

For the attention of:
Israel Securities Authority
22 Kanfei Nesharim Street
Jerusalem

For the attention of:
The Tel-Aviv Stock Exchange Ltd.
2 Ahuzat Bayit Street
Tel Aviv

Re. Immediate Report

The Bank hereby reports that, on August 26, 2020, the Bank's Board of Directors approved a retirement plan pursuant to which some 300 permanent employees, aged between 50 and 66, will be able to take early retirement under preferred terms and conditions.

The plan has increased the liability in the Bank's books by NIS 253 million (before the tax effect; this amount is in addition to the statutory severance pay and the surpluses from the previous plan).

The total cost of the retirement plan, including statutory severance pay, is estimated to amount to NIS 553 million (before the tax effect).

In accordance with the relief approved by the Banking Supervision Department, the costs of the plan have been eliminated in the capital adequacy calculations and will be amortized in instalments (on a quarterly, straight-line basis (5% per quarter), over a five-year period. The effect of the efficiency plan on the common equity Tier 1 ratio is 0.1%.

As assessed by the Bank's management, all the retirees will complete the retirement process prior to the end of 2020 and, accordingly, the amount of the settlement that will be charged to profit and loss in the second half of 2020 (including with respect to a previous retirement plan) will total NIS 210 million. The balance will be spread over the average duration of the liability that currently stands at 13 years, in accordance with the accounting principles applied by the Bank.

Forward looking information: the data presented above fall within the definition of forward-looking information, as this term is defined in the Securities Law, 5728-1968. The scope of the efficiency plan, as well as the effect on profit and loss and on the capital adequacy, during the period of the plan and subsequently, are dependent – inter alia – on the extent to which the employees accept the retirement proposal according to the terms and conditions of the plan, on completion of the retirement process prior to the end of 2020, on changes in the cap. rate used in the actuarial calculations and on other actuarial changes, and on the population characteristics of the retirees (length of service, gender and salary level). Accordingly, the actual effects of the retirement plan might be materially different from the data reported above.

Israel Discount Bank Ltd.

Joseph Beressi, Senior Executive Vice President
Chief Accountant

Barak Nardi, Executive Vice President
Head of Planning, Strategy and Finance
Division