



הודעה לעיתונות
PRESS RELEASE

Discount sells its entire holdings in KFS to Kardan

**Discount Capital Markets and Investments Ltd.
will sell its entire holdings in KFS for a total of
€38.5 million.**

In the light of developments in Eastern Europe, the Board of Directors of the Bank has decided to reduce exposure to these markets. Yesterday evening (Monday), the Board of Directors gave its approval for the sale by the fully-owned subsidiary, Discount Capital Markets and Investments Ltd. (DCM), of its entire holdings in KFS to Kardan, for the total of €38.5 million.

DCM's holdings in KFS are currently about 11% of the issued share capital of KFS.

The 11% stake was acquired on 31.12.07 for €55.6 million, and an agreement has been signed regarding the granting of credit.

Subject to the signing of the agreement, the proceeds will be paid to DCM as follows:
An amount of €30 million will be paid upon signing the agreement for the transfer of the shares sold to Kardan. The balance of €8.5 million will be paid no later than seven years from the date the agreement is signed.

Furthermore, the Board of Directors of the Bank approved an option agreement between DCM, KFS and Kardan, whereby Kardan will grant DCM an option to acquire from KFS, by way of allocation, up to 5% of the issued share capital of KFS. The exercise price of the option will be derived from the value of KFS of about €386 million with the addition of 5% per year which will accumulate starting from the third year from the date the agreement is signed. The option will be exercisable at any time during six years from the signing of the agreement, unless the above period becomes shorter by virtue of the shares of KFS being listed for trading or any other liquidity event (as defined in the option agreement).

The transaction is not dependent on any pending warranties whatsoever and its signing and completion are expected to be simultaneous.

Neither the outcome of the said transaction nor the loss expected to be incurred by it will require any change in the Bank's evaluation of its financial results for the fourth quarter of 2008, as stated in the immediate report submitted by the Bank on 1 March 2009.

לשכת הדוברת

רח' יהודה הלוי 23, תל אביב, 651136

BANK SPOKESPERSON

23rd YEHUDA HALEVI st. TEL-AVIV, 65136

Tel. 03-5145516 Fax. 03-5172614

SPOKES@DISCOUNTBANK.NET

WWW.DISCOUNTBANK.CO.IL

For immediate report

24.03.09