



Discount Group Reports Results for the Second Quarter of 2024

2Q24 Net Income of NIS 1.045bn, ROE of 14.1% and Efficiency Ratio of 51.3%

Discount Group reported Strong results for the second quarter of 2024, with net income of NIS1,045m and ROE of 14.1%, compared with NIS1,050m in 1Q24 and NIS1,187m in 2Q23. The performance was mainly driven by an increase of NIS309m Net Interest Income, counterbalanced by higher collective allowances. Provisions for credit loss stood at NIS258m of which NIS213m attributed to Collective Allowances, compared with NIS82m in 1Q24 and NIS390m in 4Q23. Net Interest income increased by 12.2% QoQ and -3.0% in 2Q23, while the average Bol interest rate remained at 4.50%. Total credit grew by 2.5% QoQ and 6.1% YoY. Cost-income ratio was maintained at 51.3% in 2Q24, compared with 52.8% in 1Q24 and 47.5% in 2Q23.

Given the solid financial results and confidence in the resilience of the core business, we have decided to pay a dividend of 30% of net income. This decision reflects our long-term commitment to enhancing shareholders value.

Discount CEO, Avi Levi said, " *The results reflects the group's robust performance and financial stability, highlighted by an improved balance sheet and growth in our core activities, in line with our strategic plan.*

Recently, we have made significant structural changes, including bringing in an investor for our banking operations in New York and acquiring full ownership of Paybox. I am confident these actions will enhance the group's progress and deliver greater value to our customers. Meanwhile, we are actively updating and refining our strategic plan, which we will start implementing in the coming year, as we address future opportunities and challenges."

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

Discount Group P&L and Selected Ratios

NIS m	2Q24	1Q24	2Q23	vs.1Q24	vs.2Q23	1H24	1H23	change
Net interest income	2,846	2,537	2,934	12.2%	(3.0%)	5,383	5,674	-5.1%
Credit loss expenses	258	82	312	214.6%	(17.3%)	340	516	-34.1%
Non-interest financing income	264	358	282	(26.3%)	(6.4%)	622	611	1.8%
Commissions	912	860	869	6.0%	4.9%	1,772	1,756	0.9%
Other income	1	2	-	(50.0%)		3	301	(99.0%)
Total non-interest income	1,177	1,220	1,151	(3.5%)	2.3%	2,397	2,668	-10.2%
Total income	4,023	3,757	4,085	7.1%	-1.5%	7,780	8,342	-6.7%
Salaries and related expenses	938	986	954	(4.9%)	(1.7%)	1,924	1,899	1.3%
Maintenance & depreciation	381	379	326	0.5%	16.9%	760	650	16.9%
Other expenses	746	619	659	20.5%	13.2%	1,365	1,352	1.0%
Total operating and other expenses	2,065	1,984	1,939	4.1%	6.5%	4,049	3,901	3.8%
Income before taxes	1,700	1,691	1,834	0.5%	(7.3%)	3,391	3,925	-13.6%
Provision for taxes on income	645	644	626	0.2%	3.0%	1,289	1,389	-7.2%
Income after taxes	1,055	1,047	1,208	0.8%	(12.7%)	2,102	2,536	-17.1%
Net income attributable to shareholders	1,045	1,050	1,187	(0.5%)	(12.0%)	2,095	2,456	-14.7%
ROE	14.1%	14.6%	18.0%			14.4%	19.0%	
Cost income ratio	51.3%	52.8%	47.5%			52.0%	46.8%	
CET-1 ratio	10.67%	10.90%	10.35%			10.67%	10.35%	
NIM	3.19%	2.83%	3.33%				3.25%	
Rate of credit loss expenses	0.38%	0.12%	0.49%				0.41%	
NPL ratio	0.87%	0.91%	0.89%				0.89%	
Dividend per share (in agurot)*	25.34	25.46	28.79					

* Dividend in respect of the relevant period

Discount Group Selected Balance Sheet Items

NIS m	30.6.24	31.12.23	30.6.23
Cash and deposits with banks	46,404	51,115	56,696
Securities	60,634	59,268	54,537
Securities borrowed or purchased under agreements to resell	983	851	1,024
Credit to the public	272,558	262,941	256,768
Provision for credit losses	(4,164)	(4,214)	(3,571)
Credit to the public, net	268,394	258,727	253,197
Credit to governments	2,905	3,073	3,036
Investment in investee companies	485	471	483
Buildings and equipment	4,597	4,535	4,245
Intangible assets and goodwill	161	161	162
Assets in respect of derivative instruments	10,330	11,106	12,400
Other assets	6,399	6,417	6,035
Total Assets	401,292	395,724	391,815
Deposits from the public	303,227	297,597	292,656
Deposits from banks and governments	11,260	11,404	14,344
Securities borrowed or sold via repo agreements*	9,232	12,642	10,728
Bonds and subordinated debt notes	18,177	15,491	16,479
Liabilities in respect of derivative instruments	8,641	10,469	10,124
Other liabilities	19,621	18,883	19,802
Total liabilities	370,158	366,486	364,133
Equity capital attributed to the Bank's shareholders	30,325	28,474	27,016
Non-controlling rights in consolidated companies	809	764	666
Total equity	31,134	29,238	27,682
Total Liabilities and Equity	401,292	395,724	391,815

Overview of Subsidiaries

Mercantile:

Mercantile reported second quarter of 2024 results with a net income of NIS 225m, RoE of 17.9% and Cost Income ratio of 41.5%. Total credit growth of 2.4% QoQ and 7.1% YoY.

NIS m	2Q24	1Q24	2Q23	Vs. 1Q24	Vs. 2Q23
Net interest income	580	528	608	9.8%	(4.6%)
Non-interest income	99	111	111	(10.8%)	(10.8%)
Total income	679	639	719	6.3%	(5.6%)
Operating & other expenses	282	277	266	1.8%	6.0%
Net income	225	184	258	22.3%	(12.8%)
Return on equity - Adjusted	17.9%	14.7%	23.7%		
Cost-income ratio - Adjusted	41.5%	43.3%	37.0%		
Rate of credit loss expenses	0.45%	0.50%	0.57%		
NIM	3.77%	3.47%	3.91%		
Total assets	66,657	63,674	63,137	4.7%	5.6%
Credit to the public, net	47,311	46,223	44,163	2.4%	7.1%
Securities	8,920	7,712	6,872	15.7%	29.8%
Deposits from the public	53,116	50,042	49,637	6.1%	7.0%
Total equity	5,217	5,147	4,531	1.4%	15.1%

2H24	2H23	Change
1,108	1,171	(5.4%)
210	220	(4.5%)
1,318	1,391	(5.2%)
559	521	7.3%
409	495	(17.4%)
16.3%	23.4%	
42.4%	37.5%	
0.47%	0.52%	
3.62%	3.76%	

IDBNY:

IDB Corp. finished the second quarter of 2024 with Net Income of \$17m, RoE of 5.3% and Cost Income Ratio of 71.7%. Net interest income decreased by 2.5% QoQ, and Credit Loss Expenses ratio stood at 0.30%.

USD m	2Q24	1Q24	2Q23	Vs. 1Q24	Vs. 2Q23	1H24	1H23	Change
Net Interest Income	79.0	81.0	86.2	(2.5%)	(8.4%)	160	173.4	(7.7%)
Non-Interest income (Expenses)	21.0	18.0	16.7	16.7%	25.7%	39	33.9	15.0%
Total Income	100.0	99.0	102.8	1.0%	(2.7%)	199	207	(3.9%)
Operating & Other Expenses	71.0	70.0	73.0	1.4%	(2.7%)	141	140.7	0.2%
Net Income	17.0	21.5	22.0	(20.9%)	(22.7%)	38.5	51.6	(25.4%)
Return on Equity	5.3%	7.1%	7.5%				9.0%	
Cost-Income Ratio	71.7%	70.7%	70.9%				68.1%	
Credit Loss Expenses ratio	0.30%	0.1%	0.10%				(0.04%)	
NIM	2.78%	0.9%	2.96%				2.99%	
Total Assets	12,276	12,014	12,224	2.2%	0.4%			
Loans, net	8,381	8,140	7,982	3.0%	5.0%			
Securities	2,564	2,605	2,705	(1.6%)	(5.2%)			
Deposits from the Public	10,116	10,157	10,266	(0.4%)	(1.5%)			
Total Equity	1,254	1,239	1,167	1.2%	7.5%			

CAL:

CAL reported second quarter of 2024 results with adj. net income of NIS 81m and 12.6% RoE, total income grew by 7.5% QoQ and consumer credit grew by 0.4% QoQ.

NIS m	2Q24	1Q24	2Q23	Vs1Q24	Vs2Q23	2H24	2H23	Change
Income From Credit Card Transactions	479	438	447	9.4%	7.2%	917	870	5.4%
Credit Loss Expense	67	40	53	67.5%	26.4%	107	94	13.8%
Non-Interest Financing Expenses	8	5	-	60.0%		13	301	(95.7%)
Total Income	713	663	650	7.5%	9.7%	1,376	1,568	(12.2%)
Total Expenses (exc. credit loss exp.)	540	510	483	5.9%	11.8%	1,050	1,025	2.4%
Net income	81	81	82	-	(1.2%)	162	174	(6.9%)
Return on equity	12.6%	13.2%	14.2%			14.2%	16.5%	
Cost-income ratio	75.7%	76.9%	74.3%			74.9%	74.0%	
Total assets	20,759	20,639	19,633	0.6%	5.7%			
Interest bearing credit	8,981	8,909	8,762	0.8%	2.5%			
Consumer credit	7,654	7,626	7,549	0.4%	1.4%			
Total equity	2,620	2,529	2,358	3.6%	11.1%			

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