

Image alt: Israel Discount Bank Ltd. Logo



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הארבעה 21 | מגדל פלטינום תל אביב 6473921 טל. 03-6844700 | פקט. 03-6854002 www.midroog.co.il

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ISRAEL DISCOUNT BANK LTD.

Rating Action August 2025

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ISRAEL DISCOUNT BANK LTD.

Internal Financial Strength Assessment (BCA) aa2.il

Long-term Deposits and Bonds	Aaa.il	Outlook: Stable
Deferred Commitment Notes with Contractual Mechanism	Aa3.il(hyb)	Outlook: Stable
For Loss Absorption ("CoCo")		
Short-term Deposits/Commercial Papers	P-1.il	

Midroog assigns a rating of **Aa3.il(hyb)** with a stable outlook, for the issuance of deferred commitment notes with a contractual loss absorption mechanism ("**CoCo**") (Series 11, up to NIS 1.5 billion par value). The issuance will be carried out by DISCOUNT MANPIKIM LTD, a wholly owned subsidiary of ISRAEL DISCOUNT BANK LTD. (hereinafter: "the Bank"), which is the Bank's issuing arm.

According to Midroog's methodology, the **CoCo** rating is based on the Bank's internal financial strength assessment (**BCA**), which serves as the anchor for the Bank's liability ratings and reflects the risk of default and the Bank's ability to service its obligations independently and without assuming external support. Based on this, Midroog adjusts the rating for the credit risk of the subordinated debt instrument, according to its specific characteristics—considering the degree of contractual subordination, loss absorption mechanisms according to the instrument's terms, and the uncertainty regarding the trigger point for their activation (contractual trigger, or at the discretion of the Supervisor of Banks). For the **CoCo** to be issued by the Bank, we reduce the rating by one notch from the Bank's **BCA**, reflecting the legal-contractual subordination and the contractual loss absorption mechanism. Considering the Bank's **BCA** level, the current and expected capital adequacy, in our assessment, and the adequate liquidity profile, the uncertainty regarding the likelihood of reaching the "non-viability point" is low, and therefore an additional notch was not deducted. Also, the **CoCo** rating does not assume external support.

For information regarding the rating considerations, please refer to the monitoring report from November 202²⁰².

Related Reports

- ISRAEL DISCOUNT BANK LTD. Related Reports
- Bank Rating Methodology Methodological Report, September 2019
- Promoting Competition in the Banking System Special Report, February 2023
- Guidelines for Assessing Environmental, Social, and Corporate Governance Risks in Credit Ratings - Methodological Report, February 2022
- · Table of Affiliations and Holdings
- Midroog's Rating Scales and Definitions
- Reports are published on the Midroog website

ISRAEL DISCOUNT BANK LTD. - Rating Action 20/08/2025

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General Information

Rating Report Date:	20.08.2025
Last Rating Update Date:	21.05.2025
Initial Rating Publication Date:	22.12.2005
Rating Initiator Name:	ISRAEL DISCOUNT BANK LTD.
Entity that Paid for the Rating:	ISRAEL DISCOUNT BANK LTD.

Information from the Issuer

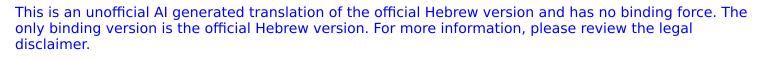
Midroog relies in its ratings, among other things, on information received from authorized parties at the issuer.

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Baseline Credit Assessment (BCA) Rating Scale

aaa.il	Issuers or issues rated aaa.il, in Midroog's judgment, exhibit the highest internal or independent (standalone) financial strength relative to other local issuers, in the absence of any possibility of external support from a related company or the state.
aa.il	Issuers or issues rated aa.il, in Midroog's judgment, exhibit very high internal or independent (standalone) financial strength relative to other local issuers, in the absence of any possibility of external support from a related company or the state.
a.il	Issuers or issues rated a.il, in Midroog's judgment, exhibit high internal or independent (standalone) financial strength relative to other local issuers, in the absence of any possibility of external support from a related company or the state.
baa.il	Issuers or issues rated baa.il, in Midroog's judgment, exhibit moderate internal or independent (standalone) financial strength relative to other local issuers, in the absence of any possibility of external support from a related company or the state, and may have certain speculative characteristics.
ba.il	Issuers or issues rated ba.il, in Midroog's judgment, exhibit weak internal or independent (standalone) financial strength relative to other local issuers, in the absence of any possibility of external support from a related company or the state, and have speculative characteristics.
b.il	Issuers or issues rated b.il, in Midroog's judgment, exhibit very weak internal or independent (standalone) financial strength relative to other local issuers, in the absence of any possibility of external support from a related company or the state, and have significant speculative characteristics.
caa.il	Issuers or issues rated caa.il, in Midroog's judgment, exhibit the weakest internal or independent (standalone) financial strength relative to other local issuers, in the absence of any possibility of external support from a related company or the state, and have highly significant speculative characteristics.
ca.il	Issuers or issues rated ca.il, in Midroog's judgment, exhibit extremely weak internal or independent (standalone) financial strength, in the absence of any possibility of external support from a related company or the state, and are very close to default with some chance of principal and interest recovery.
c.il	Issuers or issues rated c.il, in Midroog's judgment, exhibit the weakest internal or independent (standalone) financial strength, in the absence



of any possibility of external support from a related company or the state, and are generally in default with little chance of principal and interest recovery.

Note: Midroog uses numerical modifiers 1, 2, 3 in each rating category from aa.il to caa.il. The modifier '1' indicates that the bond is at the upper end of its rating category, as indicated by the letters. The modifier '2' indicates it is in the middle of the rating category, and the modifier '3' indicates the bond is at the lower end of its rating category, as indicated by the letters.

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Local Long-Term Rating Scale

Aaa.il	Issuers or issues rated, in Midroog's judgment, exhibit the highest credit repayment ability relative to other local issuers.
Aa.il	Issuers or issues rated, in Midroog's judgment, exhibit very high credit repayment ability relative to other local issuers.
A.il	Issuers or issues rated, in Midroog's judgment, exhibit high credit repayment ability relative to other local issuers.
Baa.il	Issuers or issues rated, in Midroog's judgment, exhibit moderate credit repayment ability relative to other local issuers and may have certain speculative characteristics.
Ba.il	Issuers or issues rated, in Midroog's judgment, exhibit weak credit repayment ability relative to other local issuers and have speculative characteristics.
B.iI	Issuers or issues rated, in Midroog's judgment, exhibit very weak credit repayment ability relative to other local issuers and have significant speculative characteristics.
Caa.il	Issuers or issues rated, in Midroog's judgment, exhibit the weakest credit repayment ability relative to other local issuers and have highly significant speculative characteristics.
Ca.il	Issuers or issues rated, in Midroog's judgment, exhibit extremely weak credit repayment ability and are very close to default with some chance of principal and interest recovery.
C.il	Issuers or issues rated, in Midroog's judgment, exhibit the weakest credit repayment ability and are generally in default with little chance of principal and interest recovery.

Note: Midroog uses numerical modifiers 1, 2, 3 in each rating category from Aa.il to Caa.il. The modifier '1' indicates that the bond is at the upper end of its rating category, as indicated by the letters. The modifier '2' indicates it is in the middle of the rating category, and the modifier '3' indicates the bond is at the lower end of its rating category, as indicated by the letters.

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Local Short-Term Rating Scale

P-1.il Prime-1.il	Rated issuers are, in Midroog's judgment, very well able to meet their short-term obligations relative to other local issuers.
P-2.il Prime-2.il	Rated issuers are, in Midroog's judgment, well able to meet their short-term obligations relative to other local issuers.
P-3.il Prime-3.il	Rated issuers are, in Midroog's judgment, moderately able to meet their short-term obligations relative to other local issuers.
NP.il Not Prime.il	Rated issuers do not belong to any of the Prime categories

The relationship between the long-term and short-term rating scales

The following table details the long-term ratings corresponding to the short-term ratings, as applicable 603

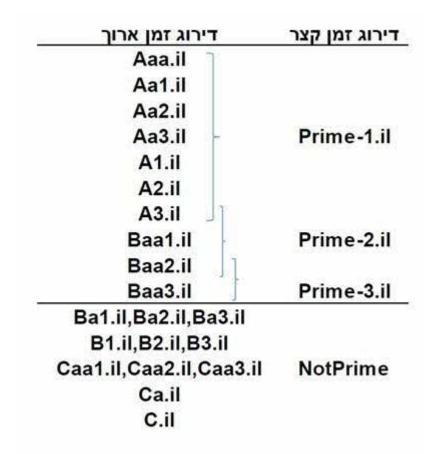


Image alt: Matching Table Between Short-Term and Long-Term Ratings

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FOOTNOTE:

²⁰¹ Non-viability event: 1. Notice from the Supervisor of Banks that write-off/conversion of the security is necessary to avoid the non-viability point. 2. Provision of external support without which the bank would reach the non-viability point. Note that the Supervisor of Banks has not yet defined the term "non-viability point."

²⁰² The rating report appears on the Midroog website.

⁶⁰³ Short-term ratings in structured finance are usually based on the short-term rating of the liquidity provider to the transaction or on the assessment of the available cash flow for repayment of the rated obligation.