ISRAEL DISCOUNT BANK ANNOUNCES Q1/2012 FINANCIAL RESULTS

Q1 Net Income - NIS 247 million compared to NIS 278 million in Q1/2011, a decrease of 11.2%

First Quarter Return on Equity Attributable to the Bank's Shareholders – 9.5% compared to 11.3% in the first quarter of 2011

Ratio of Capital to Risk Assets – 14.1%. Core Capital Ratio – 8.2%

Tel-Aviv, Israel: May 31, 2012 - Israel Discount Bank Limited (TASE:DSCT), one of Israel's leading banks, today reported its Q1/2012 financial results.

The Discount Group's Net Income in Q1/2012 totaled NIS 247 million, compared to NIS 278 million in Q1/2011, a decrease of 11.2%. The Return on Equity attributable to the Bank's shareholders' in Q1/2012 was 9.5%, compared to 11.3% in Q1/2011.

Main factors affecting the Group's business results in Q1/2012, compared to Q1/2011:

- A decrease of 3.1% in interest income, net.
- An increase of 9.8% in credit loss expenses.
- A decrease of 0.1% in non-interest income.
- An increase of 2.5% in operating and other expenses.
- A provision for taxes of NIS 115 million, compared to NIS 171 million in Q1/2011.
- A decrease of 25.6% in the Bank's share in operating income of affiliated companies, net of tax effect.

Main Balance Sheet Developments for Q1/2012:

- Total Assets decreased by 1.6%, amounting to NIS 199.3 billion, compared to NIS 202.5 billion at the end of 2011.
- Net Credit granted to the public, decreased by 1.1%, amounting to NIS 115.1 billion, compared to NIS 116.4 billion at the end of 2011.
- Securities increased by 5.5%, amounting to NIS 45.2 billion, compared to NIS 42.9 billion at the end of 2011.
- Deposits from the public decreased by 2.3%, amounting to NIS 149.8 billion, compared to NIS 153.4 billion at the end of 2011.
- The Equity attributed to the Bank's shareholders increased by 2.0%, amounting to NIS 10.9 billion, compared to NIS 10.7 billion at the end of 2011.
- Total Equity increased by 2.0%, amounting to NIS 11.2 billion, compared to NIS 11.0 billion at the end of 2011.

DATA REGARDING SUBSIDIARIES

Q1/2012

	Net Income	Return on Equity Attributable to Shareholders	Capital Adequacy Ratio
Discount Bancorp Inc.	USD 7 M	3.7%	*15.7%
Mercantile Discount Bank	NIS 39 M	9.1%	14.0%
Discount Mortgage Bank	NIS 14.5M	6.9%	13.1%
Israel Credit Cards (ICC) (the Bank holds 71.8% of the equity)	NIS 50 M	18.5%	17.3%

* In conformity with mandatory rules in the U.S.A.

Q1/2011

	Net income	Return on Equity Attributable to Shareholders	Capital Adequacy Ratio
Discount Bancorp Inc.	USD 14 M	7.6%	*16.0%
Mercantile Discount Bank	NIS 39 M	9.9%	12.4%
Discount Mortgage Bank	NIS 8.9 M	3.3%	17.0%
Israel Credit Cards (ICC) (the Bank holds 71.83% of the equity)	NIS 64 M	26.1%	16.0%

* In conformity with mandatory rules in the U.S.A.

2011

	Net Income	Return on Equity Attributable to Shareholders	Capital Adequacy Ratio
Discount Bancorp Inc.	USD 46 M	5.9%	*16.5%
Mercantile Discount Bank	NIS 162 M	9.6%	13.2%
Discount Mortgage Bank	NIS 45.3 M	4.0%	13.9%
Israel Credit Cards (ICC) (the Bank holds 71.83% of the equity)	NIS 230 M	20.6%	16.7%

* In conformity with mandatory rules in the U.S.A.

DISCOUNT GROUP - PRINCIPAL DATA FROM THE CONSOLIDATED FINANCIAL STATEMENTS

INCOME AND PROFITABILITY (IN NIS MILLIONS)

	First Quarter			Annual
	2012	2011	% change	2011
Interest income, net	1,098	1,133	(3.1)	4,617
Credit loss expenses	123	112	9.8	778
Total non-interest income	865	866	(0.1)	2,930
Total operating and other expenses	1,496	1,459	2.5	5,838
Profit after taxes	229	257	(10.9)	817
Net income attributed to the Bank's shareholders	247	278	(11.2)	848
Net return on equity attributed to the Bank's shareholders – In %	9.5	11.3		

DEVELOPMENT OF ASSETS AND LIABILITIES (IN NIS MILLIONS)

	March 31			December 31	
	2012	2011	% change	2011	% change
Total Assets	199,314	183,761	8.5	202,471	(1.6)
Credit granted to the public, net	115,080	116,670	(1.4)	116,383	(1.1)
Securities	45,240	34,257	32.1	42,898	5.5
Deposits from the public	149,811	136,088	10.1	153,368	(2.3)
Equity attributed to the Bank's shareholders	10,919	10,058	8.6	10,701	2.0
Total Equity	11,243	10,380	8.3	11,020	2.0

PRINCIPAL FINANCIAL RATIOS (IN PERCENTAGES)

	March 31		December 31
	2012	2011	2011
Total Equity to Total Assets	5.6	5.6	5.4
Ratio of capital to risk assets	14.1	12.9	14.1
Core Capital ratio	8.2	7.4	8.1
Credit loss expenses to credit granted to the public, net	0.42	0.38	0.65
Credit granted to the public net to total assets	57.7	63.5	57.5
Credit granted to the public net to deposits from the public	76.8	85.7	75.9
Deposits from the public to total assets	75.2	74.1	75.7
Total Non-Interest Income to Operating Expenses	57.8	59.4	50.2
Operating Expenses to Total Income	76.2	73.0	77.4
Adjusted Return on Risk Assets	10.1	10.9	8.1

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