

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

T053 (Public)

Magna transmission date: August 29, 2019
Reference No.: 2019-01-075288

Immediate Report Regarding Event or Matter Not in the Ordinary Course of Business of the Corporation **Regulation 36 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970**

Report regarding: ☐ Report whose submissions was delayed
Nature of the event: Immediate Report

Immediate Report

1. The date and time when the Corporation first learned of the event or matter:

☒ August 28, 2019 at 18:00

☐ _____

Report that was delayed in accordance with Regulation 36(b):

2. If the report was delayed – the reason for its submission having been delayed

3. On _____ at _____, the obstacle preventing submission of the report was removed.

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

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 Esther Deutsch, Senior Executive Vice President and Head of Group Management and Regulation Division, and by Ziv Biron, Executive Vice President and Head of Planning, Strategy and Finance Division.

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

The securities of the Corporation are listed for trade on the Tel Aviv Stock Exchange

Date of updating structure of form: 06/08/2019

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: Beressi, Joseph Position: Senior Executive Vice President and Chief Accountant 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.



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ATTACHMENT

ISRAEL DISCOUNT BANK LTD.

("the Bank")

August 29, 2019

For the attention of:

Israel Securities Authority

<http://www.magna.isa.gov.il>

For the attention of:

The Tel Aviv Stock Exchange Ltd

<http://www.maya.tase.co.il>

Re. Extending Validity of Merger Agreement

Further to that stated in the Quarterly Report of Israel Discount Bank Ltd. ("the Bank") for the second quarter of 2019 (page 115; page 120 of the English translation) in connection with the merger agreement ("the Merger Agreement"), within the framework of which, and subject to fulfillment of the conditions precedent prescribed therein, Municipal Bank Ltd. ("Municipal Bank"; in its former name: Dexia Bank) is to be merged with and within Mercantile Discount Bank Ltd. ("MDB"), a wholly-owned subsidiary of the Bank, the Bank is pleased to report the following:

For the purpose of fulfilling the conditions prescribed in the Competition Authority's confirmation and fulfillment of the rest of the conditions precedent, as prescribed in the Merger Agreement, the parties have agreed to extend the validity of the Merger Agreement for a further period of three months, subject to the approval of Municipal Bank's general meeting, whereby the final date for fulfilling the conditions precedent, as prescribed in the Merger Agreement, will be December 1, 2019 ("the Second Extension Period"), instead of September 1, 2019.

With respect to the Second Extension Period, that runs from September 1, 2019 through the date of closing the transaction, an additional amount of NIS 4.5 million will be paid, or a proportional part thereof, provided that the amount of the entire consideration will not be less than NIS 691 million.



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The extension of the agreement's validity was drawn up in light of the parties' assessment that progress had been made toward completing and fulfilling the aforesaid conditions precedent and it is required, inter alia, in order to complete the sale of part of the credit portfolio, subsequent to the Competition Commissioner – on August 22, 2019 – having approved one of Israel's banking corporations to be a potential purchaser of the credit portfolio and also having approved the scope and composition of the credit portfolio that is expected to be acquired by said purchaser, with this being further to and in conformance with the Competition Authority's confirmation and based on information furnished to it.

Closure of the transaction for the sale of the credit portfolio to the purchaser whose identity has been approved is a precondition to commencing the execution of the merger and is subject, inter alia, to the signing of the credit portfolio sale agreement and also to approvals from the purchaser's competent authorities, which – to date – have not yet been received and whose receipt is not certain. Moreover, the closure of the merger transaction is subject to the fulfillment of additional conditions precedent, some of which are not under the control of the Bank or of MDB. Accordingly, there is no certainty that the merger transaction will be closed.