



Discount Group Reports Solid Results for the First Quarter of 2024

1Q24 Net Income of NIS 1.05bn, ROE of 14.6% and Efficiency Ratio of 52.8%

Discount Group reported solid results for the first quarter of 2024, with net income of NIS 1,050m and ROE of 14.6%, compared with NIS 919m in 4Q23 and NIS 1,269m in 1Q23. The performance was mainly driven by higher fees and non-interest financing income, and reduction in collective allowances. Provisions for credit loss stood at NIS 82m, lower than NIS 390m in 4Q23 and NIS 596m in 3Q23. Net Interest income decreased by 0.7% QoQ and 7.4% YoY, while the average Bol interest rate declined in 0.24% QoQ. Total credit grew by 1.2% QoQ and 5.2% YoY, aligning with market conditions as demand experiencing a slowdown. Cost-income ratio was maintained at 52.8% in 1Q24, compared with 53.4% in 4Q23 and 46.1% in 1Q23.

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

Discount CEO, Avi Levi said, "Discount Group concludes the first quarter of 2024 with an improvement in core activities, aligning with its multi-year strategy. The reports reveal enhanced balance sheet data, highlighting Discount's solidity and financial strength, especially during this challenging period."

1Q 2024 Main highlights:

- **Net income of NIS 1,050m and ROE of 14.6%**, this performance was primarily driven by an increase in fees revenue, non-interest financing income and reduction in collective allowances. Disciplined Cost management was sustained for two consecutive quarters, countering previous increase in expenses, and resulting in an improvement in the cost income ratio to 52.8% compared with 53.4% in 4Q23.
- **Solid credit growth aligned with market conditions** – Total credit grew by 1.2% QoQ and 5.2% YoY, with corporates growing by 2.0% QoQ, mortgage balance by 1.0% QoQ and small enterprises stable with 0.1% growth QoQ.
- **Decrease in credit loss provisions**- As the economy adjusts well to operating amidst ongoing armed conflict, collective allowances have been reduced under our models. Credit loss expense decreased to 0.12%, and NPL out of total credit declined to 0.86%, with the coverage ratio maintained at a sufficient level of 182%.
- **NII demonstrated stability despite the decrease in Bol rate**: NII declined by 0.7% QoQ and 7.4% YoY in the first quarter of 2024, while the average Bol interest rate declined in 0.24% QoQ. The Net Interest Margin (NIM) remained stable at 2.83% compared with 4Q23.
- **Dividend payout**: The dividend payout has been reinstated to 30%, amounting to NIS 315m of the net income for the first quarter of 2024.

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

Discount Group P&L and Selected Ratios

NIS m	1Q24	4Q23	1Q23	vs.4Q23	vs.1Q23
Net interest income	2,537	2,555	2,740	(0.7%)	(7.4%)
Credit loss expenses	82	390	204	(79.0%)	(59.8%)
Non-interest financing income	358	295	329	21.4%	8.8%
Commissions	860	821	887	4.8%	(3.0%)
Other income	2	118	301	(98.3%)	(99.3%)
Total non-interest income	1,220	1,234	1,517	(1.1%)	(19.6%)
Total income	3,757	3,789	4,257	(0.8%)	(11.7%)
Salaries and related expenses	986	979	945	0.7%	4.3%
Maintenance & depreciation	379	363	324	4.4%	17.0%
Other expenses	619	680	693	(9.0%)	(10.7%)
Total operating and other expenses	1,984	2,022	1,962	(1.9%)	1.1%
Income before taxes	1,691	1,377	2,091	22.8%	(19.1%)
Provision for taxes on income	644	470	763	37.0%	(15.6%)
Income after taxes	1,047	907	1,328	15.4%	(21.2%)
Net income attributable to shareholders	1,050	919	1,269	14.3%	(2.1%)
ROE	14.6%	13.2%	20.1%		
Cost income ratio	52.8%	53.4%	46.1%		
CET-1 ratio	10.90%	10.71%	10.22%		
NIM	2.83%	2.83%	3.18%		
Rate of credit loss expenses	0.12%	0.59%	0.33%		
NPL ratio	0.86%	0.91%	0.58%		
Dividend per share (in Agurot)*	25.46	14.86	30.78		

* Dividend in respect of the relevant period

Discount Group Selected Balance Sheet Items

NIS m	31.3.24	31.12.23	31.3.23
Cash and deposits with banks	46,538	51,115	60,040
Securities	56,061	59,268	51,215
Securities borrowed or purchased under agreements to resell	930	851	1,251
Credit to the public	265,990	262,941	252,845
Provision for credit losses	(4,187)	(4,214)	(3,362)
Credit to the public, net	261,803	258,727	249,483
Credit to governments	2,889	3,073	2,912
Investment in investee companies	487	471	491
Buildings and equipment	4,558	4,535	4,031
Intangible assets and goodwill	161	161	162
Assets in respect of derivative instruments	10,030	11,106	11,959
Other assets	6,640	6,417	5,928
Total Assets	390,097	395,724	387,472
Deposits from the public	295,468	297,597	289,712
Deposits from banks and governments	11,773	11,404	17,648
Securities borrowed or sold via repo agreements*	5,351	12,642	7,787
Bonds and subordinated debt notes	17,844	15,491	15,097
Liabilities in respect of derivative instruments	8,784	10,469	10,005
Other liabilities	20,650	18,883	20,473
Total liabilities	359,870	366,486	360,722
Equity capital attributed to the Bank's shareholders	29,431	28,474	26,096
Non-controlling rights in consolidated companies	796	764	654
Total equity	30,227	29,238	26,750
Total Liabilities and Equity	390,105	395,724	387,472

Overview of Subsidiaries

Mercantile:

Mercantile reported first quarter of 2024 results with a net income of NIS 184m, RoE of 14.7% and Cost Income ratio of 43.3%. Total credit growth of 1.2% QoQ and 6.0% YoY.

NIS m	1Q24	4Q23	1Q23	Vs. 4Q23	Vs. 1Q23
Net interest income	528	536	563	(1.5%)	(6.2%)
Non-interest income	111	209	109	(46.9%)	1.8%
Total income	639	745	672	(14.2%)	(4.9%)
Operating & other expenses	277	252	255	9.9%	8.6%
Net income - Adjusted	184	188	237	(2.1%)	(22.4%)
Return on equity - Adjusted	14.7%	15.7%	23.0%		
Cost-income ratio - Adjusted	43.3%	40.1%	37.9%		
Rate of credit loss expenses	0.50%	0.76%	0.50%		
NIM	3.50%	3.64%	3.61%		
Total assets	63,674	63,789	64,417	(0.2%)	(1.2%)
Credit to the public, net	46,223	45,678	43,718	1.2%	5.7%
Securities	7,712	7,410	7,109	4.1%	8.5%
Deposits from the public	50,042	50,306	50,741	(0.5%)	(1.4%)
Total equity	5,147	4,977	4,262	3.4%	20.8%

IDBNY:

IDB Corp. finished the first quarter of 2024 with Net Income of \$21m, RoE of 7.0% and Cost Income Ratio of 70.7%. Net interest income increased by 1.3% QoQ, and Credit Loss Expenses ratio maintained low at 0.05%.

USD m	1Q24	4Q23	1Q23	Vs. 4Q23	Vs. 1Q23
Net Interest Income	81	80	87	1.3%	(7.1%)
Non-Interest income (Expenses)	18	(10)	17		4.7%
Total Income	99	70	104	41.4%	(5.1%)
Operating & Other Expenses	70	77	68	(9.1%)	2.5%
Net Income	21	(5)	30		(30.0%)
Return on Equity	7.0%	(1.8%)	10.5%		
Cost-Income Ratio	70.7%	110.0%	65.4%		
Credit Loss Expenses ratio	0.05%	0.24%	(0.18%)		
NIM	2.89%	2.77%	3.03%		
Total Assets	12,014	12,219	12,830	(1.7%)	(6.4%)
Loans, net	8,140	8,102	8,086	0.5%	0.7%
Securities	2,605	2,608	2,679	(0.1%)	(2.8%)
Deposits from the Public	10,157	10,316	10,773	(1.5%)	(5.7%)
Total Equity	1,239	1,222	1,161	1.4%	6.7%

CAL:

CAL reported first quarter of 2024 results with adj. net income of NIS 87m and 14.2% adj. RoE in 1Q24, income from credit card transactions grew by 8.9% YoY and consumer credit grew by 5.7% YoY.

NIS m	1Q24	4Q23	1Q23	Vs. 4Q23	Vs. 1Q23
Income From Credit Card Transactions	438	401	423	9.2%	3.5%
Credit Loss Expense	40	98	41	(59.2%)	(2.4%)
Non-Interest Financing Expenses	5	-	301	N/A	N/A
Total Income	663	614	918	8.0%	(27.8%)
Total Expenses (excluding credit loss expenses)	510	474	542	7.6%	(5.9%)
Net income - Adjusted	87	24	85	262.5%	2.4%
Return on equity - Adjusted	14.2%	3.8%	16.2%		
Cost-income ratio - Adjusted	75.7%	77.5%	75.2%		
Total assets	20,639	19,378	19,435	6.5%	6.2%
Interest bearing credit	8,909	9,005	8,416	(1.1%)	5.9%
Consumer credit	7,626	7,741	7,216	(1.5%)	5.7%
Total equity	2,529	2,447	2,278	3.4%	11.0%

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