1Q 26 REVIEW

ISRAEL DISCOUNT BANK

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The Israeli economy: resilient & quick to recover

- **Rapid GDP recovery:** Despite an initial shock, economic activity is showing signs of a notable recovery, and we anticipate the economy will remain resilient.
- **Tight and growing labor market:** The employment market remains strong, with wage growth and the creation of new job opportunities.
- **Controlled inflation:** Israel's inflation rates are significantly lower compared to many other countries (including OECD nations), thanks to effective monetary policy.
- **Stable financial markets:** After a temporary increase in the risk premium, markets are showing clear signs of recovery: the Shekel has strengthened, and the local stock market demonstrates strong performance.
- **High-Tech as a key growth engine:** Israel's 'Startup Nation' ecosystem serves as a primary growth engine, consistently converting cutting-edge innovation into high-value exits (M&As and IPOs) that fuel the economy and attract foreign capital.
- **Budget deficit continues to surprise on the upside:** as revenues continue to outperform expectations.

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1Q 2026 - main indicators

	Net Income	ROE	Efficiency Ratio
	NIS 930M	10.9%	48.3%
Ex-one-offs	NIS 1,040m	12.2%	48.2%

Dividend Distribution	Loan Loss Expense	Credit Growth QoQ
50%	0.25%	2.2%

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Strategy & execution: reducing headcount by c600 by YE26e

Discount	• Accelerated retirement plan in co-ordination with the labor union • Target: reduce headcount by c450 at Discount solo by YE2026 • Aligning performance-based compensation, saving annual costs and incentivizing higher performance
Mercantile	• Faster than expected response to early retirement plan • Over 100 FTEs already signed the plan • Notable savings in coming years
IDBNY	• Reduced c70 FTEs in last 2 quarters; More expected by YE26 • New strategy focused on profitability vs growth • Improving core profitability
CAL	• Regulatory decision expected by end of Q2 • Sale will boost CET1 by c 0.5% • Sale will generate ILS 307mn in net gains; adding c. 1% to ROE

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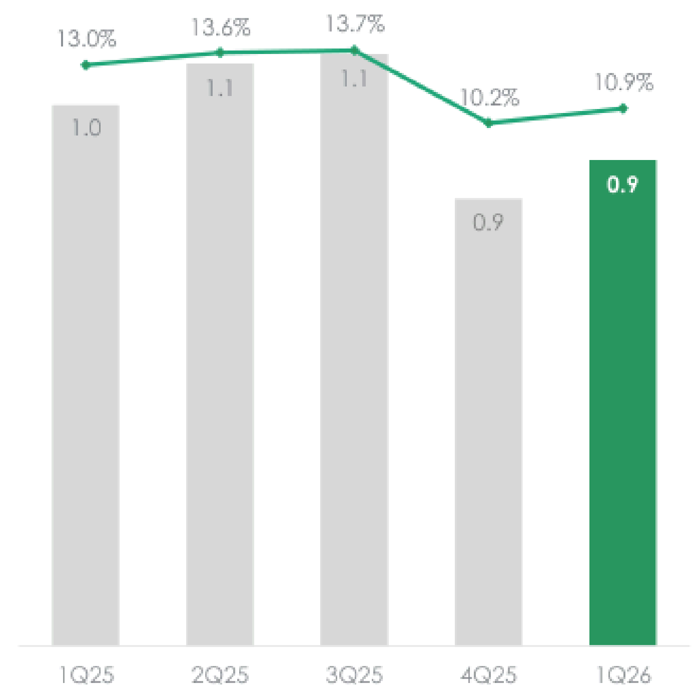
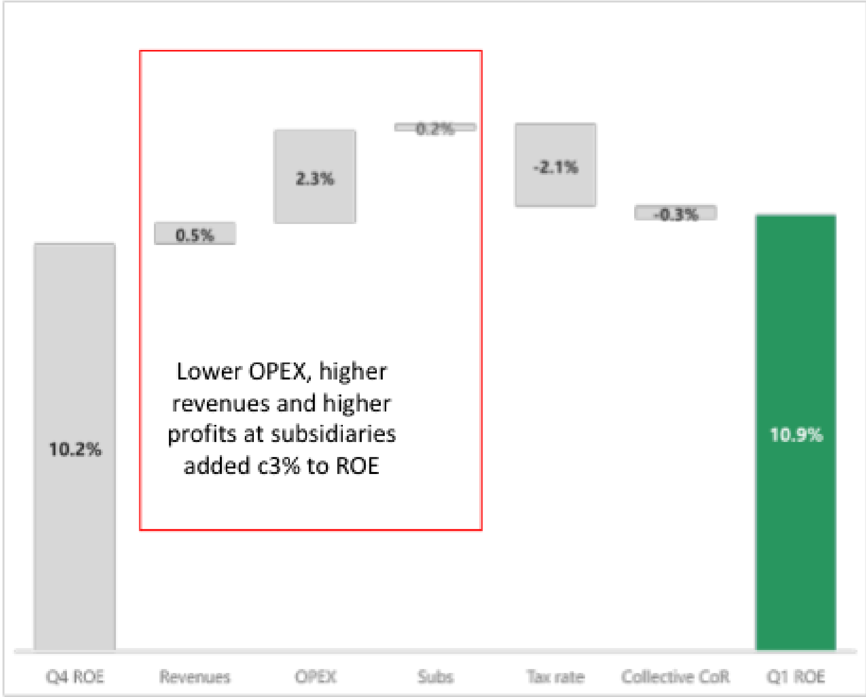
Q1 ROE hurtby taxes and collective provisions

ROE in % and Net Income, in NIS Bn





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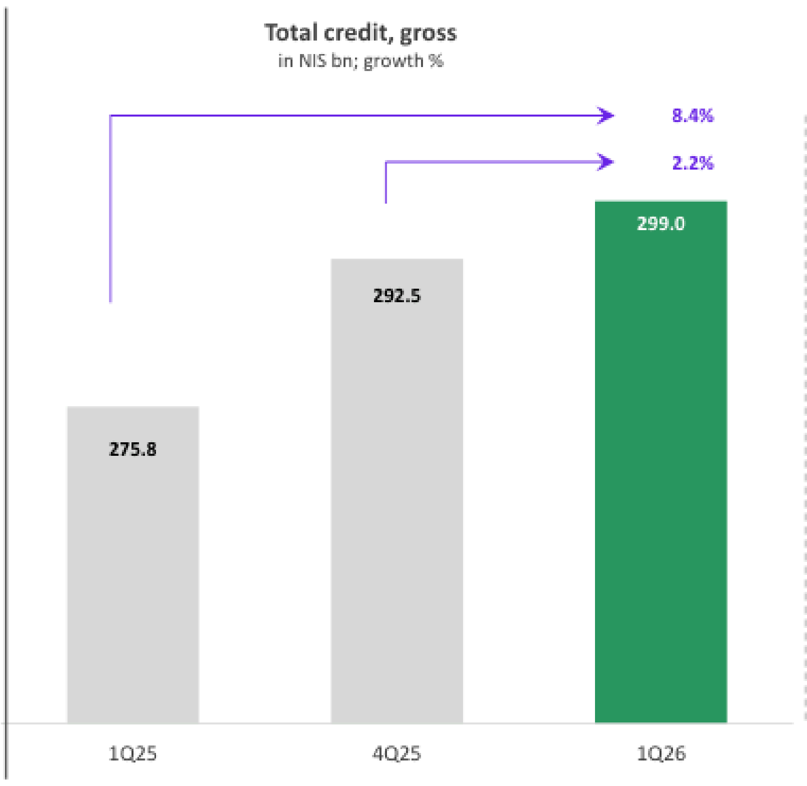
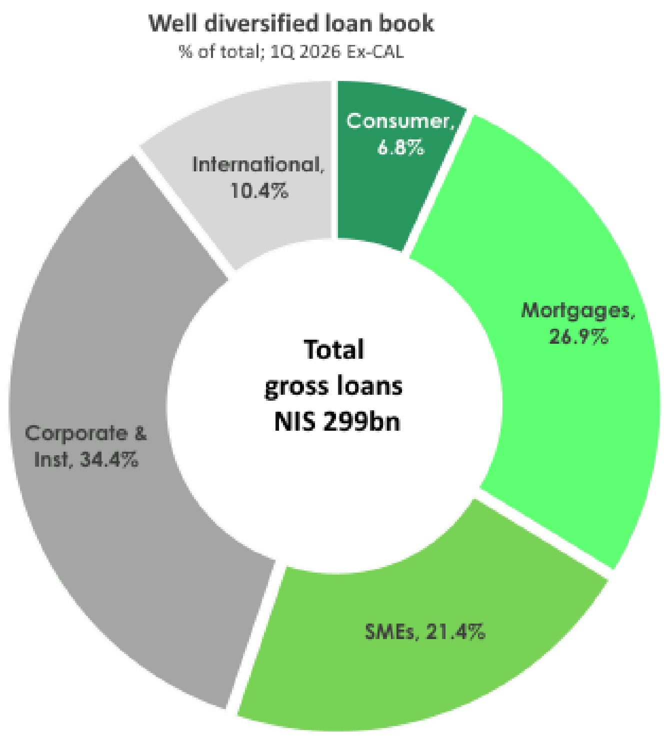
Robust credit growth and a well diversified loan book





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

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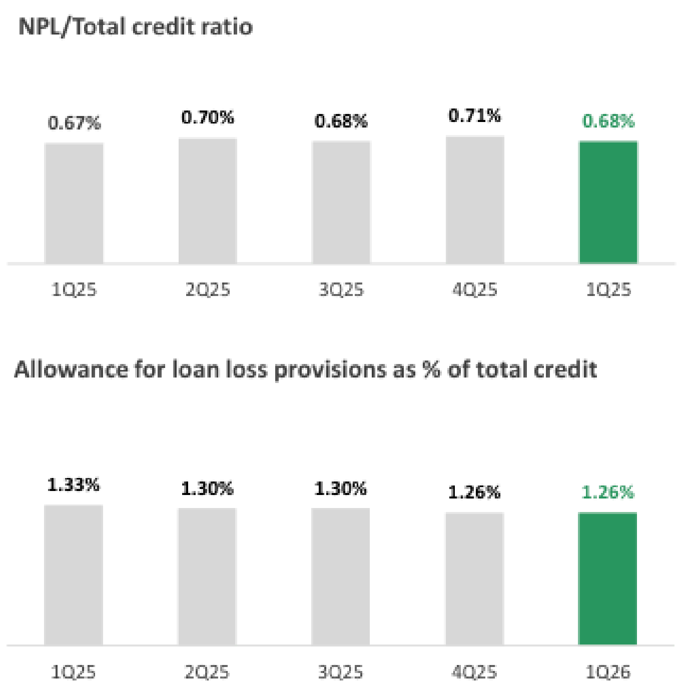
Credit quality improves; CoR entirely collective



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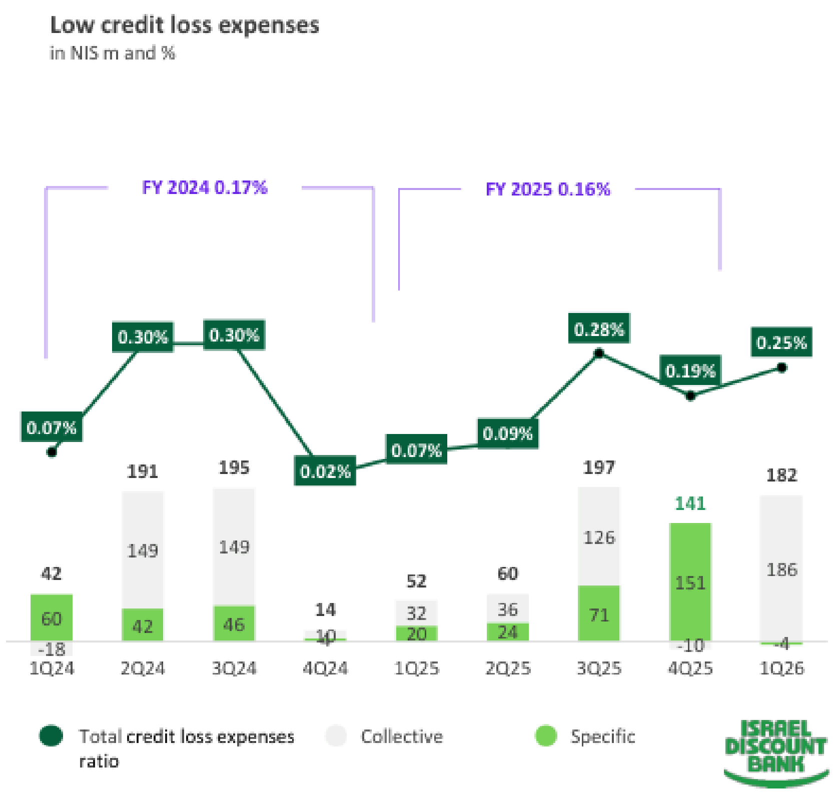

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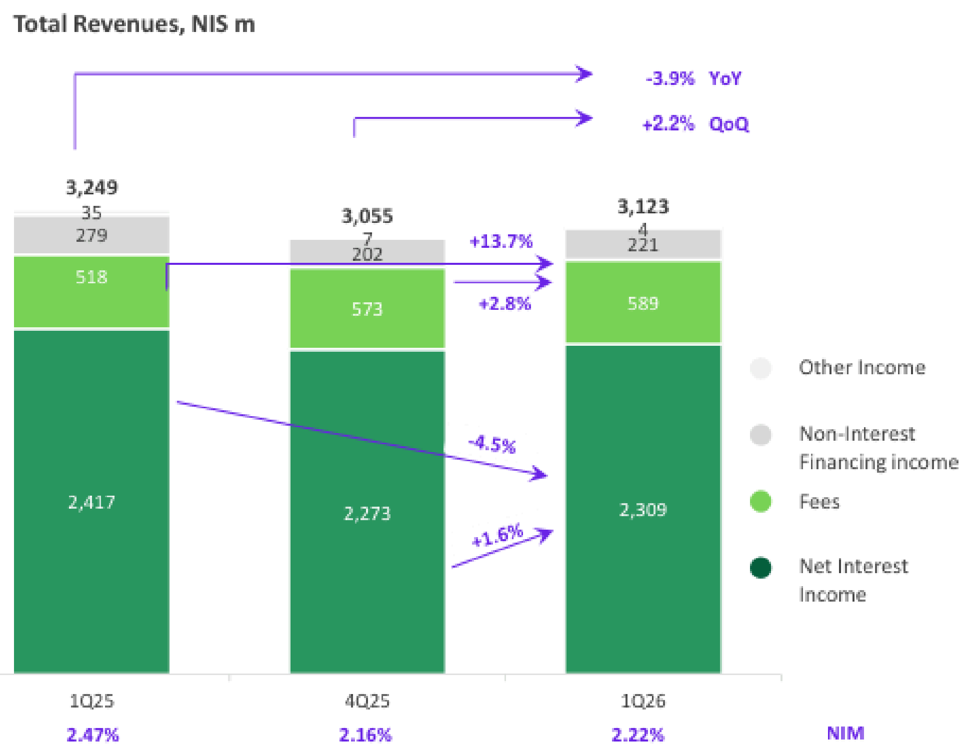
Revenues: NII hurt by CPI & rates; Fees remain strong



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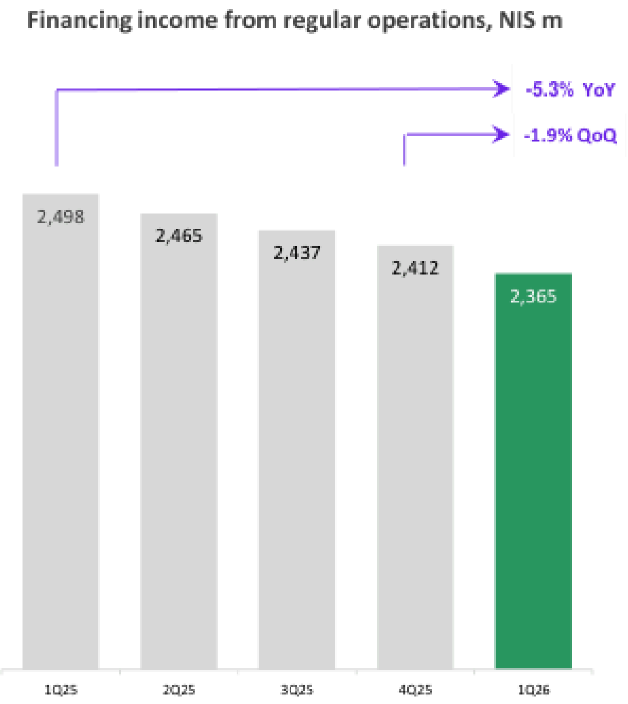

Financing income from current operations is total net financing income excluding various items, such as CPI effect, net profit from realization and fair value adjustments, profit or loss from investments in shares, exchange rates differences, net profit on the sale of loans

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Costs improve notably; potential remains sizable

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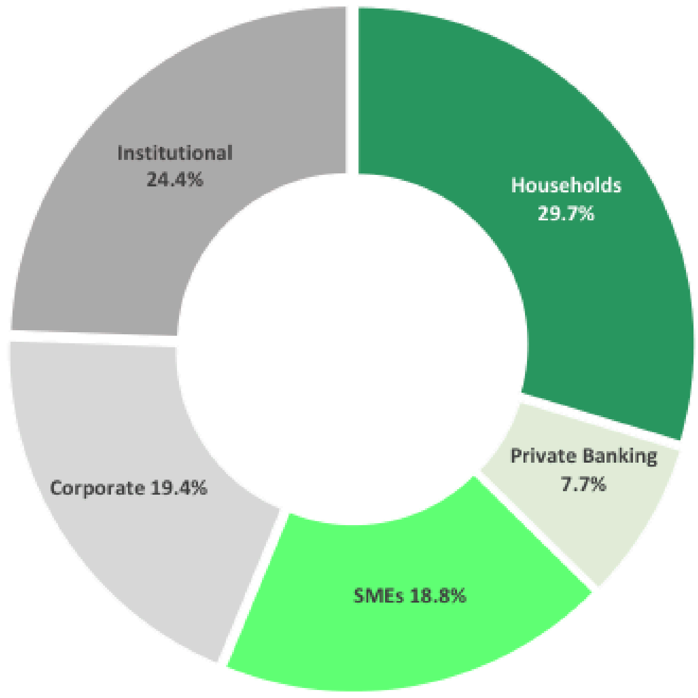
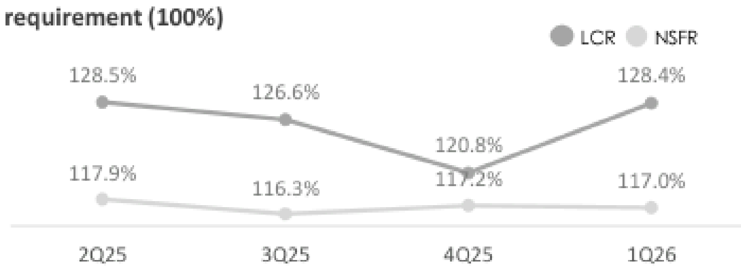
Diversified funding base with strong capital ratio

Diversified domestic public deposit base with 56% share of retail deposits in %



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
1Q26	13.07% QoQ UC	10.24% QoQ -0.14%	6.6% QoQ +0.1%
Regulatory Requirement	12.50%	9.20%	4.5%

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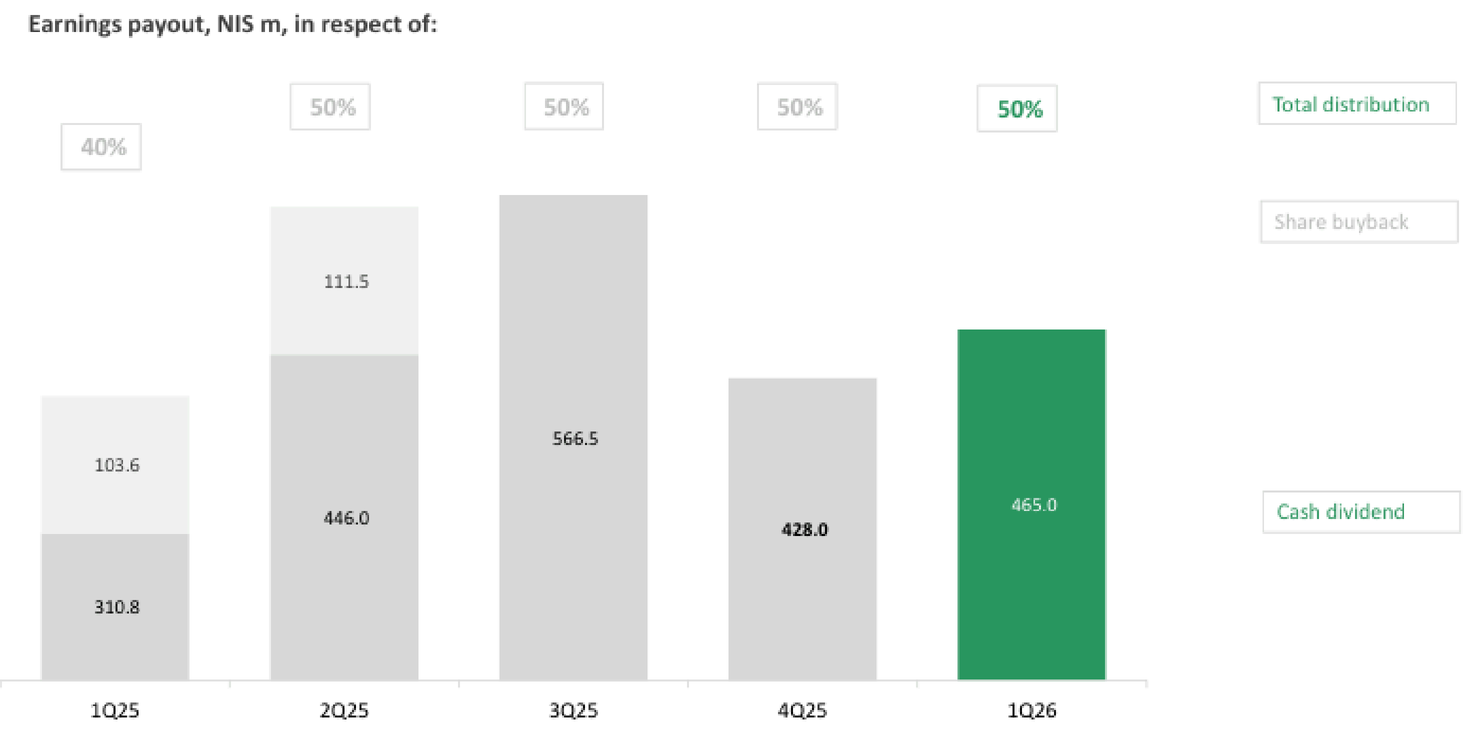
Consistent payout of 50% of NI to shareholders



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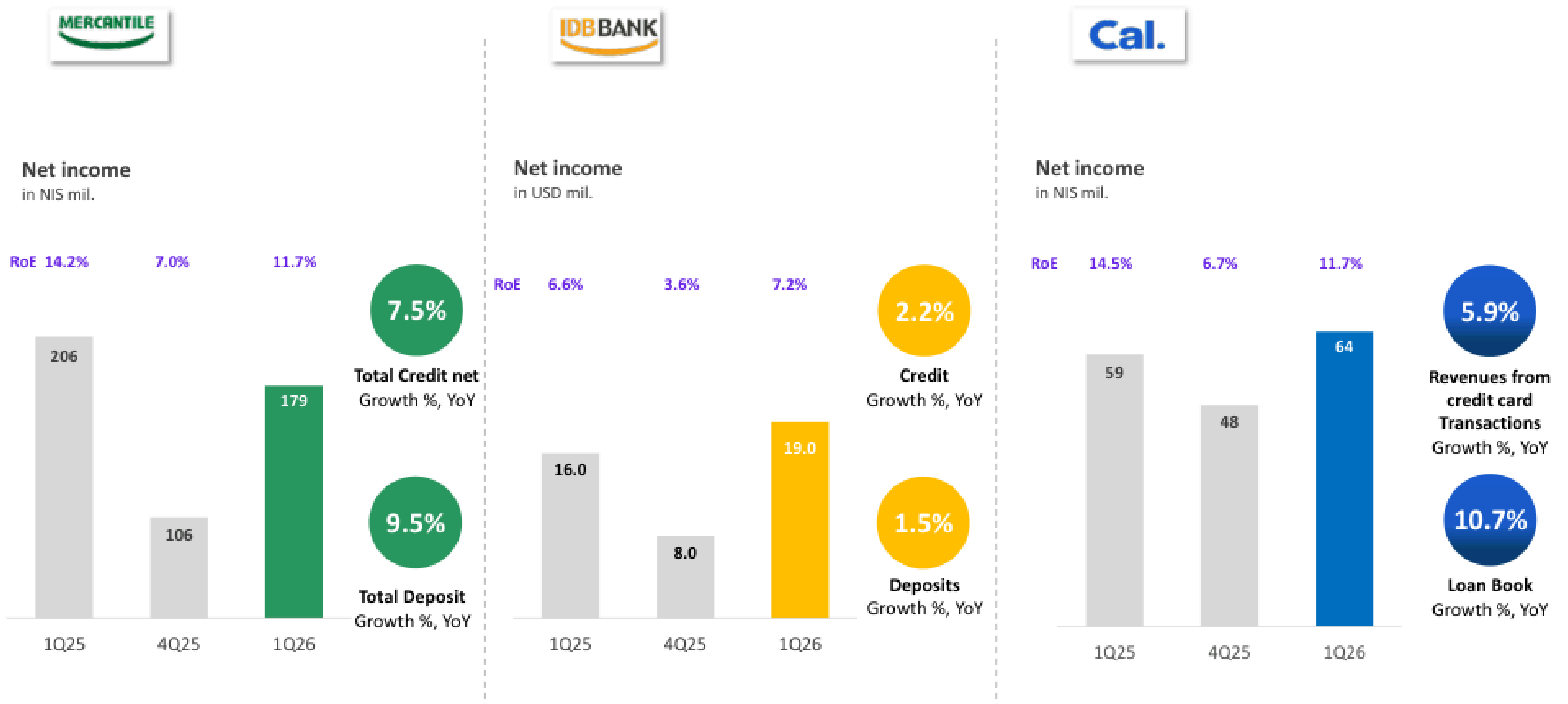
Profit contribution from key subsidiaries



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1Q 2026 main take-aways

- **Profitability**
  - ROE: 10.9% despite special war related taxes and provisions
  - Excluding one-offs, ROE was 12.2%
- **Growth**
  - Strong loan growth of 8.4% YoY and 2.2% QoQ
  - Total PD drop to 1.7% of loans; NPL drops to < 0.7%
- **Capital and dividends**
  - Total payout of 50% in Q1
  - Capital and liquidity ratios remain strong; CET1 10.24%; LCR~128.4%
  - CAL sale will add c 0.5% to CET1 and improve LCR
- **Strategy**
  - Increasing cost cutting efforts, across all segments and activities
  - Targeting to reduce group headcount by 600 by YE2026e
  - Improving core profitability at IDBNY
  - Improving synergies and profitability at Mercantile
  - Introducing more AI capabilities to support improving cost efficiency

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Thank you!

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