

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: May 1, 2022
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IMMEDIATE REPORT

Explanation: This form is not to be used if a form exists that is suitable for the reported event

Nature of the event: Immediate Report

Reference numbers of previous reports relating to this topic: _____

We hereby announce that the Call Report (draft financial statement) of Israel Discount Bank of New York as at March 31, 2022 has been filed with the authorized agencies in the USA. As is customary, the aforesaid report is available to the public on the Internet site of the FDIC: <https://cdr.ffiec.gov/public/ManageFacsimiles.aspx> [Institution name: Israel Discount Bank of New York].

It should be noted that the aforesaid Report has not yet been approved by the authorized organs of the said subsidiary and certain changes may be made thereto. Filing of the above Call Report prior to its approval by the authorized organs is done as required by US reporting rules.

This Immediate Report is submitted according to the format agreed upon between the Banking Supervision Department and the Israel Securities Authority.

See Attachment - Enclosed is a Press Release published in connection with the above.

The Company is not a shell company as defined in the TASE Code

The date when the Corporation first learned of the event: May 1, 2022 at 08:00

Details of signatories authorized to sign in the name of the Corporation:

	Name of Signatory	Position
1	Joseph Beressi	Other Senior Executive Vice President, Chief Accountant, Head of Accounting Division
2	Limor Henn	Other Manager of Regulation and Control Department, Accounting Division

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: 31/12/2020

Abbreviated name: Discount

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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.

IDBNY Announces 1st Quarter 2022 Results

1Q 22 NET INCOME OF \$27.8 MILLION AS COMPARED WITH \$9.8 IN 1Q 21 AND ROE OF 9.9%
 YOY LOAN GROWTH OF 15.5% AND 1.5% IN THE THREE MONTHS ENDING MAR. 31, 2022

New York, NY (April 29, 2022) – Israel Discount Bank of New York (“IDBNY”), the largest Israeli bank in the United States, today published a draft of its financial statements (Call Report) as of March 31, 2022.

IDBNY demonstrated continued momentum with a strong first quarter. Net income is up significantly year over year driven by strong credit growth across all regions, improved margins and a release of provisions. Strong year over year deposit growth continued to provide liquidity for loan growth and disciplined management of cost of funds contributed to overall improvement in margins. During the first quarter of 2022 we continued executing on our strategic initiatives, primarily focused on profitable growth and our IT infrastructure and people management.

IDBNY CEO, Ziv Biron said: "Our strong momentum continued into 1Q 22 with growth across all of our strategic segments and improved profitability despite a challenging macro environment that is characterized by inflationary pressures, rising interest rates and supply chain disruption. The bank remains focused on executing its strategy and supporting our clients as they adjust to the macro challenges."

Financial Highlights for 1Q22

- **Net Income** was \$27.8 million for 1Q22 compared to reported net income of \$29.9 million in the previous quarter and \$9.8 million in the first quarter of last year.
- **ROE** was 9.9% in 1Q22, down relative to 10.5% for 4Q21 and up from 3.5% in the corresponding year quarter.
- **Total Income** for the first quarter of 2022 was \$89.3 million versus \$92.3 million for the previous quarter. In comparison with the corresponding prior year quarter, total income increased 9.0%.
- **Release of Provisions for Credit Losses** for 1Q22 was \$6.6 million compared to a release of \$4.8 million in provisions for loan losses for the previous quarter and a provision for loan losses of \$17.4 million in the same quarter of 2021. CECL was adopted on by IDBNY on January 1, 2022
- **Total Non-Interest Expense** was \$58.4 million in 1Q22, compared with \$54.5 million in the previous quarter and \$51.8 million in 1Q21. The increase is largely on account of the increased cost of our new headquarters as well as salary inflation and increased expenses as we prepare the upgrade of our core systems.

Financial Review and Commentary

IDBNY's strong first quarter results were supported by the strength of the US economy and our growing loan book that delivered a robust bottom line with net income of \$27.8 million, 183.1% higher and 6.8% lower compared to the corresponding first quarter and previous quarter respectively.

Reported ROE of 9.9% reflects our strong underlying business paving the way to further execution of the strategic plan.

Net interest income improved by 21.2% to \$71.6 million in the quarter vs \$59.1 million in 1Q 21. Underlying the increase in net interest income was further expansion of our **loan balances** which increased to \$8.6 billion up 15.5% vs. our balance of \$7.5 billion at March 31, 2021. The growth was across all sectors and regions. Improving yields on assets were another factor leading to the strong NII result. Yields rose in-line with expectations for a number of further hikes over the course of 2022 and further supported by the FED's decision to raise rates in March all translating into higher **interest income** during 1Q 2022. At the same time, we expanded and diversified our deposit base into new areas increasing our funding base, but at lower rates. All of these factors led to an improved **net interest margin** to 2.34% vs. 2.28% a year ago.

Deposit growth continues to be a strength for the bank as maintaining liquidity remains a key focus for our customers. At the end of 1Q 22, we saw deposits increase 13.8% to \$11.3 billion as compared with the end of March 2021. Our loan to deposit ratio is 76.4% as at March 31, 2022, providing us with the required liquidity to continue to grow. Our customers moved from time deposits to shorter term money markets and demand accounts driving balances up and rates lower.

Following the trend in recent quarters of an improved economic outlook, 1Q 22 produced a release of provision for credit losses of \$6.6 million vs. a release of \$4.8m in 4Q 2021 and compared with a provision of \$17.4 million in 1Q 2021. On January 1st we adopted "current Expected Credit Loss" (CECL) accounting for the **allowance for credit losses**.

Inflationary pressures are causing **non-interest expenses** to increase across some areas including salaries, bonuses and higher real estate costs. The \$7.4 million year on year increase in expenses as compared with 1Q 21 largely on account of the increased cost of our new headquarters as well as salary inflation and increased expenses as we prepare the upgrade of our core systems.

The first quarter of 2022, once again, saw IDB drive towards achieving its strategic goals, successfully executing on key initiatives to continue growing the business and transforming the technology and operational infrastructure to best serve IDB's loyal clients.

In summary, we kicked off 2022 with a strong start with solid growth in our core businesses across all regions, a demonstration of steady financial results. As the largest Israeli bank in the US, IDB Bank is well positioned to continue serving its clients both in the US and Israel, extending the wide range of products and services offerings for both Commercial and Private Banking clients. We are dedicated to the continued execution of its strategic projects, and laying focus on its infrastructure investments and overall growth.

Main highlights of P&L, Balance Sheet and Ratios
(\$ in millions USD)

Main P&L data

	1Q 2022	4Q 2021	1Q 2021	Change vs. 4Q21	Change vs. 1Q21
Total Interest and Dividend Income	78.5	77.6	68.3	1.2%	15.0%
Total Interest Expense	6.9	6.7	9.2	3.1%	(25.2%)
Net Interest Income	71.6	70.9	59.1	1.0%	21.2%
(Release) Provisions for Credit Losses*	(6.6)	(4.8)	17.4	(36.8%)	n/a
Total Non-Interest Income	17.6	21.4	22.9	(17.6%)	(22.7%)
Total Income	89.3	92.3	81.9	(3.3%)	9.0%
Total Non-Interest Expense	58.4	54.5	51.8	7.2%	12.6%
Income before Taxes	37.5	42.7	12.6	(12.2%)	196.4%
Net Income	27.8	29.9	9.8	(6.8%)	183.1%

Main Balance Sheet data

	As of Mar 31, 2022	As of Dec 31, 2021	As of Mar 31, 2021	Change vs. Dec 31, 2021	Change vs. Mar 31, 2021
Securities	2,798	2,824	2,961	(0.9%)	(5.5%)
Loans, net	8,564	8,421	7,354	1.7%	16.5%
Deposits	11,310	11,254	9,937	0.5%	13.8%
Total Equity	1,107	1,149	1,139	(3.7%)	(2.8%)
Total Assets	12,980	12,952	11,667	0.2%	11.3%

Selected ratios

	1Q 2022	4Q 2021	1Q 2021
Efficiency Ratio	65.4%	59.0%	63.3%
Return on Equity	9.9%	10.5%	3.5%
Loan Loss Provision Ratio	(0.3%)	(0.2%)	0.9%
Common Equity Tier 1	12.5%	12.5%	13.9%
Allowance for Credit Losses ** as a % of Total Loans	0.9%	1.1%	1.7%

* Prior to 2022, reflect release and provisions for loan and lease losses

** Prior to 2022, ratio represents allowance for loan and lease losses to loans

About Israel Discount Bank of New York (“IDBNY” or “IDB Bank”)

IDB Bank is a New-York State-chartered commercial bank, a member of the FDIC, and a wholly owned subsidiary of Israel Discount Bank LTD., one of Israel's leading Banks. In addition to its Manhattan headquarters and branch offices in Brooklyn, N.Y, Staten Island, N.Y and Short Hills, N.J, the Bank maintains other full-service branches in South Florida and Southern California. The Bank provides a complete range of private banking and commercial banking services to U.S and international clients.

For 70 years IDB Bank has built its business by fostering deep relationships with its clients, rapid decision-making, and the ability to develop custom-tailored solutions for both its domestic and international clientele. To learn more about IDB Bank visit www.idbny.com

IDB Bank is a registered service mark of Israel Discount Bank of New York. MEMBER FDIC.

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