

ISRAEL DISCOUNT BANK LTD.

Registration no.: 520007030

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

FAO: The Tel Aviv Stock Exchange Ltd T121 (Public)
www.tase.co.il

Magna transmission date: October 30,
2022 Reference No.: 2022-01-052939

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 September 30, 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: October 30, 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 3rd Quarter 2022 Results

New York, NY (October 28, 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 September 30, 2022.

The Bank reported a 9M net income of \$82.6 million and ROE of 10.0%, compared with net income of \$62.4 million and ROE of 7.3% in 9M 2021. 3Q22 net income was \$25.0 million and ROE of 9.2%, compared to net income of \$27.3 million and ROE of 9.4% in 3Q21.

IDBNY CEO & President, Ziv Biron said:

“We are proud to report on another strong quarter. Despite volatile market conditions, we remain well positioned and financially sound. We continue to leverage our unique market position to execute against our long-term strategic plan to drive profitable growth. As we look ahead, we will continue to invest in our people and infrastructure to meet evolving client needs, shifting industry standards and tightening economic conditions.”

Financial Highlights for 9M2022:

- **9M net income** was \$82.6 million, compared with \$62.4 million in 9M21, a 32.4% increase.
- **9M ROE** was 10.0%, compared with 7.3% in 9M2021.
- **9M total income** up to \$297.7 million, compared with \$251.4 in corresponding period of 2021, an 18.4% increase.
- **For 9M, release of provision for credit losses** was \$3.9 million, compared with a release of \$0.3 million in 9M21.
- **Total non-interest expense for 9M 2022** was \$190.7 million, compared with \$167.7 million in 9M21, 13.7% increase.

Financial Highlights for 3Q22:

- **Net Income** was \$25.0 million in 3Q22, compared to \$29.7 million in 2Q22 and \$27.3 million in 3Q21.
- **ROE** was 9.2% in 3Q22, compared with 10.7% for 2Q22 and 9.4% in 3Q21.
- **Total Income** for 3Q22 increased to \$109.0 million, versus \$99.5 million for the previous quarter, 9.6% increase. Compared with 3Q21, total income increased by 27.4%.
- **Provisions for Credit Losses** for 3Q22 were \$5.0 million, compared to a provision release of \$2.3 million in the previous quarter and a provision release of \$9.2 million in 3Q21.
- **Total Non-Interest Expense** for 3Q22 was \$70.6 million, compared with \$61.7 million in the previous quarter, 14.5% increase. Compared with 3Q21, total non-interest expense increased by 23.2%.

Financial Review and Commentary

In 3Q22 IDBNY continued to navigate across its lines of business and regions amid toughening operating conditions.

Net interest income grew by 42.3% to \$91.6 million in 3Q22 vs \$64.4 million in 3Q21, largely due to higher yields on interest bearing assets and higher loan balance portfolio compared with corresponding quarter in 2021. This was partially offset by increasing interest expense on deposits as a result of 105 bps increase in deposit yields.

Net interest margin increased by 69 bps, compared with 3Q21 and **net loan balances increased to \$8.5 billion**, reflecting a year-over-year increase of 7.8% compared with balance of \$7.8 billion on 3Q21.

3Q22 provision for credit losses was \$5.0 million, reflecting the Bank's commitment to safeguarding operations in the shifting economic environment. This is the first time the Bank has introduced a credit loss provision, following five consecutive quarters of credit loss release. Allowance for credit losses was 1.0% from the loan book as of 3Q22. Loan portfolio remains strong with further reduction in impaired loans and improvement of classified loans.

Non-interest expenses increased by 23.2% to \$70.6 million in 3Q22 and by 13.7% to \$190.7 million in 9M 2022, from their corresponding 2021 periods. The reported increase in non-interest expenses is largely due to the continued reinvestment in IT infrastructure as well as increase in compensation, as the bank continues to invest in competitive industry talent.

Following 3Q22 results, IDBNY continues to move towards achieving its strategic goals, successfully executing on key initiatives to continue growing the business, introducing improved system technologies and investing in operational infrastructure.

IDBNY remains committed to the client-first practices. As the largest Israeli bank in the U.S., IDBNY is well positioned to continue serving its clients both in the U.S. and Israel, extending the wide range of products and services offerings for both Commercial and Private Banking clients.

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

Main P&L data

	3Q 2022	2Q 2022	3Q 2021	Change vs. 2Q22	Change vs. 3Q21	9M 2022	9M 2021	Change
Total Interest and Dividend Income	122.8	92.6	71.1	32.5%	72.7%	293.9	209.5	40.3%
Total Interest Expense	31.2	13.3	6.7	134.9%	365.7%	51.3	23.4	119.5%
Net Interest Income	91.6	79.4	64.4	15.4%	42.3%	242.6	186.1	30.4%
(Release) Provisions for Loan Losses	5.0	(2.3)	(9.2)	--	--	(3.9)	(0.3)	--
Total Non-Interest Income	17.4	20.1	21.2	(13.3%)	(17.8%)	55.1	65.3	(15.7%)
Total Income	109.0	99.5	85.5	9.6%	27.4%	297.7	251.4	18.4%
Total Non-Interest Expense	70.6	61.7	57.3	14.5%	23.2%	190.7	167.7	13.7%
Income before Taxes	33.5	40.1	37.4	(16.5%)	(10.6%)	111.0	84.0	32.2%
Net Income	25.0	29.7	27.3	(15.6%)	(8.3%)	82.6	62.4	32.4%

Main Balance Sheet data

	As of Sept 30, 2022	As of June 30, 2022	As of Sept 30, 2021	Change vs. June 30, 2022	Change vs. Sept 30, 2021
Securities	2,553	2,597	2,706	(1.7%)	(5.7%)
Loans, net	8,455	8,608	7,840	(1.8%)	7.8%
Deposits	10,471	10,830	10,234	(3.3%)	2.3%
Total Equity	1,072	1,085	1,136	(1.2%)	(5.6%)
Total Assets	12,369	12,604	11,725	(1.9%)	5.5%

Selected ratios

	3Q 2022	2Q 2022	3Q 2021	9M 2022	9M 2021
Efficiency Ratio	64.8%	62.0%	67.0%	64.0%	66.7%
Return on Equity	9.2%	10.7%	9.4%	10.0%	7.3%
Loan Loss Provision Ratio	0.2%	(0.1%)	(0.5%)	(0.1%)	(0.0%)
Common Equity Tier 1	13.4%	12.9%	12.9%	13.4%	12.9%
Allowance for Loan and Lease Losses as a % of Total Loans	1.0%	0.9%	1.3%	1.0%	1.3%

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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