

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

T081 (Public)

Magna transmission date: November 27, 2019
Reference No.: 2019-01-115441

Immediate Report Regarding Distribution of a Cash Dividend on Securities **Regulation 37(a) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970**

1. We hereby report that on *November 26, 2019* it was resolved to pay a dividend on the securities of the Company:
2. The amount of the dividend to be paid is: *NIS 64,050,000* _____
3. The Corporation's balance of profits, as defined in Section 302 of the Companies Law, 5759-1999, following the distribution that is the subject of this report, amount to: *NIS 13,768,950,000* _____
4. Dividend distribution approval process

Approved by the Bank's Board of Directors on November 26, 2019

Is the above distribution with the approval of the Court pursuant to Section 303 of the Companies Law? *No*

5. Record date ("cum-dividend" date): *December 5, 2019*

Ex-dividend date:

Payment date: *December 16, 2019*

6. Payment details:

- ☒ Dividend being distributed by an Israel resident company (for composition of the dividend's sources and the tax rates, see section 7A)
- ☐ Dividend being distributed by a real estate investment trust (for composition of the dividend's sources and the tax rates, see section 7C)

Registration Number of Entitled Security	Name of Security	Amount of Dividend Per Security	Currency of Dividend Amount	Payment Currency	Representative Exchange Rate for Payment Date	Individual Tax %	Corporate Tax %
691212	Discount A	0.05550250	NIS _____	NIS	_____	25	0

- ☐ Dividend being distributed by a foreign resident company (for the tax rates, see section 7B)

1	Registration Number of Security	Name of Security	Gross Amount Per Security	Currency of Amount	Overseas Tax %	Covenant Tax %	Individual Tax % – Balance Deductible in Israel%	Corporate Tax % – Balance Deductible in Israel
	_____	_____	_____	_____	_____	_____	_____	_____
			Amount for Payment in Israel Per Security	Payment Currency	Representative Exchange Rate for Payment Date		Individual Tax in Israel – Actual %	Corporate Tax in Israel – Actual %
			_____	_____	_____		_____	_____

Is the dividend amount per security final? *Yes*

The dividend amount per security is subject to changes due to _____

7. The rates of tax withholdings set forth below are for the purpose of the TASE members making the tax withholdings.

7A Composition of the sources of the dividend being distributed by an Israel resident company from shares and financial instruments, other than by a REIT fund.

	% of Dividend	Individuals	Corporate	Foreign Residents
Income liable to corporate tax	100	25%	0%	25%
Income originating overseas	0	25%	23%	25%
Income from approved/privileged enterprise	0	15%	15%	15%
Income from Irish privileged enterprise through 2013	0	15%	15%	4%
Income from Irish privileged enterprise from 2014	0	20%	20%	4%
Preferred income	0	20%	0%	20%
Income from tourism/agriculture approved enterprise	0	20%	20%	20%
Income from approved/privileged enterprise that has given a waiver notice	0	15%	0%	15%
Distribution classified as a capital gain	0	25%	23%	0%
Distribution by way of participation units	0	0	0	0
Other	0	0	0	0

7B Dividend being distributed by a foreign resident company

	Individuals	Companies	Foreign Residents
Dividend being distributed by a foreign resident company	25%	23%	0%

7C Dividend being distributed by a real estate investment trust

	% of Dividend	Individuals	Companies	Foreign Resident Companies	Exempt Mutual Fund	Provident Fund
Real estate betterment, capital gain and depreciation	_____	25%	23%	23%	0%	0%
Other taxable income (e.g., rent)	_____	47%	23%	23%	23%	0%
Income-producing real estate for housing rental purposes	_____	20%	20%	20%	0%	0%
Taxable income in the hands of the fund	_____	25%	0%	25%	0%	0%
Extraordinary income	_____	70%	70%	70%	60%	70%
Other	_____	_____	_____	_____	_____	_____
Weighted withholdings tax %	100%	_____	_____	_____	_____	_____

8. Number of dormant securities of the Corporation that are not entitled to a dividend payment and for which a letter should be furnished waiving receipt of the dividend payment: _____

9. Effect of the dividend distribution on convertible securities:

- ☒ The Company has no convertible securities
- ☐ The dividend distribution has no effect on the convertible securities.
- ☐ The effect of the dividend distribution on the convertible securities is as follows:

Name of Security	Registration Number of the Security	Remarks
_____	_____	_____

10. Recommendations and resolutions of the Board of Directors in connection with the dividend distribution in accordance with Regulation 37(a)(1) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970:

The resolution of the Board of Directors is presented in the appendix below:

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 Joseph Beressi, Senior Executive Vice President and Chief Accountant, and by Assaf Pasternak, Executive Vice President and Head of Financial Markets 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: 29/10/2019

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: 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.

Appendix to Immediate Report – Regulation 37(a)(1) of the Regulations

Disclosure in Relation to the Board of Directors' Decision to Distribute a Dividend in Accordance with Regulation 37(a)(1) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

- 1 On November 26, 2019, the Bank's Board of Directors approved a dividend distribution at the rate of 15% of the net profit for the third quarter of 2019.
- 2 The Bank's Board of Directors has determined that the dividend complies with the distribution criteria prescribed in the Companies Law, 5759-1999 (the profit test and the solvency test) and is in conformity with Directive 331 of the Proper Conduct of Banking Business Directives in connection with restrictions on making a dividend distribution.
- 3 Regarding compliance with the profit criterion – the balance of profits, according to the meaning of this term in Section 302 of the Companies Law, prior to the distribution, exceed the amount that is to be distributed and total NIS 13,833 million.
- 4 Regarding compliance with the solvency criterion and with regulations to which banking corporations are subject – the Board of Directors has examined the effect of the distribution on the capital structure, on the capital adequacy and the leverage and liquidity ratios, basing their examination, inter alia, on forecasts for the coming year in relation to the Bank's operating results in the year. Pursuant to said examination, the capital adequacy ratio and the leverage and liquidity ratios will not be lower than the ratios required. The Board of Directors has determined that the distribution complies with the terms prescribed in Proper Conduct of Banking Business Directive No. 331 (Dividend Distribution by a Banking Corporation) that the dividend distribution has no material effect on the Bank's financial position and that no concern exists that the dividend distribution will prevent the Bank from meeting its existing and expected obligations.
- 5 Based on the aforesaid and after holding a discussion on this topic, and in accordance with the dividend policy approved on December 26, 2017, the Board of Directors has approved the distribution of the aforesaid dividend in an amount of NIS 64.05 million.

The information presented above includes forward-looking information as this term is defined in the Securities Law, 5728-1968. The Bank's assessments regarding its operating results in the year immediately following the dividend distribution and the capital adequacy ratio and the leverage and liquidity ratios in this period, are based on an analysis of the Bank's cash flows, the Bank's existing obligations and scenarios that might negatively impact on its existing and anticipated liabilities. These assessments might not be realized, wholly or partly, or might be realized in a manner materially different than that expected, inter alia due to changes in market conditions, and the materialization of any of the risks set forth in the Board of Directors Report as of December 31, 2018.