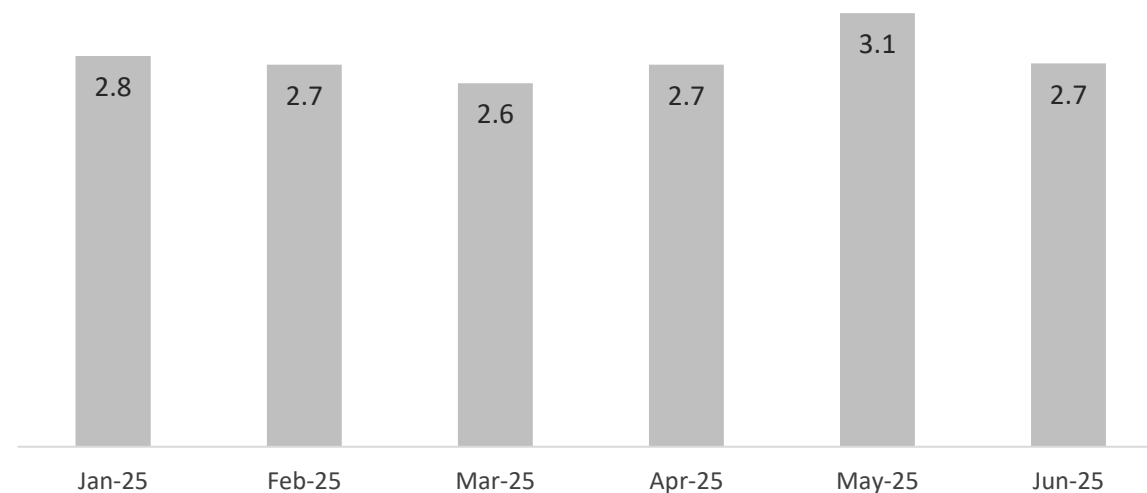
GDP growth is expected to shift direction in 2025 and rebound in 2026

The war has impacted GDP growth in 2024, with recovery anticipated in 2025 & 2026
(GDP growth, in %)



Source: Bol, July 2025

Job market shows resilience and strength



● Unemployment, %

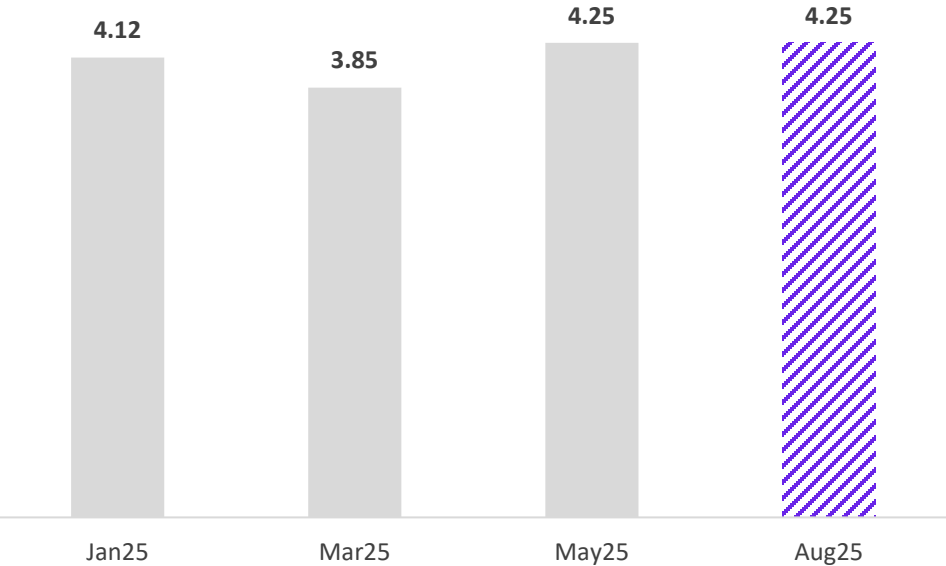
Source: CBS, July 2025

Expectations for BOI to slowly reduce rate

Inflation is expected to converge within limits

Bank of Israel Holds Rate; Market Anticipates Slower Pace of Future Cuts

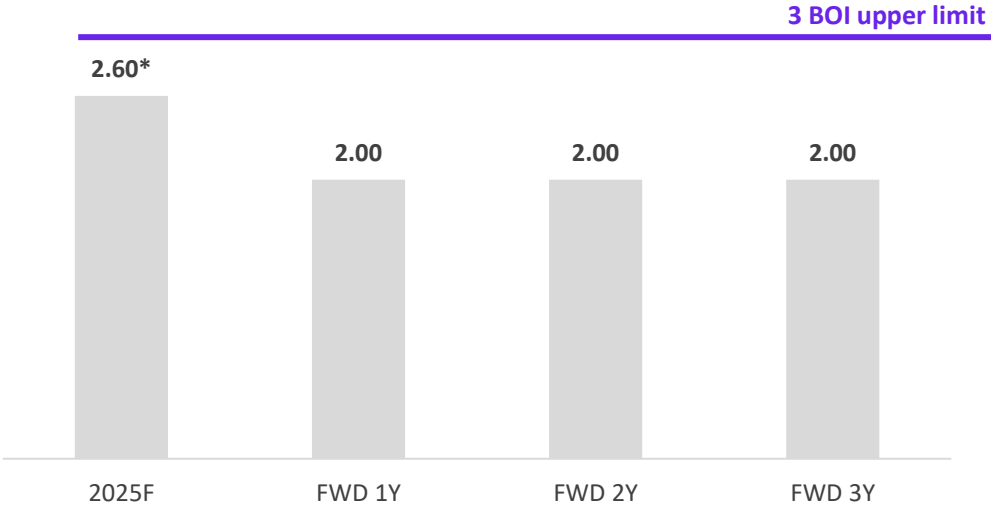
(Market Expectations for BoI Rate at end of 2025 on specific dates, %)



Source: Bloomberg, 9 Aug 2025

Inflation is projected to converge within BOI middle range

(Israel Inflation - CPI Forwards, %)



Source: * 2025F - BoI, July 2025, CPI FWD - Bloomberg, 9 Aug 2025

2Q25 Financial Highlights

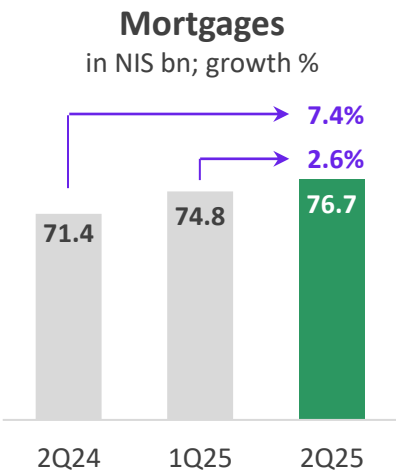
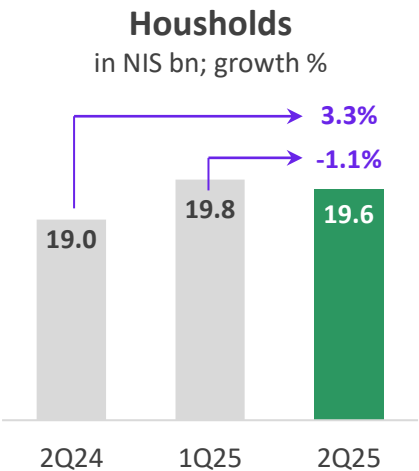
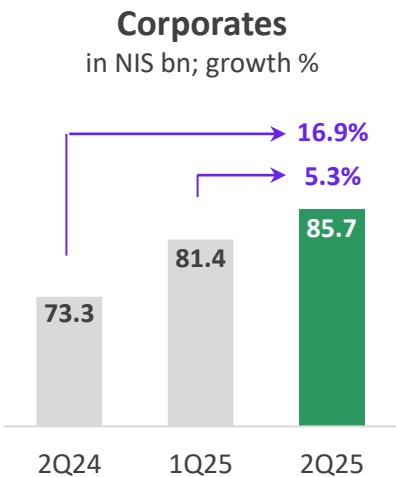
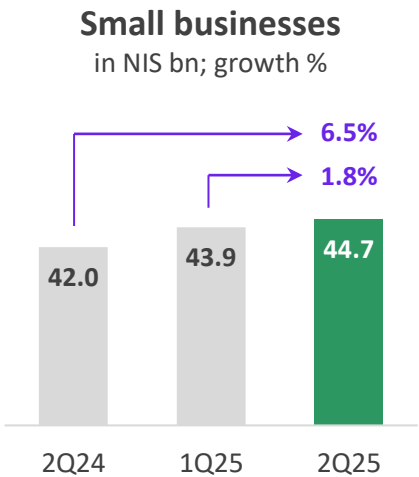
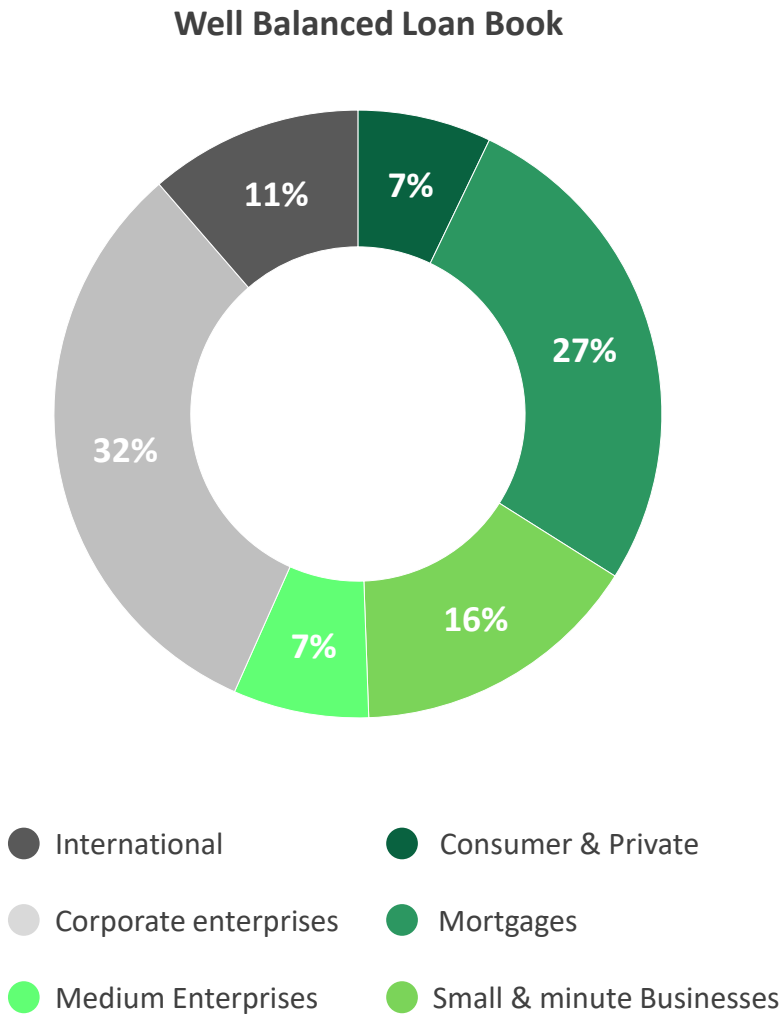
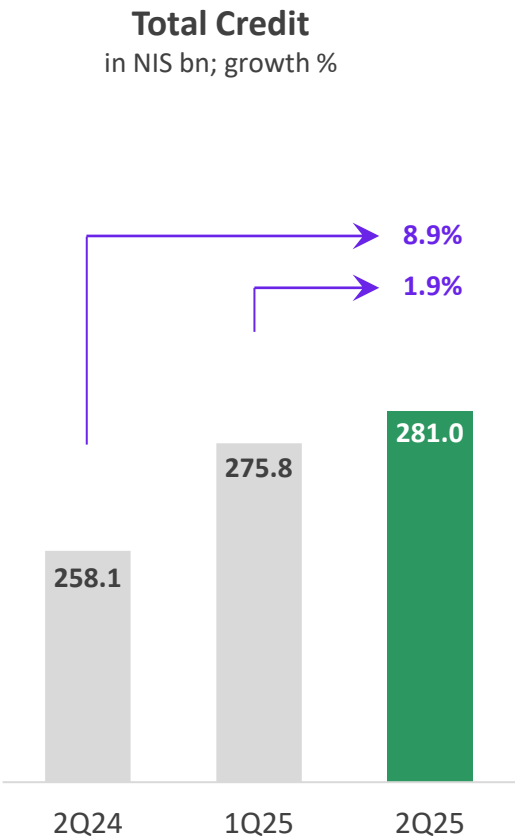
- **Net Income NIS 1.12B (13.6% ROE)**, Supported by 10.0% NII with high CPI backwind, and 1.5% Fee Growth QoQ.
- **Robust Credit Expansion: Total Credit Up 1.9% QoQ (8.8% YoY) and Banking in Israel by 3.6% QoQ**, Driven by Corporate (5.3%), SME (1.8%), and Mortgage (2.6%) Increase.
- **Credit Loss Provision**, were maintained at 0.09%, with the provision primarily driven by the collective allowance. NPL experienced a slight increase, reaching 0.70%.
- **Operating efficiency reached 46.1% compared with 48.8% in 1Q25**
- **NII grew by 10%**, significantly supported by the impact of CPI, which contributed NIS 277 million (up from NIS 62 million last quarter).
- **Dividend payout** of 50% of the net profit for 2Q25, in line with dividend policy.

	Net Income, NIS m	ROE %	Cost-Income Ratio, %	Credit Loss Expenses Ratio, %		Net Income, NIS m	ROE %	Cost-Income Ratio, %	Credit Loss Expenses Ratio, %
2Q25	1,115	13.6	46.1	0.09	1H25	2151	13.3	47.4	0.08
1Q25	1,036	13.0	48.8	0.07	1H24	2,095	14.4	47.3	0.07
2Q24	1,045	14.1	46.6	0.30					
Adjusted 2Q25	1,272	15.6	46.5		Adjusted 1H25	2,363	14.6	47.8	
1Q25	1,091	13.7	49.2		1H24	2,215	15.2	47.0	
2Q24	1,115	15.1	46.1						

The comparative figures have been restated to reflect the classification of CAL's operations as "discontinued operations"



Robust Credit Growth Driven By the Corporate Segment

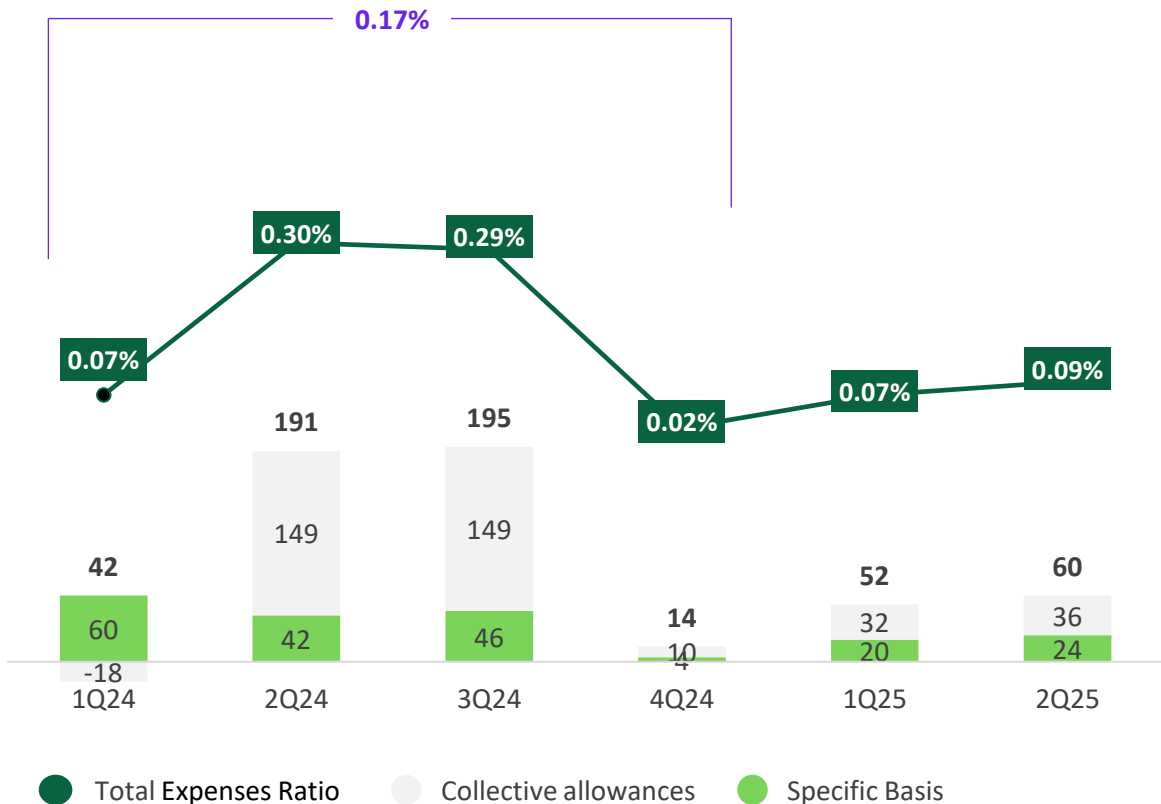


Excl. Households Mortgages

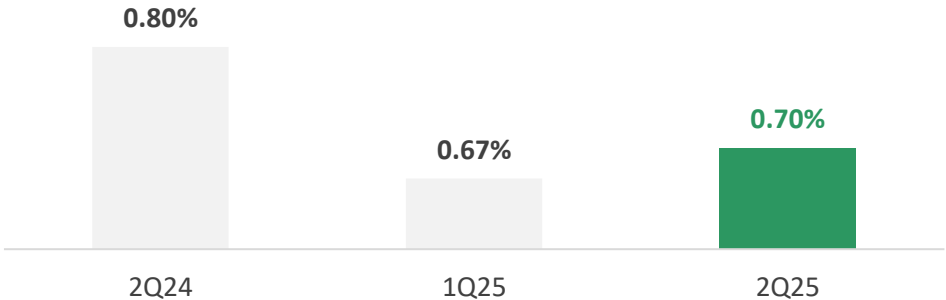
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Credit Loss Expenses & NPL Ratio

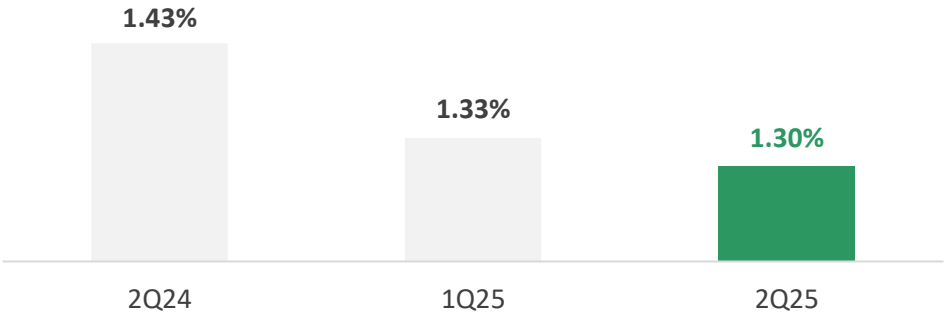
Loan Loss Provision remains low reflecting stable macroeconomic parameters and the financial condition of borrowers in NIS m and %



NPL/Total Credit Ratio*



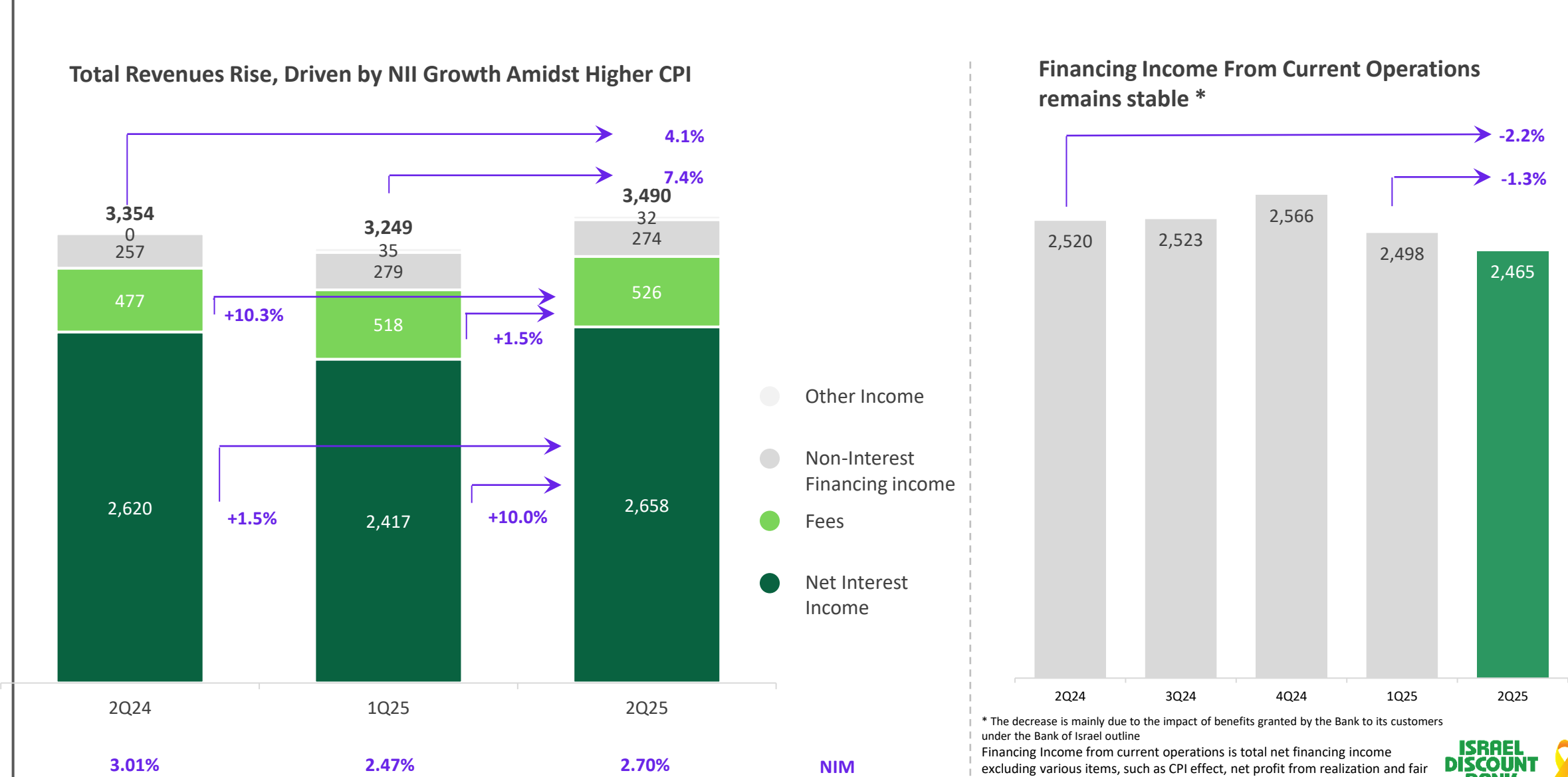
Allowance for Loan Loss Provisions from Total Credit – Strong and Stable Macroeconomic Environment Enables Reversal of Loan Loss Provisions*



* Reclassified – Without CAL

The comparative figures have been restated to reflect the classification of CAL's operations as "discontinued operations"

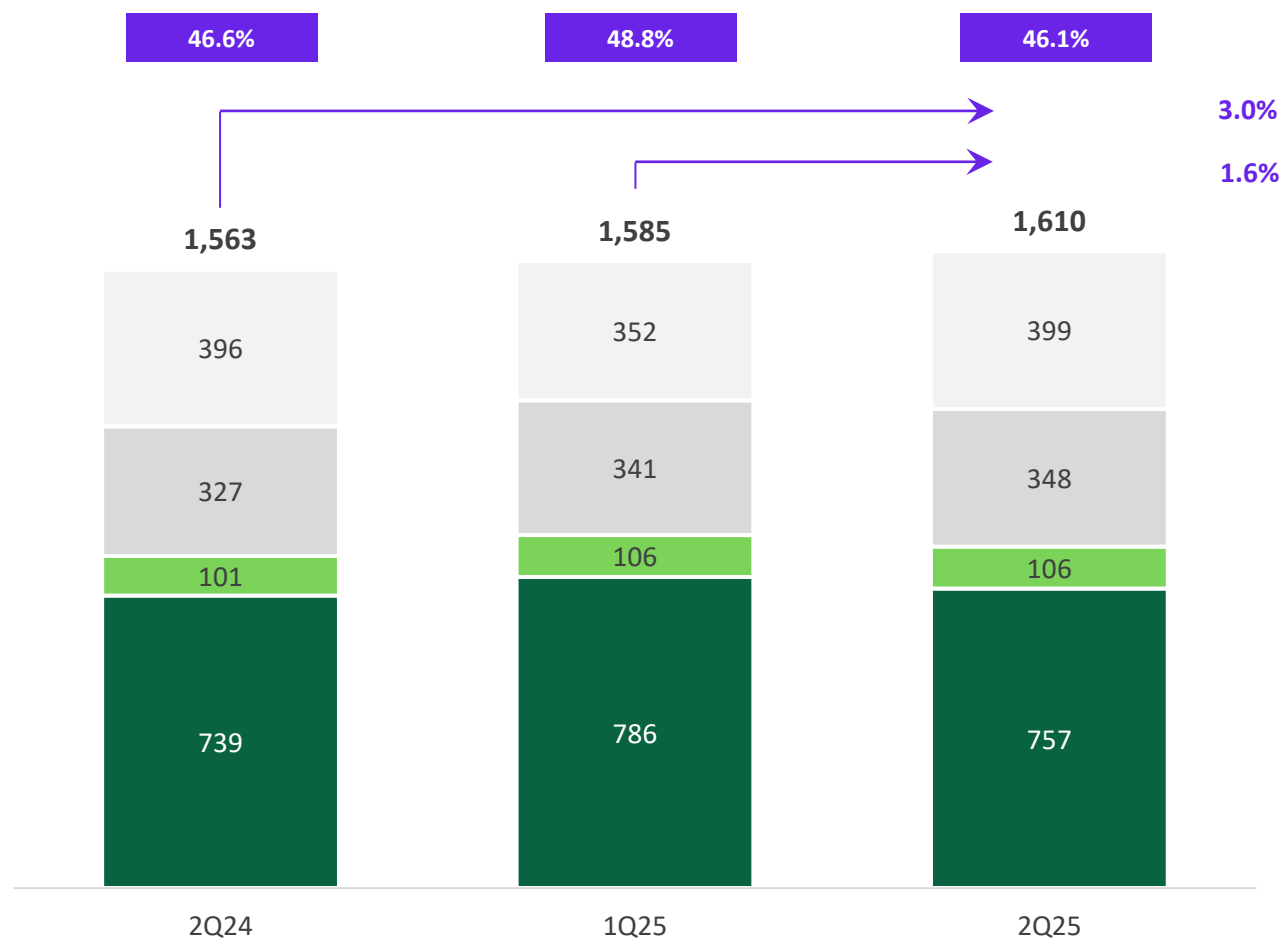
Increase in Revenues – NII & Fees



The comparative figures have been restated to reflect the classification of CAL’s operations as “discontinued operations”

Advancing from expense containment to sustainable cost efficiencies

Total Expenses in NIS m

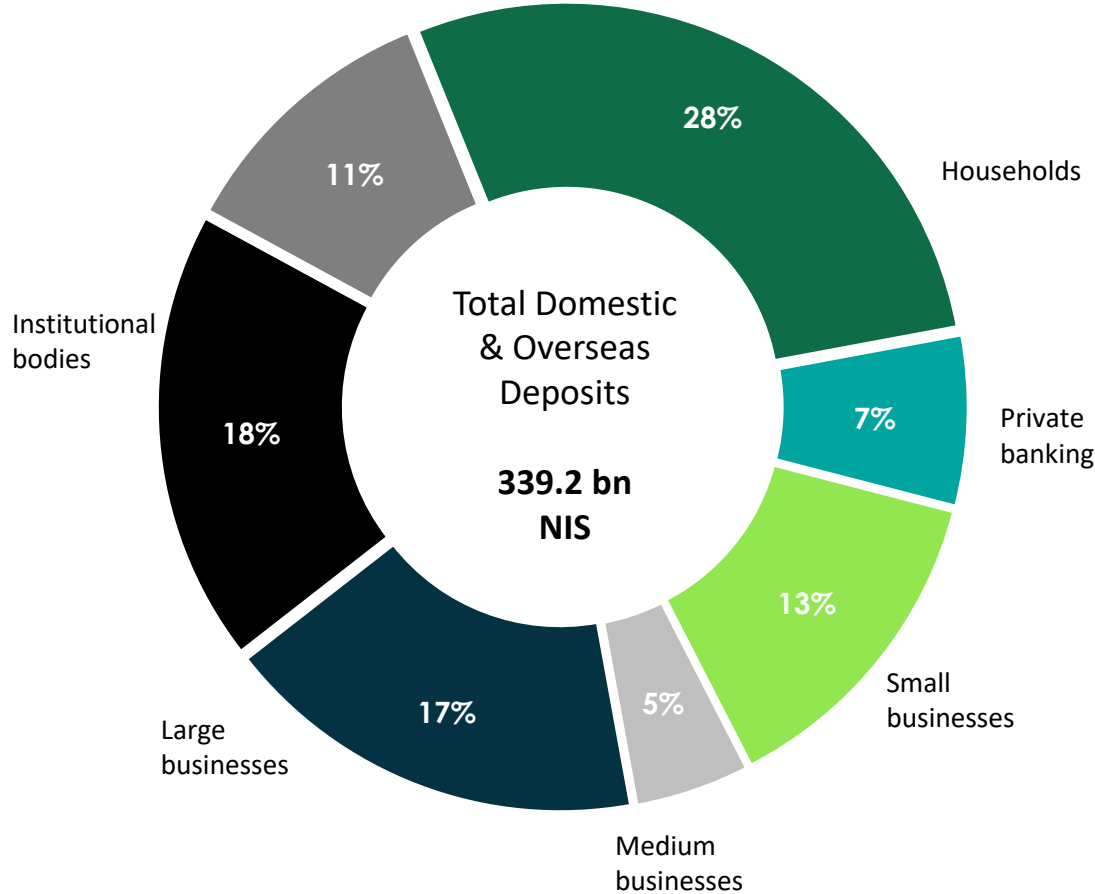


- Cost Income Ratio
- Other
- Maintenance & depreciation
- Awards
- Salary & related

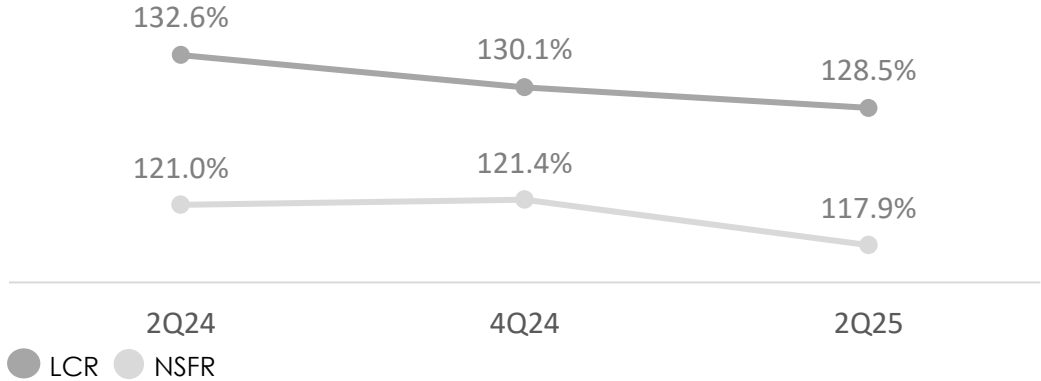
Robust and diversified funding base

With strong Capital Ratio

Diversified domestic public deposit base
with 50% share of retail deposits
in NIS m and %



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



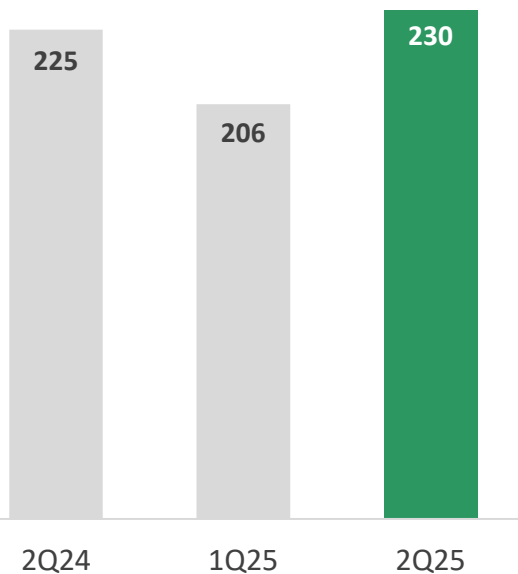
Capital Ratio well above the regulatory requirement

	Total Capital Ratio	Tier I Capital Ratio	Leverage Ratio
2Q25	13.47%	10.53%	6.7%
	QoQ -0.01%	QoQ -0.01%	QoQ -2.9%
Regulatory Requirement	12.50%	9.20%	4.5%

Contribution to Profit from key subsidiaries

MERCANTILE

Net income
in NIS mil.



6.5%

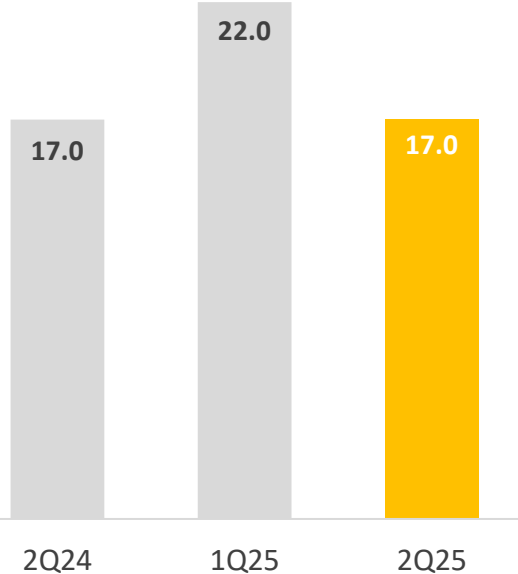
Total Credit net
Growth %, YoY

40.3%

Cost to Income
Ratio 2Q25

IDB BANK

Net income
in USD mil.



13.5%

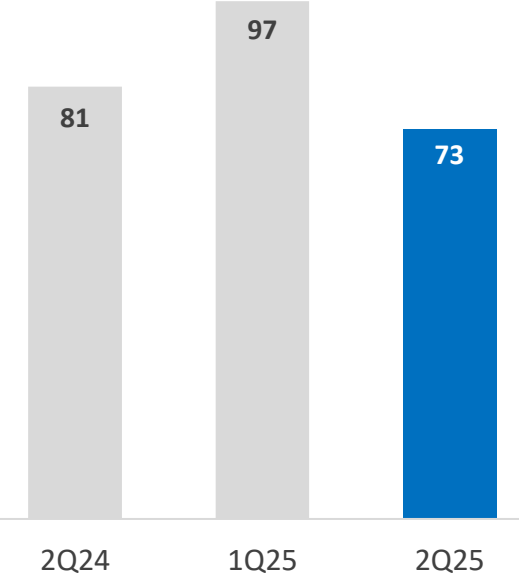
Total Credit net
Growth %, YoY

15.7%

Deposits
Growth %, YoY

Cal.

Net income
in NIS mil.



9.1%

Credit card
Transactions
Growth %, YoY

8.9%

Loan Book
Growth %, YoY

To summarize



Continuous strong results for 2Q25

▶ Net income of **1.12 bil NIS**, and ROE of **13.6%**, Banking in Israel achieved net income of **1.1 bil NIS** and ROE of **18.1%**.



Strong credit growth

▶ We maintained strong credit growth, with solid asset quality - Credit growth of **1.9%** in 2Q25, and **3.6% in Banking in Israel**.



Low Credit loss provisions

▶ Credit loss provisions of 0.09% with specific provisions remain low at **23M NIS**, while NPL ratio edged up to **0.70%** with a sufficient allowance cover-ratio, standing at **1.30%**.



Strategic Cost Management

▶ Transitioning from expense restraint to higher efficiency and savings.



New Collective Labor Agreement

▶ Enhanced managerial flexibility and promotion of a culture of excellence

Dividend distribution raised to 50%

▶ Recording the highest dividend distribution in the bank's history

Israel Discount Bank: P&L and Selected Ratios

NIS m	2Q25	1Q25	2Q24	vs.1Q25	vs.2Q24
Net interest income	2,658	2,417	2,620	10.0%	1.5%
Credit loss expenses	60	52	191	15.4%	(68.6%)
Non-interest financing income	274	279	257	(1.8%)	6.6%
Commissions	526	518	477	1.5%	10.3%
Other income	32	35	-	(8.6%)	-
Total non-interest income	832	832	734	-	13.4%
Total income	3,490	3,249	3,354	7.4%	4.1%
Salaries and related expenses	863	892	840	(3.3%)	2.7%
Maintenance & depreciation	348	341	327	2.1%	6.4%
Other expenses	399	352	396	13.4%	0.8%
Total operating and other expenses	1,610	1,585	1,563	1.6%	3.0%
Income before taxes	1,820	1,612	1,600	12.9%	13.8%
Provision for taxes on income	667	649	619	2.8%	7.8%
Income after taxes	1,153	963	981	19.7%	17.5%
Net income attributable to shareholders	1,115	1,036	1,045	7.6%	6.7%
ROE	13.6%	13.0%	14.1%		
Cost income ratio	46.1%	48.8%	46.6%		
NIM	2.70%	2.47%	3.01%		
Rate of credit loss expenses	0.09%	0.07%	0.30%		
NPL ratio	0.70%	0.67%	0.80%		
Dividend per share (in Agurot)	36.38	25.32	25.34		

Israel Discount Bank: Adjustments to P&L

NIS m	2Q25	1Q25	2Q24
Reported net income	1,115	1,036	1,045
Realization of Assets	(17)	(24)	-
Effect of change in VAT	-	-	(20)
Special income tax	86	79	54
Effect of settlement	-	-	11
Provision for discontinued operation (CAL)	13	-	25
Court decision regarding VAT (CAL)	75	-	-
Adjusted net income	1,272	1,091	1,115

Israel Discount Bank: Selected Balance sheet Items

NIS m	30.6.2025	30.6.2024	31.12.2024
Cash and deposits with banks	59,245	45,462	62,575
Securities	76,615	60,617	67,627
Credit to the public	280,986	258,143	270,997
Provision for credit losses	(3,660)	(3,693)	(3,685)
Credit to the public, net	277,326	254,450	267,312
Buildings and equipment	4,076	3,719	4,138
Assets in respect of derivative instruments	13,761	10,326	9,607
Other assets	5,243	5,430	5,289
Assets related to discontinued operations	21,701	20,889	22,229
Total Assets	461,005	405,281	442,659
Deposits from the public	339,190	303,305	332,443
Securities borrowed or sold via repo agreements	15,713	9,232	14,264
Bonds and subordinated debt notes	23,684	18,177	20,035
Liabilities in respect of derivative instruments	15,644	8,644	8,812
Liabilities related to discontinued operations	18,857	18,139	19,432
Total liabilities	426,627	374,147	409,574
Equity capital attributed to the Bank's shareholders	32,875	30,325	31,569
Non-controlling rights in consolidated companies	1,503	809	1,516
Total equity	34,378	31,134	33,085
Total Liabilities and Equity	461,005	405,281	442,659

Mercantile Discount Bank – principal data

NIS m	2Q25	2Q24	1H25	1H24	2024
Net profit attributed to the shareholders	230	225	436	409	843
Net interest income	572	580	1,110	1,108	2,220
Credit loss expenses	37	53	71	109	187
Non-financing income	117	99	226	210	403
Non-financing expenses	278	282	550	559	1,110
Total assets	67,960	66,657	67,960	66,657	66,509
Credit to the public, net	50,375	47,311	50,375	47,311	48,666
Securities	9,776	8,920	9,776	8,920	8,496
Deposits from the public	54,171	53,116	54,171	53,116	53,159
Total equity	5,866	5,217	5,866	5,217	5,733
%					
Return on equity	15.6	17.9	14.9	16.3	16.2
Efficiency ratio	40.3	41.5	41.2	42.4	42.3
Ratio of total capital to risk assets	14.39	14.38	14.39	14.38	14.73
Ratio of credit loss expenses to the average balance of credit to the public	0.29	0.45	0.28	0.47	0.39
Total net return on interest bearing assets	3.55	3.77	3.46	3.62	3.55

Discount Bancorp, Inc. – principal data

US\$ m	2Q25	2Q24	1H25	1H24	2024
Net profit attributed to the shareholders	17	17	39	38	89
The contribution to the Bank's business results	13	17	29	38	75
Net interest income	90	79	180	160	328
Credit loss expenses	9	6	14	7	2
Non-financing income	21	21	42	39	77
Non-financing expenses	79	71	157	141	286
Total assets	13,638	12,276	13,638	12,276	13,856
Credit to the public, net	9,516	8,381	9,516	8,381	9,238
Securities	2,725	2,564	2,725	2,564	2,415
Deposits from the public	11,705	10,116	11,705	10,116	12,066
Total equity	1,380	1,254	1,380	1,254	1,319
%					
Return on equity	4.9	5.3	5.8	6.1	7.0
Efficiency ratio	71.2	71.0	70.7	70.9	70.5
Ratio of total capital to risk assets	14.8	15.5	14.8	15.5	14.7
Ratio of credit loss expenses to the average balance of credit to the public	0.38	0.30	0.30	0.17	0.03
Total net return on interest bearing assets	2.74	2.77	2.76	2.83	2.79

Israel Credit Cards – principal data

NIS m	2Q25	2Q24	1H25	1H24	2024
Net profit attributed to the shareholders	73	81	170	162	301
The contribution to the Bank's business results	(30)	38	29	84	145
Income from credit card transactions	545	479	1,063	917	1,946
Net interest income	244	226	481	446	906
Non interest income	2	8	5	13	84
Non-financing expenses	689	607	1,326	1,157	2,545
Of which: Credit loss expenses	50	67	112	107	260
Total assets	21,559	20,759	21,559	20,759	22,089
Interest bearing credit to the public	9,776	8,981	9,776	8,981	9,385
Total equity	2,826	2,620	2,826	2,620	2,656
%					
Return on equity	10.5	12.6	12.5	12.9	11.5
Efficiency ratio	80.8	75.7	78.4	76.3	77.8
Ratio of total capital to risk assets	13.3	13.3	13.3	13.3	12.8
Turnover of credit card transactions – in NIS millions	49,652	45,524	98,878	88,742	185,719
Number of active cards – in thousands	3,853	3,605	3,853	3,605	3,725

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