

ISRAEL DISCOUNT BANK LTD.

Registration no.: 520007030

FAO: Israel Securities Authority
www.isa.gov.il

FAO: The Tel Aviv Stock Exchange Ltd.
www.tase.co.il

T121 (Public)

Magna transmission date: August 10, 2016
Reference No.: 2016-01-100420

IMMEDIATE REPORT

Nature of the event: Immediate Report

We hereby announce that the subsidiary of the Bank, Israel Credit Cards Ltd., has approved its condensed consolidated interim financial statements as at June 30, 2016.

Presented below are: *the Statement of Profit and Loss, Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows taken from the aforesaid condensed consolidated interim financial statements.*

☐ The Company is a shell company as defined in the TASE Code

The date when the Corporation first learned of the event: *August 9, 2016 at 16:00*

The Report has been signed on behalf of the Corporation, in accordance with Regulation 5 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, by Yuval Gavish, Senior Executive Vice President and Joseph Beressi, Senior Executive Vice President and Controller-Chief Accountant.

Reference numbers of previous documents relating to this topic (their mention does not constitute their inclusion by way of reference): *N/A*

The securities of the Corporation are listed for trade on the Tel Aviv Stock Exchange Date of updating structure of form: July 26, 2016

Abbreviated name: Discount

Address: 23 Yehuda Halevi St., Tel Aviv 6513601, Israel Tel: 972-3-5145582; 972-3-5145544; Fax: 972-3-5171674

Email: michal.sd@discountbank.co.il

Prior names of the reporting entity:

Name of person making electronic report: Sokolov-Danoch, Michal Position: Corporate Secretary Name of Employing Company:

Address: 23 Yehuda Halevi St., Tel Aviv 6513601, Israel Tel: 972-3-5145582; Fax: 972-3-5171674 Email: michal.sd@discountbank.co.il

Israel Discount Bank's Immediate Reports are published in Hebrew on the website of the Israel Securities Authority and the Tel Aviv Stock Exchange.

The English translation is prepared for convenience purposes only.

In the case of any discrepancy between the English and Hebrew versions, the Hebrew will prevail.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS

	Three months ended		Six months ended		Year ended
	June 30	June 30	June 30	June 30	December 31
	2016	2015	2016	2015	2015
	(Unaudited)		(Unaudited)		(Audited)
	In NIS millions				
Income					
Credit card transactions	242	232	476	459	933
Net interest income	90	73	170	138	290
Non-interest financing income	265	5	269	9	17
Total income	597	310	915	606	1,240
Expenses					
For credit losses	18	9	32	16	34
Operating	163	111	269	220	452
Selling and marketing	64	53	124	115	242
Administrative and general	20	16	35	32	64
Payments to banks	56	51	108	101	207
Total expenses	321	240	568	484	999
Profit before taxes	276	70	347	122	241
Provision for taxes on profit	84	22	109	38	77
Profit after taxes	192	48	238	84	164
Company's equity in profits of associate, net of tax effect	*_	*_	*_	*_	1
Net profit:					
Before attribution to non-controlling interests	192	48	238	84	165
Attributable to non-controlling interests	-	6	-	10	16
Attributable to equity holders of the Company	192	42	238	74	149
Basic and diluted earnings per ordinary share in NIS:					
Net earnings attributable to equity holders of the Company	174.9	38.3	216.9	67.4	135.7

* Represents an amount of less than NIS 1 million.

Yuval Gavish
Chairman of the Board
of Directors

Doron Sapir
Chief Executive
Officer

Shaul Mizrahi
Vice President and
Chief Accountant

Date of approval of the financial statements: August 9, 2016.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Three months ended		Six months ended		Year ended
	June 30	June 30	June 30	June 30	December 31
	2016	2015	2016	2015	2015
	(Unaudited)				(Audited)
	In NIS millions				
Net profit before attribution to non-controlling interests	192	48	238	84	165
Net profit attributable to non-controlling interests	-	6	-	10	16
Net profit attributable to equity holders of the Company	192	42	238	74	149
Other comprehensive income (loss) before taxes					
Adjustments to liabilities in respect to employee rights**	(* -)	9	(5)	(1)	(2)
Other comprehensive income (loss) before taxes	(* -)	9	(5)	(1)	(2)
Related tax effect	*-	(3)	1	*-	*-
Other comprehensive income (loss) attributable to equity holders of the Company, after taxes	(* -)	6	(4)	(1)	(2)
Comprehensive income before attribution to non-controlling interests	192	54	234	83	163
Comprehensive income attributable to non-controlling interests	-	6	-	10	16
Comprehensive income attributable to equity holders of the Company, after taxes	192	48	234	73	147

* Represents an amount of less than NIS 1 million.

** Mainly reflects adjustments in respect to year-end actuarial estimates of defined benefit pension plans and the writedown of amounts previously recorded in other comprehensive income.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	June 30	June 30	December 31
	2016	2015	2015
	(Unaudited)		(Audited)
	In NIS millions		
Assets:			
Cash and bank deposits	48	45	37
Accounts receivable on credit card transactions	11,335	**9,922	10,767
Provision for credit losses	(141)	(128)	(132)
Accounts receivable on credit card transactions, net	11,194	9,794	10,635
Securities	53	-	-
Investments in associate	11	10	11
Buildings and equipment	211	192	200
Other assets	106	111	108
Total assets	11,623	10,152	10,991
Liabilities and equity:			
Credit from banks	2,933	2,301	2,753
Accounts payable on credit card transactions	6,603	**6,194	6,587
Subordinated notes	116	118	118
Other liabilities	512	264	308
Total liabilities	10,164	8,877	9,766
Equity attributable to equity holders of the Company	1,459	1,192	1,225
Non-controlling interests	-	83	-
Total equity	1,459	1,275	1,225
Total liabilities and equity	11,623	10,152	10,991

* Reclassified.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Paid-up share capital	Retained earnings	Other comprehensive income (loss)	Total	Non- controlling interests	Total equity
In NIS millions						
For the three-month period ended June 30, 2016 (unaudited)						
Balance as at April 1, 2016	*-	1,273	(6)	1,267	-	1,267
Other comprehensive loss, net, after tax effect	-	-	(*)	(*)	-	(*)
Net profit for the period	-	192	-	192	-	192
Balance as June 30, 2016	*-	1,465	(6)	1,459	-	1,459
For the three-month period ended June 30, 2015 (unaudited)						
Balance as at April 1, 2015	*-	1,151	(7)	1,144	77	1,221
Other comprehensive income, net, after tax effect	-	-	6	6	-	6
Net profit for the period	-	42	-	42	6	48
Balance as at June 30, 2015	*-	1,193	(1)	1,192	83	1,275
For the six-month period ended June 30, 2016 (unaudited)						
Balance as at January 1, 2016	*-	1,227	(2)	1,225	-	1,225
Other comprehensive loss, net, after tax effect	-	-	(4)	(4)	-	(4)
Net profit for the period	-	238	-	238	-	238
Balance as June 30, 2016	*-	1,465	(6)	1,459	-	1,459
For the six-month period ended June 30, 2015 (unaudited)						
Balance as at January 1, 2015	*-	**1,119	-	1,119	73	1,192
Other comprehensive loss, net, after tax effect	-	-	(1)	(1)	-	(1)
Net profit for the period	-	74	-	74	10	84
Balance as at June 30, 2015	*-	1,193	(1)	1,192	83	1,275
For the year ended December 31, 2015 (audited)						
Balance as at January 1, 2015	*-	1,119	-	1,119	73	1,192
Other comprehensive loss, net, after tax effect	-	-	(2)	(2)	-	(2)
Acquisition of non-controlling interests, while retaining control	-	(41)	-	(41)	(89)	(130)
Net profit for the year	-	149	-	149	16	165
Balance as at December 31, 2015	*-	1,227	(2)	1,225	-	1,225

* Represents an amount of less than NIS 1 million.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Three months ended		Six months ended		Year ended
	June 30	June 30	June 30	June 30	December 31
	2016	2015	2016	2015	2015
	(Unaudited)		(Unaudited)		(Audited)
	In NIS millions				
Cash flows from operating activities:					
Net profit for the period	192	48	238	84	165
Adjustments:					
Company's equity in undistributed profits of associate	-	-	-	-	(1)
Depreciation of buildings and equipment	13	14	26	28	54
Expenses for credit losses	18	9	32	16	34
Deferred taxes, net	2	10	5	6	10
Gain on available-for-sale securities	-	-	(2)	-	(4)
Gain on sale of rights in Visa Europe	(262)	-	(262)	-	-
Severance pay - increase in excess of liability over amount funded	(2)	(1)	(3)	(2)	(4)
Revaluation of credit from banks and subordinated notes	(1)	**3	(1)	**2	1
Net changes in current assets:					
Credit to cardholders and merchants, net	(270)	**(100)	(464)	**(212)	(587)
Accounts receivable on credit card transactions, net	(95)	200	(101)	67	(415)
Effect of exchange rate fluctuations on cash balances	8	**(1)	3	**1	8
Other assets	(4)	(5)	(1)	27	26
Net changes in current liabilities					
Short-term credit from banks, net	(51)	9	179	97	550
Accounts payable on credit card transactions, net	46	**(182)	16	**(75)	317
Other liabilities	200	**(25)	176	**(30)	15
Net cash flows provided by operating activities	(205)	(21)	(158)	9	169
Cash flows from investing activities:					
Acquisition of buildings and equipment	(28)	(5)	(37)	(13)	(47)
Proceeds from sale of rights in Visa Europe	209	-	209	-	-
Proceeds from realization of investments in investee companies and dividends	*-	*-	-	*-	1
Proceeds from sale of available-for-sale securities	*-	*-	2	*-	3
Net cash flows used in investing activities	181	(5)	174	(13)	(43)
Cash flows from financing activities:					
Additional acquisition of shares in subsidiaries	*-	*-	-	*-	(130)
Redemption of subordinated notes	(1)	*-	(2)	(1)	(2)
Net cash flows used in investing activities	(1)	-	(2)	(1)	(132)
Increase (decrease) in cash and cash equivalents	(25)	(26)	14	(5)	(6)
Effect of exchange rate fluctuations on cash balances	(8)	1	(3)	(1)	(8)
Cash and cash equivalents at beginning of period	81	70	37	51	51
Cash and cash equivalents at end of period	48	45	48	45	37
Interest received	88	71	172	140	286
Interest paid	(4)	(3)	(7)	(5)	(13)
Dividend received	1	*-	1	*-	1
Taxes on income received	*-	*-	21	50	56
Taxes on income paid	(29)	(35)	(51)	(52)	(97)

* Represents an amount of less than NIS 1 million.

** Reclassified,