

March 29, 2022

## **ISRAEL DISCOUNT BANK LTD. (“the Bank”)**

### **SHELF OFFERING REPORT**

Under a shelf prospectus of the Bank dated June 17, 2020 (reference no.: 2020-01-062628) (“**the Shelf Prospectus**”), and in accordance with the provisions of the Securities Regulations (Shelf Offering of Securities), 2005, the Bank is hereby publishing a Shelf Offering Report for the issuance and listing of the securities set forth below (“**the Shelf Offering Report**”). In this Shelf Offering Report the meaning attributed to the terms referred to therein will be that given to them in the Shelf Prospectus, unless stated otherwise in the Shelf Offering Report.

#### 1. The Offered Securities

##### 1.1. Ordinary shares

Up to 79,532,400 registered ordinary shares of the Bank, each having a par value of NIS 0.1 (“**Ordinary Shares**” and/or “**the Offered Shares**” and/or “**the Shares Being Offered**” and/or “**the Offered Securities**” and/or the “**Securities Being Offered**”). The Offered Shares will rank pari passu with the existing ordinary shares in the Bank’s capital. For details of the rights associated with the ordinary shares of the Bank – refer to the provisions of the Bank’s articles of association, as published in the Bank’s immediate report dated August 8, 2017 (reference: 2017-01-081396) (“**the Articles**”).

1.2. Following their issuance, the (assuming that the entire aforementioned number of Offered Shares is purchased) will constitute 5.9009% of the number of the Bank’s issued shares and of the voting power at a general meeting of the shareholders.

1.3. As of the date of this report, the authorized share capital of the Bank is 2,605,150,000 registered ordinary shares, each having a par value of NIS 0.1 and the issued and paid-up capital of the Bank is 1,164,016,993 ordinary shares. Following the issuance pursuant to this Report (and assuming that the entire aforementioned number of Offered Shares is purchased, taking into consideration that stated in section 3 below), the issued and paid-up capital of the Bank will be 1,237,011,293 ordinary shares.

1.4. In accordance with the rules and bylaws of the Tel-Aviv Stock Exchange (“TASE”), the Shares Being Offered pursuant to this Shelf Offering Report will be registered in the Bank’s shareholders register in the name of Israel Discount Bank Nominees Ltd.

1.5. Presented below are details regarding the highest and lowest share price of the Bank’s shares in each of the years 2020 and 2021 and during the period from January 1, 2022 through March 28, 2022 (the data are presented in agurot per share (100 agurot = NIS 1) and are closing prices):

<b>Period</b>	<b>High Price</b>	<b>High Price</b>	<b>Low Price</b>	<b>Low Price</b>
	<u><b>Date</b></u>	<u><b>Price</b></u>	<u><b>Date</b></u>	<u><b>Price</b></u>
<b>2020</b>	02.01.2020	1,610	22.03.2020	888
<b>2021</b>	30.12.2021	2,094	06.01.2021	1,220
<b>2022</b>	13.01.2022	2,326	13.03.2022	1,889

## **2. Manner of Offering the Securities (Auction No. 6910178)**

2.1. The Securities Being Offered to the public pursuant to this Report are to be offered in units, as set forth below (“the Units”), by means of a uniform offering as defined in the Securities Regulations (Manner of Offering Securities to the Public), 2007 (“the Manner of the Offering Regulations”), in 795,324 Units by way of an auction on the price of a Unit (“the Auction”), with the composition of a unit and its price being as follows:

100 Ordinary Shares at a minimum price of NIS 19.52 per share	NIS 1,952
	=====
Total minimum Unit price	NIS 1,952

The Unit price to be set in the Auction will not be less than t NIS 1,952 per (“the Minimum Price”).

Notwithstanding the aforesaid, if it should be the case that – within the framework of the issuance of the Securities Being Offered pursuant to this Shelf Offering Report – the total demand is greater than 729,943 Units (“the Amount Offered to the Public”) (the aforementioned difference will be referred to hereafter as: “the Excess Amount”), then the following provisions will apply: (a)

within the framework of reporting the results of the issuance, the Bank will announce the quantity of the Excess Amount and the quantity of the issuance that the Bank intends to issue within the framework of the issuance pursuant to the Shelf Offering Report; (b) no issuance of shares will be made to the public in the quantity of the Excess Amount (alone) and no money will be collected from the subscribers for the Excess Amount (alone); The allocation to the subscribers whose bids were accepted in the public Auction, in accordance with section 2.5 below, will be performed (pro rata) at the ratio between the quantity allocated to the public, as decided by the Bank, and the lower of (1) the quantity offered pursuant to the Shelf Offering Report, or (2) the quantity of the bids for the shares actually received. For example, if – within the framework of the public Auction – bids reflecting 795,324 Units were received, then, in light of the Bank’s decision to raise a total quantity of 729,943 Units, each subscriber whose bid was accepted according to the results of the Auction held in conformance with the provisions of section 2.5 below would be allocated 91% of the total allocation according to the results of the Auction –  $795,324/729,943$ .

## 2.2. The subscriptions list

The subscriptions list for purchasing the Units will open on Tuesday, March 29, 2022 at 11:30 a.m. (“**the Auction Opening Time**”) and will close on Tuesday, March 29, 2022 at 6:30 p.m. (“**the Subscriptions List Closing Time**”), provided that the Subscriptions List Closing Time will not be shorter than a full seven hours, of which at least five will be trading hours, from the time of publishing the Shelf Offering Report. The period from the Auction Opening Time through the Subscriptions List Closing Time will be referred to hereafter as: “**the Auction Day**”.

## 2.3. The special account and the allocation of the Units

- 2.3.1. Shortly before to the Auction Date, the Issuance coordinator will open a special fiduciary account in the name of the Bank (“**the Special Account**”) and will furnish the authorized bid recipients with the details thereof. The Special Account will be used for the deposit of the money to be received from the subscribers of the Offered Securities.
- 2.3.2. The Special Account will be managed solely by the Issuance Coordinator in the name of the Bank and on its behalf, in accordance with the Securities Law,

1968 (“**the Securities Law**”). The money paid for the bids that the Bank accepts, in their entirety or partially, will be deposited in the Special Account.

The Bank will be entitled to construe the receipt of the proceeds for the Offered Securities as having been received by it.

2.3.3. Money accumulated in the Special Account will be invested by the Issuance Coordinator in unlinked liquid deposits, which bear daily interest, wherever possible.

2.3.4. The Issuance Coordinator will transfer to the Bank, not later than 12:00 noon on the trading day following the Auction Day, the balance of the money left in the Special Account, together with any income accrued thereon, this being in return for the transfer of certificates for the Offered Shares to the Tel-Aviv Stock Exchange Nominee Company Ltd and the crediting of the TASE member in accordance with the Issuance Coordinator’s instructions.

#### 2.4. Submission of bids and the Auction proceedings

2.4.1. The bids for purchasing Units in the Auction (“**the Bids**”) are to be submitted to the Bank, via Israel Discount Bank Ltd., 38 Yehuda Halevi Street, Tel Aviv (“**the Issuance Coordinator**”) or via bank branches or other TASE members (“**the Authorized Bid Recipients**”), not later than the Subscriptions List Closing Time, using the forms that can be obtained from the Authorized Bid Recipients.

2.4.2. Every Bid submitted to an Authorized Bid Recipient on the Auction Day will be treated as having been submitted on that day if received by the Authorized Bid Recipient by the Subscriptions List Closing Time, provided that it is sent to the Issuance Coordinator by the Authorized Bid Recipient, and is received by the Issuance Coordinator, within one hour from the Subscriptions List Closing Time (viz. by 7:30 p.m.) (“**the Latest Time for Submission to the Coordinator**”). A Bid that is received by an Authorized Bid Recipient after the Subscriptions List Closing Time or that is received by the Issuance Coordinator after the Latest Time for Submission to the Coordinator, will not be accepted by the Bank.

2.4.3. Each bidder may submit up to three bids at different Unit prices, which will not be less than the Minimum Price and which will be denoted in steps of NIS 1.00, such that the initial step at which a Bid for the purchase of Units can be submitted

will be at a price of NIS 1,952, and the subscription price of Units thereafter will be NIS 1,953, NIS 1,954, NIS 1,955 and so forth. A Bid denoted at a price that does not correspond to one of the price steps, will be rounded down to the next price step.

- 2.4.4. In his Bid, each bidder will state the number of Units that he seeks to purchase, as well as the Unit price that he is offering, which will not be less than the Minimum Price. If the Unit price in a submitted Bid is lower than the Minimum Price, the Bid will be invalid and will be treated as not having been submitted.
- 2.4.5. Bids for the purchase of Units may only be submitted for whole units. A Bid submitted for any fraction of a Unit will be deemed to be a Bid only for the number of whole Units included in such Bid, and any fraction of a Unit included in the Bid will be deemed to never have been included therein. A Bid in which the number of Units included in such bid is less than one Unit will not be accepted.
- 2.4.6. Bids for the purchase of the Units are irrevocable. Every bid will be deemed to be an irrevocable undertaking on the part of the bidder to accept the Offered Securities allocated to him as a result of full or partial acceptance of his Bid and as an undertaking to pay to the Issuance Coordinator the full consideration, in accordance with the terms of the Shelf Prospectus and the Shelf Offering Report, for the Securities allocated to him following acceptance of his Bid, in accordance with the terms of the Shelf Prospectus and the Shelf Offering Report.
- 2.4.7. The Authorized Bid Recipients will be responsible and obligated to the Bank and to the Issuance Coordinator for the full payment of the proceeds due to the Bank for the Bids submitted through them, in their entirety or partially.
- 2.4.8. A “bidder” or “subscriber” – together with a member of his family living with him.
- 2.4.9. Transfer of the Bids by the Authorized Bid Recipients to the Issuance Coordinator will be done by means of digitally transmitting the Bids to the Issuance Coordinator using a virtual safe. Bids submitted directly to the Issuance Coordinator, rather than via the digital safe, will be sent in a sealed envelope. On the Auction Day after the Latest Time for Submission to the Coordinator, the Bids in the safe will be opened, including those Bids that were submitted directly to the Issuance Coordinator, in the presence of a representative of the Bank and its

auditors, who will supervise compliance with Auction proceedings and at the same time the Auction results will be processed and summed up.

2.4.10. By 10 a.m. on the first trading day after the Auction Day, a notice will be provided by the Issuance Coordinator, through the Authorized Bid Recipients, to bidders whose bids were accepted, in full or in part. The notice will state the Unit price, as set in the auction, the number of Units allocated to each subscriber and the consideration payable by them for said Units. Upon receiving the notice, and on the same day by 12:30 p.m., the bidders will transfer to the Issuance Coordinator, via the Authorized Bid Recipients, to the Special Account, as stated in section 2.3 above, the full consideration due from them for the Units with respect to which their subscription was accepted as specified in the notice.

2.4.11. By the first trading day after the Auction Day, the Bank will announce the results of the Auction in an immediate report to the Securities Authority and to TASE.

2.5. Manner of determining the Unit price in the auction and the allocation of the Units to the bidders

2.5.1. All the Units for which purchase Bids are accepted will be issued at a uniform price (“**the Uniform Price**”), which will be the highest price at which the Bids to purchase Units at this price, together with Bids submitted for the purchase of Units at prices higher than this, are sufficient to allocate all the Units Being Offered to the public pursuant to this Shelf Offering Report.

2.5.2. The allocation of the Units Being Offered to the public will be performed as follows:

2.5.2.1. Should the total number of Units in the Bids received be less than the minimum quantity, then the Bank will be entitled to accept the Bids received at a price that does not exceed the Minimum Price.

Should the total number of Units in the Bids received be equal to or exceed the minimum quantity, then the Uniform Price per Unit will be the highest price therein or at prices higher than this, when Bids have been submitted for the purchase of the whole quantity of Units that the Bank has decided to issue.

2.5.2.2. Should the total number of Units covered by the Bids received be equal to or exceed the number of Units being offered to the public, then the allocation of the Units being offered will be performed as follows:

- a. Bids that denote a price higher than the Uniform Price will be accepted in full.
- b. Bids that denote a price lower than the Uniform Price will not be accepted.
- c. Bids that denote the Uniform Price will be accepted pro rata, whereby every bidder will receive – from the total offered Units left for distribution after the Bids that denote a price higher than the Uniform Price have been accepted – a portion equal to the ratio between the number of Units subscribed for in the Bid that denoted the Uniform Price and the total number of Units included in all the Bids submitted to the Bank that denoted the Uniform Price.

2.5.2.3. If fractions of Units are generated in the allocation pursuant to acceptance in the Auction, as referred to above, such fractions will be rounded off, wherever possible, to the nearest whole Unit. Surplus Units remaining as a result of the aforesaid rounding off will be purchased by the Issuance Coordinator at the Uniform Price.

2.5.2.4. Every bidder will be deemed as having undertaken in his Bid to purchase all the Units to be allocated to him as a result of the full or partial acceptance of his Bid, in accordance with the principles set forth above.

In the event of the Auction being cancelled, the Units will not be issued, the Offered Securities will not be listed on TASE and money will not be collected from the investors.

### 3. Qualified Investors

- 3.1. Included within the Units Being Offered to the public, with regard to 729,943 Units, constituting 91% of the total Units Being Offered to the public, advance commitments for their purchase have been received from Qualified Investors, as defined in section 1 of the Manner of the Offering Regulations<sup>1</sup>, whose names are

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<sup>1</sup> “Qualified Investor” – One of the following: (1) a portfolio manager, as defined in Section 8(b) of the Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law, 1995, making discretionary purchases on behalf of a client; (2) a corporation that is wholly owned by one or more Qualified Investors, making purchases for itself or for one or more Qualified Investors, making purchases for themselves or for another Qualified Investor; (3) an investor appointed under Section 15A(b)(2) of the Securities Law, 1968 (“the Law”); (4) an investor appointed under Clauses (1) through (9) or (11) of the First Schedule of the Law,

set forth below, whereby the Qualified Investors will submit bids in the Auction for the purchase of Units at the Unit price and in the quantities set forth in section 3.4 below.

- 3.2. In this section 3, “**oversubscription**” – the ratio between the number of securities for which bids have been submitted at the Unit price, set in the Units Auction, and the number remaining for distribution, as defined below, provided that this is more than one.

The “**number remaining for distribution**” – the number of securities offered in this Shelf Offering Report, after deducting therefrom the number of securities for which bids have been submitted at a Unit price that is higher than the Unit price set for an the Unit.

In accordance with the Manner of the Offering Regulations, in the event of oversubscription, the allocation to Qualified Investors will be as follows:

Where the oversubscription is up to five (5) times (inclusive) the number of Units offered to the public, each Qualified Investor will be allocated 100% of the number of Units that it committed to purchase.

Where the oversubscription is more than five (5) times the number of Units offered to the public, each Qualified Investor will be allocated 50% of the number of Units that it committed to purchase.

- 3.3. If the number of securities remaining for distribution is insufficient to make the aforesaid allocation, the number remaining for allocation, as defined above, will be allocated to the Qualified Investors in the proportion that each advance commitment bears to the total advance commitments submitted at the same price.
- 3.4. Bids from Qualified Investors will be submitted within the framework of the Auction and will be treated as Bids submitted by the public for the purpose of determining the Unit price and for the purpose of distributing the Units, subject to the provisions of subsection 3.1 above in an “oversubscription” situation. Where there is no oversubscription, Bids from the Qualified Investors will be treated as Bids from the public for the purpose of distributing the Units. The units will be sold



to the Qualified Investors at a Unit price that is identical to the public's A Unit price set at the auction and/or at a price identical to the public's Unit price, as set at the Auction.

3.5. Each of the Qualified Investors listed below has committed, under an advance commitment for the purchase of the Offered Securities pursuant to this Shelf Offering Report, to submit Bids for the purchase of Units at a Unit price that will not be less than the Unit price set forth below:

<b>Name of the Qualified Investor</b>	<b>How is the Definition of Qualified Investor Met</b>	<b>Price</b>	<b>Number of Units</b>
Arbitrage Global LP	Corporation with capital of NIS 50 M	2,051	2,500
Arbitrage Global LP	Corporation with capital of NIS 50 M	2,011	1,000
Arbitrage Global LP	Corporation with capital of NIS 50 M	1,970	1,000
EJS (Galatee Holdings)	Corporation with capital of NIS 50 M	2,100	750
Hazavim Bond LP	Corporation with capital of NIS 50 M	2,080	408
Hazavim Bond LP	Corporation with capital of NIS 50 M	2,080	2,403
Milestone Capital (ERGS) LP	Corporation with capital of NIS 50 M	2,069	1,500
Shera Master Fund LP	Corporation with capital of NIS 50 M	2,100	14,250
Vertical Long LP	Corporation with capital of NIS 50 M	2,020	2,500
Vertical LP	Corporation with capital of NIS 50 M	2,050	1,800
A-to-Z Finance Ltd.	Corporation with capital of NIS 50 M	2,048	13,340
A-to-Z Finance Ltd.	Corporation with capital of NIS 50 M	1,981	515
A-to-Z Finance Ltd.	Corporation with capital of NIS 50 M	1,975	515
A.S. Bartman Investments Ltd.	Underwriter / Distributor	1,991	1,500
A.S. Bartman Investments Ltd.	Underwriter / Distributor	1,981	1,500
A.S. Bartman Investments Ltd.	Underwriter / Distributor	1,971	2,050

<b>Name of the Qualified Investor</b>	<b>How is the Definition of Qualified Investor Met</b>	<b>Price</b>	<b>Number of Units</b>
Orcom Strategies Ltd.	Corporation with capital of NIS 50 M	2,070	7,600
Orcom Strategies Ltd.	Corporation with capital of NIS 50 M	2,020	6,150
Orcom Strategies Ltd.	Corporation with capital of NIS 50 M	1,975	2,450
Ayalon Mutual Funds Ltd.	Mutual Fund	2,045	1,750
Ayalon Mutual Funds Ltd.	Mutual Fund	2,010	2,000
Interactive Israel Capital Markets Ltd.	Portfolio Manager	2,222	2,800
Interactive Israel Capital Markets Ltd.	Portfolio Manager	1,998	1,200
Eldan Electronic Instruments Ltd.	Corporation with capital of NIS 50 M	1,985	12,850
Aloha Global Opportunities LP	Corporation with capital of NIS 50 M	2,150	2,350
Aloha Global Opportunities LP	Corporation with capital of NIS 50 M	2,010	500
Aloha Global Opportunities LP	Corporation with capital of NIS 50 M	1,963	3,000
Altshuler Shaham Provident & Pension Ltd.	Provident Fund / Pension Fund	1,993	116,500
Altshuler Shaham Provident & Pension Ltd.	Provident Fund / Pension Fund	1,952	116,500
Altshuler Shaham Mutual Funds Management Ltd.	Mutual Fund	1,985	7,090
Altshuler Shaham Investment Portfolio Management Ltd.	Portfolio Manager	1,993	3,600
Altshuler Shaham Investment Portfolio Management Ltd.	Portfolio Manager	1,952	3,600
Altshuler Shaham Netz LP	Corporation with capital of NIS 50 M	1,970	480
Altshuler Shaham Netz LP	Corporation with capital of NIS 50 M	1,961	500
Ametrine 2 LP	Corporation with capital of NIS 50 M	2,150	4,050
Ametrine 2 LP	Corporation with capital of NIS 50 M	2,050	1,750
Ametrine 2 LP	Corporation with capital of NIS 50 M	1,982	850

<b>Name of the Qualified Investor</b>	<b>How is the Definition of Qualified Investor Met</b>	<b>Price</b>	<b>Number of Units</b>
Ametrine LP	Corporation with capital of NIS 50 M	2,150	6,000
Ametrine LP	Corporation with capital of NIS 50 M	1,982	750
Epsilon Mutual Funds Management (1991) Ltd. *	Mutual Fund	1,960	1,720
Barometer Investment Management Ltd.	Portfolio Manager	2,028	3,013
Barak Capital Investments 2006 Ltd.	Corporation with capital of NIS 50 M	2,100	1,200
Barak Capital Investments 2006 Ltd.	Corporation with capital of NIS 50 M	2,000	500
Giro Hedge Fund LP	Corporation with capital of NIS 50 M	2,250	500
Giro Hedge Fund LP	Corporation with capital of NIS 50 M	1,985	1,000
Genus Ltd.	Corporation with capital of NIS 50 M	2,100	5,000
Genus Ltd.	Corporation with capital of NIS 50 M	2,065	6,800
Danbar Finance Ltd.	Corporation with capital of NIS 50 M	2,016	403
Harel Insurance Equities Basket and Beta Basket	Provident Fund / Pension Fund	2,010	14,925
Harel Finance Asset Management Ltd. – in the name of Harel Provident & Pension	Portfolio Manager	2,041	7,800
Harel Mutual Funds Ltd.	Mutual Fund	2,041	11,420
Hazavim LP	Corporation with capital of NIS 50 M	2,080	2,403
Total Opportunity LP	Corporation with capital of NIS 50 M	2,061	12,500
Total Opportunity LP	Corporation with capital of NIS 50 M	2,055	10,000
Total Equity LP	Corporation with capital of NIS 50 M	2,061	10,000
Total Equity LP	Corporation with capital of NIS 50 M	2,055	5,000

<b>Name of the Qualified Investor</b>	<b>How is the Definition of Qualified Investor Met</b>	<b>Price</b>	<b>Number of Units</b>
Yelin-Lapidot Provident Funds Management Ltd.	Provident Fund / Pension Fund	1,972	15,000
Yelin-Lapidot Investment Portfolio Management Ltd. – Best Invest	Portfolio Manager	1,972	1,100
Clal Insurance Company Ltd. – Nostro	Insurance Company	2,065	7,914
Clal Insurance Company Ltd. – for institutional investors under its control	Insurance Company	2,002	46,101
LZ Ashlag Finance Ltd.	Corporation with capital of NIS 50 M	2,035	3,300
M.S.A. - Cargo, Conveyance & Packaging Ltd.	Corporation with capital of NIS 50 M	1,990	1,500
Masterplan Delta Opportunities LP	Corporation with capital of NIS 50 M	2,080	408
Migdal Israel Equities Basket	Provident Fund / Pension Fund	2,003	24,000
Migdal Mutual Funds Ltd.	Mutual Fund	2,200	4,418
Mor Provident & Pension Ltd.	Provident Fund / Pension Fund	2,106	9,500
Mor Provident & Pension Ltd.	Provident Fund / Pension Fund	2,003	14,980
Mor Provident & Pension Ltd.	Provident Fund / Pension Fund	1,962	15,295
Mahog Ltd.	Provident Fund / Pension Fund	1,972	520
Meitav Dash Provident & Pension Ltd.	Provident Fund / Pension Fund	2,075	12,000
Sigma Mutual Funds Ltd.	Mutual Fund	2,069	820
Members of the Old Pension Funds	Provident Fund / Pension Fund	2,030	25,000
Fidelity Venture Fund Ltd.	Corporation with capital of NIS 50 M	2,010	550
Pioneer Financial Planning (92) Ltd.	Portfolio Manager	2,000	600
Psagot Mutual Funds Ltd.	Mutual Fund	2,026	2,461
Proxima Investment Management Ltd.	Portfolio Manager	2,200	10,800
Proxima Investment Management Ltd.	Portfolio Manager	1,966	2,504
Clover Alpha LP	Corporation with capital of NIS 50 M	1,981	1,500

<b>Name of the Qualified Investor</b>	<b>How is the Definition of Qualified Investor Met</b>	<b>Price</b>	<b>Number of Units</b>
Clover Alpha LP	Corporation with capital of NIS 50 M	1,961	1,500
Butterfly Field Fund LP	Corporation with capital of NIS 50 M	2,080	408
Masterplan Hedge Fund LP	Corporation with capital of NIS 50 M	2,080	1,923
Colibri Fund LP	Corporation with capital of NIS 50 M	1,961	1,500
R.I.L. Spirit Investment Management Ltd.	Corporation with capital of NIS 50 M	2,071	23,000
R.I.L. Spirit Investment Management Ltd.	Corporation with capital of NIS 50 M	1,961	2,500
Partnership – Israel Equities – The Phoenix Members	Provident Fund / Pension Fund	1,985	10,075
Partnership – Israel Equities – The Phoenix Members	Provident Fund / Pension Fund	1,970	5,076
Stock Exchange Services and Investments in Israel I.B.I. Ltd	TASE Member	2,200	10,000
Stock Exchange Services and Investments in Israel I.B.I. Ltd	TASE Member	2,100	5,000
Stock Exchange Services and Investments in Israel I.B.I. Ltd	TASE Member	1,960	15,306
Shekef MAOF Investments Ltd.	Portfolio Manager	2,051	2,300
Shekef MAOF Investments Ltd.	Portfolio Manager	2,030	1,939
Shekef MAOF Investments Ltd.	Portfolio Manager	2,010	400
TOM Holdings Ltd.	Corporation with capital of NIS 50 M	1,990	1,510
Tachlit Composite Structures Ltd.	Corporation with capital of NIS 50 M	2,040	700
Tachlit Composite Structures Ltd.	Corporation with capital of NIS 50 M	1,960	500
		<b>Total</b>	<b>729,943</b>

\* Corporation under the control of the controlling shareholder of Epsilon Underwriting & Issuing Ltd., which is one of the issuance's distributors.

The commitments of the Qualified Investors described in section 3.4 above are collectively referred to in this section below as: “**Advance Commitments**”.

- 3.6. Receipt of Advance Commitments from the Qualified Investors prior to publication of this Shelf Offering Report was done in accordance with the rules prescribed in the Manner of the Offering Regulations.
- 3.7. The Qualified Investors may subscribe for Units in a number greater than that denoted in their Advance Commitment; however, the surplus Units subscribed for will not be treated as subscriptions from the Qualified Investors for the purpose of this Shelf Offering Report, but – for all intents and purposes – as Bids submitted by the public.
- 3.8. The consideration to be paid by the Qualified Investors will be transferred to the Issuance Coordinator via the TASE members on the first trading day after the date of the Auction, by 12 noon, and will be deposited by the Issuance Coordinator in the Special Account, as defined above.
- 3.9. The Qualified Investors will be entitled to an Advance Commitment commission at a rate of 2% of the total consideration calculated according to the Minimum Price, with respect to the Units, in relation to which the Qualified Investors have committed to submit subscriptions.
- 3.10. On the Auction Day, a Qualified Investor may raise the Unit price denoted in the Advance Commitment referred to above (in steps of NIS 1.0), by delivering a written notice to the Issuance Coordinator, which the latter is to receive by the Subscriptions List Closing Time.

#### 4. **Terms of the Offered Securities**

The Shares Being Offered pursuant to this Shelf Offering Report will rank, for all intents and purposes, *pari passu* with the Bank's existing ordinary shares of NIS 0.1 par value in the issued share capital of the Bank at the Shelf Offering Report date, including entitling their owners to any dividend and any other distribution, the record date for entitlement to which is at the allocation date of such Shares or thereafter.

#### 5. **Taxation**

**As is usual when taking decisions concerning investing money, it is necessary to consider the tax implications associated with the Securities Being Offered pursuant to this Shelf Offering Report. The aforesaid and that stated in the Shelf**

**Prospectus do not purport to constitute an authoritative interpretation of the provisions of any law or a any kind of description of the tax provisions relating to the Securities Being Offered in the Shelf Offering Report and does not purport to be a substitute for professional advice on this matter, in accordance with the unique data of each investor. Moreover, that stated in the Shelf Prospectus reflects the statutory provisions that existed at the time of the Shelf Prospectus and could now be different from when the Shelf Prospectus was written and could also change in the future. It is recommended that every party wishing to purchase securities pursuant to this Shelf Offering Report avails himself of professional advice in order to clarify the tax outcomes applicable to him, paying attention to his special circumstances.**

On July 25, 2005, the Knesset passed the Income Tax Ordinance (Amendment No. 147), 2005 (“**the Amendment**”). The Amendment made a major change to the Income Tax Ordinance (New Version), 1961 (“**the Ordinance**”) in relation to the taxation of securities traded on TASE. Also, at the time of publishing this Shelf Offering Report, all the new regulations expected to be published as a result of the Amendment have not yet been published. In addition, at the time of publishing this Shelf Offering Report, no accepted practice yet exists with regard to some of the Amendment’s provisions nor have judicial decisions been made that interpret the new tax provisions in the Amendment. Moreover, on December 28, 2008, the Knesset passed Amendment No. 169 to the Ordinance, which was published in the Official Gazette on December 31, 2008 (and went into effect on January 1, 2009) and which introduced further changes in relation to the taxation of securities.

On December 6, 2011, the Change in the Tax Burden Law (Legislative Amendments), 2011 (“**the Change in the Tax Burden Law**”) was published in the Official Gazette. Among the provisions prescribed in the Change in the Tax Burden Law, which went into effect in 2012, was the raising of the tax rates on income in the hands of individuals with respect to capital gains, interest and dividends; the tax rates were raised from 20% to 25% and, for material shareholders<sup>2</sup>, from 25% to 30%.

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<sup>2</sup> An individual who holds, directly or indirectly, alone or together with another (as this term is defined in Section 88 of the Ordinance), at least 10% of one or more of any of the means of control (as this term is defined in Section 88 of the Ordinance) in a company, at the time of selling the security or at any time during the 12 months preceding the aforesaid sale.

On August 6, 2012, the Knesset passed Amendment No. 195 to the Ordinance, which was published in the Official Gazette on August 13, 2012 (and went into effect on January 1, 2013). Within the framework of this amendment, Section 121B was added to the Ordinance; this section prescribes that, with effect from 2013, an individual is liable to additional tax on that part of his chargeable income that exceeds the amount stated in the section. On December 22, 2016, the Knesset passed the Economic Efficiency Law (Legislative Amendments to Implement the Economic Policy for the 2017 and 2018 Budget Years), 2016 (“**the 2017-2018 Arrangements Law**”), which was published in the Official Gazette on December 29, 2016 and which included amendments on numerous and diverse topics in the taxation field, along among which was a reduction in the tax rate for individuals prescribed in Section 121 of the Ordinance – from a rate of 48% in the 2016 tax year to a rate of 47% in the 2017 tax year and thereafter. It was also prescribed that a surtax of 3% would be imposed on an individual’s chargeable income in excess of NIS 663,240 (this amount is updated every year in accordance with the rise in the consumer price index; as of 2022, the amount is NIS 663,240) (“**Surtax**”). Chargeable income includes all types of income, including income from capital gains and real estate betterment (chargeable income from the sale of a real estate right in residential housing will be included only if its sale value in the 2022 tax year exceeds NIS 4,911,175 (and the sale is not exempt from tax under any law)), apart from the inflation rate amount as defined in Section 88 of the Ordinance and the inflationary amount as defined in Section 47 of the Real Estate Taxation Law.

The 2017-2018 Arrangements Law also reduced the corporate tax rate prescribed in Section 126(a) of the Ordinance, by 1% (to 24%) with effect from January 1, 2017 and by a further 1% (to 23%) with effect from January 1, 2018.

It should be clarified that the description below relates to the way that Israel-resident investors are taxed. It should be noted that the tax implications in relation to “an individual who was first an Israel resident” and “a veteran returning resident”, as these are defined in the Ordinance, might be different from those described below and it is suggested that such residents seek pertinent advice in order to examine their entitlement to tax benefits in Israel. It should also be noted that other tax implications might apply investors that are treated as “controlling shareholders” or as “material shareholders”, as defined in the Ordinance, in addition to those described below.



In addition, the remarks presented below with regard to the taxation of a foreign-resident body of persons is qualified in the event of Israel residents being the controlling shareholders thereof or benefiting from or having the right to 25% or more of the income or profits of a foreign resident, directly or indirectly, in accordance with the provisions of Section 68A of the Ordinance.

Under the law as it exists today, the tax arrangements that apply to the Securities Being Offered to the public pursuant to this Shelf Offering Report are described in the following summary:

#### 5.1. Capital gain from the sale of the Offered Securities

According to Section 91 of the Income Tax Ordinance, a real capital gain<sup>3</sup> from the sale of securities by an Israel-resident individual is liable to tax at the individual's marginal tax rate in accordance with Section 121 of the Ordinance, but not at a rate higher than twenty five percent (25%), and the capital gain will be deemed the highest rung on the chargeable income ladder, provided that the income from the sale of securities does not constitute income from a business in his hands and that no financing expenses are claimed. This will be the case, other than with regard to the sale of securities by an individual who is "a material shareholder" in a bank – viz., who holds, directly or indirectly, alone or together with another<sup>4</sup>, at least ten percent (10%) of one or more of any of the means of control<sup>5</sup> of the bank at the time of selling the security or at any time during the 12 months preceding the aforesaid sale, when the tax rate with regard to a real capital gain in his hands will be at a rate not higher than thirty percent (30%). Notwithstanding the aforesaid, an individual, who had claimed a deduction of real interest expenses and linkage differentials with respect to securities, would have been taxed on the capital gain from the sale of the securities at a tax rate of thirty percent (30%) prior to provisions and conditions for the deduction of real interest expenses and linkage differentials being prescribed under Sections 11A(a)9 or 101A(b) of the Ordinance. The aforementioned reduced tax rate will not apply with regard to an individual where the income in his hands from the sale of the securities is classed as income from a "business" or a "vocation",

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<sup>3</sup> As this term is defined in Section 88 of the Ordinance.

<sup>4</sup> As this term is defined in Section 88 of the Ordinance.

<sup>5</sup> As this term is defined in Section 88 of the Ordinance.

in accordance with the provisions of Section 2(1) of the Ordinance and will be taxable at his marginal tax rate as prescribed in Section 121 of the Ordinance. In addition, as described in the explanation above, an individual whose chargeable income in the 2022 tax year exceeds the amount of NIS 663,240 will be liable to surtax at the rate of 3% on that part of his chargeable income that exceeds the aforesaid amount.

A body of persons will be liable to tax on a real capital gain from the sale of securities at the corporate tax rate prescribed in Section 126(a) of the Ordinance.

With regard to determining the fair values of the Offered Securities being assumed, see section 5.4 below.

Usually, foreign residents (individuals and a body of persons), as defined in the Ordinance, are exempt from tax on the capital gain from the sale of securities traded on a stock exchange in Israel if the gain does not relate to a permanent enterprise of the foreign residents in Israel, subject to the provisions of Section 97(b2) of the Ordinance. This exemption will not apply to a foreign-resident company if Israel residents are the controlling shareholders<sup>6</sup> thereof or benefit from or have the right to 25% or more of the income or profits of a foreign resident, directly or indirectly, in accordance with the provisions of Section 68A of the Ordinance. In the event of the aforesaid exemption not being applicable, the provisions of a tax treaty (should one exist) between Israel and the country of the foreign resident's domicile might apply.

An exempt mutual fund will be exempt from tax with respect to the capital gain from the sale of securities as aforesaid. Provident funds and entities that are exempt from tax under Section 9(2) of the Ordinance are exempt from tax with respect to capital gains from the sale of securities as aforesaid, if the terms prescribed in the section are fulfilled. A liable mutual fund's income from the sale of securities will be subject to the tax rate that applies to the income of an individual whose income in his hands does not constitute income from a "business" or "vocation", unless it is specifically prescribed otherwise in the law. If no special tax rate is prescribed for the income, the income will be taxed at the maximum tax rate set in Section 121 of the Ordinance. In accordance with the provisions of Section 94B of the Ordinance and subject to the

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<sup>6</sup> "Controlling shareholder" – shareholders who hold, directly or indirectly, alone, together with another, or together with another Israel resident, one or more of the means of control at the rate in excess of 25%.

conditions prescribed in the section, the seller of a share – that is a company or an individual who was a material shareholder in the company at the time of the sale or at any time during the 12 months preceding the sale – can request that the tax rate on that part of the real capital gain that is equal to the profits available for distribution<sup>7</sup>, as the ratio between the seller's portion in the right conferred by the share to the company's profits and the total rights to the company's profits, be the tax rate that would apply to them were they to have been received as a dividend immediately prior to the sale, in accordance with Sections 125B and 126(b) of the Ordinance, as the case may be.

With regard to the tax withholdings from the real capital gain on the sale of the Securities Being Offered pursuant to this Shelf Offering Report, in accordance with the Income Tax Regulations (Deduction from a Consideration, Payment or Capital Gain on the Sale of a Security, on the Sale of a Mutual Fund Unit or in a Futures Transaction), 2002 (“**the Capital Gain Deduction Regulations**”), an assessee (as this term is defined in the Capital Gain Deduction Regulations), who pays consideration to the seller on the sale of the securities, is to withhold tax at the rate of twenty five percent (25%) from the real capital gain when the seller is an individual, and at the corporate tax rate set in Section 126(a) of the Ordinance from the real capital gain or the payment, as the case may be, when the seller is a body of persons.

The aforesaid withholding rates could be reduced in instances where valid withholdings tax (exemptions or reduced rate) certifications issued by the Israel Tax Authority are furnished and are also taken into account in setting off the losses that the withholder is permitted to make.

In addition, withholdings tax is not deducted from a payment to provident funds, mutual funds and other entities that are exempt from the deduction of withholdings tax pursuant to the law, which are specified in the Income Tax Regulations (Deduction from Interest, Dividends and Certain Gains), 2005 (“**the Deduction from Dividends and Interest Regulations**”), this being subject to the provision of suitable certifications that are to be furnished by them in advance.

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<sup>7</sup> As these are defined in Section 94B of the Ordinance.

Usually, if the securities listed pursuant to a shelf offering report are delisted from the stock exchange, the rate of withholdings tax to be deducted at the time of the sale (following the delisting) will be thirty percent (30%) of the consideration, so long as no certification from the Assessing Officer has been furnished showing a different withholdings tax rate (including a withholdings tax exemption). Tax withholdings will not be deducted by a banking corporation or a foreign-resident TASE member, if certain conditions are fulfilled. It should be clarified that, if at the time of the sale the full tax withholdings were not deducted from the real capital gain, the provisions of Section 91(d) of the Ordinance will apply, as will the provisions by virtue thereof regarding the reporting and payments of an advance with respect to such a sale on July 31 and January 31 of every tax year, with regard to the sale of securities in the six months preceding the month in which the reporting date falls.

The provisions of the Capital Gain Deduction Regulations will not apply to an assessee that is a financial institution that pays to a seller, who is a foreign resident, a consideration or other payment with regard to an exempt capital gain, if the foreign resident (himself or his attorney) has presented the financial institution – within 14 days of the date of opening the account and once every three years, if he had been in Israel – with a declaration on Form 2402 with regard to his being a foreign resident and with regard to his entitlement to an exemption.

## 5.2. Setting off losses from the sale of the Offered Securities

In accordance with Section 92 of the Income Tax Ordinance, capital losses in the tax year from the sale of the Offered Securities would be allowable for set off only in circumstances where, had capital gains been generated, these would have been chargeable to tax in the hands of their recipient. In accordance with the rules prescribed in Section 92 of the Ordinance, a capital loss from the sale of the securities in the hands of an individual or a company are available for set off against a real capital gain and a real betterment of real estate arising from the sale of an asset, whether it be in Israel or overseas (apart from a chargeable inflationary amount which is to be set off in the ratio of 1 to 3.5).

A capital loss from the sale of securities in the tax year will be available for set off in the tax year in which it was generated also against interest or dividend income that was paid with respect to said security or against interest and dividend income with

respect to other securities (and provided that the tax rate applicable to the interest or dividend does not exceed the rate set in Section 126(a) of the Ordinance if the recipient is a body of persons, or the rate set in Sections 125B(1) or 125C(b) (25%), as the case may be, if the recipient is an individual). The losses set off will be done by means of setting off the capital loss against capital gains or against interest or dividend income, as aforesaid.

It should be noted that, as a result of the aforementioned Change in the Tax Burden Law, the tax rate applicable to a dividend received by an individual who is a material shareholder is 30%. Thus, the capital loss generated in the tax year from the sale of securities will not be available for set off against dividend or interest income from other securities in the hands of an individual who is defined as a material shareholder.

A capital loss that is not available for set off in the tax year, wholly or partly, can be set off only against a real capital gain and a real betterment of real estate, as stated in Section 92(b) of the Ordinance in the subsequent, consecutive tax years following the year in which the loss was generated – provided that a report is filed with the Assessing Officer for the tax year in which the loss occurred.

In accordance with the Capital Gain Deduction Regulations, when calculating the capital gain for the purpose of deducting withholdings tax on the sale of listed securities, mutual fund units and futures transactions (“**Commercial Paper**”), the assessee (as this term is defined in the Capital Gain Deduction Regulations) will set off the capital loss from Commercial Paper in accordance with the provisions of Section 92 of the Ordinance, provided that all the following conditions are fulfilled: 1) the loss was generated from the sale of Commercial Paper which was under the management of the withholder; and 2) the gain was generated in the same tax year as that in which the loss was generated, either prior to the date of generating the loss or subsequent thereto.

In accordance with the provisions of Section 94C of the Ordinance, when a share is sold by a body of persons, the amount of the loss generated on the sale of the share will be reduced by the amount of any dividend received on said share during the 24 months preceding the sale, but not in an amount greater than the amount of the loss. This will apply except in the case of a dividend on which tax (other than overseas tax) was paid at a rate of fifteen percent (15%) or more.

### 5.3. Rate of tax applicable to dividend income from the Bank's shares

In accordance with the provisions of Section 125B of the Ordinance, a dividend derived from the Bank's shares will generally be liable to tax in the hands of Israel-resident individuals at the rate of twenty five percent (25%), except with regard to an individual who is a material shareholder of the Bank at the time of receiving the dividend or at any time during the preceding 12 months, in which case the applicable tax rate will be thirty percent (30%).

A dividend in the hands of an Israel-resident company (other than a family company) will, generally, in accordance with Section 126(b) of the Ordinance, not to be included as part of the company's chargeable income, provided that the source of the dividend was income generated or accrued in Israel and was received directly or indirectly from another body of persons liable to corporate tax and also that it does not include income for which a special tax rate was set, with all the aforesaid being in accordance with and subject to the terms of the section. The chargeable income of a body of persons from dividends whose source is income generated or accrued outside Israel will be liable to corporate tax in accordance with Section 126(a) and will be subject to the provisions of Section 126(c) of the Ordinance.

A foreign resident (either an individual or a company) that is not a material shareholder will be liable to tax with respect to a dividend at the rate of 25%, subject to any tax treaty signed by the State of Israel; in the case of a foreign resident that is a material shareholder of the Bank at the date of receiving the dividend or at any time during the preceding 12 months, the tax rate will be 30%, subject to any tax treaty signed by the State of Israel. Similarly, in the case of a liable mutual fund, dividend income will be taxed according to the tax rates applicable to an individual whose income in his hands does not constitute income from a "business" or "vocation", unless it is specifically prescribed otherwise. An exempt mutual fund will be exempt from tax on dividends received in its hands. Provident funds and other entities that are exempt from tax under Section 9(2) of the Ordinance are exempt from tax with respect to such dividends, provided that the dividend exemption conditions prescribed by this section are fulfilled

A dividend received in the hands of a family company will generally be liable to tax at a rate of 25%, except with regard to a taxpayer, as denoted in Section 64A of the

Ordinance, who is a material shareholder, directly or indirectly, in the company that paid the dividend, in which case the tax rate will be 30%.

Within the framework of Amendment No. 197, Section 100A1 was added to the Ordinance. This section prescribes the manner in which “revaluation gains”, as defined in said section, are to be taxed. The provisions of Section 100A1 will not go into effect until regulations on this topic are published, which, as of the date of publishing the Prospectus, had not yet been promulgated. It should be noted that, in accordance with the position of the Israel Tax Authority, as expressed in the Drorim Shopping Mall case (Tax Appeal 4118-10-14) and in the Oren Holdings case (Tax Appeal 38832-03-15), a dividend whose source is “revaluation gains” is not entitled to a tax exemption in accordance with the provisions of Section 126(b) of the Ordinance.

In accordance with the Deduction from Dividends and Interest Regulations, the withholdings tax that has to be deducted<sup>8</sup> on a dividend to an individual and to a foreign resident, including in a distribution to any such shareholder who is a material shareholder in the company<sup>9</sup> and whose shares are registered with and held by the nominee company, will be at the rate of 25%. With regard to an individual or a foreign resident (either an individual or a body of persons) who is a material shareholder whose shares are not registered with and are not held by the nominee company, withholdings tax will be deducted from the aforesaid dividend income at a rate of 30%. With regard to a foreign resident, the withholdings rate might also be subject to the provisions of any treaty for the prevention of double taxation signed between the State of Israel and the country of the recipient’s domicile and to receiving an appropriate approval in advance from the tax authorities, wherever possible.

No withholdings tax will be deducted on a dividend to provident funds, mutual funds and other entities that are exempt from the deduction of withholdings tax pursuant to the law.

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<sup>8</sup> With effect from January 1, 2013, the withholdings tax on a dividend paid by an Israel-resident body of persons, whose shares are listed on TASE, with respect to shares held by a nominee company, will be deducted via a financial institution.

<sup>9</sup> On the date of receiving the dividend or at any time during the 12 months preceding the payment.

#### 5.4. Securities Being Offered in Units

The Securities Being Offered pursuant to this Shelf Offering Report are being issued in Units. The Bank will attribute the proceeds of the issuance, in the Bank's balance sheet, to the Offered Securities at their fair value. The fair value will be determined according to the average value (according to the TASE closing price) of each of the Offered Securities at the end of each of the first three trading days. Should the Bank receive a request from a competent authority to attribute a different value to the Securities to be included in the Units Being Offered as aforesaid, the Bank will publish an immediate report regarding such request.

**The general description presented above does not constitute a substitute for obtaining individual advice from experts, which would take into consideration the unique circumstances of each investor. It is recommended that every party wishing to purchase securities pursuant to this Shelf Offering Report avails himself of professional advice in order to clarify the tax outcomes applicable to him, paying attention to his special circumstances.**

#### 6. Refraining from Making Arrangements

- 6.1. The Bank and the directors hereby undertake, by their signing the Shelf Offering Report, to refrain from making arrangements which are not written in the Shelf Offering Report, with regard to the offering of the Securities, their public distribution and their dispersal, and undertake to refrain from granting the purchasers of the Securities pursuant to the Shelf Offering Report the right to sell the Securities purchased by the same, other than as set forth in the Shelf Prospectus and in the Shelf Offering Report.
- 6.2. The Bank and the directors hereby undertake, by their signing the Shelf Offering Report, to notify the Securities Authority of any arrangement known to the same with a third party, with regard to the offering of the Securities, their public distribution and their dispersal, which is at variance with the undertaking referred to in section 6 above.
- 6.3. The Bank and the directors hereby undertake, by their signing the Shelf Offering Report, to refrain from – in relation to the Offered Securities pursuant to the Shelf Offering Report – entering into an engagement with any third party, with regard to the offering of



the Securities, their public distribution and their dispersal, which – to the best of their knowledge and after having examined the matter – had made arrangements at variance with the aforesaid in section 6 above.

7. **Special Limitations on Holding the Bank's Shares and Means of Control Reporting Obligations**

In accordance with the Banking (Licensing) Law, the holders of a Bank's means of control are subject to special provisions, the principal of which are as follows:

7.1. The Banking (Licensing) Law prohibits the holding of more than 5% of the means of control in a banking corporation (viz. the voting rights at a general meeting and/or the right to appoint directors and/or the right to participate in profits and/or the right to surplus assets upon liquidation), without a permit from the Governor of the Bank of Israel <sup>10</sup>.

7.2. In addition, a shareholder that holds more than 1% of a particular class of the means of control in a banking corporation having no core controlling interest is required to report its holdings to the banking corporation.

8. **Permits and Approvals**

8.1. The Bank has applied to TASE requesting that it list the Offered Shares, and the TASE has given its approval for this.

8.2. **The aforesaid approval from TASE should not be construed as confirming the details presented in the Shelf Offering Report, their reliability or their integrity, nor should it be construed as expressing an opinion regarding the Bank or the quality of the Securities Being Offered in the Report or the price at which they are being offered.**

9. **Fee Payment**

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<sup>10</sup> In accordance with a letter dated June 16, 2016 from the Governor of the Bank of Israel, a controlling shareholder in an entity that manages clients' funds, as detailed in the Governor's letter, will be permitted to hold up to 7.5% of the means of control in a banking corporation, subject to obtaining a permit from the Governor of the Bank of Israel and subject to terms that will be prescribed.

In accordance with the provisions of Regulation 4A of the Securities Regulations (Application Fee for the Grant of Permission to Publish a Prospectus), 1995, the Bank will pay the Israel Securities Authority the additional fee for the Securities Being Offered within the framework of the Shelf Offering Report.

## **10. Proceeds of the Issuance**

### **10.1. The proceeds**

The maximum proceeds expected to be received by the Bank as a result of this issuance, net of associated issuance expenses (excluding VAT), are as detailed below:

Item	Amount
Anticipated proceeds, gross <sup>11</sup>	NIS 1,424 million
Less – Advance Commitment fees, coordination fees, distribution fees and other fees <sup>12</sup>	NIS _____ million
<b>Immediate anticipated proceeds, net</b>	NIS _____ million

10.2. The proceeds of the issuance will be used by the Bank in accordance with its various needs.

10.3. No minimum has been set for the amount to be raised in this issuance.

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<sup>11</sup> Assuming the purchase of all the Units being offered pursuant to this Report.

<sup>12</sup> Discount Capital Underwriting Ltd. (“**Discount Underwriting**”)(\*), Epsilon Underwriting & Issuing Ltd., Unicorn Capital Ltd. and Alpha Beta Issuances Ltd. (collectively, “**the Distributors**”) will receive, in connection with this issuance, a distribution fee in a total amount equivalent to 0.5% of the actual immediate proceeds received (gross) with respect to the Securities being issued pursuant to the Shelf Offering Report, up to a total amount of NIS 700 million, and an amount equivalent to 0.45% of the actual immediate proceeds received (gross) by the Bank in excess of NIS 700 million with respect to the Securities being issued pursuant to the Shelf Offering Report. Moreover, the Bank will be entitled, at its sole discretion, to pay Distributors a success fee in a total amount equivalent to up to 0.1% of the actual immediate proceeds received (gross) with respect to the Securities being issued pursuant to the Shelf Offering Report. The manner of dividing fees among the Distributors will be at the sole discretion of the Bank and Discount Underwriting, provided that a distributor will not be entitled to a distribution fee for securities actually purchased as a result of fulfilling the Advance Commitment that said distributor had given within the framework of the preliminary auction for Qualified Investors.

As regards the Advance Commitment fee for the Qualified Investors, refer to section 3.8 above.

(\*) Discount Capital Underwriting Ltd. is a subsidiary of Discount Capital Ltd., of which the Bank is a controlling shareholder.

11. **Consent Letter from the Independent Auditors**

A consent letter from the independent auditors is attached to the Shelf Offering Report as **Appendix A**.

12. **Underwriting**

The offering of the Securities pursuant to the Shelf Offering Report is not guaranteed by being underwritten.

### 13. Legal Opinion

Presented below is the legal opinion given to the Bank by the law firm of Meitar Law Offices, which serves as the lawyers for this issuance.



To  
Israel Discount Bank Ltd.  
23 Yehuda Halevi Street  
Tel Aviv

Dear Sirs,

Re. **Shelf Offering Report of Israel Discount Bank Ltd. (“the Bank”)**  
**Dated March 29, 2022 (“the Shelf Offering Report”)**

In relation to the Shelf Prospectus of the Bank dated June 17, 2020, (“**the Shelf Prospectus**”), and the subject Shelf Offering Report, which was published by virtue thereof, we hereby express our opinion as follows:

1. The rights associated with the offered securities and with the existing shares in the Bank’s capital are, in our opinion, correctly described in the Shelf Prospectus and in the Shelf Offering Report.
2. In our opinion the Bank has the power to issue the offered securities in the manner proposed in the Shelf Prospectus and in the Shelf Offering Report.
3. The directors of the Bank have been duly appointed and their names are included in the Shelf Offering Report.

We consent to this opinion being included in the Shelf Offering Report.

Yours sincerely,

Yael Weiss, Adv.      Heba Boulos Adv.

MEITAR LAW OFFICES

**Appendix A – Consent Letter from the Independent Auditors**

**Signatures**

**The Bank**

Israel Discount Bank Ltd.

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Signed by Messrs. Assaf Pasternak and Barak Nardi

**The Directors**

Shaul Kobrinsky

\_\_\_\_\_

Dr. Doron Avital

\_\_\_\_\_

Iris Avner

\_\_\_\_\_

Aharon Abramovich

\_\_\_\_\_

Sigal Barmack

\_\_\_\_\_

Yodfat Harel Buchris

\_\_\_\_\_

Prof. Ben-Zion Zilberfarb

\_\_\_\_\_

Miriam (Miri) Katz

\_\_\_\_\_

Baruch Lederman

\_\_\_\_\_

Dr. Yaacov Lifshitz

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