

# 1Q 2025 REVIEW

## Financial Highlights

Investor Relations

May 19, 2025



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# 1Q 2025 – DELIVERING ROBUST PERFORMANCE

## NET INCOME

**1,036<sub>M</sub>**

## ROE

**13.0%**

## EFFICIENCY RATIO

**53.4%**

Banking in  
Israel \*

**890<sub>M</sub>**

**14.9%**

**45.3%**

## DIVIDEND POLICY

**↑ 50%**

## DIVIDEND PAYOUT + SHARE BUYBACK

**30% + 10%**

## NII CHANGE

QoQ

**2.5%**

## CREDIT GROWTH

QoQ

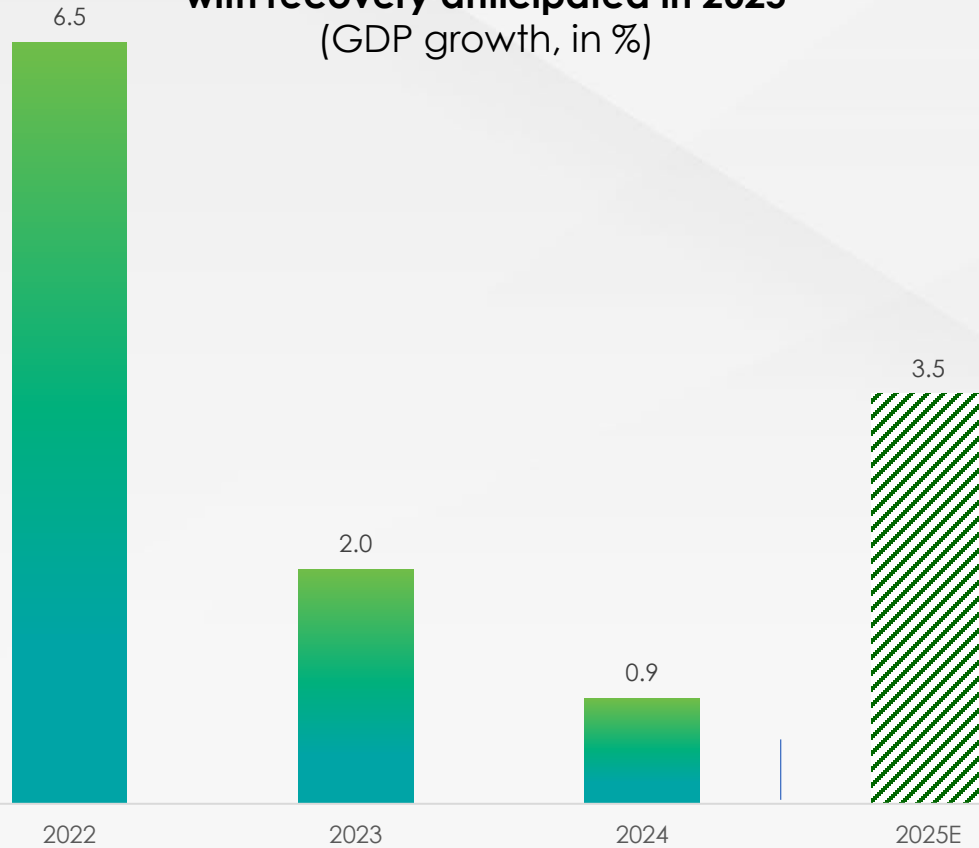
**2.1%**

\* Consolidated figures for banking operations of Discount & Mercantile

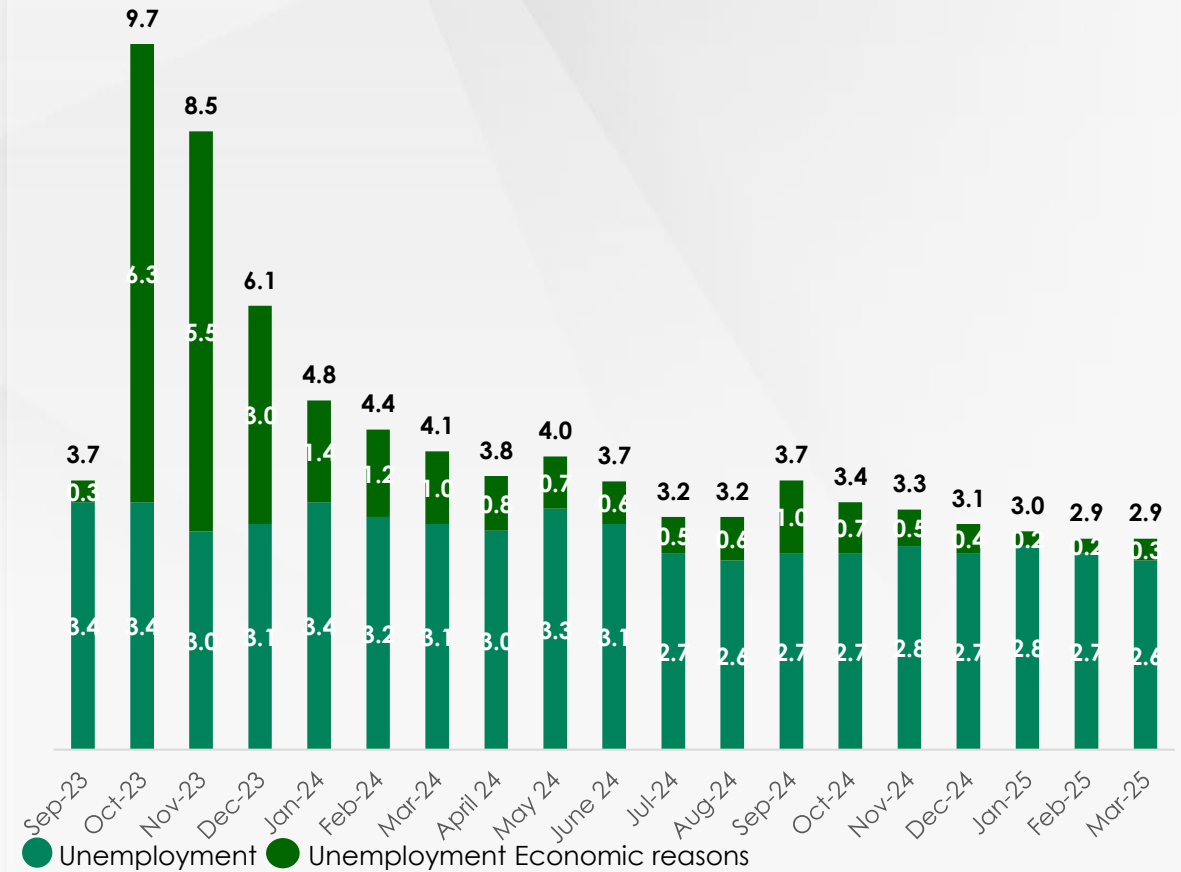


# THE ECONOMY IS AT FULL EMPLOYMENT GDP GROWTH IS EXPECT TO RECOVER IN 2025

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



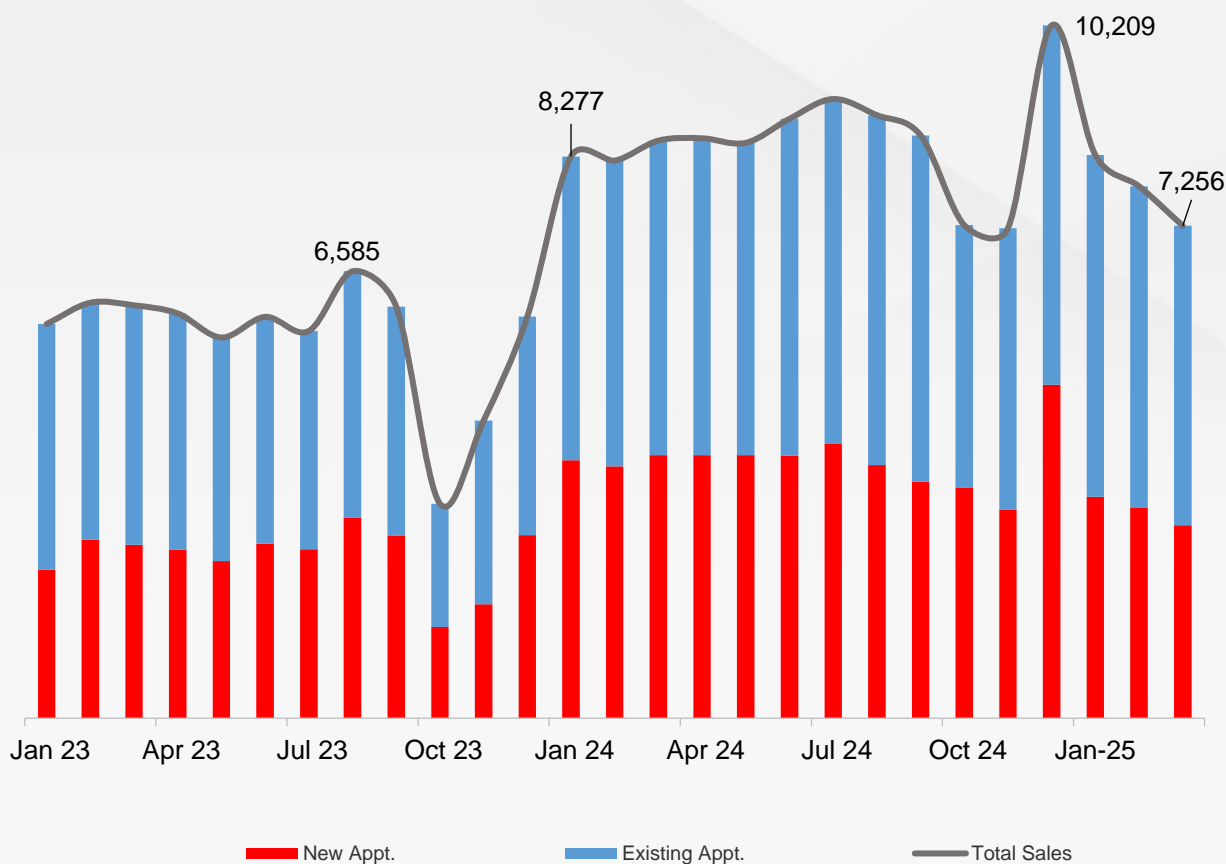
Job market shows resilience and strength  
(%)





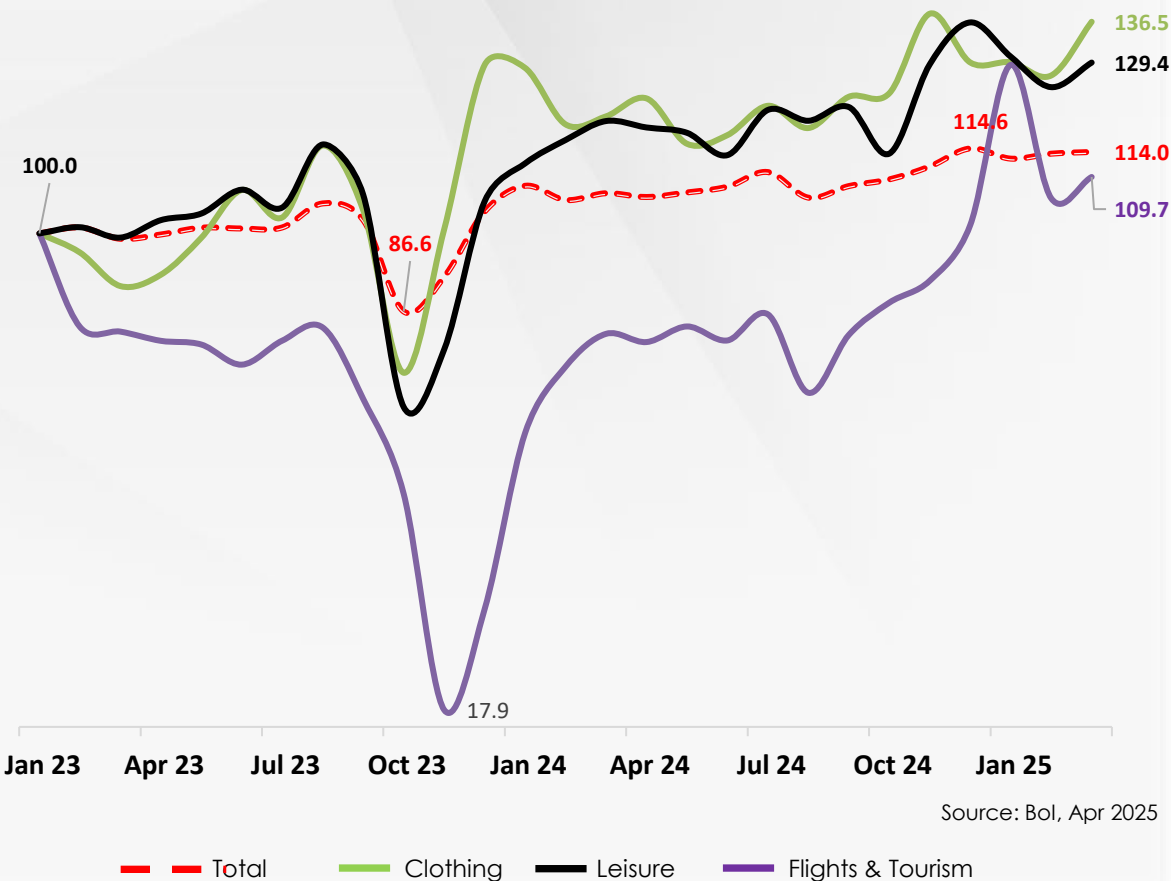
# DESPITE ECONOMIC STABILITY, GROWTH DRIVERS REMAIN UNCERTAIN

**Housing Market Sales Decline After Robust 2024 Recovery**  
(Sales in units)



Source: CBS, Apr 2025

**Private Spending Remains Flat**  
(Purchase in Credit-Cards, Jan 2023 = 100)

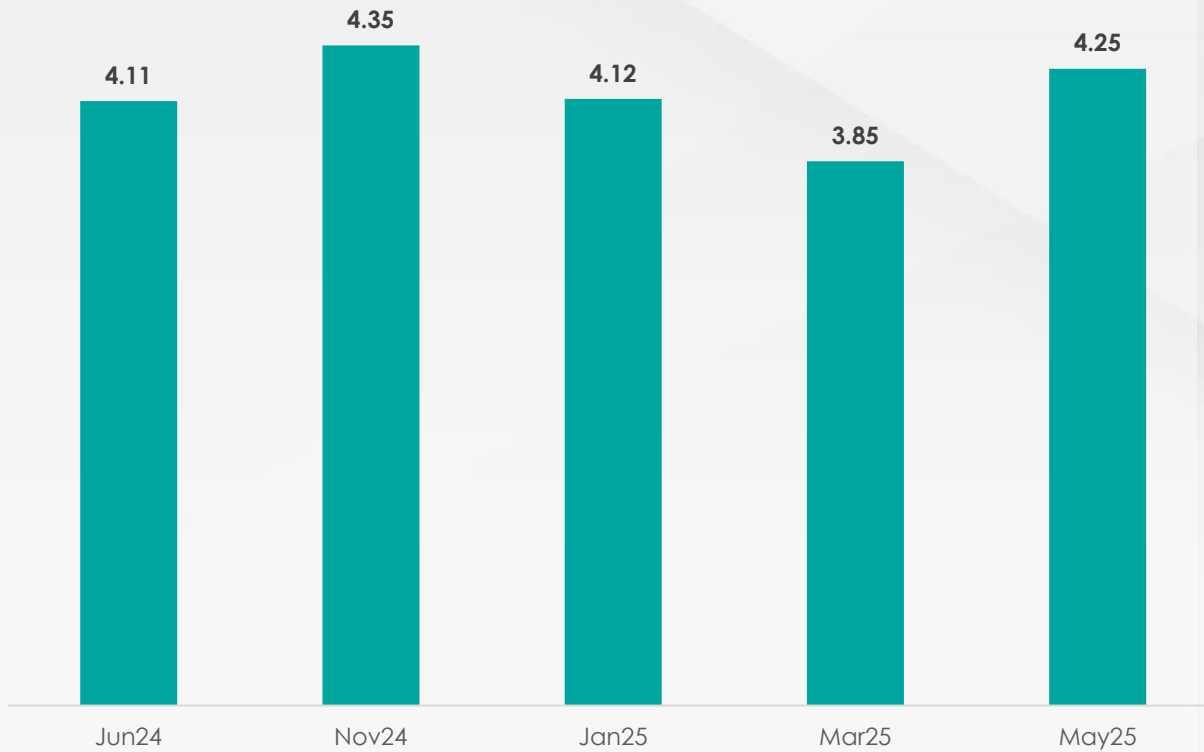


Source: BoI, Apr 2025

# EXPECTATIONS FOR BOI TO SLOWLY REDUCE RATE INFLATION IS EXPECTED TO CONVERGE WITHIN LIMITS

## Bank of Israel holds Interest Rate – Slow decrease

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

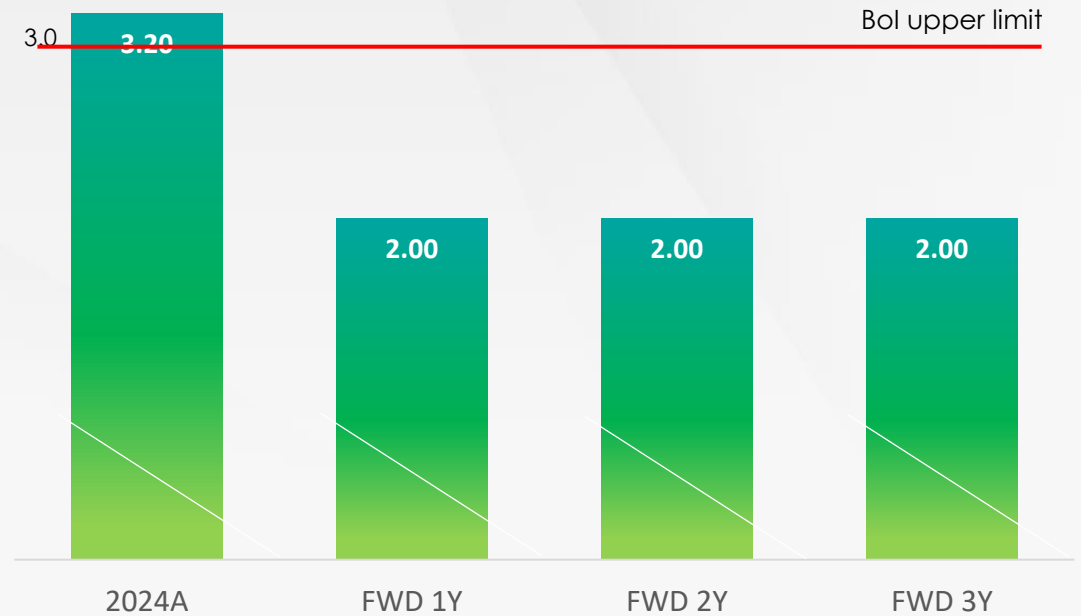


Year End ● 2025

Actual Bol Rate: 4.50%

## Inflation is projected to converge within Bol middle range

(Israel Inflation - CPI Forwards, %)







# 1Q25 FINANCIAL HIGHLIGHTS

- **Net income reaches NIS 1,036m and ROE of 13.0% in 1Q25**, with NII grew by 2.5% and fees by 3.8% QoQ.
- **Strong Credit growth:** Total credit grew by 2.1% QoQ and 9.3% YoY, with corporates growing by 3.2% QoQ, SME's with 1.7% and households credit by 1.4%.
- **Credit Loss Provision**, stood at 0.16% driven by collective allowance provision. Non Performing Loans (NPL) out of total credit increased by 0.08% to 0.69%.
- **NII Grew by 2.5%, While Financing income from current operations decreased by 2.3%:** NII increased with the effect of CPI that contributed NIS62m compared with NIS (20)m last quarter. Financing income from current operations decreased by 2.3% driven by narrowing of margin from Credit and deposits mitigated by the growth of the loan book : Net Interest Margin (NIM) increased with the effect of CPI to 2.65% compared with 2.63% in 4Q24.
- **Operating efficiency reached 53.4% and 48.8% w/o CAL**
- **Dividend Policy increases to 50% of net income:** Actual 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 1Q25, in line with dividend policy.

Adjusted 1Q25

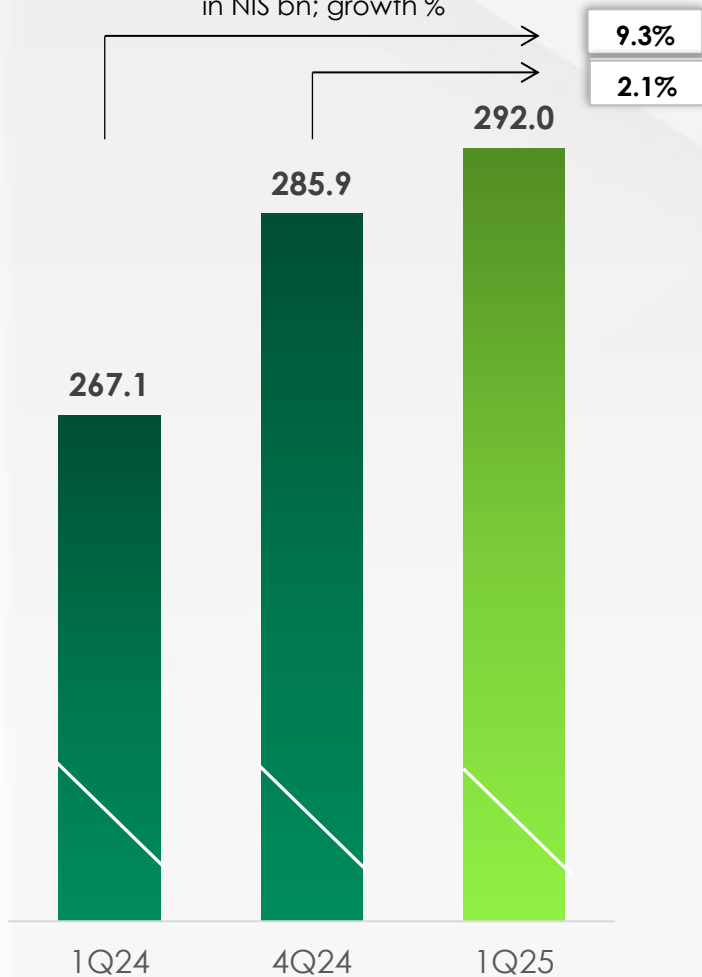
Net Income	ROE	Cost-Income Ratio	Credit Loss Expenses Ratio
<b>NIS 1,036 m</b> 4Q24: NIS 1,049 m 1Q24: NIS 1,050 m	<b>13.0%</b> 4Q24: 13.4% 1Q24: 14.6%	<b>53.4%</b> 4Q24: 55.5% 1Q24: 52.8%	<b>0.16%</b> 4Q24: 0.12% 1Q24: 0.12%
<b>NIS 1,091 m</b> 4Q24: NIS 1,079 m 1Q24: NIS 1,100 m	<b>13.7%</b> 4Q24: 13.8% 1Q24: 15.3%	<b>53.8%</b> 4Q24: 54.2% 1Q24: 52.8%	



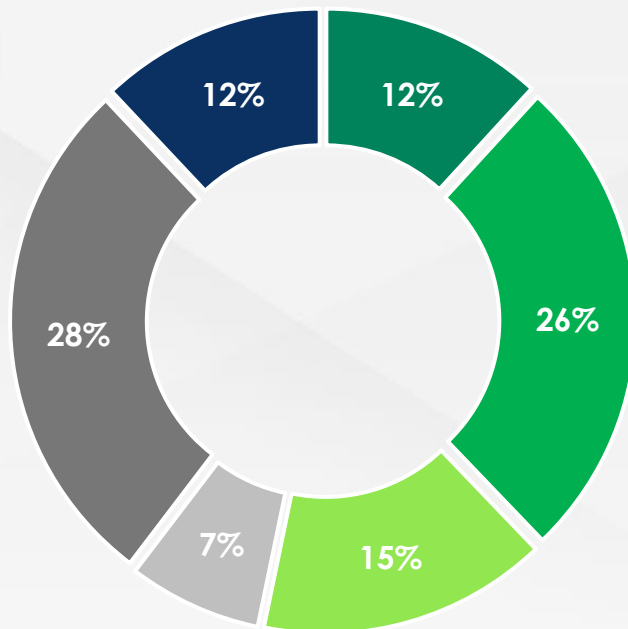
# ROBUST CREDIT GROWTH DRIVEN BY THE CORPORATE SEGMENT & HOUSEHOLDS

## Total Credit

in NIS bn; growth %



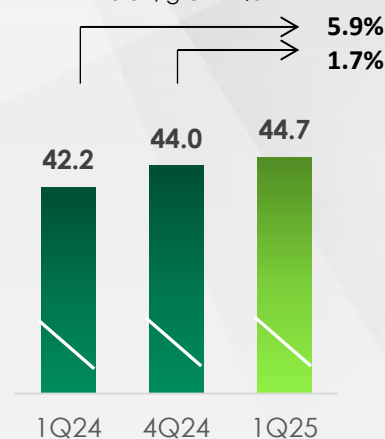
## Well Balanced Loan Book



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

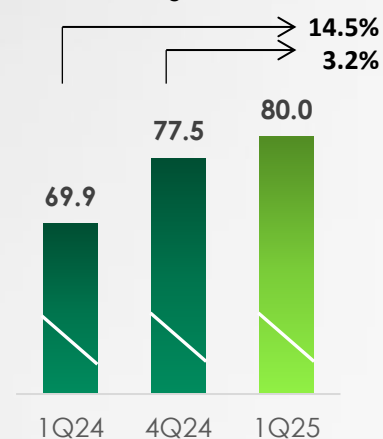
## Small businesses

in NIS bn; growth %



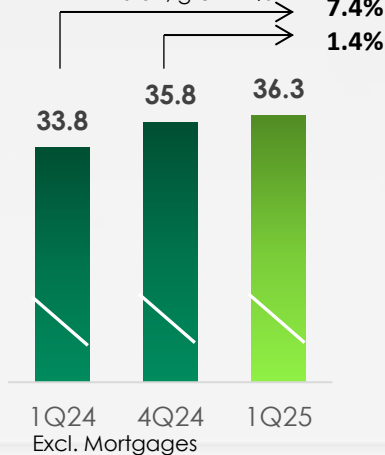
## Corporates

in NIS bn; growth %



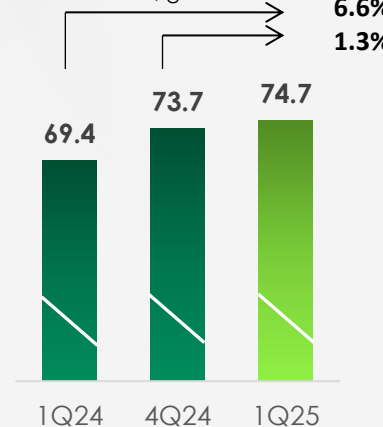
## Households

in NIS bn; growth %



## Mortgages

in NIS bn; growth %



1Q24- reclassified



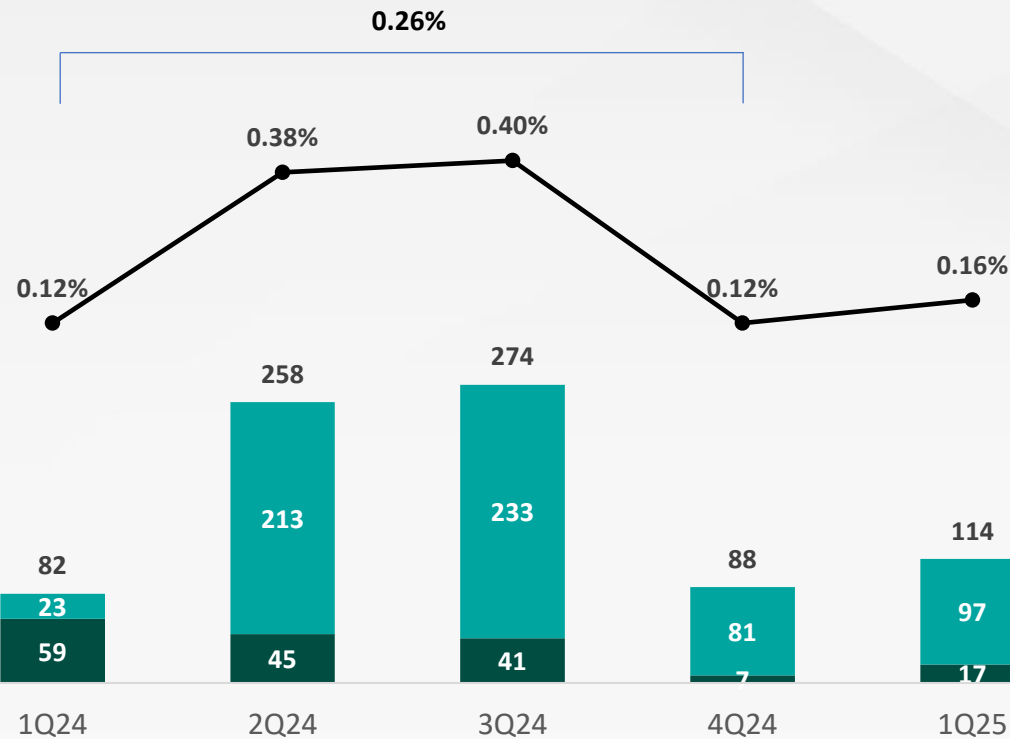


# CREDIT LOSS EXPENSES & NPL RATIO

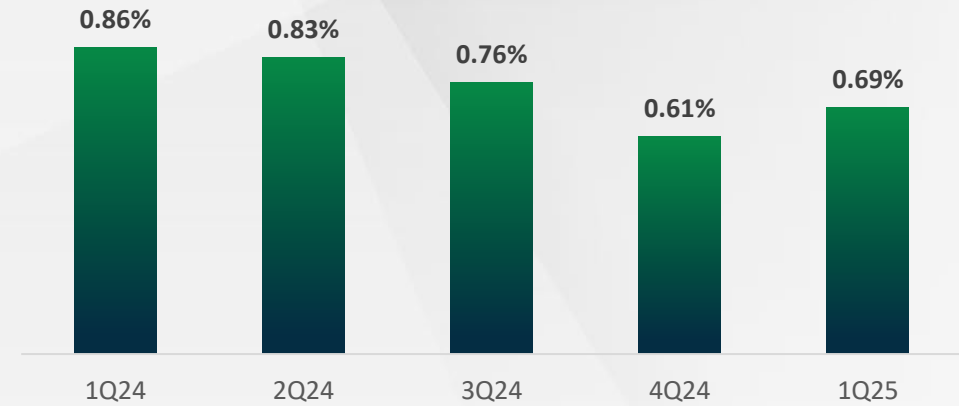
**Credit Loss Provision remains low due to Reversal of Collective Allowances Provisions**

**To reflect improvements in macroeconomic parameters and the financial condition of borrowers**

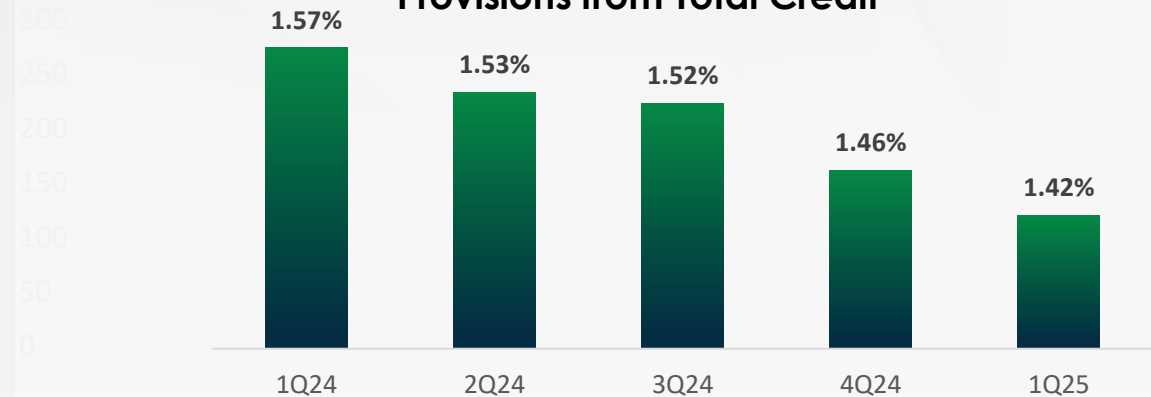
(in NIS m and %)



**NPL/Total Credit\* Ratio Returns to Pre-War Levels**



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



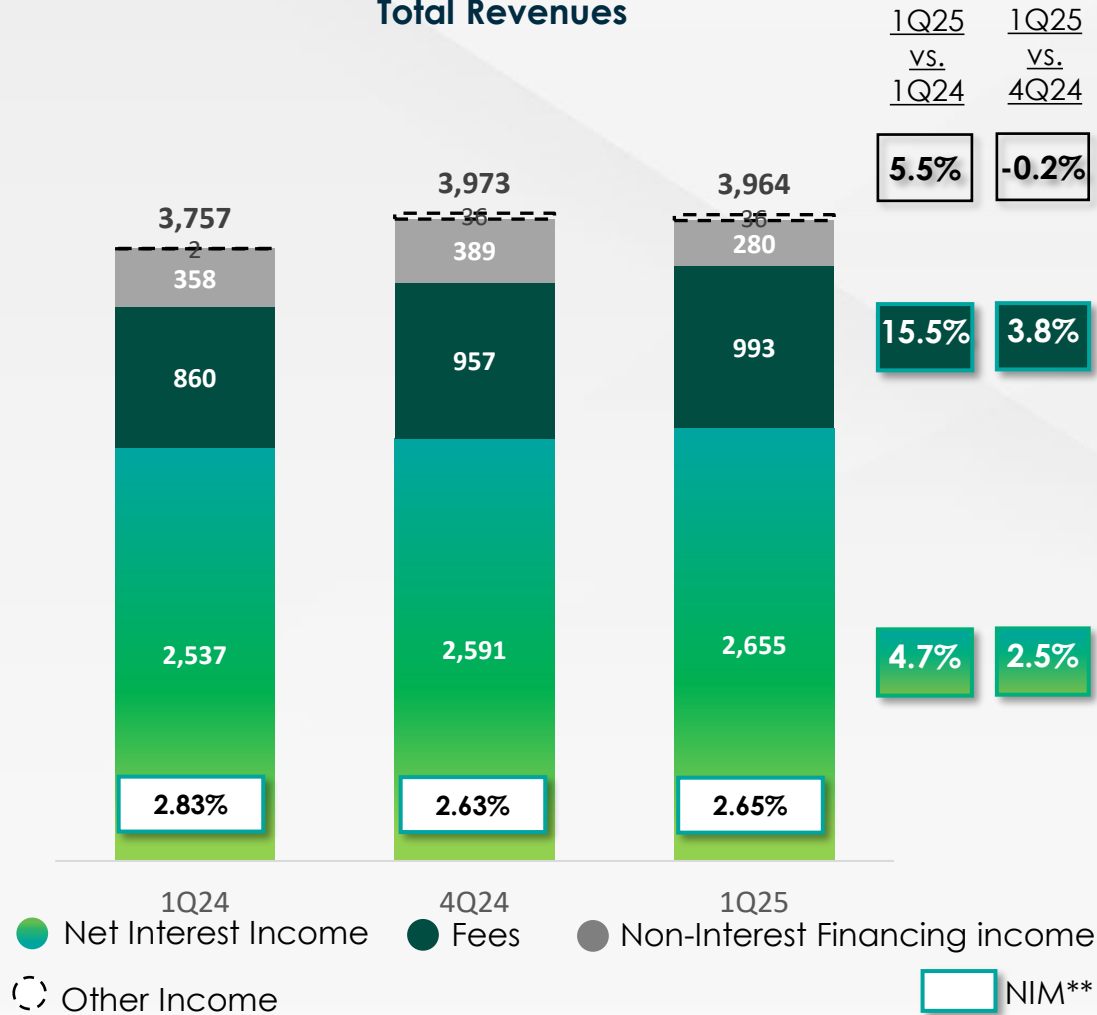
\* NPL: percent of non accrual from gross total credit.

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

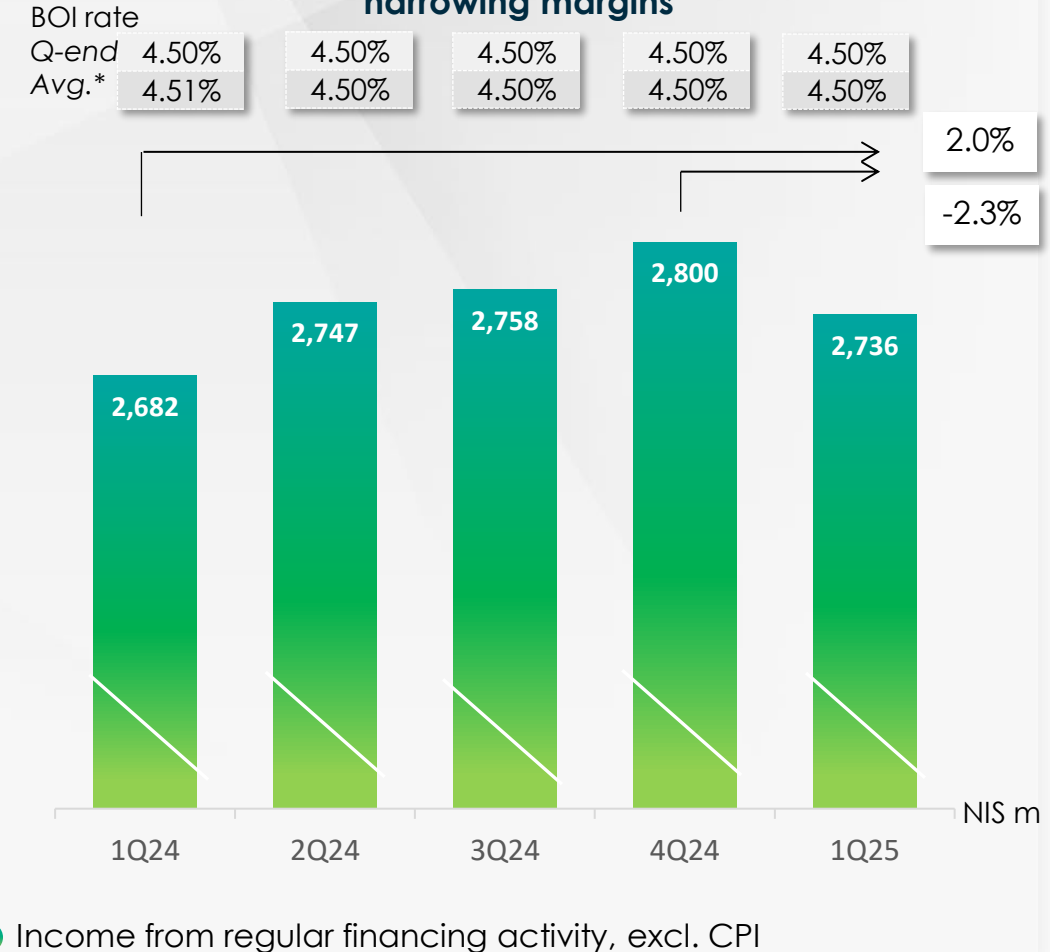


# INCREASE IN RECURRING REVENUES NII & FEES

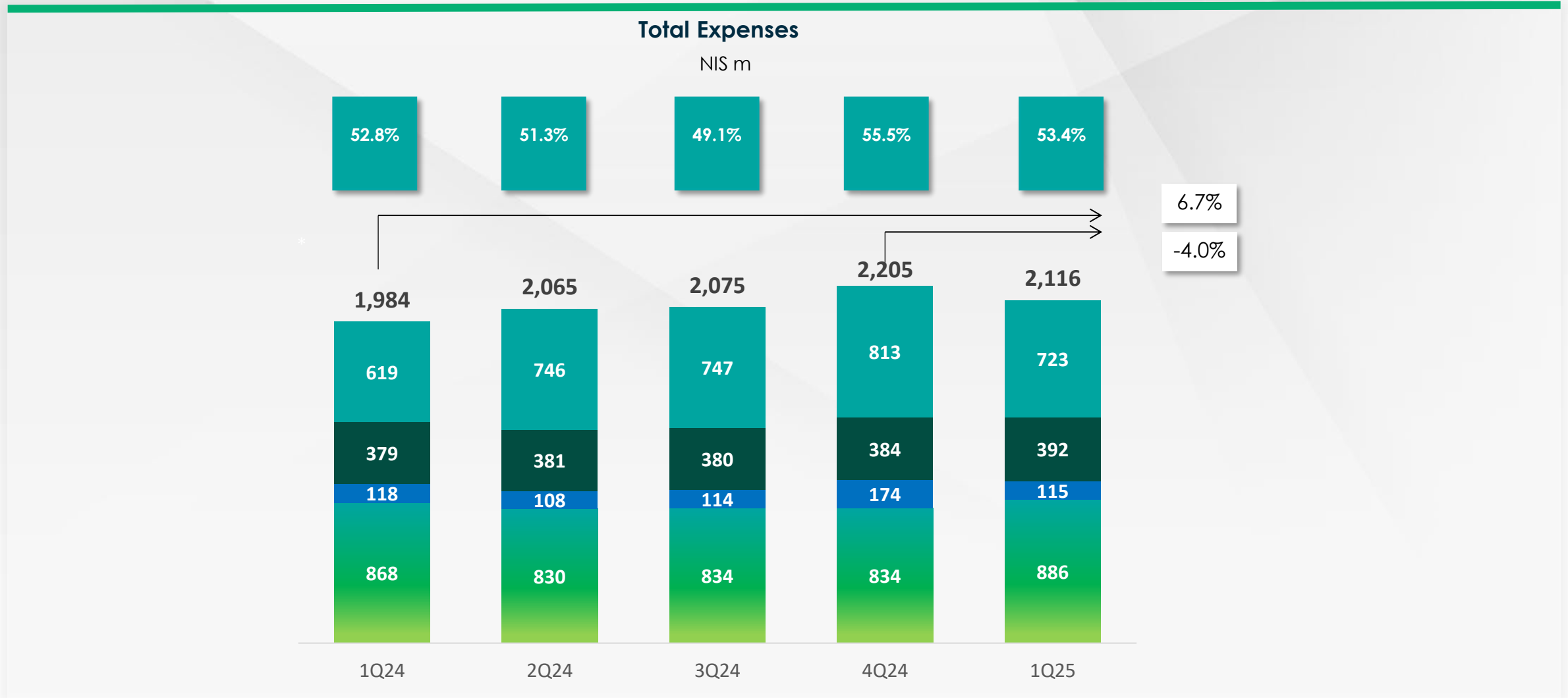
## Total Revenues



## Financing Income From Current Operations decreases with narrowing margins

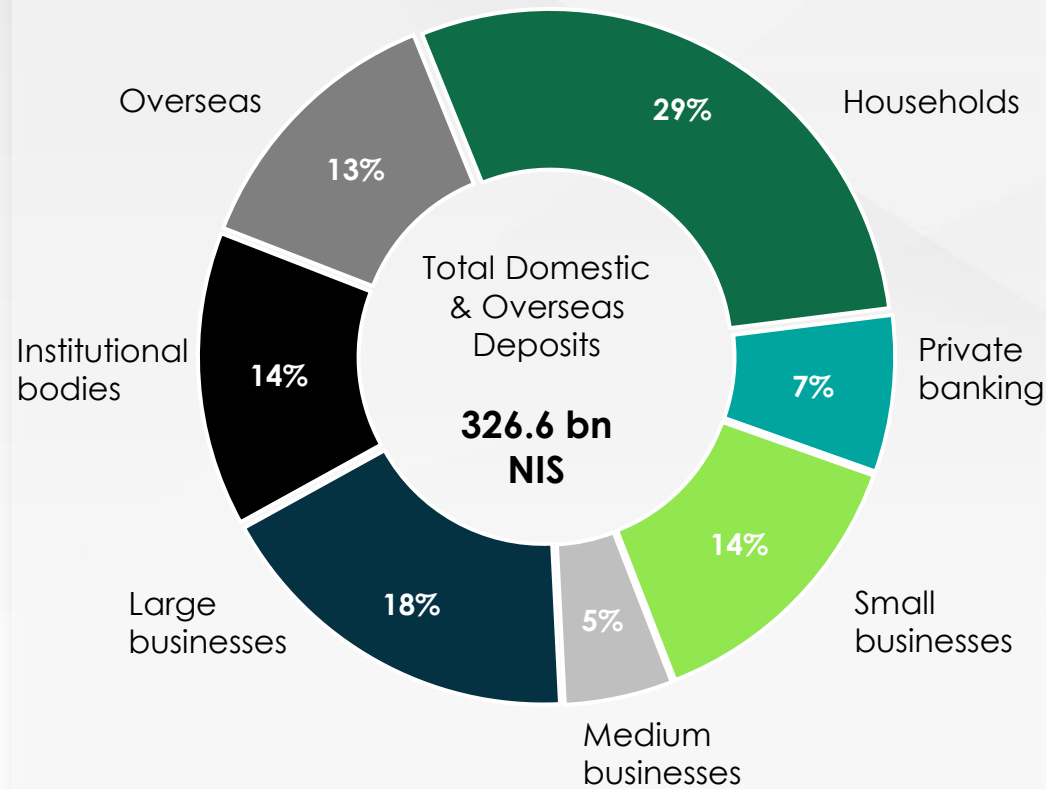


# EXPENSES ARE CONTAINED

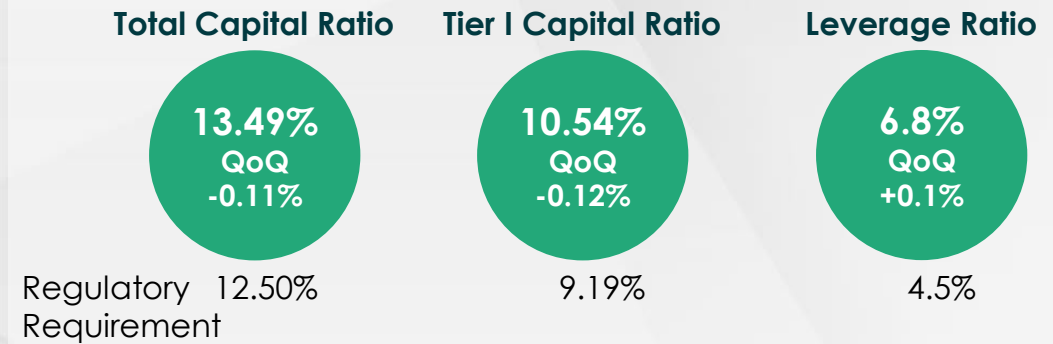


# ROBUST AND DIVERSIFIED FUNDING BASE WITH STRONG CAPITAL RATIO

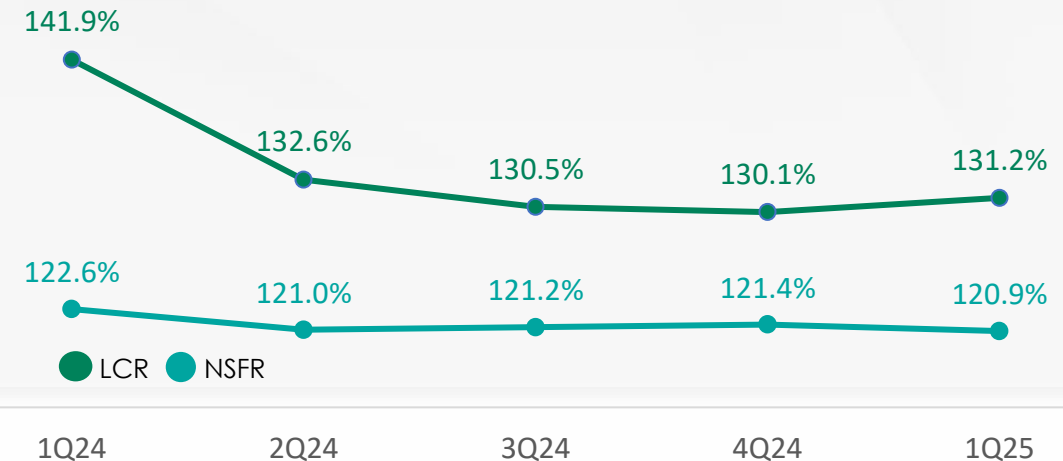
Diversified domestic public deposit base  
with 50% share of retail deposits



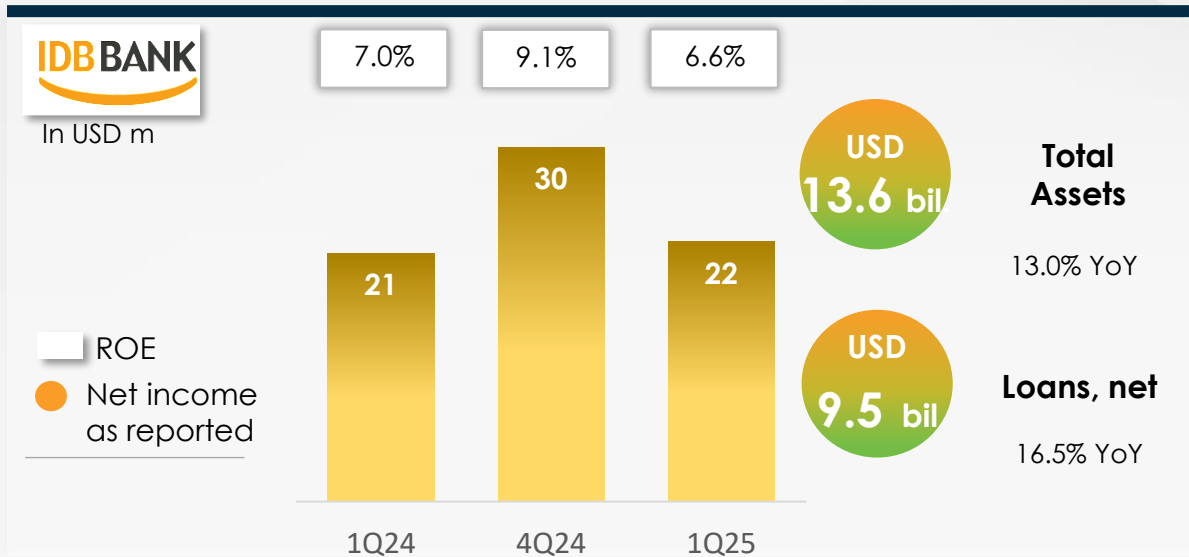
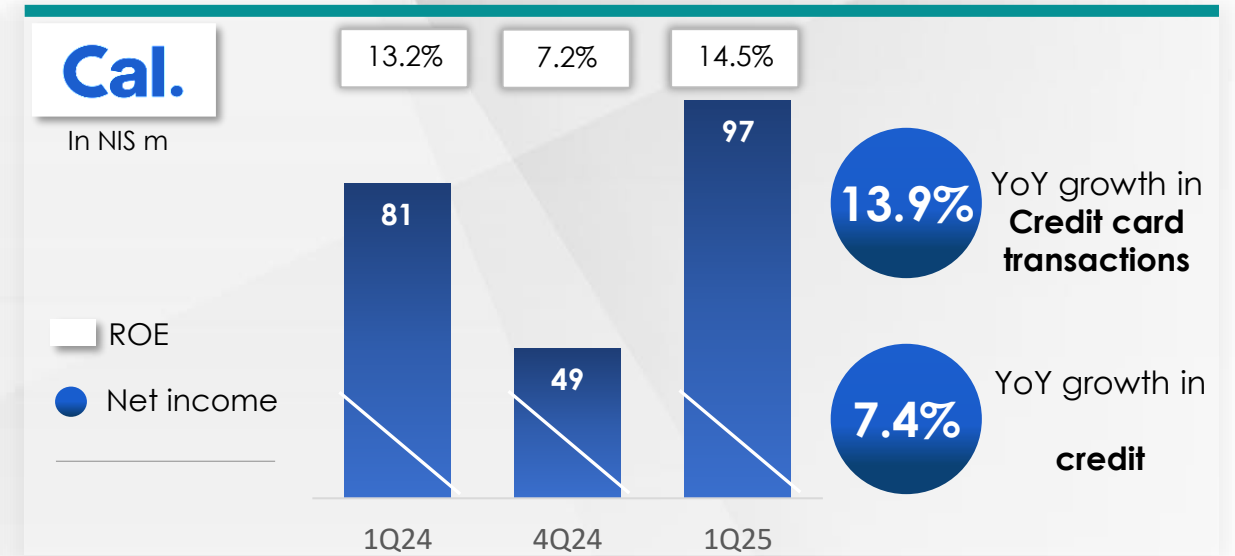
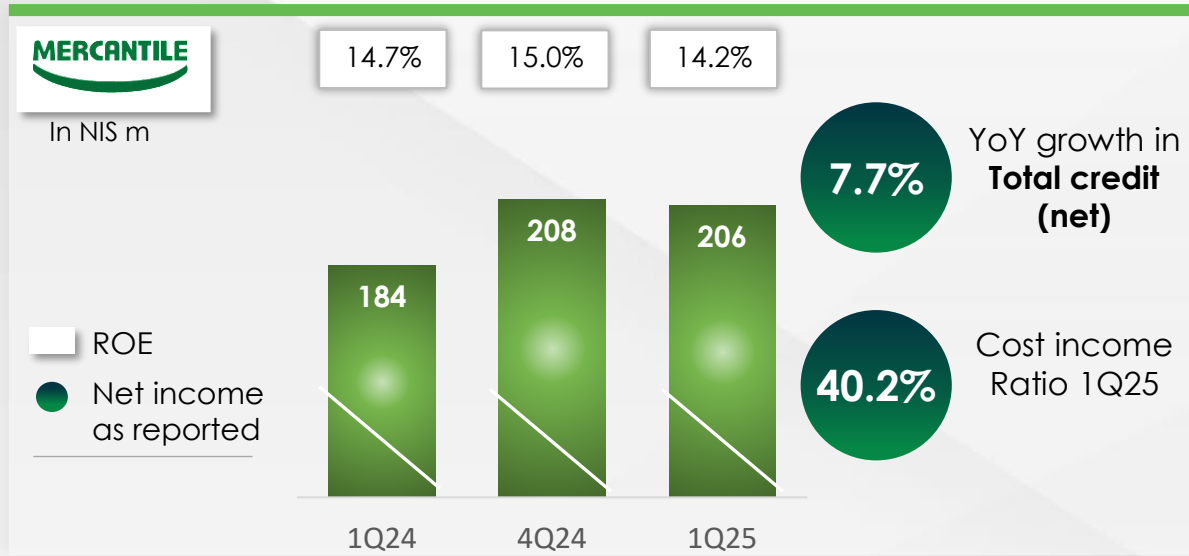
Capital ratio well above the regulatory requirement



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



# CONTRIBUTION TO PROFIT FROM KEY SUBSIDIARIES



1Q25 Group Results	With CAL	w/o CAL *
Net Income; NIS bn.	1,036	977
ROE	13.0%	12.8%
Efficiency Ratio	53.4%	48.8%

\* (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

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- ✦ **Continuous strong results for 1Q25**, with **net income of 1.04** bil NIS, and **ROE of 13.0%**.
- ✦ **Strong credit growth** continues the momentum, with solid asset quality – Credit growth of 2.1% in 1Q25, across focused segments.
- ✦ **Credit loss provisions:** Low Collective allowances are reflecting the improvement of the macroeconomic parameters and the financial condition of borrowers. Specific provisions stood at 17m NIS, and NPL ratio was moderately increased to pre-war level of 0.69% with a sufficient cover ratio standing at 1.42%.
- ✦ **Expenses** are in main focus and restrained.
- ✦ **Dividend Policy raised to 50%**, as we continue our long-term journey to increase value for our shareholders; Actual Payout remains at 40%.



# APPENDICES





# ISRAEL DISCOUNT BANK: P&L AND SELECTED RATIOS

NIS m	1Q25	4Q24	1Q24	vs.4Q24	vs.1Q24
Net interest income	2,655	2,591	2,537	2.5%	4.7%
Credit loss expenses	114	88	82	29.5%	39.0%
Non-interest financing income	280	389	358	(28.0%)	(21.8%)
Commissions	993	957	860	3.8%	15.5%
Other income	36	36	2	-	1,700.0%
Total non-interest income	1,309	1,382	1,220	(5.3%)	7.3%
<b>Total income</b>	<b>3,964</b>	<b>3,973</b>	<b>3,757</b>	<b>(0.2%)</b>	<b>5.5%</b>
Salaries and related expenses	1,001	1,008	986	(0.7%)	1.5%
Maintenance & depreciation	392	384	379	2.1%	3.4%
Other expenses	723	813	619	(11.1%)	16.8%
<b>Total operating and other expenses</b>	<b>2,116</b>	<b>2,205</b>	<b>1,984</b>	<b>(4.0%)</b>	<b>6.7%</b>
Income before taxes	1,734	1,680	1,691	3.2%	2.5%
Provision for taxes on income	673	616	644	9.3%	4.5%
Income after taxes	1,061	1,064	1,047	(0.3%)	1.3%
<b>Net income attributable to shareholders</b>	<b>1,036</b>	<b>1,049</b>	<b>1,050</b>	<b>(1.2%)</b>	<b>(2.1%)</b>
ROE	13.0%	13.4%	14.6%		
Cost income ratio	53.4%	55.5%	52.8%		
CET-1 ratio	10.54%	10.66%	10.90%		
NIM	2.65%	2.63%	2.83%		
Rate of credit loss expenses	0.16%	0.12%	0.12%		
NPL ratio	0.69%	0.61%	0.86%		



# ISRAEL DISCOUNT BANK: ADJUSTMENTS TO P&L

NIS, m

NIS m	1Q25	4Q24	1Q24
<b>Reported net income</b>	<b>1,036</b>	<b>1,049</b>	<b>1,050</b>
Realization of assets	(24)		
Special Income tax	79	6	50
Effect of Settlement		6	
Provisions stemming from the separation of ICC	-	18	
<b>Total</b>	<b>55</b>	<b>30</b>	<b>50</b>
Adjusted net income	1,091	1,079	1,100



# ISRAEL DISCOUNT BANK: SELECTED BALANCE SHEET ITEMS

NIS m	31.3.25	31.12.24	31.3.24
Cash and deposits with banks	51,867	62,584	45,449
Securities	69,854	67,634	56,061
Securities borrowed or purchased under agreements to resell	1,406	1,000	930
Credit to the public	291,912	285,898	267,079
Provision for credit losses	(4,132)	(4,168)	(4,187)
Credit to the public, net	287,780	281,730	262,892
Credit to governments	2,418	2,366	2,889
Investment in investee companies	511	502	487
Buildings and equipment	4,716	4,721	4,558
Intangible assets and goodwill	160	160	161
Assets in respect of derivative instruments	10,428	9,610	10,030
Other assets	6,437	6,233	6,640
<b>Total Assets</b>	<b>435,577</b>	<b>436,540</b>	<b>390,097</b>
Deposits from the public	326,596	331,999	295,468
Deposits from banks and governments	6,645	7,792	11,773
Securities borrowed or sold via repo agreements*	16,661	14,264	5,351
Bonds and subordinated debt notes	21,158	20,035	17,844
Liabilities in respect of derivative instruments	8,098	8,812	8,784
Other liabilities	22,383	20,553	20,650
<b>Total liabilities</b>	<b>401,541</b>	<b>403,455</b>	<b>359,870</b>
Equity capital attributed to the Bank's shareholders	32,460	31,569	29,431
Non-controlling rights in consolidated companies	1576	1,516	796
Total equity	34,036	33,085	30,227
<b>Total Liabilities and Equity</b>	<b>435,577</b>	<b>436,540</b>	<b>390,097</b>



# MERCANTILE: FINANCIAL PERFORMANCE

Main P&L and Balance Sheet metrics and selected ratios

NIS m	1Q25	4Q24	1Q24	Vs. 4Q24	Vs. 1Q24
Net interest income	538	524	528	2.7%	1.9%
Non-interest income	109	100	111	9.0%	(1.8%)
Total income	647	624	639	3.7%	1.3%
Operating & other expenses	272	289	277	(5.9%)	(1.8%)
<b>Net income - Adjusted</b>	<b>206</b>	<b>207</b>	<b>184</b>	<b>(0.5%)</b>	<b>12.0%</b>
Return on equity - Adjusted	14.2%	15.0%	14.7%		
Cost-income ratio - Adjusted	40.2%	46.3%	43.3%		
Rate of credit loss expenses	0.27%	0.19%	0.50%		
NIM	3.36%	3.26%	3.47%		
Total assets	66,841	66,509	63,674	0.5%	5.0%
Credit to the public, net	49,782	48,666	46,223	2.3%	7.7%
Securities	8,848	8,496	7,712	4.1%	14.7%
Deposits from the public	52,946	53,159	50,042	(0.4%)	5.8%
Total equity	5,946	5,733	5,147	3.7%	15.5%



# IDBBANK: FINANCIAL PERFORMANCE

Main P&L and Balance Sheet metrics and selected ratios

USD m	1Q25	4Q24	1Q24	Vs. 4Q24	Vs. 1Q24
Net Interest Income	90	86	81	4.7%	11.1%
Non-Interest income (Expenses)	21	19	18	10.5%	16.7%
Total Income	111.0	105.0	99	5.7%	12.1%
Operating & Other Expenses	78	73	70	6.8%	11.4%
<b>Net Income</b>	<b>22</b>	<b>30</b>	<b>21</b>	<b>(26.7%)</b>	<b>4.8%</b>
Return on Equity	6.6%	9.1%	7.0%	(27.5%)	(5.7%)
Cost-Income Ratio	70%	70%	71%	-	(1.4%)
Credit Loss Expenses ratio	0.2%	(0.3%)	0.1%	N/A	N/A
NIM	2.78%	2.72%	2.89%	2.2%	(3.8%)
Total Assets	13,581	13,856	12,014	(2.0%)	13.0%
Loans, net	9,486	9,238	8,140	2.7%	16.5%
Securities	2,582	2,415	2,605	6.9%	(0.9%)
Deposits from the Public	11,758	12,066	10,157	(2.6%)	15.8%
Total Equity	1,356	1,319	1,239	2.8%	9.4%



# CAL: FINANCIAL PERFORMANCE

Main P&L and Balance Sheet metrics and selected ratios

NIS m	1Q25	4Q24	1Q24	Vs. 4Q24	Vs. 1Q24
Income From Credit Card Transactions	518	503	438	3.0%	18.3%
Credit Loss Expense	62	74	40	(16.2%)	55.0%
Total Income	758	776	663	(2.3%)	14.3%
Total Expenses (excluding credit loss expenses)	575	651	510	(11.7%)	12.7%
<b>Net income</b>	<b>97</b>	<b>49</b>	<b>81</b>	<b>98.0%</b>	<b>19.8%</b>
Return on equity	14.5%	7.2%	13.2%		
Cost-income ratio	75.9%	83.9%	76.9%		
Total assets	22,313	22,809	20,639	(2.2%)	8.1%
Interest bearing credit	9,564	9,385	8,909	1.9%	7.4%
Total equity	2,753	2,656	2,529	3.7%	8.9%