



Discount Group Reports Record Results for the First Quarter of 2023

1Q23 Net Income of NIS 1.27bn, ROE of 20% and Efficiency Ratio of 46%

Discount Group reported yet another record results, completing 1st Quarter with net income of NIS 1.27bn and ROE of 20.1%. The strong performance was largely driven by increase in revenues from core banking activity, with net interest income increased by 52.2% YoY and by 7.9% QoQ. This material revenue growth drove an improvement in cost income ratio, that reached 46.1% in the quarter. Total credit grew by 14.5% YoY and 3.5% QoQ.

Given our strong results and our confidence in the robustness of our core business, we have decided to raise the dividend payout to 30% of net income. This reflects our long-term journey to increase value to our shareholders.

Discount CEO, Uri Levin said, "We are pleased to conclude yet another quarter with record profits, strong performance and responsible growth. Our results reflect determined implementation of the group's strategy consistently, year after year, and raise yield for both customers and stakeholders. "

1Q 2023 Main highlights:

- **Net income of NIS 1,269m and ROE of 20.1%** supported by 16.5% increase (QoQ) in revenues from banking activity and restraint operating expenses, leading to improving cost income ratio to 46.1% compared with 55.3% in 1Q22.
- **Responsible credit growth of 3.5% QoQ and 14.5% YoY**, corporates balance grew by 6.9% QoQ and medium enterprises grew by 5.6%. in line with market conditions.
- **Strong Asset Quality** with NPL from total loans ratio stable at 0.63% as the loan loss provision covers NPL by more than twice. Credit Loss Expenses Ratio for 1Q23 was 0.33%, driven mainly by group provision to reflect higher interest rate environment and macro assumptions.
- **Solid execution at all subsidiaries** drives robust Group performance.
- **Dividend payout** of NIS 380m; 30% of 1Q23 net income.

Main highlights of P&L, Balance Sheet and Selected Ratios

Discount Group P&L and Selected Ratios

NIS m	1Q23	4Q22	1Q22	vs.4Q22	vs.1Q22
Net interest income	2,740	2,540	1,800	7.9%	52.2%
Credit loss expenses (expenses release)	204	230	(60)	(11.3%)	N/A
Non-interest financing income	329	248	45	32.7%	631.1%
Commissions	887	857	825	3.5%	7.5%
Other income	301	9	416	3,244.4%	(27.6%)
Total non-interest income	1,517	1,114	1,286	36.2%	18.0%
Total income	4,257	3,654	3,086	16.5%	37.9%
Salaries and related expenses	945	988	855	(4.4%)	10.5%
Maintenance & depreciation	324	313	303	3.5%	6.9%
Other expenses	693	666	549	4.1%	26.2%
Total operating and other expenses	1,962	1,967	1,707	(0.3%)	14.9%
Income before taxes	2,091	1,457	1,439	43.5%	45.3%
Provision for taxes on income	763	516	447	47.9%	70.7%
Income after taxes	1,328	941	992	41.1%	33.9%
Net income attributable to shareholders	1,269	939	983	35.1%	29.1%
ROE	20.10%	15.40%	18.3%		
Cost income ratio	46.10%	53.80%	55.3%		
CET-1 ratio	10.22%	10.25%	10.55%		
NIM	3.17%	2.98%	2.36%		
Rate of credit loss expenses	0.33%	0.38%	(0.11%)		
NPL ratio	0.64%	0.67%	0.71%		
Dividend per share (in Agurot)*	30.78	15.18	14.43		

* Dividend in respect of the relevant period

Discount Group Selected Balance Sheet Items

NIS m	31.03.23	31.12.22	31.03.22
Cash and deposits with banks	60,040	65,713	60,997
Securities	51,215	44,794	42,918
Securities borrowed or purchased under agreements to resell	1,251	857	1,156
Credit to the public	252,845	244,288	220,733
Provision for credit losses	(3,362)	(3,209)	(2,882)
Credit to the public, net	249,483	241,079	217,851
Credit to governments	2,912	2,599	2,553
Investment in investee companies	491	486	455
Buildings and equipment	4,031	3,904	3,441
Intangible assets and goodwill	162	162	163
Assets in respect of derivative instruments	11,959	11,420	5,732
Other assets	5,928	5,740	5,392
Total Assets	387,472	376,754	340,658
Deposits from the public	289,712	292,293	267,731
Deposits from banks and governments	17,648	15,493	13,342
Securities borrowed or sold via repo agreements*	7,787	3,739	
Bonds and subordinated debt notes	15,097	12,308	12,211
Liabilities in respect of derivative instruments	10,005	9,348	5,892
Other liabilities	20,473	18,095	17,773
Total liabilities	360,722	351,276	316,949
Equity capital attributed to the Bank's shareholders	26,096	24,880	23,027
Non-controlling rights in consolidated companies	654	598	682
Total equity	26,750	25,478	23,709
Total Liabilities and Equity	387,472	376,754	340,658

Overview of Subsidiaries

Mercantile:

Mercantile successfully delivering a robust 1st Quarter with a net income of NIS 237m, RoE of 23.0% and Cost Income ratio of 37.9%. Total credit growth of 2.7% QoQ and 10.7% YoY.

NIS m	1Q23	4Q22	1Q22	Vs. 4Q22	Vs. 1Q22
Net interest income	563	521	359	8.1%	56.8%
Non-interest income	109	97	89	12.4%	22.5%
Total income	672	618	448	8.7%	50.0%
Operating & other expenses	255	310	241	(17.7%)	5.8%
Net income	237	151	121	57.0%	95.9%
Return on equity	23.0%	15.1%	12.9%		
Cost-income ratio	37.9%	50.2%	53.8%		
Rate of credit loss expenses	0.49%	0.73%	0.26%		
NIM	3.61%	3.39%	2.51%		
Total assets	64,417	64,786	60,900	(0.6%)	5.8%
Credit to the public, net	43,718	42,569	39,494	2.7%	10.7%
Securities	7,109	6,988	7,035	1.7%	1.1%
Deposits from the public	50,741	51,047	48,881	(0.6%)	3.8%
Total equity	4,262	4,055	3,691	5.1%	15.5%

IDBNY:

IDBNY finished 1st Quarter with Net Income of \$30m, RoE of 10.5% and Cost Income Ratio of 65.4%. Net interest income is increased by 21.8% YoY, and deposits from the public grew by 2.8% in 1Q23.

USD m	1Q23	4Q22	1Q22	Vs. 4Q22	Vs. 1Q22
Net Interest Income	87	92	72	(5.4%)	21.8%
Non-Interest Income	17	12	18	44.5%	(2.3%)
Total Income	104	104	90	0.2%	15.9%
Operating & Other Expenses	68	64	58	7.1%	17.0%
Net Income	30	32	28	(5.1%)	8.0%
Return on Equity	10.5%	11.5%	9.7%	(8.7%)	8.2%
Cost-Income Ratio	65.4%	61.5%	64.4%	6.3%	1.6%
Credit Loss Expenses ratio	(0.18%)	0.06%	(0.31%)	N/A	N/A
NIM	3.03%	3.19%	2.34%	(5.0%)	29.5%
Total Assets	12,830	12,512	12,980	2.5%	(1.2%)
Loans, net	8,086	8,154	8,564	(0.8%)	(3.2%)
Securities	2,659	2,460	2,804	8.1%	(13.0%)
Deposits from the Public	10,773	10,479	11,301	2.8%	(6.8%)
Total Equity	1,161	1,121	1,116	3.6%	4.0%

CAL:

CAL reported strong net income of NIS 85m (Adj.) and 16.2% RoE (Adj.). Reported net income of NIS 263 million and ROE of 50% is mainly due to one-time asset realization

NIS m	1Q23	4Q22	1Q22	Vs. 4Q22	Vs. 1Q22
Income From Credit Card Transactions	423	428	377	(1.2%)	12.2%
Credit Loss Expenses (Expenses Release)	41	43	(1)	(4.7%)	N/A
Non-Interest Financing Income	301	(7)	17	N/A	N/A
Total Income	918	599	554	53.3%	65.7%
Total Expenses (excluding credit loss expenses)	542	498	440	8.8%	23.2%
Net income - Adjusted	85	80	80	6.3%	6.3%
Return on equity - Adjusted	16.2%	13.3%	14.3%		
Cost-income ratio - Adjusted	75.2%	78.9%	79.4%		
Total assets	19,435	18,547	16,867		
Interest bearing credit	8,416	8,183	7,188		
Consumer credit	7,216	7,034	6,177		
Total equity	2,278	2,120	2,305		

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