



2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (ESG)



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ESG - Discount Bank's

Strategy and Goals

Discount Bank's ESG Strategy



GOALS AND COMMITMENT OF DISCOUNT FOR THE YEAR 2030

	Name of metric	Goals for 2030	Performance in 2022	Performance in 2023	Status
E-Environment	Increasing the scope of finance for environmental projects	NIS 12 billion	NIS 6.6 billion	NIS 8.8 billion	As planned
	Reducing the carbon footprint in the Bank's operational activity	40% (compared with 2021)	3% (2022 compared with 2021)	26.3% increase (compared to 2022)	An expected increase due to the move to Discount Campus
S-Social	Ratio of female employees in the Management echelon shall not be lower than 50% (the senior Management forum of the Bank*)	50%	55.2%	57.1%	Meeting the goal
	The ratio of engaging new employees from under-represented population to total number of new employees	25%	12%	20.8%	As planned
G-Governance	Maintaining a ratio of at least 30% for female representation on the Board of Directors	30%	30%	36.4%	Meeting the goal

* Managers at the level of department manager and above and other unique positions defined in the Bank's influential forums.

COMMITTED TO THE CUSTOMER PROFESSIONALISM, SERVICE AND INNOVATION

Committed to customers in crisis situation

Establishment of a financial assistance center for households

Operating support teams for customers in financial crisis



Applying groundbreaking banking models

Initiating and establishing off-banking ventures, such as PayBox (digital wallet) and Greenlend (off-banking credit)

Striving for a winning customer experience

Leading the customer recommendation index (NPS) – 12% in December 2023



Intensification of the **dialogue with customers** on the social networks – Facebook, Instagram and Twitter



Committed to a personally customized service

Development and offer of banking products intended to advance designated populations



Advancement of small and minute businesses

Credit granted in an amount of NIS 42.2 billion



MAKING IT HAPPEN INITIATIVE AND DETERMINATION, ACCEPTING RESPONSIBILITY AND HONORING OBLIGATIONS

A considerable leap in ESG management

Formulating an ESG policy for Discount and setting goals and performance measures for 2030

Causing the strengthening of ethical aspects and corporate governance


The “whistle blower” mechanism for increasing effectiveness of the prevention of corruption


Accepting environmental responsibility

Construction of the Discount Campus according to strict environmental standards. Qualifying the project according to the LEED V4 rating of the U.S. Green Construction Council



NIS 2,404 million
green credit 

14.0%
decrease in paper consumption 

6.6%
decrease in the carbon footprint 

THE DISCOUNT VALUES AND THEIR INTEGRATION INTO THE OPERATION OF THE BANK

DURING 2023, THE BANK CONTINUED TO ACT TOWARDS THE INTEGRATION OF THE VALUES OF THE ORGANIZATION, ON THE BASIS OF THE "DISCOUNT SPIRIT"


LEADING CHANGE IDENTIFYING CHANGE AS AN OPPORTUNITY, DARING, CURIOSITY AND SHOWING OPENNESS FOR NEW IDEAS

Leading a social change

NIS 55 million
investment in the community 

 Social **impact** investments by means of Discount Capital

296
scholarships granted to students on behalf of the late Nissim Alagem Foundation 

 Cooperation with Sprint Association developing and operating programs for the advancement of youth in risk situations in peripheral areas

Approx. **25,000**
volunteering hours (an increase of 47.7%) 

 **57.1%**
Women in management positions in the extended management forum

Leading to the reduction in gaps in the society


19.6% is the ratio of employees belonging to population underrepresented in the labor market (the Discount Group in Israel)

Strategic investment in projects intended to promote employment diversity and inclusion

Established of Discount fund for occupational diversity (career bond) in collaboration with SFI

SUCCESSING TOGETHER CREATION OF COOPERATION AND KNOWLEDGE SHARING, ESTABLISHING TRUST, CONCERN AND HONOR RELATIONS

Sharing knowledge and promoting financial education

 Activity with respect to **financial education for customers of all banks**, with the aim of advancing financial skills in the society



14 prizes in the Computer Excellence IT Awards competition for People and Computers magazine for technological projects in 2023

 **85%**
Employee participation rate in learning

DISCOUNT BANK SUMMARIZED SUSTAINABILITY PERFORMANCE TABLE

(Investors performance)

ENVIRONMENTAL

Field	Index	2023	2022	2021
Carbon footprint	Volume of emission (in tons of CO ₂ e)	*23,645	18,718	19,199
	Emission per square meter	0.12	0.13	0.14
Resources consumption	Electricity consumption (in Kw/h)	45,878,293	33,940,447	33,291,103
	Fuel consumption (in liters)	353,645	337,751	325,228
	Paper consumption (in tons)	222	258	275
	Water consumption (cubic meters)	80,279	25,841	23,150
Green credit	Credit to solar projects (in NIS millions)	2,404	2,126	890

* An expected increase due to the move to Discount Campus (see footnote 1 "Goals for 2030" in chapter 8).

SOCIAL-ECONOMIC

Field	Index	2023	2022	2021
Customers	Rate of justified complaints against the Bank	45.0%	42.5%	34.0%
	Justified complaints regarding customer privacy and data protection	3	5	8
	Complaints regarding product fairness	-	-	-
Employees ¹	Number of employees*	5,235	4,941	4,883
	Ratio of unionized employees	88.9%	88.1%	86.3%
	Ratio of resigned employees	10.6%	11.0%	13.7%
	Ratio of female employees of the Bank	61.2%	61.0%	60.5%
	Ratio of female employees in executive positions	57.1%	55.2%	52%
	Ratio of employees belonging to the under-represented population in the labor market (Discount Bank)	15.5%	14.1%	14.1%
	Ratio of employees belonging to the under-represented population in the labor market (Discount Group in Israel)	19.6%	17.4%	17.5%
	Average instruction hours per employee	11	13.6	29

* The data do not include employees in unpaid leave and in maternal leave.

SOCIAL-ECONOMIC (Continued)

Field	Index	2023	2022	2021
Suppliers	Ratio of domestic suppliers	90.25%	90.9%	89.8%
Community	Investment in the community (in NIS millions)	55.0	23.7	19.7
	Ratio of volunteers at the Bank	64.0%	52.3%	51.4%
	Commitment for investment in Impact funds (in millions of US dollars) ³	11.5	11.5	10.5
Economic performance	Economic value to stakeholders (in NIS millions) ⁴	11,329	9,640	8,518

Notes:

- 1 The data does not include employees on unpaid leave and on maternity leave, excluding Discount Leasing.
- 2 The data does not include 83 outsourced employees - for more information, see Chapter 10, Appendix Employees.
- 3 Total commitments through Discount Capital within the framework of funds managing investments having a social impact alongside a financial return.
- 4 Operating and other expenses plus provision for taxes and dividends.

CORPORATE GOVERNANCE

Field	Index	2023	2022	2021
Board of Directors (Discount Bank)	Independence of the Board of Directors (ratio of external Directors)	70%	70%	70%
	Ratio of female Board members	36.4%	*30%	40%
	Average attendance rate at board meetings	99.1%	100%	99.0%
	Average tenure of Directors	3.36	4.45	4.04

* The data has been corrected.

COMMITTED TO THE CUSTOMER IN THE "IRON SWORDS" WAR DAYS

SUPPORT OF CUSTOMERS IN THE "IRON SWORDS" WAR DAYS (SEE EXTENDED DISCUSSION IN THE CHAPTER "CUSTOMERS"), INCLUDING:



An outline for assisting customers of the first circle in the area surrounding the Gaza Strip and in the North and those serving with the security forces

Reliefs for all Bank customers

MAKING IT HAPPEN IN THE "IRON SWORDS" WAR DAYS

SUPPORT OF SUPPLIERS IN THE "IRON SWORDS" WAR DAYS (SEE EXTENDED DISCUSSION IN THE CHAPTER "SUPPLIERS"), INCLUDING:



Advancing payments to all suppliers

Inviting suppliers from the area surrounding the Gaza Strip and from the conflict line to sales bazaars at the Discount Campus

MAINTAINING THE DISCOUNT VALUES IN THE SHADOW OF THE "IRON SWORDS" WAR

In the course of the "Iron Swords" War the Bank continued to act towards building the robustness of its stakeholders, having an obligation towards them in accordance with the Discount values

LEADING A CHANGE IN THE "IRON SWORDS" WAR DAYS

ASSISTANCE TO THE COMMUNITY IN THE "IRON SWORDS" WAR DAYS (SEE EXTENDED DISCUSSION IN THE CHAPTER "DISCOUNT FOR THE COMMUNITY"), INCLUDING:



Establishment of "Keren Or" – a designated assistance Fund for children and youth from the conflict line in the South who were harmed during the War, in an amount of at least NIS 50 million

Wide scope donations for needs arising as a result of the War

Promoting significant voluntary work by Bank employees

The establishment of a "Discount war room", the purpose of which is to provide immediate response to urgent needs of soldiers injured during the fighting and are staying in the rehabilitation ward at Sheba Tel Hashomer Hospital

Adoption of Kibbutz Re'im by Bank employees through the Employees Representative Committee

SUCCEEDING TOGETHER IN THE "IRON SWORDS" WAR DAYS

MANAGEMENT OF THE HUMAN RESOURCE IN THE "IRON SWORDS" WAR DAYS (SEE EXTENDED DISCUSSION IN THE CHAPTER "EMPLOYEES"), INCLUDING:



Broad discretion given to managers in operating an inclusive and comprehensive policy, including work from home and non-deduction of pay in cases of absence

A mental support center for workers and managers

Support for employees coping with economic or domestic distress on the background of the War

Comprehensive support for reservists on active service, including post-service

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GREETINGS FROM THE CHAIRMAN AND THE PRESIDENT & CEO

We are honored to present the Environmental, Social and Governance (ESG) Report of the Discount Group for the year 2023, which is being presented in the shadow of a brutal and complex war that has been forced upon us since October 7 – a day that shook the reality of life for an entire nation. The months that have passed since the beginning of the war have proven the strength of the people and economy of Israel, which united and bravely faced the challenges of the hour. Solidarity and standing steadfastly shoulder-to-shoulder has resulted in Israeli resilience, both as a nation and as individuals. In the face of bereavement, sadness and immense pain, resilience and hope are the basis on which our existence is founded.

Since October 7, and in recognition of the responsibility we bear as a leading financial organization, we have taken a series of initiatives in order to make things easier for our customers and the harmed population. We have put together a package of assistance and reliefs for customers, both within the framework of the outline published by the Bank of Israel and as a policy that the Bank has decided to implement beyond the mandatory outline, through a series of meaningful reliefs and benefits. At the same time, Discount Group employees pitched in in masses at various volunteer centers and, in so doing, put into practice the social responsibility that is an integral part of the Group's activity.

Another significant move that was decided upon in the latter part of 2023 was the establishment of the "Keren Or" Foundation – a dedicated aid fund that was established by Discount Bank and Mercantile Discount Bank with a current endowment of at least NIS 50 million. The Foundation works through the "Sprint for the Future" association and helps children and youth from the conflict zone in the South who have been harmed during the war. The mission of the Foundation's activities is to provide a wide-ranging and long-term holistic response for children and youth, with the goal of restoring their personal and communal security and helping them in the process of returning to optimal functioning in their daily lives.

In addition to this, we established the "Discount Operations Room", which is intended to provide an immediate response to the urgent needs of IDF soldiers wounded during the war and who are undergoing rehabilitation at Sheba-Tel Hashomer Hospital.

The fighting is continuing and its end is not yet in sight. However, attaching great importance and a deep commitment to acting for the benefit of all of our stakeholders, we are determined to work diligently to achieve the goals we have set for ourselves.

The report being presented to you reflects the Group's deep commitment to the field of corporate responsibility. As part of this commitment, we have published a substantive and challenging



ESG strategy over the past year. The strategy that has been formulated ensures that the environmental, corporate and governance aspects are linked at the core of the Group's business, organizational and social activities, focusing on three main areas: social mobility and financial inclusion; diverse and egalitarian employment; and a green future. During the past year, the Bank's Board of Directors approved the ESG goals for 2030. The goals are in agreement with the ESG strategy and the selected focus areas and reflect the Bank's commitment to advancing and implementing the strategy.

The Bank strives to create a positive impact through the management of risks and opportunities in the environmental and climate field in its business activities, and through savings and efficiencies in its operational routine. Therefore, a policy for maintaining a proper balance between business activity and environmental protection has been adopted, and the Bank is committed to showing continuous improvement in its environmental performance without compromising the quality of services it provides its customers.

In 2023, the amount of Discount's environmental credit stood at approx. NIS 8.8 billion. We also continue to work on developing and deploying advanced climate risks management practices and to integrate this topic into the Bank's existing risk management layout.

The Bank is also working to develop value offers that will help its customers integrate ESG values into the services they utilize. To this end, the Bank has developed an ESG rating for mutual funds, which will enable customers who are being advised and who are so interested to integrate ESG considerations into their investment in mutual funds.

The move of the head-office units of the Bank and MDB to the new Discount Campus in Rishon LeZion's HaElef District was completed during 2023. The Campus has been designed according to strict environmental standards, based on green building principles. In 2023, the Campus was certified with the LEED GOLD V4 standard of the U.S. Green Building Council and was also awarded prestigious international prizes and commendations, of which we are proud.

Since its occupancy, the Campus has also served as a meeting place for associations and for strategic community and social projects that are being promoted at the Group companies.

On our behalf and on behalf of the Discount Group's Boards of Directors and Management, we stand by and support all those engaged in such work and are proud of the extensive activity and social projects that the Group is leading. Together, we will continue working with a full commitment to the resolute implementation of the ESG strategy and the achievement of the meaningful goals we have committed to.

As of the Report's publication date, the "Iron Swords" War is still being waged, and to our deep sorrow male and female hostages are still being held in Gaza. We are hopeful that all the hostages will soon return to our borders and to the warm embrace of their families. Our hearts are with the bereaved families who have experienced the most severe loss in the war, and we pray for the well-being of the wounded and for the return of all IDF soldiers, safe and sound.

June 20, 2024

Danny Yamin
Chairman of the
Board of Directors

Avi Levy
President
& CEO

ABOUT THE REPORT

The Environmental, Social and Governance Report (ESG) is an expression of the Bank's commitment to these issues and of their importance as part of the Discount Group's organizational culture. The Report is intended to serve the Bank's stakeholders and to assist in promoting dialogue and in the strengthening of the relationship and cooperation with them

Discount's Thirteenth Environmental, Social and Governance (ESG) Report¹

> The Environmental, Social and Governance Report is not just a reporting framework, but a platform for ongoing dialogue between the corporation and its stakeholders and in the process of writing this Report, the Bank strives to describe with maximum transparency its activities in relation to topics that are material to its stakeholders. We at Discount believe that this Report will serve the variety of categories of our stakeholders (customers, employees, suppliers, shareholders, the community and environment), and will assist in promoting dialogue, intensifying the relationship and heightening cooperation with them.

Against the background of developments regarding the issue of environmental, social and governance reporting, and in view of the importance that the Supervisor of Banks attributes to the activity of banking corporations in this respect, the banking corporations heading the banking groups, in accordance with the Reporting to the Public Directives, are required to publish reports concerning environmental, social and governance aspects once a year. In this respect, in 2005 (for 2003-2004), Discount Bank was the first bank in Israel to publish a CSR Report, and since 2014 the Bank has published a CSR Report annually, as an expression of its commitment to these issues, and it will continue to do so in the future.

This report reviews the activities of the Bank and its material implications for the year 2023, and relates to the activities of the principal companies in the Group – Israel Discount Bank Ltd., Mercantile Discount Bank Ltd. (hereinafter – "MDB"), Israel Credit Cards Ltd. (hereinafter – "ICC") and IDB Bank, the profits of which amounted to 98.3% of the profits of the Group in 2023.

¹ GRI: 2-2, 2-3.

The Report has been prepared in accordance with the GRI Standards.

For the principal subsidiaries² in Israel – MDB and ICC – the reporting is at the "With Reference" reporting level, and as regards many topics, they are very near to the "In Accordance" reporting level. Moreover and following on from the previous Report, we are continuing the process of including the subsidiary IDB Bank in the Report. This process is being implemented gradually, in light of the differences in the regulatory, corporate and economic environment in which the companies in Israel operate, compared to the environment in which the New York subsidiary operates, and requires the exercise of considerable care in the inclusion of information about IDB Bank.

Starting with the report for the year 2022, the Bank reports also according to the reporting standards of the Sustainability Accounting Standard Board (SASB) – Commercial Banks. The Index is presented in Chapter 10, hereunder, for the Bank and for its principal subsidiaries.

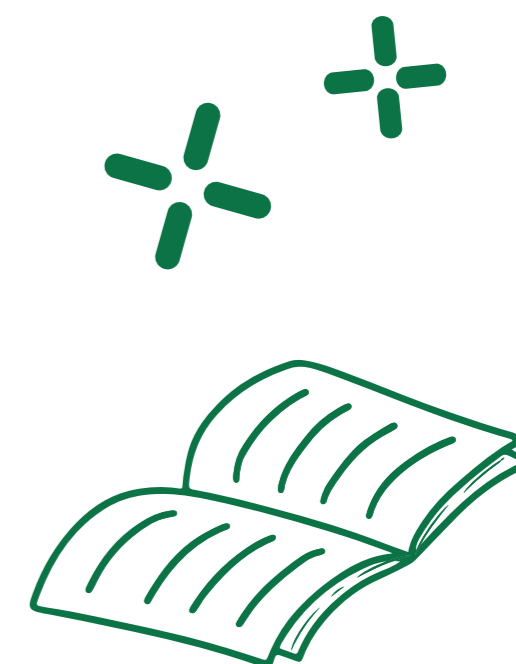
The Report addresses, in the relevant contexts, the activities of the different divisions of the Bank, including the senior levels of management. The data presented in the Report were processed according to the reporting of the Discount Group's various units, while constructing a data base for monitoring and measurement, that would allow comparison with the data of prior years. The calculation methods that are used have been noted in the places where the relevant data are presented. The Report does not contain any data that are in contradiction with the data presented in previous CSR Reports published by the Bank. In cases where previously published data had been changed or corrected, this fact is expressly stated.³

² In order to reflect to the stakeholders, the reporting position in these companies in a transparent and orderly manner, the Index contained in the Appendix to the Report assigned separate columns to MDB, ICC and IDB Bank. It should be noted that, in the sections that describe policy or work processes at Discount Bank, the description refers also to MDB and ICC, unless expressly stated otherwise. On the other hand, in view of the different environment in which IDB Bank operates, where the description refers to this subsidiary, this fact is expressly stated.

³ GRI: 2-4.

The Environmental, Social and Governance Report complements the corporation's financial statements. Whereas one presents the corporation's financial performance, the second presents the manner in which things are done, the degree of importance that the corporation attributes to the aspirations of its stakeholders, and its efforts to make progress in areas requiring improvement.

Compilation of the data and its validation were performed with the assistance of many functions at the Bank and at the principal subsidiaries. The final draft of the Report was examined and approved by members of the Bank's Management. The Bank's Board of Directors had approved the Report prior to its publication.



Publication of the Report

The Environmental, Social and Governance Report in Hebrew may be viewed on the Bank's website⁴ and in English on the Bank's Investor Relations page,⁵ on the GRI's Sustainability Disclosure Database⁶ and on the GC website.⁷ In addition, Bank employees may view the Report also on the employees' portal.

In certain cases, the Report includes reference to details presented in the Bank's 2023 Annual Report and the Report for the First Quarter of 2024. These are available for perusal at the Bank's website – see above) (a translation into English of these reports is to be found on the Investor Relations page, see above). The reports are available for perusal (in Hebrew) also on the "Magna"⁸ website of the Israel Securities Authority and on the "Maya"⁹ website of the Tel-Aviv Stock Exchange Ltd.

In certain cases, the Report refers to the reports of MDB and of ICC. These reports in Hebrew are available on the website of MDB¹⁰ and on the website of ICC¹¹ (in English – only ICC's annual reports).

Environmental, Social and Governance Strategy

➤ Discount Bank, which raised the banner for the goal of becoming the best financial institution for its customers, takes another step in the implementation of its vision and publishes a significant and challenging ESG strategy, as approved by the Board of Directors on February 28, 2023. As part of the implementation of the strategy that had been formed, Discount Bank will promote a connection between environmental, social and governance aspects and the core business, organizational and social

activities of the Group, while focusing on three central fields:

- **Social mobility and financial inclusion** – promotion of enabling banking, which acts toward increasing financial accessibility for disadvantage populations, alongside support for actions contributing to the reduction of gaps in the social and geographic peripheral areas in Israel through education and knowledge.
- **Diverse and equal employment** – promotion of employment diversity and employing staff at the Bank coming from employment of challenged sectors, alongside the supporting of plans enlarging employment of such sectors in the Israeli economy as a whole. Alongside this the Bank will act towards the creation of an embracing and enabling work environment.
- **Green future** – Promotion of green conduct in the Bank's operating and business activity, with a view of reducing its environmental effects.

In May 2023, the Bank's Board of Directors approved goals and performance indices for the year 2030.



Managing Environmental, Social and Governance issues at Discount

➤ The ESG field at Discount Bank is integrated within the Strategy and Finance Division by the ESG Administration, which is active in advancing initiatives and moves at the Bank in these fields, promoting them in accordance with global developments, and with existing regulation and the Bank's policy.

Moreover, an ESG Forum operates at the Bank with the participation of representatives of all divisions of the Bank, led by the Head of the Strategy and Finance Division. The Forum convenes once in each quarter and is responsible for the implementation and advancement of the strategy at all divisions of the Bank. Management of the Bank and the Board of Directors are being informed of the activity in this matter, where required, and at least once in each year.

At MDB acts a social responsibility director who reports to the Head of Human Resources

and Administration Division. At the same time, MDB is making preparations in the field of strategy and risk management from the aspect of environmental and climate risks.

At ICC, The Officer in charge of corporate responsibility is the Deputy General Manager and Head of the Human Resources Division, which reports to the General Manager of ICC.

Concurrently, Discount Bank, MDB and ICC have appointed a factor responsible for the management of environmental and climate risks and for the preparations for the implementation of the new Proper Conduct of Banking Business Directives in these matters.

At IDB Bank, a Community Reinvestment Act Officer has been appointed for the purpose of handling matters relating to the Community Reinvestment Act (CRA)¹². This officer is responsible for administering IDB Bank's Community Reinvestment Act program and for ensuring that this bank meets the procedural requirements of the CRA. Additionally, a CRA Committee has been established to include representatives from all relevant departments which have a role in CRA Compliance.

4 www.discountbank.co.il
 5 www.discountbank.co.il/IR
 6 <http://database.globalreporting.org>
 7 <http://www.unglobalcompact.org/participant/12568-Israel-Discount-Bank-Ltd>
 8 <https://www.magna.isa.gov.il/default.aspx>
 9 http://maya.tase.co.il/bursa/report.asp?report_cd=885621
 10 <http://www.mercantile.co.il/MDB/private>
 11 <http://www.cal-online.co.il/he-il/Cal/CalServices/about/pages/financialReports>

12 The purpose of the CRA is to encourage financial institutions to help meet the credit needs of the communities in which they do business, including low and moderate income neighborhoods.

Dialogue with stakeholders

Corporate social responsibility reporting rests on the approach that, in addition to its shareholders, the corporation must be accountable to the society and the environment in which it operates, and that it must broaden its dialogue and cooperation with all categories of its stakeholders. A "stakeholder" is anyone that Discount Group influences or is influenced by: customers, employees, shareholders, the community, the environment and suppliers, and even contracted workers (who are referred to in the "Responsible Procurement" Chapter).

Promoting an open discourse with the Bank's stakeholders, including involving them in the process of mapping the material topics, is done with the aim of creating a better understanding of the needs and wishes of all the stakeholders and to adapt the Bank's conduct and its policy in a way that will respond in an optimal manner to these needs. The dialogue platforms are numerous and varied, and include inter alia, "round table" meetings, surveys, conferences and discussions in accordance with the character of each stakeholder. Throughout the report, the various interfaces between the Discount Group and its stakeholders are presented

Our Stakeholders	Main lines of communication
Customers	<ul style="list-style-type: none"> > Meetings and current discussions > Customer gatherings > Customers surveys > Social networks
Community	<ul style="list-style-type: none"> > Meetings and current discussions, identification of needs and cooperation with strategic associations > Membership of executive boards of associations > Discussions with social associations regarding voluntary work by Bank employees
Employees	<ul style="list-style-type: none"> > Employee connection survey > Internal communication lines: morning journal, FaceBank portal and more > 'Round table meetings' and attention meetings > Managers' gatherings (400 Forum, the leading Forum and divisional forums) > Ethics line
Investors	<ul style="list-style-type: none"> > Annual meetings > Financial reports and immediate reports > Investor relations website
Regulators and Government Agencies	<ul style="list-style-type: none"> > Directly and through the Union of Banks > Meetings and discussions regarding regulatory developments
Suppliers	<ul style="list-style-type: none"> > Current discussions > Designated supplier website

The process of identifying the material topics¹³

Material topics are defined as matters having economic, environmental and social aspects in which the organization has a significant effect upon the community and the environment or that the organization is significantly affected by them. The process of defining the material topics is performed according to GRI standards, with reference to the topics that the SASB Standard recommends be reported and includes an annual organized process for examining and updating the most material topics for reporting and their prioritization for the Group. The Bank's management of the material topics is reflected throughout the Report.

The Bank conducts a materiality analysis every year in order to examine and update trends, developments and changes that may be relevant within the framework of the preparation for reporting on the ESG aspects in the Annual Report. Also, once every two years, the Bank conducts a wide-ranging dialog with stakeholders to reflect developments that may affect the definition of the material topics. This dialog was conducted as part of the process of preparing the 2023 Environmental, Social and Governance (ESG) Report.

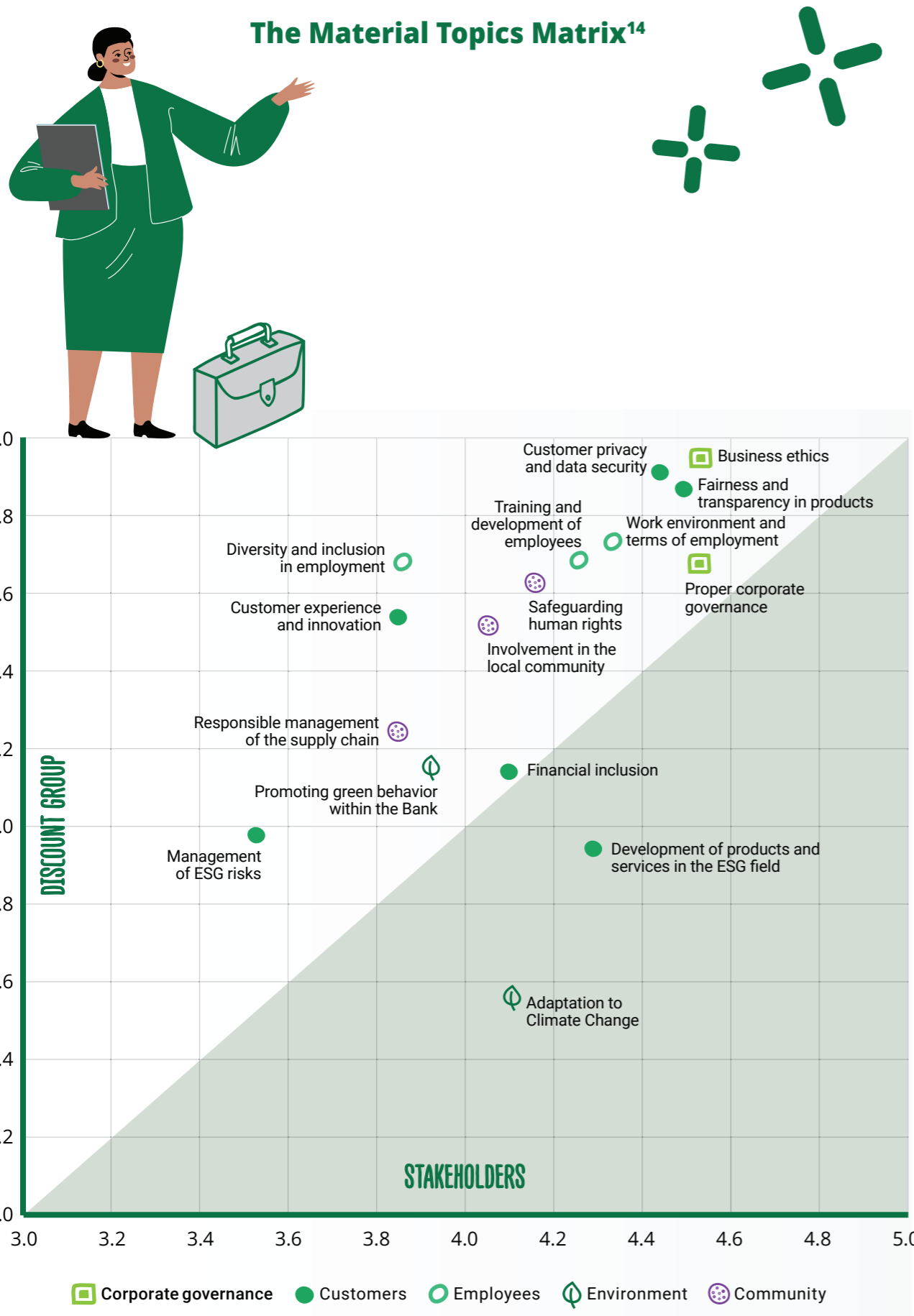
The update of the material topics is carried out in the spirit of the dual materiality principles, which include, as stated, examining the effects of ESG aspects on the Bank and the Bank's effects on environmental and social aspects. Updating the material topics for this Report was carried out in two stages, accompanied by BDO Consulting's Sustainability and Corporate Responsibility Unit. In the initial stage, the Bank performed a materiality analysis to examine the trends in Israel and around the world, as these are reflected by leading ESG rating bodies, leading global and Israeli banks, and in international reporting and standards initiatives. Where necessary, developments in

the Bank's activity and business environment, together with regulatory developments, are brought into account. As part of the aforesaid focus, the trends and emphases were identified, and a list of topics to be examined was drawn up.

In the second stage, an active dialog was conducted with the Bank's various stakeholders in order to examine external influences on the aspects of the environment and society that are important to them. The dialog at this stage was carried out with: customers, employees and suppliers in the fields of environment, society and governance. Their positions were weighted together with the materiality analysis results identified in the first stage, as well as with the Group's position – that includes the Managements and Boards of the Bank and the principal subsidiaries in Israel – ICC and the MDB, which helps define the main effects of ESG aspects on the Group. At the end of the process, the Bank updated the most material topics and the extent of their impact on the Group and the stakeholders. The material topics are approved annually by the Group's Management and Board of Directors, as part of the approval of the annual ESG report.

It should be noted that the war that broke out in October 2023 has had a substantial impact on the Bank and on the various stakeholders within the context of the Bank's activity in the last quarter of the year, including customers, employees and the community at large. In light of the wide-ranging effects arising from the war, these are included in many material topics, and are extensively discussed in the various chapters of the report. In light of the continuation of the war, these aspects are expected to be reported extensively also in the 2024 ESG report.

13 GRI: 3-1.



14 GRI: 3-2.

Changes in the Group's material topics in 2023

➤ As part of the update, extensive changes were made this year compared to the previous year; topics have been added, changed or deleted from the list of material topics, in order to best reflect and report the ESG aspects most relevant to the Bank. It should be noted that, of the vast majority of topics that have been deleted are included in the new topics in order to reflect these aspects in an expanded and accurate manner and are also reported within the framework of the current report.

Topics added in 2023*

- Good corporate governance;
- Development of products and services in the ESG field;
- Financial inclusion;
- Promoting green behavior within the Bank;
- ESG risk management.

Topics included in 2022, but not included in 2023

- Accessibility for disadvantaged populations;
- Diversifying customers and segments;
- Promoting financial education;
- Environmental and social considerations in the business activity;
- Management of the environment field;
- Accessibility for persons with a disability;
- Strengthening the sustainability of the banking system and the economy;
- Economic effects and performance.

* Within the framework of conducting the process, a slight change was made in the wording of three topics, to best reflect the topic in accordance with the Bank's conception: employment diversity and inclusion, human rights, customer experience and innovation.

15 GRI: 2-5.

Reporting to the Global Compact

➤ The Bank joined the United Nation Global Compact initiative in September 2010 and since then submits an annual progress report on social and environmental performances. This report, as well as previous reports, constitute an annual progress report in respect of each of the years in the period 2013-2023 respectively.

Reporting assurance examination¹⁵

➤ The Bank's Environmental, Social and Governance Report has undergone an assurance examination by an outside, objective body, which determined that Discount Bank complies with the scope of disclosure and reporting required in accordance with the reporting standard, GRI 2021 Standards and in accordance with the SASB reporting standard.



The report has undergone due diligence according to the AA1000AS v3 international standard of the Accountability organization. Shibolet ESG are qualified auditors of this standard. The report was submitted for approval of the external control of this organization (serial number LN0T8).





June 20, 2024

QUALITY ASSURANCE STATEMENT:

DISCOUNT BANK - 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Introduction

Shibolet ESG is a consulting practice operating as part of Shibolet Consulting Services Ltd., which is a subsidiary of the law firm Shibolet & Co. In May, Discount Bank contacted the company requesting that a quality assurance process be performed for the environmental, social and governance (ESG) report for 2023. It is hereby declared that the company receives payment for the time invested in the process. Furthermore, it should be noted that neither the company nor its consulting team (Dr. Liad Ortar and Ofir Naous Gal) that carried out the work has a business consulting relationship with Discount Bank and the quality assurance process was conducted impartially and independently. As part of the quality assurance process, a draft of the report was examined, comments were made, and this quality assurance statement was drafted.

Work Approach

The objective of the quality assurance process for Environmental, Social and Governance reports is first and foremost to improve the quality of the reporting product through providing professional feedback. The process was performed according to the guidelines of Standard AA1000AC of the Accountability Organization, at the level of "Moderate". The Standard ensures that the report agrees with three central principles:

1. **Inclusivity** – addresses a wide range of stakeholders.
2. **Materiality** – addresses material topics in the company's operations.

3. **Responsiveness** – reports on topics raised by stakeholders.

Findings

This is the thirteenth report presented by Discount Bank. The report adopts the latest reporting standard, GRI 2021 Standards, at a compliance level of "In Accordance" as well as the reporting standard of the international organization SASB (Sustainability Accounting Standards Board). We hereby declare that Discount Bank has indeed complied with the scope of disclosure and reporting expected at this level and upholds the three principles noted above.

Comments on the Report:

- **Carbon footprint** – calculating the operational carbon footprint according to three scopes is already standard for Discount Bank, thereby placing it as one of the leading reporting entities in Israel. It is recommended that this measurement be expanded in the coming years to the 'Investments' category, which is generally the most significant part of the volume of the Scope 3 for the financial segment.
- **Climate risks and green credit** – we applaud the progress toward meeting the environmental credit goals for 2023 and the ongoing development of practices for climate risks management. These aspects are important when it comes to combating climate change within and outside the Bank.
- **Acting for the common cause in hard times** – we particularly note the initiatives of the Group's banks, which have contributed to the efforts to assist the community in coping with the difficult consequences of the war. Discount Bank has invested significantly in the community and was a "ray of light" (Keren Or) for the Israeli public.

- **Reporting scope** – Discount Bank reports extensively on the Bank and its principal subsidiaries. However, we recommend expanding the reporting on IDB Bank, especially in the chapter dealing with environment.
- **SDGs** – Discount Bank is a prominent player in the Israeli economy and has an impact on its numerous and various stakeholders. We applaud the expansion of the reference to the sustainability development goals (SDGs), which contribute to Israel's compliance with the United Nations' targets included within its 17 SDGs, which include the goals of: gender equality, affordable and clean energy, responsible consumption and production and climate change.
- **Measurable Goals** – we are pleased to note that Discount Bank managed to meet most of the goals it set for itself in the various fields. To improve tracking progress, we recommend adding quantitative metrics to the Group's goals.

Congratulations on your good work,

Dr. Liad Ortar
Head of
Shibolet ESG

Ofir Naous Gal
Shibolet ESG
Consultant



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173
BRANCHES IN ISRAEL

16,074
NIS MILLION
THE TOTAL ECONOMIC VALUE
PRODUCED BY THE GROUP

2,316
NIS MILLION
PROVISION FOR TAXES
IN 2023

GROUP PROFILE AND FINANCIAL DATA

The economic value produced by the Discount Group results from its being a large economic entity, one of the five major banking groups in Israel, which offers its customers comprehensive banking services in all areas of financial activity

Discount Bank

General overview¹⁶

➤ Israel Discount Bank Ltd. (hereinafter: "the Bank") was incorporated in Israel in 1935 as a public company under the Companies Ordinance. The Bank is a banking corporation having a banking license under the provisions of the Banking Law (Licensing), 1981.

The Bank was established by the late Mr. Leon Recanati in the name of "Eretz Yisrael Discount Bank Ltd.", in cooperation with the founders, the late Mr. Joseph Albo and the late Mr. Moise Carasso. The offices of the Bank and its first branch office were at first located at No. 39, Yehuda Halevi Street in Tel Aviv and in the fullness of time were transferred to 23 Yehuda Halevi street, the site on which the Discount Tower is situated, in which most of the Head Office units of the Bank were located. Upon completing the construction of the Discount Campus in Rishon Lezion's "HaElef District", Discount Bank and Mercantile Discount Bank (MDB) completed the move of their offices to Dcampus (the new campus) in 2023, as part of a cultural change and strategic focus on innovation, flexibility and efficiency.

During the years of its operation the Bank has developed a chain of branches and a wide variety of commercial banking activities in all banking spheres.

As from December 3, 2013, the Bank turned into a bank having no core controlling interest and is subject to the instructions applying to banking corporation having no core controlling interest, in accordance with the Banking Law (Legislation amendments), 5772-2012.

Domestic Operations

➤ The Discount Group grants its customers comprehensive banking services in all areas of financial activity, through 173¹⁷ branches in Israel, (100 branches of the Bank and 73 branches of Mercantile Discount Bank Ltd.) direct banking and digital banking.

¹⁶ GRI: 2-1, 2-6.

¹⁷ The number of branches as of December 31, 2023.

The Bank offers services to different segments of customers: households, small and minute businesses, private banking customers, medium and large business (for details as to the definition of the segments see p. 253 and pp. 268-269 of the 2023 Annual Report; for details regarding the distribution of operations according to the main segments of operation see pp. 256-267 and 269-270 of the 2023 Annual Report; for details regarding the distribution of operations according to geographical areas see p. 268 of the 2023 Annual Report).

The Bank has a banking subsidiary in Israel - Mercantile Discount Bank Ltd. (hereinafter: "MDB") - a commercial bank serving customers in all fields of financial activity.

The activities in Israel include additional fields of operation, including:

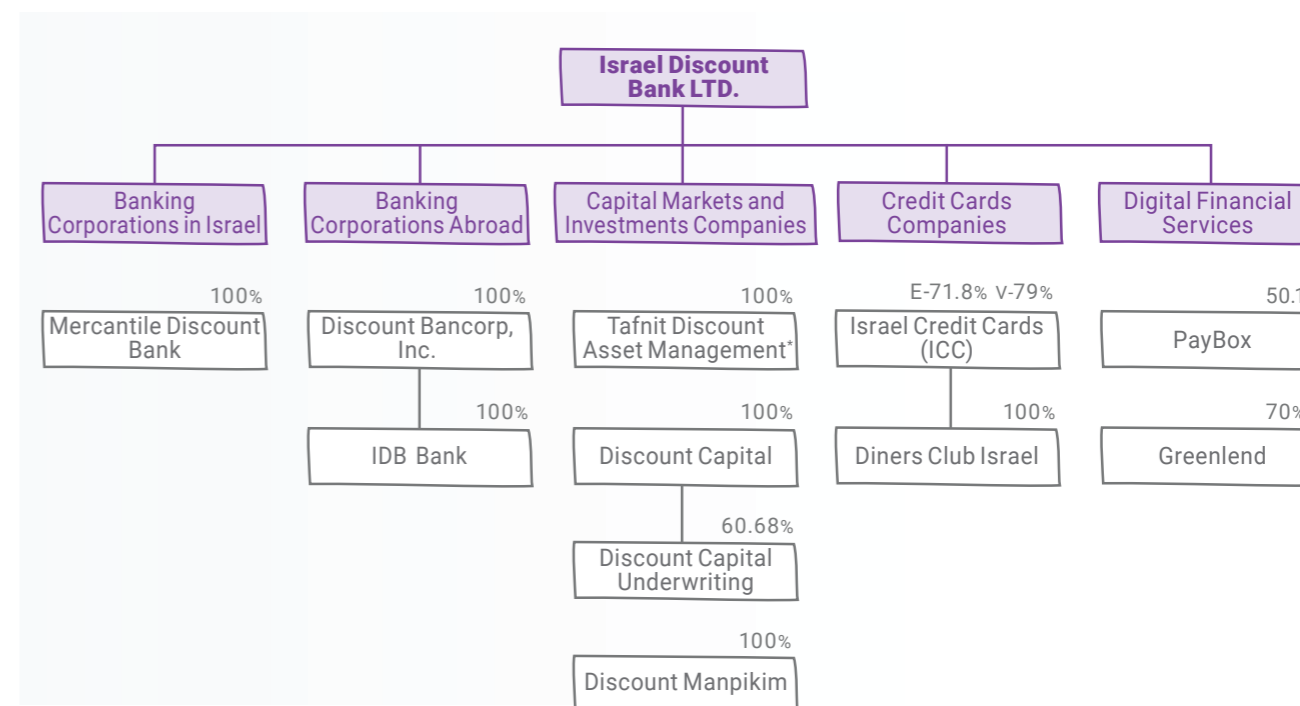
➤ **Credit cards** – The Bank controls Israel Credit Cards Ltd. (hereinafter: "ICC") and Diners Club Israel Ltd. (hereinafter: "Diners"), which issue and market "VISA", "Diners" and "MasterCard" credit cards, both for domestic

and overseas use and clears transactions made by "VISA", "Diners" and "MasterCard" credit cards that are valid in Israel and abroad, and the brand "IsraCard" (in Israel only), as well as engaged in extending off-banking credit and in the development of payment solutions (for details regarding the separation of ICC from the Discount Group, see below "Principal operations and central events during 2023");

➤ **Non-financial investments and underwriting** – the subsidiary "Discount Capital Ltd." (hereinafter: "Discount Capital") is engaged in investments in companies, in private equity funds, in venture capital funds, in the investment banking field, as well as in initiating and assisting public offerings and private company, through a subsidiary;

➤ **Securities portfolio management** – the subsidiary, Tafnit Discount Asset Management Ltd. (hereinafter: "Tafnit") which manages securities investment portfolios for private customers, corporations, not-for-profit organizations and institutional bodies;

Discount Group Holdings Structure¹⁸



* Directly and Indirectly.

¹⁸ As of December 31, 2023.

➤ **Digital Financial Services** – the Bank holds PayBox Company (50.1%), which operates a payment platform and engages in accepting deposits, as well as Greenlend Company (70%), which is to start operations of extending consumer credit and credit to small and medium businesses, both companies serving customers of all banks.

International activity

➤ The international activity of the Discount Group is conducted by IDB Bank, the subsidiary company in the United States. IDB Bank is the only bank fully under Israeli ownership operating in the US and operates branches in the New York area, Florida and California. This bank has representative offices in Latin America and in Israel.

The international activity is characterized as business-commercial and private banking activity.

Goals and business strategy

➤ The strategic plan, which was formed in the course of 2020, for the years 2021-2025, directs towards the realization of an ambitious vision of being **the best financial institution for its customers, which creates maximum value to its shareholders over time**. The strategic plan is made up of three central pillars – winning in traditional banking, groundbreaking innovation, leveraging the power of the Group.

The strategic plan goals

On March 8, 2022, the Bank's Board of Directors decided to approve the following goals:

- a return on equity goal exceeding 12.5% in 2025;
- an efficiency ratio goal of less than 55% in 2025;
- a net profit goal which will exceed NIS 3.5 billion in 2025;
- a continuation of dividend distributions according to the existing policy, namely, up to a rate of 30%. As progress is made in executing the plan, the possibility of raising the dividend rate will be examined.

Following are actual data regarding components defined as goals of the strategic plan:

- a return on equity goal of 15.7% in 2023 (2022: 15.1%);
- an efficiency ratio of 49.6% in 2023 (2022: 55.8%);
- a net profit of NIS 4,192 million in 2023 (2022: NIS 3,495 million).

As appears from the data presented above, the goals of the strategic plan have been achieved in full.

Environmental, social and governance strategy. For details, see "Environmental, social and governance strategy at Discount" in Chapter 1 above.

For additional details, see the 2023 Annual Report (pp. 18-23).

Dialogue with the investors

➤ The first and principal layer of communication with investors in securities of the Bank is the layer of regulatory reports - reports in accordance with instructions and guidelines of the Supervisor of Banks and in accordance with the provisions of the Securities Act and the Regulations under it. These reports include annual, quarterly and immediate reports.

The Bank maintains an additional layer of communication with investors in securities of the Bank (existing and potential), as well as with other parties (such as: analysts and research agencies) in Israel and abroad, by means of the investor relations unit of the Planning, Strategy and Finance Division. This communication is bi-directional - from the Bank outwards, through conference calls, presentations and other materials assisting in the understanding of the Bank's results and its operations, maintaining meetings and conferences of the Bank's Management with such stakeholders, distribution of updates regarding events and more; and in the other direction - from stakeholders inwards, through the reflecting of opinion and analysis of the relevant stakeholders and providing Management and the Chairman of the Board

THE BANK CONDUCTS TWO-WAY COMMUNICATION WITH INVESTORS IN SECURITIES – FROM THE BANK OUTWARD, AND FROM STAKEHOLDERS INWARD

(and alongside the decision making process on relevant matters, also before the Board of Directors) with feedback on the results of the Bank and its activities, as well as the integration of such contents in the decision making process at the Bank.

The activity of the Bank's investor relations unit is based on the concept that transparency, cooperation and a fruitful dialogue create value for both sides and enable stakeholders to make long-term educated investment decisions. The Bank's Management believes in strengthening and preserving relations with investors in securities of the Bank.

Principal operations and central events during 2023

➤ In 2023 continued to work determinedly to implement the strategic plan and to realize the goals that it had set for itself, alongside further responsible and significant growth in all its areas of focus. On October 7, 2023, the "Iron Swords" War broke out. The War had presented significant challenges in many areas, and is affecting and is expected to affect the Israeli economy in general and the banking sector in particular, including the Bank. The Bank's financial base and its capital infrastructure remain stable and are being stringently managed and even strengthened during the fourth quarter of 2023. The ratio of common equity Tier 1 increased to a rate of 10.71% and the liquidity coverage ratio amounts to 130.7%. This is the infrastructure that allows the Group to deal with the challenges presented by the condition of the economy, support the Bank's customers and continue growing.

The central challenges and issues in 2023 were:

The "Iron Swords" War

The "Iron Swords" War broke out on October 7, 2023, following a surprise attack by the Hamas terror organization and its collaborators on the communities surrounding the Gaza Strip.

The Bank's Board of Directors and Management, hold frequent discussions regarding the War situation and its implications upon different aspects of the Bank, including business continuity of the Bank's activity, preparedness of the Bank for different scenarios, as well as readiness for the "day after". Since the breakout of the War, the Bank's Management focuses significant administrative attention on the War and its implications. Cross-organization work teams, headed by the Bank's President & CEO, manages the different layers of the Bank's operations in this crisis period, while closely following developments and adopting measures for the reduction of the different risks and the maintenance of business continuity. The business divisions increased monitoring and control operations over the condition of the credit portfolio and of the financial assets portfolio of the Bank.

Concurrently, immediately following the outbreak of the War, the Bank has made preparations for the support of customers, suppliers, the community and employees (see below, Chapters 4, 6, 7 and 5, respectively).

The separation of ICC from Discount Bank

On January 30, 2023, the Finance Committee of the Knesset approved the Banking Regulations (Licensing) (A bank with Wide-Ranging Activity), 5783-2023, ("the Regulations"). According to the Regulations, the Bank is bound to sell the means of control of Israel Credit Card Company Ltd., held by it, within a period of three years from the effective date (date of publication of the Regulations in the Official Gazette), or until the end of four years in certain circumstances, to the extent that a public offer outline would be decided upon.

The Bank is preparing for effecting the separation, and, inter alia, has retained the

services of a foreign investment bank to assist in the process. At this stage, the Bank is in the midst of the primary preparation phases for the separation from ICC, and that decisions with respect to the separation outline have not as yet been taken.

For details regarding the Increase in Competition and Reduction in Concentration in the Banking Market in Israel (legislation amendments) Law, 5776-2017, see the 2023 Annual Report (pp. 416-419). For details regarding the contribution of ICC to the profits of the Discount Group, see the 2023 Annual Report (p. 72). For Data for 2023, "Data excluding ICC" see the 2023 Annual Report (p. 15). For details regarding the data for the "ICC" segment, within the framework of Managerial Operating Segments, see the 2023 Annual Report (pp. 269-270). For additional details, see the First Quarter of 2024 Report (p. 15).

Discount Campus

The finishing work at the Campus concluded during the reported period, and the relocation of all the Bank's and MDB's units planned to move to the campus were completed in accordance with the original plan. For additional details, see in Chapter 10 below.

For additional details regarding the central challenges and issues, see the 2023 Annual Report (pp. 23-31).

Mercantile Discount Bank

General overview

MERCANTILE The financial activity in Israel of the banking institutions that served as the basis for the foundation of MDB began in 1918, with the conquest of Palestine by the British, when the Anglo-Egyptian Bank, operating at the time in Egypt, established three branches in Israel: in Jerusalem, in Jaffa and in Haifa. Later on, in 1921, a fourth branch was opened in Nazareth. In 1925, "Barclays Bank DCO" (a bank owned by the British Bank "Barclays Bank" which provided financial services to the authorities all over the British Empire) acquired the shares of the Anglo-

Egyptian Bank, thus turning it into a part of the Barclays Bank Group. In 1971, "Barclays Bank DCO" changed its name into "Barclays Bank International".

Mercantile Discount Bank (MDB) was incorporated in October 1971, by Barclays Bank International of England (hereinafter: "Barclays Bank") and by the Discount Group, under the name of: "Barclays Discount Bank Ltd."

Soon after its incorporation on December 7, 1971, MDB acquired all the assets and liabilities of the Barclays Bank branches in Israel (by that time some 40 Barclays Bank branches had been in operation in the State of Israel).

On February 28, 1993, following the acquisition by Discount Bank of all the interests of Barclays Bank in MDB, the Bank changed its name into "Mercantile Discount". The Bank is defined as a "banking corporation" under the Banking Act (Licensing), 1981, and it holds a banking license under the said Act. MDB is a private company that is wholly owned and controlled by Discount Bank. The Head Office of MDB is located at the "Discount Campus" in Rishon Lezion.

MDB is engaged in financial commercial activity and provides services to all operating segments, including: diverse credit activity and foreign trade and currency and foreign currency services. In the mortgage loan field, MDB offers its customers services through mortgage centers operating within the branches. The bank specializes in business, from small and minute businesses to commercial businesses, in all sectors of the economy, and in providing services to the Arab population and to the ultra-orthodox Jewish population. During the years, the bank, in cooperation with relevant governmental agencies, developed expertise in the granting of credit to small and middle market businesses by means of governmental funds supporting businesses. The bank provides to its customers, among other things, divers services regarding their securities operations through a wide layout of consultants located at the bank's consulting centers and markets credit cards offered by ICC and Diners companies. On December 1, 2019, the Bank completed the

merger with Municipal Bank, thus expanding its operations and specialty in its business activity with the municipal sector.

Furthermore, MDB has international relations with brokers, enabling customers to transact business also on foreign securities markets. The Bank offers its customers an array of online banking services by means of the telephone, mobile phone and the interactive internet website.

This comprehensive framework of operation enables MDB to offer to its customers the full range of banking and financial solutions and provide them professional service of the highest level, through diverse communication lines for all banking products prevailing in the market, adapted to the specific needs of the customers. The said services are provided through a countrywide network of branches, numbering 73¹⁹ branches.

The strategic plan of Mercantile Discount Bank

In the fourth quarter of 2021, MDB's Board of Directors approved a multiyear strategic plan for the years 2022-2026.

The strategic plan includes a number of principal directions of action:

- > expansion of MDB's retail activity (households, housing loans and small businesses), through growth in specific segments of the population;
- > growth in activity regarding commercial customers;
- > increasing activity with local authorities, including activity with suppliers of local authorities and employees of local authorities;
- > operating efficiency.



Principal operations and central events at Mercantile Discount Bank in 2023

The year 2023 played out under the shadow of a difficult and complex war, which was forced upon the State of Israel following the events of October 7. Since the war broke out, MDB has been working to provide a tailored and sensitive response for its customers and has continued to provide continuous service over a spectrum of different channels, flexibly and quickly, including providing diverse credit solutions such as payment deferral outlines, exemption from commissions, overdraft interest exemption for relevant populations, and other measures (for further details, see Chapter 4 below).

From October onwards, MDB has introduced a series of social initiatives aimed at supporting and strengthening the harmed populations. Among other things, the bank joined the Discount Bank initiative to establish "Keren Or" – a foundation dedicated to supporting children and youth harmed by the war and also founded the Northern Stars program, in cooperation with the Sprint Association, to support evacuated children in the north. The Bank and its employees rallied together in many other ways, in intensive and extensive activity for the good of the community and society, and for their rehabilitation and to strengthen their resilience (for further details, see Chapter 7 below).

Even with the turbulent reality, the 2023 annual report included record results, reflecting the bank's continued growth momentum and its efficiency. In 2023, MDB completed the successful move of all its head-office units to the innovative and advanced Group campus in Rishon Lezion and, at the same time, sold its holdings in the Jubilee Tower in Tel Aviv, which served as the bank's head-office prior to the move.

19 Number of branches as of December 31, 2023.

Israel Credit Cards Ltd. ("ICC")

General overview

Cal. ICC was incorporated in 1979 as a private company under the Companies Act. ICC was the first company to develop and offer off-banking credit plans to private customers. Over the years, ICC turned into the leading company in the world of payments and off-banking credit, which provides advanced financial solutions to its customers (3.5 million operating cards) and to approx. 110 thousand trading houses. ICC provides card issue and clearing services to the leading credit brand names in the world. The company maintains long-term strategic partnerships with all banks in Israel and with leading retail chains and commercial entities in the economy. At the same time, ICC is developing payment services and advanced financial products, based on innovative technologies, through the payment platform it developed.

ICC is considered an "auxiliary corporation" under the Banking Law (Licensing), 5741-1981. Discount Bank holds 71.8% of the equity rights and 79% of the voting rights in ICC. The First International Bank of Israel Ltd. holds the rest of the rights in ICC. The Head Office of the company is located in Givataim and is expected to move during 2024 to ICC House in the new Bnei Brak business center.

The income of ICC is composed mostly of commission fees on the operation of credit cards and on the providing of payment solutions, as well as from credit financing income paid by its customers: credit card holders and trading houses. ICC has several subsidiary companies and one associate, through which it provides to customers a part of its services, including: Diners Club Israel Ltd. (franchise holder of the global Diners Club chain, which is engaged in the issue, marketing and operation of "Diners" credit cards, valid in Israel and abroad), C. A. L (financing) Ltd. (operates as the financial arm of the company for the purpose of providing credit to holders

of the company's credit cards), Diners Finance Ltd. (engaged in financing the credit for a part of Diners credit cards), Iatzil Finance Ltd. (engaged in providing financing services to trading houses through the discounting of "VISA", "MasterCard", "Diners", "American Express" and "IsraCard" credit card vouchers) and ICC Deposits Ltd. - all of which are wholly owned subsidiaries of ICC.

In addition, ICC has a 20% stake in the share capital of Shlomo C.A.L Ltd. (a company providing credit to private individuals interested in purchasing new vehicles by leasing transactions), and a 10% stake in the share capital of Casponet Ltd. (which is engaged in installing and operating of cash withdrawal machines at trading houses).

ICC issues, markets and operates directly "VISA", "Diners" and "MasterCard" credit cards, valid in Israel and abroad, and is also engaged in joint issue agreements with banks participating in the arrangement. ICC is also engaged in the clearing of transactions made by "VISA", "Diners" and "MasterCard" credit cards, valid in Israel and abroad, as well as by the "IsraCard" brand (in Israel only).

The strategic plan of ICC

➤ On December 30, 2021, ICC's Board of Directors approved a strategic plan for the years 2022-2026, which was drawn up with the assistance of external consultants. The aim of the plan is to provide an appropriate response to the challenges and opportunities arising from changing market conditions.

The multiyear plan was drawn up taking into account the changes taking place in the credit card market around the world, generally, and in Israel in particular, in view of the implications of the Increased Competition and Reduction in Centralization and Conflicts of Interests in the Banking Market in Israel Law, 5776-2016.

The plan focuses on moves intended to continue the positioning of ICC as a leader in non-banking payment and credit activities.

ICC's strategic focal points are:

- creation of future growth generators;
- establishing ICC as the leading credit card company in Israel;
- aligning the organization with the "new world", including operating excellence, technological and business agility and the creation of an advanced data and digital infrastructure.

Principal operations and central events at ICC in 2023

➤ The year 2023 played out under the shadow of a difficult and complex war, which was forced upon the State of Israel following the events of October 7. Since the war broke out, ICC has been working to provide a tailored and sensitive response for its customers, has continued to provide continuous service over a spectrum of different channels, flexibly and quickly, and has provided diverse credit solutions, along with promoting smart and advanced payment solutions through its payment platform to thousands of evacuated families, granting benefits and reliefs to its business and private customers, announcing an exemption from card fees and an interest-free deferral of payments for customers in areas that had been harmed and other measures (for further details, see Chapter 4 below). In addition, ICC has carried out a series of social initiatives aimed at supporting and strengthening the harmed populations (for further details, see Chapter 7 below).

Even with the turbulent reality, the 2023 annual report included excellent results, reflecting the company's continued growth momentum, which is showing growth in both issuance and clearing turnovers, a greater number of active cards and growth in the credit balances. The company's activity is directly affected by the activity of the Israeli economy and, therefore, the outbreak of the war and its continuation has had a material short-term impact on the volumes of the company's transaction turnovers, the size of demand for credit and

the credit losses, which have led to a short-term decline in the company's profitability. However, in light of its multi-year strategy and the business resilience demonstrated by ICC, the company has been able to produce excellent results despite the consequences of the war.

For details regarding the Separation of ICC from Discount, see above.

IDB Bank

General Overview

IDB BANK Israel Discount Bank of New York also known by its registered service mark, "IDB Bank", is a full-service commercial bank. IDB Bank is registered in the State of New York, is a member of the Federal Deposit Insurance Corporation (FDIC) and is wholly owned by Discount Bank.

IDB Ltd. began its operations in New York City in 1949, when it established a representative office. At that time, there were only a few employees and limited contact with the public. In 1962, IDB Ltd. became one of the first foreign banks to open a branch in New York, this following the New York State banking law change to allow foreign banks to operate branches in the city. In 1967, Israel Discount Bank Ltd. acquired the Hias Immigrant Bank and changed the name to IDB Trust Company. Ultimately, in 1980, the branch's assets were transferred to the renamed, wholly-owned IDB Ltd. subsidiary, Israel Discount Bank of New York ("IDB NY"). IDB NY also took over a major portion of the western hemisphere banking operations of its Tel-Aviv parent company. Subsequently, the Bank took on more contemporary nomenclature with the registered service mark "IDB Bank." In March 2000, IDB Bank became a wholly-owned subsidiary of Discount Bancorp, Inc., a Delaware holding company formed to hold its shares.

In addition to the New York HQ, located in the Grace Building in midtown Manhattan, and the branches in Brooklyn, Staten Island and New Jersey, the bank also operates branches in Southern Florida and Southern California.

The bank offers diversified services in private and commercial banking to customers residing in the United States and abroad.

IDB Bank specializes in the following areas: U.S. Private Banking, International Private Banking, Middle Market Lending, Asset Based Lending, Commercial Real Estate Lending, Factoring, Syndications, and Trade and Finance (Import, Export and Standby Letters of Credit, Documentary Collections, Bankers' Acceptances).

IDB Bank's broad range of banking services include Personal and Business accounts, Cash Management, Checking Accounts, Money Market Savings Accounts, U.S. Dollar and Foreign Currency Time Deposits, Credit Cards, ATM/Debit Cards (for personal accounts), Online Banking, Money Transfers, Lockbox Facilities, Safekeeping and Custody of Securities.

IDB Bank has sound liquidity and capital ratios; maintains well-capitalized designation.

IDB Bank's broker-dealer subsidiary, IDB Capital Corp,²⁰ is able to offer investment products such as U.S. Government and Agency Securities, Corporate Stocks & Bonds, Offshore and Domestic Mutual Funds and Capital Market Instruments.

The strategic plan of IDB Bank

In 2023, IDB Bank initiated a new strategic plan focused on a Strategic transformational change that will enable the business to achieve a target state where the bank can efficiently scale, expand the scope of what the bank does, and explore opportunities to enter new market segments. The strategic plan is focused on four core tenets: Profitable Business Growth, Efficiency & Operational Excellence, Investment in its employees, and Risk & Regulatory Operating Standards. The primary purpose of the bank's strategic plan is to transform the way the bank operates, uplifts its employees, and increases profitability, all while ensuring to meet large bank regulatory standards.

Profitable Business Growth – Overall bank loan volumes remained relatively flat from 2022, but the bank did experience loan growth within the Commercial Real Estate and C&I segments during this period. In 2023, a focus was placed on the regional areas, particularly Florida and California, where both regions saw growth in loans compared to 2022. Additionally, the Florida region demonstrated year-over-year growth in deposits. Furthermore, AUA/AUM expanded as a result of the IDB Lido Wealth Management joint venture, which went live in the first quarter of 2023. Customers also added government treasuries to their portfolios in response to the market conditions. On the project side, the IDB Capital Business Model project aimed to transform the business into a Registered Investment Advisor (RIA) to capture revenue across the entire portfolio, not solely on transactional volume.

Efficiency & Operational Excellence – The strategic focus for 2023 was on several Efficiency & Operational Excellence projects, including enhancing the Loan Process, Account Opening, and Cash Management Servicing.

Investment in its employees – In 2023 IDB established a People Office Transformation aimed to increase employee satisfaction, reduce turnover rate, streamline recruitment cycles, establish a future state organization structure, and create career paths within the organization.

Risk & Regulatory Operating Standards – To scale the bank and meet large bank regulatory standards while effectively managing risk, the bank focused on implementing a Dual Risk Rating framework to distinctly quantify obligor and facility risk characteristics across the entire credit portfolio. Additionally, an Enterprise Data Governance Program was established to provide Management with new capabilities for timely and trusted reports, analytics, and data-driven strategic decision-making.

Principal operations and central events at IDB Bank in 2023

In 2023, IDB Bank kicked off a 5-year strategic plan focused on 4 core tenets: Profitable Business Growth, Efficiency & Operational Excellence, Investment in its employees, and Risk & Regulatory Operating Standards. From a financial standpoint, the macroeconomic environment throughout 2023 was challenging and competitive, leading to relatively flat loan and deposit volumes compared to 2022, decreasing by 0.6% and 4.1% respectively. The stagnant balances, coupled with NIM pressure, notably affected the bank's revenue projections. Given these circumstances, along with a bond portfolio restructuring and other contributing factors, resulted a total net Income of US\$63.8 million in 2023, a 44% decrease compared to 2022.

Membership of organizations and external Initiatives

The Bank is a member of various organizations. Among the prominent organizations may be mentioned the "Maala Organization" – an umbrella organization of the leading companies operating in the Israeli market, which promotes corporate responsibility issues and develops standards for responsible management in Israel, the **Union of Banks** – an umbrella organization for banks operating in Israel, the aim of which is to maintain an effective dialogue regarding systemic issues with governmental agencies, as well as with the public and private environment, and the **Israeli Marketing Union** – a union of companies that market and advertise in all lines of industry, services and other sectors. **The Association of Publicly Traded Companies** – a representation organization for public companies in Israel, representing their interests at Government offices, Knesset Committees, The Israel Securities Authority and the Tel Aviv Stock Exchange. In addition, the Bank joined the **Global Compact** initiative of the United Nations (see below). The Bank is also a member of the "Israel Human Resources" Association (formerly: "The Human Resource Management Association").



²⁰ Investment Products are: Not FDIC Insured; not Bank Deposits; not Bank Guaranteed; not Insured by any Federal Government Agency; may Lose Value.

MDB is also a member of the Union of Banks and of the Israeli Marketing Union. ICC is a member of the "Maala Organization", of the Israeli Marketing Union, the Forum of Credit Card Companies in the Union of Chambers of Commerce and in the Association for the management of the IMV terminals protocol in Israel.

In addition, corporate responsibility issues are reported by the Bank to the following entities and initiatives:

Reporting to investors by means of analysis in ESG issues, which performance in the environmental, social and governance fields.

Reporting to the Ministry of Environmental Protection regarding emission of greenhouse gases – a comprehensive annual report, which at the present time is submitted voluntarily, reviewing the emission of greenhouse gases by the Bank and measures taken to reduce it. A report in respect of 2022 was submitted in November 2023. At the date of completion of this report, the report for 2023 has not yet been submitted.



UN Global Compact – a strategic policy initiative by corporations which have committed to accept, support and apply within the framework of their area of influence, a series of basic values regarding human rights, standards for work and environment conditions and combating corruption. The companies have committed to report on their progress in applying and assimilating the principles. The reports published by the Bank since the year 2013 (Social Reports, Corporate Governance Reports and Environment, Social and Governance Reports) comprise progress reports for the relevant years.

Ratings in the fields of Environment, Social and Governance

"Maala" rating – In July 2023, "Maala" published its rating for 2022. The Bank has been rated in the Platinum Plus category (awarded to companies with an absolute score of over 90) in a total score of 94, compared with 97 in the previous year. The rating is based on criteria detailed in a number of central areas of corporate responsibility. The rating allows the rated companies to be included in the Maala Index on the Tel Aviv Stock Exchange.

In 2023, ICC was rated in a platinum plus rating, for the second year in a row.

ICC and the Bank submitted the questionnaire for 2023. The rating for 2023 is yet to be published.

BDI rating – the best companies to work for – The rating examines what is important for employees, what are their expectations from the work place and what are the most desirable places to work for. In 2023, the Bank is positioned in the 48th place in the rating and ICC is positioned in the 38th place.

BDI Code – A business leadership index rating approx. 500 companies in the market. In 2023, the Bank was awarded the 19th place in the rating and ICC in the 90th place.

Dun's 100 rating – In 2023, the Bank (including MDB) was positioned in 4th place in the rating of commercial banks and ICC in the 2nd place in the rating of credit card companies.

IDB Bank – Currently, the overall Community Reinvestment Act ("CRA") ratings for IDB Bank, are as follows:

➤ **"Outstanding"** – granted by the Federal Deposit Insurance Corporation ("FDIC") - the Performance Evaluation was performed by the CRA on April 27, 2020; and the relating report was received on July 10, 2020.

➤ **"Outstanding"** – was verbally acknowledged by the New York State Department of Financial Services ("NYSDFS") for the 2023 review period.

The bank has consistently maintained an "Outstanding" rating.

Mercantile Discount Bank – The banks' friendliness to small and middle market businesses Index – The Small and Middle Market Businesses Agency at the Ministry of Economy and Industry publishes this Index. The Index published in respect of the 2023 reports, placed MDB in the first place in the banking system.



Commendations and prizes

Discount Bank

2023 Computer Excellence IT Awards Competition – In 2023, the Bank won 14 awards in People and Computers magazine's Computer Excellence IT Awards Competition for technological projects implemented during the course of the year:

- Banking excellence – transferring the operating activity to BCC (Bank Clearing Center);
- Putting the customer front and center – monitoring the customer experience on the various channels;
- IAC automation using TERRAFORM – deploying TERRAFORM to manage the Bank's infrastructures, by means of development processes;
- Deploying self-service analytics – empowering users with analytic capabilities by making data accessible in self-service tools;
- Focus points competition, including mobile accessibility – as a tool to motivate the Banking Division to meet the branch targets;
- SPLUNK – the key to business resilience;
- Dashboards in times of emergency – Information for business continuity during the "Iron Swords" war;
- Business CRM – an upgraded homepage;
- Challenge process automation – denial of service attack;
- 360 degree monitoring using ZABBIX – an advanced technology that combines performance monitoring, trends and thresholds under study. The next generation of bank monitoring;
- Conversion of the "SKY" system – to promote loans and mortgages for the WEB system;
- Transferring Microsoft CRM dynamics to the Cloud;
- Moving the Bank's main computer facility to the new Discount Campus;
- Prevention of SWIFT fraud – monitoring for anomalies in international transfers in the course of a customer's business activity.

The annual Excellence Competition of the European banking and financial magazine EUROMONEY – in the 2023 annual Excellence Competition of the European banking and financial magazine EUROMONEY, Discount Bank was named the best bank for digital solutions in Israel.

GLOBAL FINANCE MAGAZINE's competition – In this competition Discount Bank won in three categories in 2023:

- > The best digital bank for retail banking;
- > The best retail banking app in Israel;
- > The best digital bank for business banking.

Discount Bank was named in 2023 as a Superbrand in Israel – for the 10th consecutive year. The aim of the International Superbrands Organization is to identify and name in each country the brands that have demonstrated brand and marketing excellence in the local market. The Organization is active in some seventy countries around the world, and since 2009, the Organization is also active in Israel.

The Excellence in Human Resources Competition of the Israeli Society for Human Resource Management. Discount Bank placed second in the BoostCamp project. In addition, the Bank received a commendation for its Campus Move project. This as part of the Excellence in Human Resources Competition of the Israeli Society for Human Resource Management. The award was presented at the 2023 Excellence Conference that took place at the end of February 2024.

MDB

The Excellence in Human Resources Competition of the Israeli Society for Human Resource Management. MDB received a commendation for its project "The Banker of the Future – Personal Development, Administrative Empowerment", as part of the Excellence in Human Resources Competition of the Israeli Society for Human Resource Management. The award was presented at the 2023 Excellence Conference that took place at the end of February 2024.

ICC

ICC has established a professional, human and high-quality infrastructure for its WhatsApp service, integrating deaf and hard-of-hearing employees, who respond to thousands of customers every day and who are turning the channel into a significant asset for ICC.

Superbrand in Israel – ICC was nominated in 2023 as a "Superbrand" in Israel, for the 15th year in a row.

IDB Bank

2023 Israeli American Council Summit – Mr. Sagy Aseraf, IDB Bank Regional Manager of Florida and Head of International Private Banking, was recognized among top industry professionals for the 2023 Israeli American Council Summit during his participation in the "Disrupting Finance: The Future of FinTech Innovation" panel discussion held on January 20, 2023.

Forbes Business Council – Mr. Ziv Biron, IDB Bank President & CEO, was recognized as a banking industry leader with the publication of his inaugural article "In a Toughening Economic Environment, Relationships are King" on December 7, 2023.

Discount Bank and the United Nations' sustainable development goals

193 member states of the United Nations adopted in September 2015 the new agenda for the sustainable development towards the year 2030, by means of determination of the global Sustainable Development Goals (SDGs).

The State of Israel has also adopted these development goals, is working to advance them, and reports once a year on its progress in achieving them. According to the analysis carried out in 2023, Israel meets 39% of the goals and measures it adopted²¹.

Discount Bank, as a significant entity in the Israeli economy and as an organization that strives to promote environmental, social and governance aspects in the course of its activities, is a partner in efforts to advance SDG objectives. The goals that the Bank is working to advance are chosen in accordance with their relevance to the Bank's activity, and in examining the goals that have not yet been achieved by the State of Israel.²² The Bank's activity to advance the goals is described extensively in the relevant parts of the Report.

THE DEVELOPMENT GOALS INCLUDE
17 GOALS COVERING A WIDE RANGE OF
SUSTAINABILITY ISSUES. AN ANALYSIS OF
THE CORPORATE SOCIAL RESPONSIBILITY
ASPECTS ACTIVITY OF DISCOUNT BANK,
FOUND NINE GOALS BEING MOST RELEVANT
TO THE OPERATIONS OF THE BANK



Goal No. 4

Quality education

Commitment of Discount:

The Bank sees in the education field a generator for personal and social success of the individual, and, therefore, encourages activity for promoting quality education and learning opportunities.

Targets:

4.1, 4.3, 4.5.

Activity of the Bank in the field:

Assistance to students – the Bank and MDB offer students a variety of finance solutions designed to respond to their special needs. MDB operates a unique program for the promotion of higher education in the minority population groups.

"Sprint Discount" (the flagship program of the Bank for the advancement of education and knowledge in geographical and social periphery in cooperation with "Sprint for the Future" Association, which develops and operates programs for the advancement of youth in risk situations in peripheral areas).

Investment in the community by means of promoting education and knowledge programs

– the Bank focuses its community activities on social mobility, while supporting the social and geographic periphery by way of education and knowledge, with the aspiration of strengthening weak populations and advancement of the future generation. Within this framework programs exist, such as DARCA (providing strategic support for school activities in Ashkelon and Julis, to promote students' success and excellence); INCLU (providing support for the operation of integrated educational institutions, in which children with and without special needs are taught); the Rashi Foundation's Cyber

²¹ For more information see "Sustainable Development Goals (SDGs) in Israel: Measuring the Distance to SDG Targets, 2021-2023", https://www.cbs.gov.il/he/mediarelease/DocLib/2023/286/13_23_286b.pdf.

²² Part of the measures in goals 4 and 9 were presented in the latest report of the Israel Central Bureau of Statistics as measures that have been achieved or are close to being achieved, but Discount Bank chooses to continue to operate in these areas of activity, due to the connection of these topics to the Bank's strategy.

Education Center (providing support for the 'StarTech' and 'Mamriot' (Taking-off) programs, aimed at making professional knowledge and skills in the cyber and computer fields accessible to girls and boys in the periphery and marginalized populations).

The Bank invests in associations and progressive ventures promoting education and knowledge, with the aspiration of strengthening weak populations and advancement of the future generation.

For a more extended description of the above described activities for the promotion of "quality education", including the Bank's policy, operational activities and annual goals, see the Chapters "Customers" and "Discount in the Community".

Impact on groups of stakeholders: customers, community

Goal 4 - Performance over the years

2023	Participation of approx. 20,000 youngsters in 415 activity centers of "Sprint" project
2022	Participation of approx. 14,000 youngsters in 350 activity centers of "Sprint" project
2021	Participation of approx. 12,500 youngsters in 340 activity centers of "Sprint" project
2023	296 scholarships to students granted within the framework of "Sprint" project
2022	277* scholarships to students granted within the framework of "Sprint" project
2021	254 scholarships to students granted within the framework of "Sprint" project
2023	Approx. NIS 15.6 million scope of investment of the Group in education and schooling
2022	Approx. NIS 15.4 million scope of investment of the Group in education and schooling
2021	Approx. NIS 12.3 million scope of investment of the Group in education and schooling

* The figure was amended.



Goal No. 5 Gender equality

Commitment of Discount:

Discount Bank has enshrined the value of gender equality and has invested considerable effort to create an equitable work environment that allows equal promotion and development for all genders equally.

Targets:

5.1, 5.2, 5.5, 5A.

Activity of the Bank in the field:

Engagement of employees from the ultra-Orthodox (Haredi) community – The Bank has a special team of women from the ultra-Orthodox sector. The team was established within the TeleBank framework and is engaged in providing a response over the phone or over the digital communication channels to all the Bank's customers on a variety of banking topics. Most of these employees arrive without any employment background or experience and receive comprehensive training as part of their employment induction process.

Economic empowerment for women who are victims of violence – The Bank is a partner in the "Banking Availability" Convention, in which it helps women who are victims of violence to embark on a new and independent economic path.

Strategic partnership with the LISHMA program – Supporting a program to develop a cadre of professional ultra-Orthodox women to promote solutions to social challenges. The program serves as an incubator for response development and constitutes a platform for meaningful social action and for leading cross-sectoral partnerships and ventures.

Prevention of domestic violence – Domestic violence, and violence against women in particular, has become a common social problem in recent years, and is not related to any particular sector or socio-economic situation. In order to combat this phenomenon,

the Bank supports the "Michal Sela Forum" and the activities of the association (such as the "Michal Patrol" project for saving lives and protecting threatened women, and the Hackathon project, which promotes annual competitions for developments and innovation tools for use in dealing with the challenges in this field). In addition, the Bank has joined the "Butterfly Button" project and has installed a button on its website and app, which allows one to click it anonymously and receive immediate assistance from professionals.

For a more extended description of the above-described activities for the promotion of "gender equality", including the Bank's policy, operational actions and annual goals, see the Chapters "The Employees" and "Discount in the Community".

Impact on groups of stakeholders: customers, community

Goal 5 - Performance over the years

2023	57.1% of the Bank's Extended Management Forum are women
2022	55.2% of the Bank's Extended Management Forum are women
2021	52% of the Bank's Extended Management Forum are women
2023	61.2% of all the Bank's employees are women
2022	61% of all the Bank's employees are women
2021	60.5% of all the Bank's employees are women
2023	36.4% of the Bank's Board of Directors are women
2022	*30% of the Bank's Board of Directors are women
2021	40% of the Bank's Board of Directors are women

* The figure was amended.



Goal No. 7 Available energy

Commitment of Discount:

The Bank recognizes that climate change is not only a risk, but also an opportunity, seeing the renewable energy sector as a business opportunity on the one hand, and assisting with the national effort to reduce emissions and combat climate change on the other.

Targets:

7.2.

Activity of the Bank in the field:

Financing in the renewable energy sector – The Bank has a specific policy in providing credit to the solar field. The Bank also provides credit for wind-power electricity-generation projects.

For a more extended description of the above-described activities for the promotion of "available energy", including the Bank's policy, operational actions and annual goals, see the Chapter "Green Discount".

Impact on groups of stakeholders: customers, community, environment

Goal 7 - Performance over the years

2023	Scope of the Bank's credit exposure to financing green credit sector amounted to NIS 2,404 million
2022	Scope of the Bank's credit exposure to financing green credit amounted to NIS 2,126 million
2021	Scope of the Bank's credit exposure to financing green credit amounted to NIS 890 million





Goal No. 8 Employment fairness and economic growth

Commitment of Discount:

Discount Bank aspires to provide to its customers the best service with the aid of adapting the service to the needs of the customer and providing a professional and fair service. Within the framework of its business activity, the Bank contributes to the growth of the economy and the society in Israel, enabling financial stability over a long period of time.

Targets:

8.2, 8.3, 8.6.

Activity of the Bank in the field:

Promotion of small and minute businesses – one of the strategic focal points of the Bank is the small and minute businesses segment. The Bank assists these businesses in various ways, among which, promoting convenient solutions for management of business (such as - iCount);

Financial education – the Bank acts to make the financial language accessible to all age ranges at no cost, inter alia, by increasing the awareness and importance of long-term savings, sensible financial conduct, investment channels in the pension savings field and more;

"Impact investments" – (investments creating social impact) in the ultra-orthodox (Haredi) sector by means of the subsidiary Discount Capital.

MDB focuses on the granting of unique banking services and on the creation of value for customer populations with specific needs, including the non-Jewish population and the ultra-orthodox population;

Financing Social Credit – granting credit to "Ogen".

For a more extended description of the above described activities for the promotion of "employment fairness and economic growth", including the Bank's policy, operational activities and annual goals, see the Chapter "Customers".

Impact on groups of stakeholders: customers, community, environment, suppliers

Goal 8 - Performance over the years

2023	NIS 42,203 million, outstanding credit balance for small businesses
2022	NIS 41,185 million, outstanding credit balance for small businesses
2021	NIS 39,091 million, outstanding credit balance for small businesses
2023	US\$9.5 million, investments in impact funds
2022	US\$8.5 million, investments in impact funds
2021	US\$7.1 million, investments in impact funds
2023	MDB operates 12 branches in the ultra-orthodox (Haredi) society and 34 branches in the Arab society
2022	MDB operates 12 branches in the ultra-orthodox (Haredi) society and 34 branches in the Arab society
2021	MDB operates 12 branches in the ultra-orthodox (Haredi) society and 34 branches in the Arab society



Goal No. 9 Industry, innovation and infrastructure

Commitment of Discount:

Within the framework of its strategic plan, the Bank aims at implementing technological means which will intensify customer experience, and aspires to lead the personal and humane service experience, based on listening to and understanding the customers' needs, while creating innovative and clear solutions.

Targets:

9.3, 9.4, 9.5.

Activity of the Bank in the field:

"Fintech and innovation" – creation of innovative banking models intended to provide customers with advanced services adapted to their needs. In doing so the Bank invested in several innovative initiatives in the fintech and innovation fields, such as PayBox, a company controlled by the Bank, which operates a payments platform and is engaged in accepting deposits from customers of all the banks, and such as the establishment of Greenlend – a venture for extending consumer credit and small and medium business credit, for customers of all the banks, by means of a company under the Bank's control.

Promotion of environmental credit – extending credit to the solar energy field;

Preparations for the changing labor world – in this framework and as a result of the accelerated implementation of the digital in the organization, the Bank conducted as from the beginning of 2019, several moves relating to the development of managers for leadership in the digital world.

For a more extended description of the above described activities for the promotion of "industry, innovation and infrastructure", including the Bank's policy, operational activities and annual goals, see the Chapters "Customers", "Employees" and "Green Discount".

Impact on groups of stakeholders: customers, employees, community, environment

Goal 9 - Performance over the years

2023	Approx. 794 thousand active subscribers on the direct channels at Discount Bank and approx. 266 thousand at MDB
2022	Approx. 770 thousand active subscribers on the direct channels at Discount Bank and approx. 235 thousand at MDB
2021	Approx. 703 thousand active subscribers on the direct channels at Discount Bank and approx. 217 thousand at MDB
2023	NIS 2.3 million of investments in energetic efficiency projects
2022	NIS 3.2 million of investments in energetic efficiency projects
2021	NIS 5.9 million of investments in energetic efficiency projects





Goal No. 10 Reducing inequality

Commitment of Discount:

The Bank views with importance the diversification in employment, while offering employment opportunities to populations in the community which are under-represented in the labor market.

Targets:

10.1, 10.2, 10.3.

Activity of the Bank in the field:

Customers in a financial crisis – measures for the rehabilitation of customers in financial crisis, in relevant cases, with the aim of assisting them to revert to normal activity; promotion of a pilot project for mediation regarding debtor portfolios financed by the Bank;

Prevention of discrimination – opposition to discrimination of any kind whatsoever, and application of this principle when hiring employees, promoting them and determining their employment terms;

Employment of persons belonging to populations under-represented in the labor market – In order to reduce the gaps in Israeli society and assist the populations under-represented in the labor market to integrate in the economy, the Bank and its principal subsidiaries in Israel promote the employment of workers of Ethiopian origin, workers from the Arab society, female workers from the ultra-orthodox society, as well as employees with special needs and employment during the summer months of young persons having vision deficiencies. Moreover, the Bank and ICC are active in expanding their operations in peripheral areas, by enlarging the operations of the TeleBank centers, which comprise employment centers for the different populations in peripheral areas, including populations under-represented in the labor market. ICC operates a service and sales center in Ashdod;

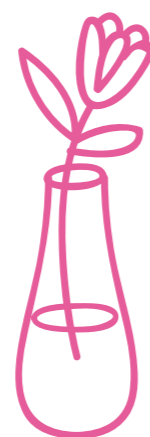
Employment of persons belonging to minority population groups – MDB is one of the largest employers of persons belonging to minority population groups;

"Sprint Discount" – cooperation with the "Sprint for the Future" Association, which develops and operates programs for the advancement of youth at risk in peripheral areas, with a view of reducing social gaps and increasing social mobility by means of education and knowledge;

Granting donations and sponsorships – in order to leverage personal and social success of children and youth in risk and distress situations, the Bank invests human and financial resources in activities programs in aid of the said target populations, mainly in the education and knowledge fields;

Increasing competition – ICC has conducted "competition raising" moves, both by engagements regarding the joint issuance with Bank Leumi and with Bank Hapoalim, and by engagements in the field of customer clubs (Shufersal and FlyCard).

For a more extended description of the above described activities for the promotion of "reduction of inequality", including the Bank's policy, operational activities and annual goals, see the Chapters "Customers", "Employees" and "Discount in the community".



Impact on groups of stakeholders: customers, employees, community, environment, suppliers

Goal 10 - Performance over the years

2023	0 complaint by employees regarding discrimination (within the framework of a submitted suit)
2022	2 complaints by employees regarding discrimination (within the framework of a submitted suit)
2021	1 complaints by employees regarding discrimination
2023	15.5% of Discount's employees come from a population under-represented in the labor market
2022	14.1% of Discount's employees come from a population under-represented in the labor market
2021	14.1% of Discount's employees come from a population under-represented in the labor market
2023	NIS 55 million, scope of investment in the community
2022	NIS 23.7 million, scope of investment in the community
2021	NIS 19.7 million, scope of investment in the community



Goal No. 12 Responsible consumption and production

Commitment of Discount:

As a corporation that provides financial services, the Bank's main direct environmental impacts arise from its operational activity. Therefore, the Bank focuses its efforts on management, measurement and monitoring, and savings and efficiency in such activity.

Targets:

12.5, 12.6.

Activity of the Bank in the field:

Paperless activity – Discount has been promoting for several years projects and measures to reduce the Bank's paper consumption, which includes, among other things: digitization of the Bank's archives; switching to a computerized form system; switching to multi-use envelopes in internal reporting and more.

Switch to multi-use utensils – As part of the transfer of the head-offices of the Bank and of MDB to the new, green campus in Rishon Lezion's HaElef District, the cafeterias and kitchenettes have been equipped with multi-use utensils for the employees' use (instead of one-time utensils, as was the practice in the past).

For a more extended description of the above-described activities for the promotion of "responsible consumption and production", including the Bank's policy, operational actions and annual goals, see the Chapter "Green Discount".

Impact on groups of stakeholders: employees, customers, community, environment

Goal 12 - Performance over the years

2023	222 ton of the Bank's paper consumption
2022	258 ton of the Bank's paper consumption
2021	275 ton of the Bank's paper consumption



Goal No. 13 Climate change

Commitment of Discount:

Climate change constitutes a major global challenge and, in light of this, the Bank is preparing to manage the field in an optimal way. As part of the recently formulated ESG strategy at the Bank, environmental and climate aspects were integrated, both with regard to the Bank's internal conduct and with regard to its operations in the business environment and with its customers.

Targets:

13.1, 13.2, 13.3, 13B.

Activity of the Bank in the field:

Discount Campus – The move of the head-office units of the Bank and MDB to the new Discount Campus in Rishon LeZion's HaElef District was completed in 2023. The campus is designed according to strict environmental standards, based on green building principles. In 2023, the campus was certified with the LEED GOLD V4 standard of the U.S. Green Building Council.

The Bank's carbon footprint – The Bank has voluntarily committed itself to the goals of reducing greenhouse gas emissions and is acting accordingly to effect a gradual reduction of its carbon footprint. Every year progress in the field is monitored, and the Bank voluntarily reports annually to emissions reporting and registration layout of the Ministry of Environmental Protection.

Integrating climate aspects into financing and investment – The Bank has incorporated environmental and climate considerations into its credit policy and investment policy documents, which include financing/investment restrictions, in accordance with the methodology and assessment of the defined risk levels.

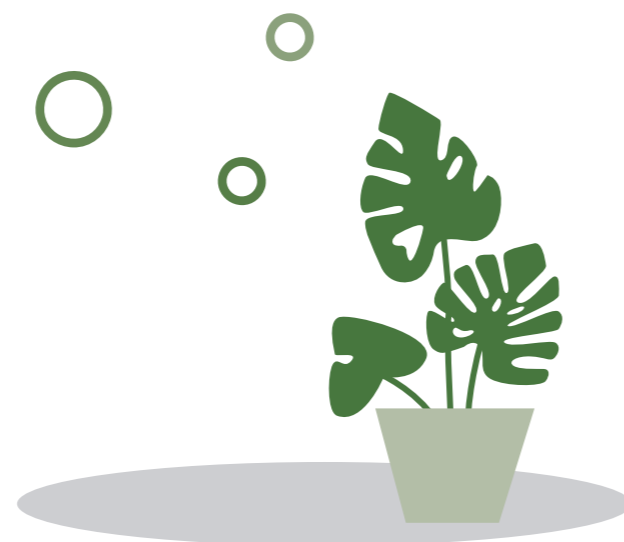
For a more extended description of these activities for the promotion of "climate change", including the Bank's policy, operational actions and annual goals, see the Chapter "Green Discount".

Impact on groups of stakeholders: customers, community, environment

Goal 13 - Performance over the years

2023	The Bank has set a goal of doubling the amount of financing for environmental projects by 2030 (compared to the 2022 data) to NIS 12 billion
2023	The Bank has set a goal of reducing its carbon footprint, in operational activity, by 40% (compared to 2022)
2023	Increase of the carbon footprint, in the Bank's operational activity, by 26%*
2022	Reduction of the carbon footprint, in the Bank's operational activity, by 3%
2021	Reduction of the carbon footprint, in the Bank's operational activity, by 3%

* The increase stems from preparation to complete the construction of the new campus.




Goal No. 16 Peace, justice and strong institutions

Commitment of Discount:

The Bank holds the funds and financial assets of its customers. In such operations, the most basic condition for conducting business is the confidence that the customers show towards the Bank.

Accordingly, Discount Bank diligently maintains the rules of ethics and conducts its business in a legal and fair manner, abiding by the provisions of the law and regulations in its operations, and acts to combat bribery and corruption.

Targets:

16.5.

Activity of the Bank in the field:

Application of the "best practice" policy with respect to corporate governance.

At the beginning of 2023, the Bank announced that it would refrain from extending credit to businesses with a discriminatory policy.

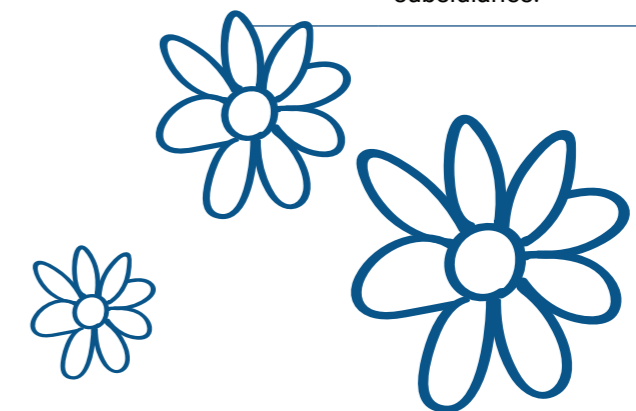
For a more extended description of the above described activities for the promotion of "peace, justice and strong institutions", including the Bank's policy, operational activities and annual goals, see the Chapter "Corporate Governance".

Impact on groups of stakeholders: customers, employees, community, suppliers

Goal 16 - Performance over the years

2021-2023
The Bank has a **code of ethics** based upon the Bank's vision and values, which comprises a compass for the employees that directs them towards proper, ethical and appropriate conduct; the principal subsidiaries have their own ethical codes.

2021-2023
The Bank has a **"whistle blowing" mechanism** – a "hot-line" was installed at the Internal Audit Division handling anonymous calls regarding suspicion of fraud and embezzlement, improper accounting treatment, noncompliance with the law or material deviations from procedures of the Bank. A circular in this matter was also distributed to the employees, which clarified that the Bank's Management would not allow any action against employees who had submitted bona fide complaints. A similar mechanism is in operation at the principal subsidiaries.



Contributing to the economy

The Bank maintains daily relations with the local business community and its members. The Bank is also positioned in the meeting point of those wishing to save or deposit funds and those who wish to draw money for investment and development of their business. The Bank constantly provides a variety of financial and investment solutions to business entities and to various sectors of customers.

The economic value produced by the Discount Group results from its being a large economic entity, one of the five major banking groups in Israel. The Bank's operations and its business results create value for its shareholders. The Group pays taxes to the authorities as prescribed by law, employs a large staff and thus contributes to the livelihood of many families. The Group purchases services and products in a substantial volume, most of which in the local market.

The economic value created by the Discount Group

	2023	2022	2021	
	In NIS million			
Economic values	The total economic value produced by the Group ¹	16,074	12,944	10,491
	Total economic value distributed by the Group to its stakeholders ²	11,329	9,640	8,518
	Total retained economic value ³	4,745	3,304	1,973
	Provision for taxes on income from ordinary operations	2,316	1,806	1,516
Employees	Number of Group employees ⁴	9,501	9,125	8,899
	Salaries and related expenses	3,850	3,568	3,468
Customers	Number of branches in Israel ^{4,5}	173	171	171
	Credit to the public ^{4,6}	262,941	244,288	216,196
	Of which: housing loans ^{4,6}	69,501	65,325	53,944
	Of which: credit to small and minute businesses ^{4,6}	42,203	41,185	39,091
	Commitment for investment in impact funds ⁷ (in US\$ millions)	11.5	11.5	10.5
Suppliers and community	Payment to suppliers	2,020	⁸ 1,640	1,380
	Purchase in Israel	90.25%	90.9%	89.8%
	Contributions and investments in the community	55	23.7	20.9

Notes:
 1 Net interest income (interest income less interest expenses) together with non-interest income (non-interest financing income, commissions and other income).
 2 Operating and other expenses (including among other: salaries and related expenses, municipal tax, donations and community investments) with the addition of provisions for taxes and dividends.
 3 The difference between the economic value produced by the Group and the economic value distributed by the Group.
 4 Data as of December 31, of each of the years.
 5 Branches of Discount Bank and branches of MDB.
 6 Before allowance for credit losses.
 7 Total liabilities by means of Discount Capital, within the framework of investments having a social impact alongside financial return.
 8 The figure was amended.

The economic value created by the Discount Group

Financial data of MDB and of ICC are presented in their annual reports for 2023, available on their respective Internet websites. Financial data of the Discount Group is presented in the 2023 Annual Report of Discount Bank, which is available on the Bank's website.

Data regarding the activity of the Discount Group by operating segments are presented in the 2023 Annual Report (pp. 253-270). Data regarding the activity of the Discount Group by geographical areas are presented in the 2023 Annual Report (p. 268). Data regarding the distribution of the overall credit risk of the Discount Group according to economic sectors are presented in the 2023 Annual Report (pp. 83-84).

Reinforcing the sustainability of the banking system and the economy

The Bank conducts its business intelligently through the meticulously establishment of processes for managing risk and for maintaining business continuity (detailed further in the report). The Bank acts responsibly in its dealings with stakeholders while taking into account environmental, social and corporate governance considerations.

In doing so, the Bank contributes to reinforcing the long-term sustainability of the banking system and the economy.

Indirect economic impacts

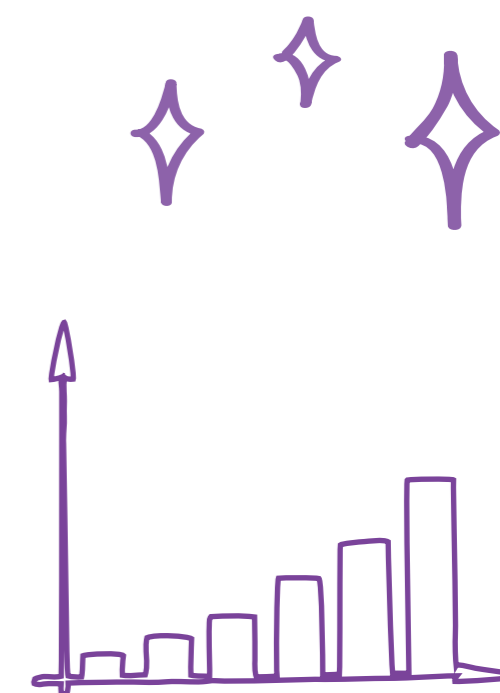
The Discount Group is acting towards promoting various benefits in favor of the public. Among the services in favor of the public may be mentioned the extensive activity with regard to financial education (see chapter "Customers" below).

Moreover, some of the Group's measures in the field of employee recruitment are intended for the empowerment of certain populations and to increase their participation in the labor market.

The Group acts to promote employment in peripheral areas, to promote the employment of women from the ultra-orthodox sector and for the employment of employees with a disability (see chapter "Employees" below). MDB is one of the largest employers in the Arab society.

The Discount Group offers services to customers by means of a widespread branch network in the various regions of the country. This branch network contributes both to the availability of financial services in peripheral areas in the country (alongside a variety of online banking services) and to employment in these areas. The Group specializes in providing services to the non-Jewish population and to the ultra-orthodox Jewish population by means of Mercantile Discount Bank. (See Chapter "Customers" below, in the Section "A wide disposition of branches - servicing a wide variety of customers").

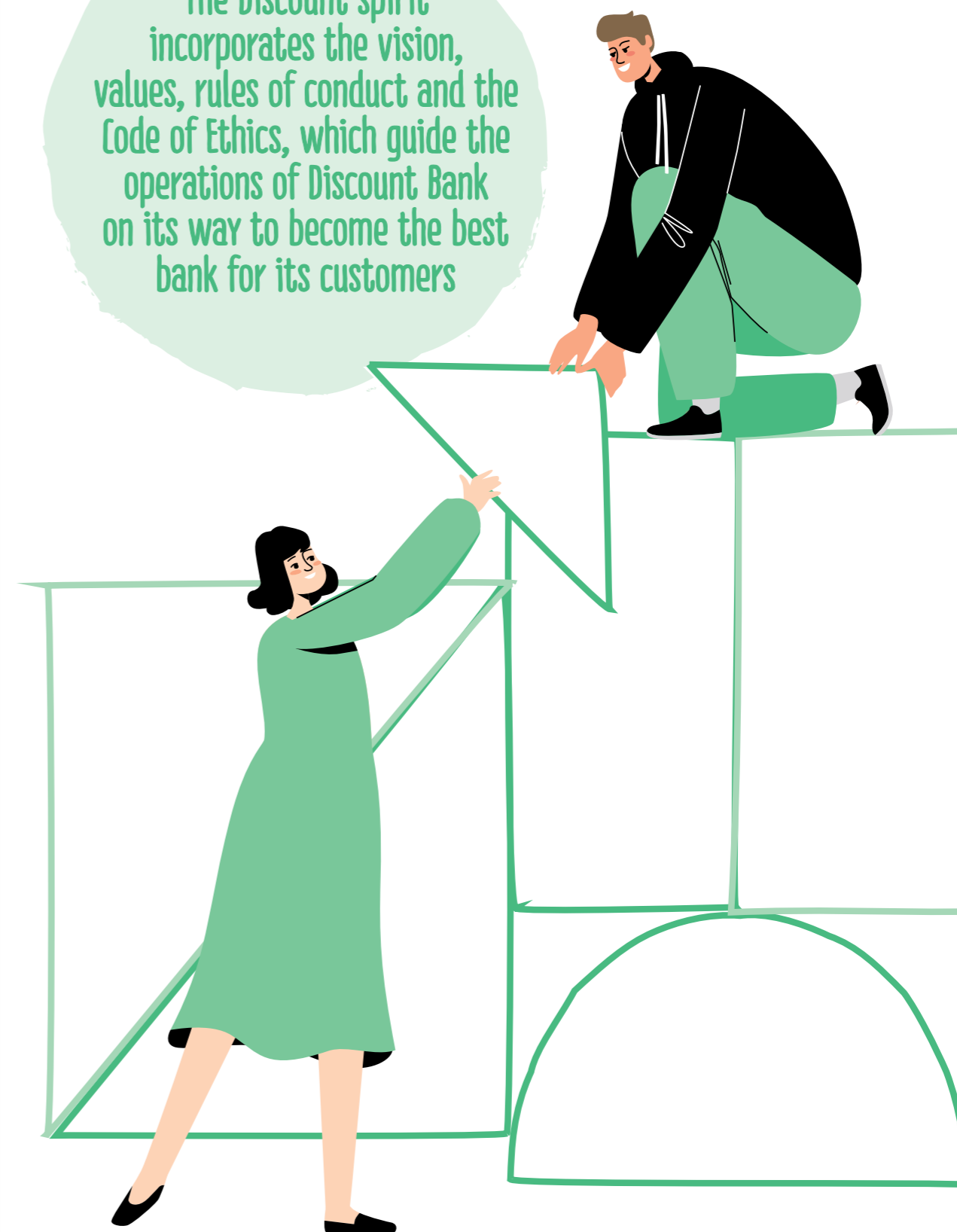
An additional indirect impact worth mentioning is the Bank's investment in its flag ship project in the field of contribution to the community - "Sprint Discount". The project focuses on the advancement of youth at risk in peripheral areas with a view of reducing social gaps and increasing social economic mobility by means of education and knowledge.



03 DISCOUNT SPIRIT

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The Discount spirit incorporates the vision, values, rules of conduct and the Code of Ethics, which guide the operations of Discount Bank on its way to become the best bank for its customers



DISCOUNT SPIRIT

We at Discount are committed to our customers, leading change, making it happen and succeeding together



Vision, Values and Everything in Between

Our Vision

> We at Discount believe that it is up to us to make our customers choose us anew every day. We understand that, in order for this to happen, we need to create added value and shape our customers' experience at every point of contact with the Bank.

We are eager to provide service and committed to do so at the highest professional standards, from a sincere and true desire to work in our customers' best interests.

WE SHALL ENDEAVOR TO BECOME THE BEST BANK FOR ITS CUSTOMERS, PERMITTING, OVER A PERIOD OF TIME, GROWTH AND FINANCIAL SOLIDITY BY MEANS OF ADAPTED, PROFESSIONAL AND FAIR BANKING

It is important to us that we create value over time for all our stakeholders. The way we treat our customers, colleagues, partners and suppliers is how we would have them treat us: with fairness and integrity, consideration and respect.

As a financial organization, we are committed to work diligently in order to be deserving of the public's trust. Beyond compliance with all laws and binding procedures, all our deeds and actions are conducted transparently and fairly so as to fulfill the Bank's commitment to create and encourage economic and social growth.

It is important to us to feel proud of our workplace and to this end we encourage a challenging, supportive and pleasant work environment. We believe in the people who work with us and invest in strengthening them.

All of us together – the Bank's Management, the managers and the staff – are committed to continuing to promote the Bank's momentum of change, and the continued future growth and success of the Discount Group is the goal we constantly see before us.

>> Continue on page 56

Our Values

Commitment to our customers



- > We guarantee a professional and speedy response
- > We customize innovative solutions
- > We provide a convenient, available and transparent service
- > We confer an exceptional service experience

We are aware of our customers' changing needs and think from their perspective in order to provide them with a professional and speedy response with explicit added value. We endeavor on tailoring innovative solutions to the customer's needs and provide them an exceptional service experience, with emphasis on availability, simplicity, convenience and transparency.

Making it happen



- > We are proactive and determined
- > We take overall responsibility
- > We stand by our commitments

We work with enthusiasm and determination to achieve added value and results to the highest standards. We take responsibility for our work from A to Z and display diligence, initiative and resourcefulness in order to achieve our objectives. We stand by our commitments and strive to surpass expectations.

Leading change



- > We see change as an opportunity
- > We are curious and daring
- > We are open to new ideas

We identify change as a growth opportunity and display a constant curiosity for learning and self-development. We dare to go beyond our comfort zone, to break out of known boundaries and to adopt new ideas. We display flexibility and act speedily and diligently in order to adapt our operations to the changing world.

Succeeding together



- > We cooperate and share knowledge
- > We establish a trust relationship
- > We are considerate and respectful

We cooperate, share knowledge, consult and think together, thereby creating a multiplier effect. We establish a trust relationship and relate to each and every person eye to eye, with consideration and with respect, in order to create a work environment that is supportive, positive and challenging and an atmosphere that encourages personal and professional development.

>> Continue from page 54

The values described hereunder comprise the "Polar star" for us, and we integrate them into our organizational culture and into the internal discussions, making an effort to act in their light in all our areas of operation.

We shall endeavor to become the best Bank for its customers, permitting, over a period of time, growth and financial solidity by means of adapted, professional and fair banking.

The leadership model of Discount according to the spirit of the Discount values

The leadership model was introduced at the beginning of 2021, which defines the set of behavior expected from managers. The model was integrated into diverse processes at the Bank, and is a practical and central tool in designing and improving the quality of management at the Bank

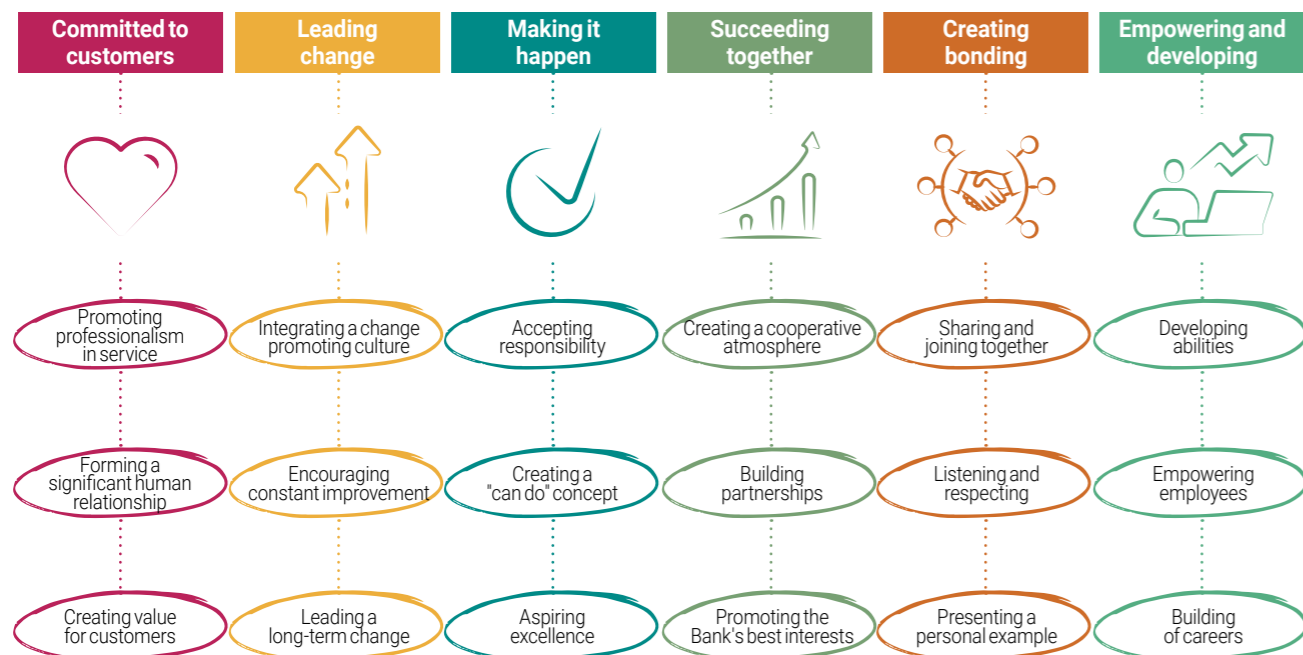
The leadership model includes six elements based on the "Discount Spirit": empowering and developing, leading change, creating bonding, committed to customers, making it happen, and succeeding together. The model is structured on three layers: **bases of leadership – skills – behavior**. Each leadership base contains three skills; each skill defines two modes of behavior.

The integration process continued during 2023, and focused on the elements of Creating bonding and Empowering and developing. The process included conducting designated training, providing tools and compatible communication processes.

Within the framework of integrating the leadership model, two central cross-Bank Forums have been defined – the Leading Forum and the Core Managers Forum.

The Leading Forum of the Bank, which includes the 90 senior managers of the Bank, holds regular meetings the object of which is to strengthen and develop this echelon, to give it a place at the management table, to equip it with suitable tools and to enhance its powers in such a fashion as to enable it to lead and advance the Bank's strategy in an optimal manner.

The Core Managers Forum of the Bank, which includes some 350 managers, was in the focus of the managerial training in 2023. The managers participated in in-depth training for the integration of the leadership model, while emphasizing the development and strengthening of their staff. This Forum forms part of the communication waterfall process, for the purpose of increasing bonding and mainly for the purpose of providing tools and personal responsibility for the management of the employees.



Vision and Values at the Principal Subsidiaries

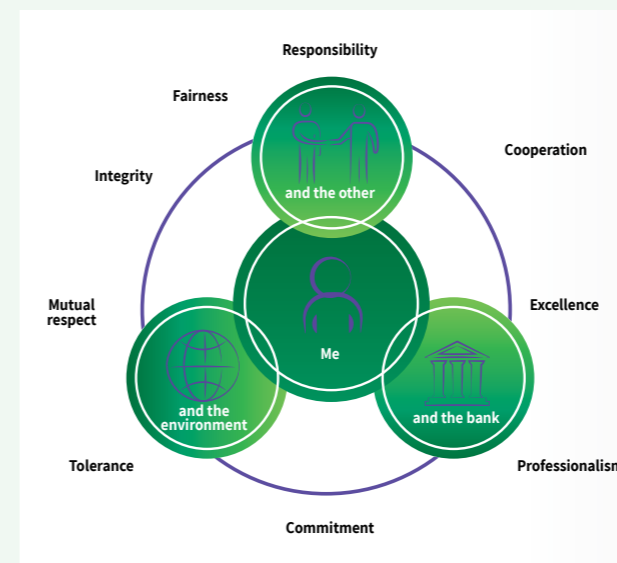
The principal subsidiaries have adopted a vision and values adjusted to each such company's character and business activity. For further details about the values of the principal subsidiaries in Israel, see the Corporate Social Responsibility Report for 2017 (p. 49).

The vision of Mercantile Discount Bank

MDB aspires to become a community and central bank for the target sectors in which it operates, while providing all banking services and combining digital and innovative banking with humane and personal connection with its customers. At the basis of the materialization of this vision, the Bank strictly maintains guiding values of fairness and decency.

The values of Mercantile Discount Bank

MDB has nine values that provide an answer to the daily challenges, as well as to future challenges. The Code of Ethics, "for us", constitutes a moral compass for the acquisition of a common language and a resource for resolving the ethical dilemmas that are routinely encountered in all circles of affiliation of the bank's employees and managers: I, Me and the other, Me and the bank, Me and the environment.



> **Me** – We, the male and female employees of the bank, will always act in such a manner as to take personal and organizational responsibility for our actions. We share common, universal values and strive to nurture them on a daily basis during the course of our work, the foremost of which are: fairness and decency, transparency and integrity.

> **Me and the other** – We believe that a stable, professional, personal and business relationship between the employees within the bank and between the employees and customers and suppliers is based on values of mutual respect and tolerance. It is our belief that working together is the key to success and prosperity.

> **Me and the bank** – We maintain the highest standards of professionalism and personal excellence and cultivate a culture of constant improvement, while undertaking to promote the interests of the bank and striving to attain its business goals.

> **Me and the environment** – We act with a strong sense of devotion and partnership with the community in which the bank finds itself and with the business environment in which it operates: suppliers, authorities, regulators, etc.

The vision of ICC

ICC aspires to realize the dreams, needs and wishes of its customers with gratification and responsibility, at any time and at any place. ICC's guiding principles in realizing its vision require it to act in responsibly, fairness, decency and flexibly.

The values of ICC

Three core values of ICC are found at the base of the vision and business strategy, which form a guideline for its operation: Customer Obsessive – obsessiveness for providing response to customer needs; promoting cooperation; innovation and technological leadership. These values were even more distinctly expressed with the outbreak of the Corona pandemic, and the need to provide

quick and accessible response to customers of the Company. In recent years, ICC has been leading a continuous process of digital transformation with an emphasis on user experience and the provision of added value in a complex and dynamic environment.

IDB Bank - Our Vision

"We aspire to be the best bank for our clients by putting their needs first, offering unwavering personal service, trusted relationships and the expertise of our people".

IDB Bank - Our Values – Our Personal Code

- **It's Personal** – We build lasting partnerships with our clients.
We develop our people – our greatest asset and competitive edge.
We base each and every relationship on integrity.
- **Client First** – We put our clients' interests and needs first and go above and beyond to meet their expectations.
We are responsive, approachable, flexible, and focused on maximizing value for our customers.
- **One Bank** – We put teamwork and collaboration first, for the whole of the Bank.
We are an inclusive community who is respectful, caring and committed to diversity.
- **Driving Change** – We strive to continuously improve, adapt, and turn any challenge into an opportunity.
We drive change and transformation to better serve our clients and address our employees' needs.
- **Execution Excellence** – We deliver on our promises and hold ourselves accountable.
We drive results with a can-do attitude.



The Code of Ethics

➤ The Code of Ethics of Discount has been written as part of the formation process of the "Discount spirit", which constitute the behavioral and moral base of the organization in forming a desirable organizational culture. The Code of Ethics addresses the moral and ethical conduct, principally with respect to values of fairness, integrity, respect and transparency regarding the ongoing relations with different groups of stakeholders, with an emphasis on employees, customers, business environment and community.

In 2021, the Bank conducted an updating of the Code of Ethics while examining the codes of ethics of other financial bodies in Israel and abroad, examining the Bank's existing Code of Ethics and a view on components such as the standards that have been developed in this field and that emphasize social and environmental responsibility, the prevention of bribery and corruption, the protection of workers making complaints on ethics issues, with reference to the requirements coming from social bodies to changes that had taken place in Israel and globally. The updated Code was approved by Management of the Bank and by the Board of Directors, and is available on the internal and external websites of the Bank.*

The Bank's Board of Directors and Management see great importance in the absorption of the Code and in turning it into an integral part of the culture of the organization.

In 2023, the process of integrating the Code of Ethics included, inter alia, professional tutoring of the members of the Ethics Committee providing tools for the analysis of ethical dilemmas, tutoring new Committee members in taking office, meetings of the Managers Forum at the different divisions, and integrating the Code of Ethics as part of the training courses for office.

A process of examination and updating of the Code of Ethics began in 2023, in accordance

* <https://www.discountbank.co.il/DB/private/discount-group/about/discount-spirit>

with the changes created by the economy, by the Israeli society and by the relocation to the Discount Campus. The process will be completed during 2024.

The executive in charge of ethics at the Bank is a member of Management – Ms. Hagit Meirovitz - Executive Vice President, Head of the Human Resources Division. Operating together with her is the Ethics Committee, in which officiate representatives of the Bank's main units. The tasks of the Committee include: Discussing ethical issues – personal and systemic; raising awareness at the Bank to ethical issues, encouraging discourse in matters of ethics and integrating this subject into the curriculum of the Bank.

The Ethics Committee convened once in a quarter (four times) in 2023, similar to 2022.

The Internal Audit examines on a current basis exceptional events relating to employees with respect to a wide array of subjects, part of which, for alleged violations of employee activity procedure, and partly relating to matters of purity of morals, suspicion of embezzlement and such like (for details, see "Prevention of Corruption" in Chapter 9). No violations of the Code of Ethics have been found over and above the violations detected within the framework of the said examinations. Notwithstanding the above, following active discussions and the raising of awareness to this subject, the number of approaches and consultations of employees regarding ethical issues is increasing. Most of approaches made in 2023 related to issues of labor relations.

Each purchase order delivered to a supplier includes a link to the Code of Ethics as well as a personal approach to the supplier by the Purchase Manager at Discount Bank inviting him to report any event which in his opinion causes violation of the Code of Ethics.

The reporting mechanisms are an anonymous telephone line and Email, and/or through the organizational portal.

An electronic learning move intended for all Bank employees (including outsource

workers) was completed in 2023. Participation amounted to 95%. The courseware on the subject of ethics, included at the end of it, the possibility of presenting ethical dilemmas encountered by the employees and 17 such dilemmas had been raised, part of which were discussed by the Ethics Committee.

The approaches to the Ethics Committee are reported once yearly to the Management and to the Resources Committee of the Board of the Bank, within the framework of the report on vision, values and the code of ethics.

The dealing room's Code of Ethics. The Code of Ethics document for the dealing rooms of Discount Bank and Mercantile Discount Bank was approved in 2021. The document was drafted as part of the process of adopting the principles of the FX GLOBAL CODE (the global code for foreign currency market dealings). The banks have declared that the Code's principles were adopted in 2022. The Code of Ethics document anchors the principles and rules of conduct expected on the capital market, to which participants in trade dealings are subject. The purpose of the document is to create guidelines covering correct and best operating practice for participants in dealings, as well as to promote fairness and decency. The document is based on the values of the Bank's Code of Ethics and on its culture of compliance and risk management. It incorporates guiding principles alongside which are ethical issues and do's and don'ts, which are intended to assist the dealing rooms' employees in differentiating between desirable and undesirable conduct.



The Code of Ethics of the Principal Subsidiaries

Mercantile Discount Bank

MDB's Code of Ethics reflects the leading values of the Bank. The officer in charge of ethics at MDB is a member of Management, Ms. Liat Friedman - VP Head of Human Resources and Administration Division.

The integration of the Code of Ethics continued during 2023 by means of intensifying the discussion, with the understanding that this is a continuous process. A comprehensive plan had been devised for the introduction of the discussion of ethics at the branches and at the Head Office: the regional ethics leaders have led dilemmas discussions with all the staff of the branches, at their units. At the Head Office, Divisional ethics leaders have been appointed and discussions have been held in order to increase awareness of this subject.

The subject of ethics is deployed and integrated in professional position training sessions, as well as in management training sessions. The subject is also communicated within the framework of discussions in the various managerial forums (managers' conference, audit guidance, controllers forum, and the like).

Maintenance of awareness of the Code of Ethics and of the reporting channel has been made also by means of internal communication.

ICC

The officer in charge of Ethics at ICC is a member of Management – Ms. Lital Veksler, Deputy CEO and Head of the Human Resources Division. The Code of Ethics of ICC was approved by the company's board of directors in 2016, and since then it has served as the company's code of business conduct. New employees engaged by ICC receive an information manual concerning the company's Code of Ethics as part of the process of inducting new employees. With the aid of a learning program, they are

required to study the rules and ways to act when facing dilemmas that arise in the organization; they also have to sign that they have read and understood the principles of the Code of Ethics. When managers take up their management duties, they are required to study the subject of ethics, within the framework of managers' development courses that are held in the organization. Furthermore, once in every two years, all company employees must pass a compulsory interactive tutorial on this topic.

In 2022, all company employees were asked to conduct a tutorial in the ethical field. The rate of performance reached 90%. Tutorial in this field will be distributed again in 2024.

The Code of Ethics of ICC is available to the employees on the organizational portal of the company and the general public is able to view it on the Internet website of the company.

The Code of Ethics was examined and validated in 2022.

IDB Bank

IDB Bank's Code of Conduct undergoes each year a process of validation and approval by the Board of Directors. The Code of Conduct was last reviewed and approved on January 31, 2023. All employees and directors annually acknowledge that they have read and understood the standards and principles contained in the Code of Conduct. Every new employee is given a copy of the Code of Conduct. The Code of Conduct is administered by the Office of General Counsel in partnership with Human Resources, and is available on the Bank's intranet for all employees to access.



Reporting and Consultation Channels



Members of the Ethics Committee – through the organizational portal



Anonymous voice mail: 03-9438811



The direct and indirect managers



The Ethics Officer, Ms. Hagit Meirovitz, tel: 076-8058877, fax: 076-8890418, email: Hagitm@dbank.co.il



Supervision and control functions, including internal audit and the compliance and control function



"Ethics Line" – Hot line to the Ethics Committee (calls may be made anonymously): 076-8058258

Goals

> Goals Presented in the Previous Report

	✓ Achieved	Developing an additional specific learning unit relating to the Code of Ethics.
Discount Bank	✓ Achieved	Broadening the discussion on ethics in the Leading Forum and in the managements of the regions and divisions (at least six units).
	✓ Partially achieved¹	Integrating ethics topics in ongoing training sessions – service teams, credit teams, team leaders, and in the management course.
	✓ Partially achieved²	Updating the Code of Ethics and aligning it with 'Maala' requirements and changes in the labor market and in the economy in general.
MDB	✓ Achieved	Continuing to deploy the Code of Ethics at the branches and to raise awareness at the bank's head office.

> Future Goals

Discount Bank	Broadening the discussion on ethics within the framework of designated meetings of managers.
	Integrating ethics topics in ongoing training sessions – service teams, credit teams, team leaders, and in the management course.
	Completing the updating of the Code of Ethics. Integrating the updated Code of Ethics.
ICC	Distribution of a tutorial in the field of ethics to all company employees.
MDB	Publication of a tutorial for the integration of the Code, alongside the continuing intensification of the ethical discussion at the branches and at the Head Office.

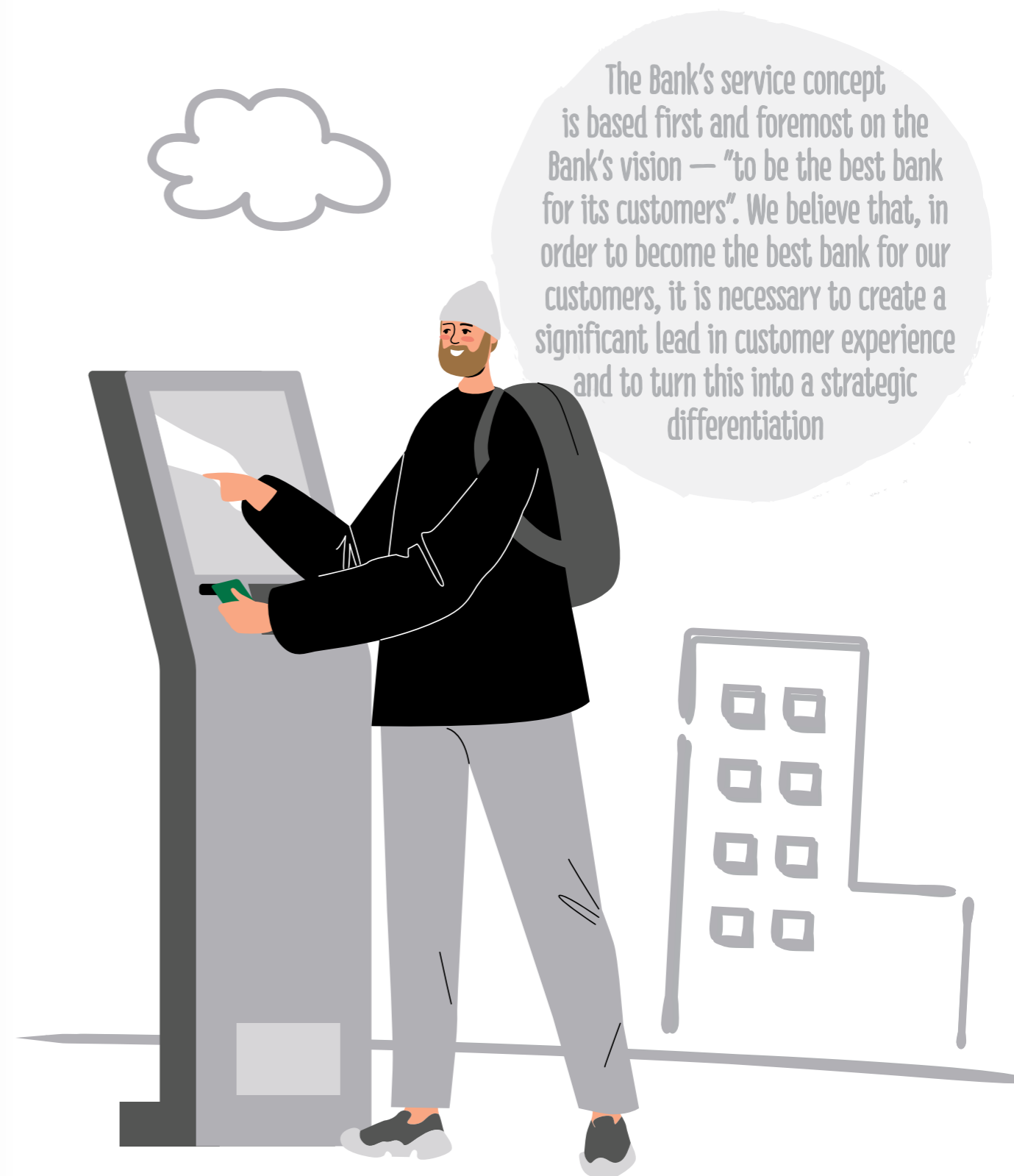
Footnotes:

- 1 A management course has not been held.
- 2 To be completed in 2024.



04 THE CUSTOMERS

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1,060
THOUSAND
active subscribers to the online services
(at the Bank and at MDB)

42,203
NIS MILLION
the volume of credit extended
to small and minute businesses

Approx.
91,600
followers on
Facebook

THE CUSTOMERS



The Bank aspires to be a leader in the experience of personal and people-oriented service, based on listening to and understanding customer needs, while creating clear and innovative solutions and strives to create value for its customers

Policy

The vision of Discount Bank: "We shall endeavor to become the best Bank for its customers, permitting over a period of time, growth and financial solidity by means of adapted, professional and fair banking."

➤ The changing reality requires us to rapidly improve the customer experience – customers expect a different level of service and the basis for comparison is not necessarily with other banks; it may well be with organizations leading in customer experience provided by them. Discount acts to create a distinguishing competitive advantage for itself through providing a winning customer experience.

In order to realize this vision and to become the best bank for its customers, Discount launched a number of strategic projects on cross-organizational topics designed to provide a meaningful response to customers' needs in the changing reality and to create an optimal customer experience across all channels - a move aimed at turning the entire Bank into a customer-orientated organization. This is a substantial and wide-ranging effort that encompasses all the Bank's units and leads to a deep and fundamental change in work processes and service principles, and also in conduct.

The leading index for measuring the success of the change is the customer recommendation index – "Net Promoter Score". This index has been successfully applied by thousands of leading organizations throughout the world. A direct correlation has been shown to exist between this index and increasing revenues, attracting new customers and strengthening customer loyalty.

The data is being collected within the framework of surveys performed by the Bank, the results of which are being measured against the data of the launching year for the project (2020). The NPS of Discount reached 12% in December 2023, as compared to 2% in 2020. This compared to the banking system: 4% in 2023, as compared to -3% in 2020.

Within the framework of this mechanism, the Bank assimilate processes for listening to customers, for the in-depth and methodological analysis of customer feedback and the ability to translate the messages conveyed thereby into effective initiatives for improving the customer experience at all points of its interface with the Bank.

In addition, within the framework of assimilating the vision, the Bank adjusts to the changing world and creates innovative banking models providing customers with an advanced service tailored to their needs. Inter alia in this respect, the Bank has invested in several innovative initiatives in the fintech and innovation fields. The Bank works to integrate banking excellence and culture of service, and insists on processes of learning lessons in connection with customer relations and dealing with customer inquiries.

The Bank is willing to open an account for customers, and provide them with service, subject to the provisions of the law and accepted banking considerations. From time to time, the Bank offers different population segments unique solutions and campaigns, on a purely economic basis, without involving irrelevant considerations of race, nationality, religion or gender.

Discount Bank works toward promoting fairness and decency in service - values that constitute an integral part of the ongoing business activity - inter alia, by promoting transparency and by providing full disclosure to customers, including the information that has to be provided to customers regarding the banking products and services offered to them.

Conduct of the service is based on the following principles:

➤ **Focus on customer experience** – implementing a listening and action mechanism to make improvements based on customer feedback, while striving to create a winning customer experience over all channels and in all the customer's dealings;

➤ **Focus on closing the circle** – Implementation of an operating concept and implementation of processes designed to increase the ability to provide a full response to the customer's needs, while simplifying processes and expanding powers at the relevant points of contact;

➤ **The home of financial solutions** and specialization according to segments and products - providing appropriate services and products in accordance with the characteristics and unique requirements of each segment and of every customer;

➤ **One stop shop** – a comprehensive service to customers at one service point;

➤ **Team service** – provides a response for a more comprehensive service at one address;

➤ **Multi-channel** – enables customers to perform banking operations everywhere, at any time, in every channel and individually customized;

➤ **Expert banking** – provision of various professional services in the field of credit, investments and related products, including customizing the product to customers' needs and requirements;

➤ **Service initiative** – forecasting customers' needs and adaptation of product and services;

➤ **The integration of standards** for handling customer inquiries and the continued reduction in complaints;

➤ **Easy and convenient communication** with the Bank's customers using a variety of channels with an emphasis on emails to the banker.

A system supporting customer focused marketing was integrated at the Bank's service layouts. This system places the customers at the center and customizes the products according to their needs and preferences.

The branch layout

In view of the reduction in manpower and the transition of customers in recent years to the digital arena, within the strategic program of the Discount Group, it has been decided to reduce real estate areas serving the Bank and the Group (see the 2020 Annual Report, pp. 333-334).

In accordance with the above, teller services at two branches were shut down, and at two additional branches, teller services were cut back to two days a week, with this being in addition to the closure of teller services at 45 branches and the cutting back of teller services to two days a week at two branches in 2019-2022. In 2023, two new satellite branches were opened and no branches were closed at

Discount Bank. Two branches were converted from regular branches to satellite branches. In 2022, no branches were closed down at MDB. Teller services at 7 branches were shut down, and teller services were cut back in six branches, this in continuation to closing down or cutting back teller services in 42 branches during the years 2020-2022.

In order to reduce as much as possible the harm caused to customers due to the discontinuation of teller services and with a view of facilitating the customers, clear guidelines had been prepared. As part of the aforesaid, at branches where teller services had been discontinued, a banker was positioned at Discount Bank for a period of three months, instructing customers having difficulty in using the online services, and also given to customers was the possibility of reaching nearby

branches where teller services are available. At MDB, the tellers stayed on even in branches where dealing with actual cash money had stopped for at least one year, and this for the purpose of guidance and assistance to customers having difficulties in using the direct means.

As of the end of 2023, the branch layout of Discount Bank in Israel numbers 173 branches²³, 14 branches²⁴ in central areas of the ultra-orthodox (Haredi) society, 36 branches²⁵ in central areas of the Arab society, and many branches in peripheral areas. Such disposition provides accessibility to services of the Bank for all sectors composing the population in Israel.

Innovation

The Bank adapts itself to the changing world and works to create innovative banking models, which will provide customers with an advanced service adapted to their needs.

Among the goals of the Bank's strategic plan, is the goal of the implementation of technological means and increasing customer experience. The Bank operates to promote and develop all the digital platforms offered to customers of the Bank, first and foremost, the banking Application and the operations website. The Bank operates also to create cooperation with fintech companies and their integration in value offers to the customer, within the work environment of the banker and the Bank's systems. Moreover, the Bank promotes the educated use of the Bank's data assets, in order to improve the value offer and customer experience, as well as to increase the efficiency and effectiveness of central processes at the Bank.

Expanding the open banking services

The Bank has defined the open banking field as a strategic field, which embodies an opportunity for the creation of new and valuable financial solutions, products and services for customers, and was the first to introduce, in 2018, an API (Application Programming Interface) platform. Alongside abiding by

the regulatory requirements in this field, the Bank is acting to expand the activity and services offered within the framework of the platform. Within the framework of the Bank's actions to expand its open banking services, the Bank promotes cooperation based on the API infrastructure with a number of fintech companies, such as: iCount offers account management services to small businesses, RiseUp Moments Ltd. offers a cash flow management service to private customers and assists customers' economic growth through effectively managing monthly cash flows, Family Biz Holdings Ltd. which offers customers a tool for centralizing financial data and smart alerts, and Amir CashFlow Ltd. offers cash flow management services to small and medium businesses and assists them through data-based smart management. In addition to these, the company EcoBill Ltd. has joined, which allow to manage all household bills (municipal property taxes, electricity, water, gas, communications, etc.) in one place, and to track them, identify anomalies and easily pay them directly from the customer's account.

All these are presented by means of the partners avenue in the application for private individuals, as well as the partners avenue in the business application and business website.

Establishment of Greenlend

For details regarding the establishment of Greenlend – a venture that will provide consumer credit and credit to small and medium businesses for customers of all the banks, through a company under the Bank's control – see the 2023 Annual Report (p.30).

PayBox

For details see the 2023 Annual Report (pp. 29-30).

Most of the customer services that Discount Bank operate within the framework of the sophisticated initiatives in the fintech fields, are also available to MDB's customers.

Geographic distribution of Discount Bank branches

Region	December 31, 2023		December 31, 2022	
	Number of branches	Percentage of all branches	Number of branches	Percentage of all branches
Haifa	11	11.0	11	11.2
North	10	10.0	10	10.2
Central	23	23.0	22	22.5
Tel Aviv	31	31.0	31	31.6
Jerusalem	13	13.0	13	13.3
South	11	11.0	10	10.2
Direct branch (telephonic)	1	1.0	1	1.0
Total	100	100.0	98	100.0

Geographic distribution of Mercantile Discount Bank branches

Region	December 31, 2023		December 31, 2022	
	Number of branches	Percentage of all branches	Number of branches	Percentage of all branches
Haifa and Sharon	12	16.4	12	16.4
Nazareth	14	19.2	14	19.2
Acre	16	21.9	16	21.9
Tel Aviv and Central	16	21.9	16	21.9
Jerusalem and South	15	20.6	15	20.6
Total	73	100.0	73	100.0

23 100 Discount Bank branches and 73 MDB branches.

24 Two Discount Bank branches and 12 MDB branches.

25 Two Discount Bank branches and 34 MDB branches.

Innovation is ICC

ICC is positioned in the technological and digital forefront of its field, and constantly acts to develop smart solutions modified to the changing financial reality. In the era of open banking and in correspondence with the new payments world, the company continues to maintain its leadership and position in the competitive arena, while providing creative solutions with an emphasis on a convenient, simple and secured user experience.

ICC has developed an advanced and innovative payments and credit platform, designed for customers and for business partners, by which would be offered a wide selection of business applications in a simple and fast process.

The platform enables the company to offer Payments as a Service (PaaS) and Credit as a Service (CaaS). The platform enables also fast and flexible interfacing via API/SDK and immediate income generation for business partners – payments, credit and data; a quick implementation ability (going online within a few weeks); and compliance with all regulatory requirements. The platform increases competition by way of entry of new players and improvement of value offer for existing players; promoting innovation – by means of advanced and singular abilities in the local market; and allows quick application (TTM) and much more value to the customer. Among the abilities of the platform are:

- **Innovative issue abilities**, allowing the digital issue of a credit card for nonrecurring and recurring use; the issue of a virtual credit card in an innovative and easy manner, achieved in an end-to-end digital issue process, with no need for a physical plastic card, at the end of which tokenization is made, which allows attaching it to a digital wallet by pressing a button and making an immediate payment by means of it;
- **Advanced tools and operating abilities**, allowing use of diverse financing and payment sources, management of dynamic credit facilities; and support of many different types of accounts and currencies. All the above enable

the offer of a wide variety of smart cards, in a flexible, convenient and transparent manner;

- **Tools and wide management interfaces**, transparent and easy to use, offering varied and flexible possibilities for managing control of a budget and expenditure, and use of a technological interface allowing control domination and control over the issue of authorizations for the card.

During the reported year, ICC continued to focus on improving customer experience while expanding the digital services, upgrading of the digital assets and supportive operational processes. These actions included providing the possibility of observing transactions while being processed and access to data for the clarification of a transaction, which enable the customers full control over expenses and optimal management of expected charges. ICC continued to put at the disposal of its customers the WhatsApp service, a principal communication line, in addition to the telephone service, allowing direct correspondence with the service representatives of ICC. The company integrated during the reported year improvements in providing credit through the digital channels, thus making loans available on the digital to a wider public, by which ICC customers may obtain loans online 24/7, within three minutes, for any purpose or need: covering an overdraft, house renovation, vacation, studies, wedding, and more. During the year, ICC has upgraded the "designed cards" site of the company, allowing a unique service of personal modification of the credit card of each customer.

With the introduction of the open banking regulation in Israel in the reported year, ICC has developed and integrated an application program interface (API) with the view of allowing fintech companies secured connection to obtain information. These developments are accessible on a designated developers portal established in accordance with regulatory requirements. Moreover, the company had developed additional capabilities providing services to its customers on the basis of open banking, offering them information and tools for the management of the subscribers and the fixed expenses in a smart and comprehensive manner.

Direct channels

➤ In 2023, the Bank continued the journey intended to grant its customers a leading digital experience by means of enriching a variety of operations that the customers may perform in a simple and independent fashion, as well as making additional information accessible so as to allow them to manage their account in a better way.

At the end of 2023, the Bank had approx. 794 thousand active subscribers to the direct channels.

At the end of 2023, MDB had approx. 226 thousand active subscribers to the direct channels.

For further details, see the 2023 Annual Report (pp. 403-408).

Most of the customer services that Discount Bank operates within the framework of the online channels are also available to MDB's customers.

Services and products for the advancement of populations

➤ Alongside the diverse financial services which the Bank provides to all classes of customers, it develops designated services for specific populations, such as small businesses, minority populations, students, etc.

The Bank is aware of the changing needs of its customers and acts to provide a professional response having added value. Discount Bank is one of the large financial corporations and has a considerable impact on the economy; therefore, it is active in advancing the different populations, while diligently adapting solutions to their unique needs.

Promotion of small and minute businesses

➤ The Bank applies strategic emphasis to the small businesses field, performing within this framework different moves regarding this segment that would enable assistance of the operation of the

business, will provide a fitting response to his financial needs and will contribute to the growth of the business.

The array for handling the small business segment is characterized by the granting of a comprehensive and professional banking service for business development, which includes focusing on all possible banking operations alongside the development of areas of relevant banking services, and which also includes integration of innovations and the introduction of tools, products and contact channels to provide a value offer that is as broad and differentiated as possible.

The Bank is implementing an operating model for small businesses, in which the emphasis is on offering of a modified and unique to the Bank's business customers, and attracting new qualitative business customers. In order to secure customized service, the service teams and credit coordinators at the branches have been grouped in a format forming the infrastructure for providing solutions that fit the business profile.

The focusing on the small and minute businesses segment continued with an emphasis on increasing the activity with existing customers, attracting new business customers and the basing of growth upon improving the models for the rating of business customers as a supporting tool in the decision regarding granting credit.

The services provided to customers of this segment include:

- **Service to small and medium businesses.** The Bank's small and middle market customers obtain services commensurate to their volume of operations, this in order to provide professional service appropriate to the customer's characteristics. Customers having a volume of operations of up to approx. NIS 15 million and indebtedness of up to approx. NIS 4-5 million, obtain services from the business banking teams at the Bank branches with the backup and support of professionals and content

THE SMALL AND MINUTE BUSINESSES SEGMENT IS DEFINED AS ONE OF THE FOCUS SEGMENTS ON WHICH THE GROUP IS TO FOCUS. THE OUTSTANDING BALANCE OF CREDIT EXTENDED TO SMALL BUSINESSES AMOUNTED TO NIS 42,203 MILLION AT THE END OF 2023

experts at the regional administrations. Customers having higher volumes of operations and indebtedness than those stated above, obtain services from the Bank's business centers;

- **Dealing room.** This dealing room provides services for the purchase and conversion of foreign currency as well as for hedge transactions. The Bank conducts a focused activity for connecting business customers, both small and medium, to the commercial dealing room;
- **Business credit card.** The Bank offers a "business key" credit card to its customers. This card is intended to provide business owners with a unique service through the use of a credit card of a key type, which enables the customer to obtain discounts at trading houses that are suppliers;
- **"Business +" website.** A designated website for business customers which enables sophisticated, accessible and easy to operate business banking. The website presents comprehensive data regarding the accounts of the business and allows customers to transact business independently from their place of business;
- **SMS business packages.** A package that allows extension of current account services. Receiving messages regarding

the following matters are available: notice in advance as to the termination of a guarantee, outstanding balance of guaranties relating to the account, collection of post-dated checks (balance and payments), checks serving as collateral (balance, payments and shortage vis-à-vis the defined amount), order of check books, dishonored checks, etc;

- **Application for business customers.** A designated Application for use by business customers, offering them a wide range of services and transactions regarding their current work;
- **The state-guaranteed loan fund for small and medium businesses.** Discount grants loans under convenient and flexible terms to small and medium businesses that are customers of any of the banks, within the framework of the new state-guaranteed fund that was opened in December 2022;
- **Loans to small businesses.** In order to allow the business to grow and develop, Discount offers a range of loans to small businesses under various tracks and attractive terms.

Supporting customers

➤ Discount Bank recognizes the importance of supporting its customers, even during times of economic changes, and assisting them in coping better with such changes. In this context the Bank has advanced a number of tools and products that will enable customers to cope better with the economic challenges:

- **Cancelation of interest on debit balances up to NIS 2,000** – In 2022, Discount announced a benefit that is exclusive to its customers, whereby customers do not pay interest on a current account debit balance of up to NIS 2,000. In 2023, more than 260 thousand customers were able to take advantage of this benefit. It is noted that many customers who had not used the facility or used only a part thereof, enjoyed a reduction in the credit allocation commission.

The Bank has introduced tools that will

assist customers in managing their finances and in reducing their debit balance, including an SMS notification being sent when an account goes into debit, personal insights on the app for prudently managing finances and a link based on open banking to a fintech company's service that will assist in this area;

- **Deferral of principal and interest payments** – Discount allows the deferral of payments or the freezing of the loan for a reasonable, pre-defined period, with this aimed at enabling the customer to get his affairs in order and continue repaying the loan at the end of the deferral period. A deferral of up to three monthly repayments is made possible via the digital;
- **In the mortgage field** - allowing customers having certain characteristics, the option to reduce the amount of the monthly mortgage repayments to the level existing in September 2022, prior to the last six raisings of the interest rate; the amount deferred would be repayable as from the end of 24 months, spread over 36 installments, with no interest charge; offering the option of a full/partial pause in mortgage repayments together with extension/no extension of the mortgage repayment period; extension of the "prime" mortgage track; internal recycling of the mortgage;

For details regarding the support of customers during war period, see "Support of Customers during the Iron Swords War period".

Customers in a financial crisis

➤ As part of the "Discount Spirit", the Group views the customer's best interests and the personalization of credit to the customer's needs as one of its core principles. Within this context, the Group works to preserve and develop the principle of "fairness and decency", while making all the necessary disclosures and conducting its dealings with the customer transparently – not just when the loan is granted, but also when handling the collection of debts prior to taking legal proceedings.

In circumstances where the customer fails to meet his commitments to the Bank, the banking corporation is permitted to take legal proceedings against the customer to collect the debt.

Prior to taking legal action, the Group companies make every effort to exhaust all other possible options for full collection of the debt from the customer.

Each company in the Group has a debt collection function, which coordinates the handling of debt collection. The actions necessary to achieve this are taken in accordance with the law, while maintaining the fairness of the relationship between the Bank and the customer. In addition, the Group companies have a collection proceedings policy for the debts of customers that do not repay their debts as agreed.

Actions in connection with the debt collection proceedings are taken while stringently adhering to the highest principles of fairness and transparency vis-à-vis the customer. These are aimed at rehabilitating the customer who is in difficulty to an orderly economic, social and financial situation. Within this framework, the Bank can spread the debt over a longer period and can adjust the repayments schedule to the customer's repayment ability and its intention to conduct itself properly from an economic standpoint. Employees of the units that handle debt arrangements receive guidance in deploying the policy and in how to deal with this topic as required.

- **Financial assistance center for households** – Discount Bank established in 2023 a "financial assistance center for households" providing response to customers managing a household account encountering difficulties in repayment to the Bank of an existing debt, inter alia, on background of the rise in inflation and interest rates, in order to examine together with the customer the possibilities of facilitating the monthly repayments by means of a new and proper financial planning.

The assistance Center has been established at "Discount 360" (the TeleBank) and is being manned by bankers having different expertise. The bankers have undergone the appropriate training and work to adjust the customer's credit mix by means of an end-to-end comprehensive review of the account and providing recommendations for the continuation of the operations by way of the variety of the Bank's products, such as the redistribution of household loans, the freezing of repayments for up to three months, freezing of mortgage repayments, extending a loan designed to reduce mortgage repayments, extension of the period of a loan, and more. In accordance with the decision and approval of the customer, the necessary changes are made to the account.

The Center is reached through the TeleBank, and calls on this line are being diverted to the personal service bankers at "Discount 360".



The activity of the Center was discontinued with the outbreak of the "Iron Swords" War, though the Center is still active on TeleBank, but without involvement of the monitoring unit;

- **Households and small businesses** – Within the framework of the Bank's activity vis-à-vis customers suffering from financial weakness or a financial crisis, the Bank operates a unit for soft collection proceedings. This unit works with households and small businesses prior to the customer's file being passed to an external lawyer for attention. As part of this process, the Bank works to reach an arrangement on the account, taking a forward-looking viewpoint and under principles of fairness and decency. Such action is taken with respect to accounts on which the activity was normative and on which there is no concern of fraud or embezzlement.

In 2023, out-of-court collection arrangements were reached with 9,909 customers, approx. 72% of all the accounts that required attention in that year;

- **Soldiers in regular military service** – Problematic accounts of soldiers serving in the regular army are handled within the Bank's soft collection framework. Legal proceedings are not taken with respect to these accounts;
- **Companies** – The teams working in the special credits Section of the Corporate Division are acting to settle and collect debts in difficulties. The Special Credit Section coordinates the handling and collection in relation to material credit files that are in difficulty or are problematic, including legal proceedings, with the aim of reaching collection arrangements and repayment of the debt. The Section constitutes an independent unit and is separated from the business units that handle credit on a regular basis. The department reports directly to the Head of the Corporate Division. As part of the special credit Section, teams are working to deal with active companies that are in difficulty with the aim of accompanying them in the rehabilitation and recovery process and to enable them to return to viable activity, rather than having them be subject to legal proceedings. The teams are skilled both in collection and assisting with the business' rehabilitation and returning it to stable operations. The teams provide such companies with a broad and comprehensive service that includes the whole range of business services that the Bank offers its customers, taking an overall perspective of their business needs and providing close, fair and professional support. The Bank extends to such customers a unique service that is based on communication and understanding the business' needs at the time of crisis, with the primary aim of these efforts being the customer's successful rehabilitation. The company's success returning to normal business operations creates added value for the company as a source of self-generated profit and for the economy as a whole as a source of livelihood for numerous families, while at the same time creating value for the Bank as a result of the customers continuing healthy and varied business activity.

In particular cases, the teams assist the business factors providing guidance in accordance with requirements and customer needs, even before transferring the case to special credits, thus simplifying the transfer of the customer between units and helping recovery of his financial condition in the business units handling his case.

In 2023, collection arrangements without court proceedings were reached with 11 customers.

Economic strengthening for female victims of violence

- In recent years it has become more widely understood that the population in shelters for female victims of violence, who have mostly been forced to flee their homes without any support and resources, lacks the means to survive and manage from a financial aspect. These women's economic dependence on their abusive husband/partner could continue or even intensify, sometimes even leading to their returning home - even though this is not actually what they want.

In view of this and as part of the desire to promote the economic independence of women, it was decided to support female victims of violence staying in shelters and halfway homes. To this end, the "Banking Availability" Covenant was drawn up in January 2016 with the aim of assisting female victims of violence to embark on a new and independent economic path. Partnering in this initiative are: the Association of Banks in Israel, the banks and credit card companies in Israel, the Banking Supervision Department, the shelters for female victims of violence, social organizations and the community centers.

Discount Bank has appointed a coordinator for this topic and has strengthened its personal connection with the shelters that look after female victims of violence. The women are assisted by suggesting relevant financial advice in accordance with the special circumstances of each individual case. Within the framework of these activities, the Bank

cooperates with the social workers at the shelters in providing whatever support is needed to the women staying in the shelter.

In June 2019, the Banking Supervision Department and the Association of Banks in Israel, in conjunction with the banks and the credit card companies began implementing a pilot project that expands the application of the "Banking Availability" Covenant, which deals with providing assistance to female victims of violence staying in shelters and halfway homes, whereby it will be possible to provide support to both female and male victims of violence that are not in shelters and halfway homes, but have contacted centers for the treatment of family abuse that are run by the Ministry of Labor and Welfare. There are currently 103 such centers in Israel to which some 1,000 men and women turn for help each year. The centers taking part in the Pilot thus far were the larger centers. The Pilot had been completed and since March 2022, the Treaty applies to all centers in the country providing service to men and women victims of violence. In March 2023, an additional extension, with the necessary adjustments, was made to the Covenant, pursuant to which assistance is to be provided to the population in the process of rehabilitation and exiting the cycle of prostitution. Partners in the initiative are: the Association of Banks in Israel, banks and credit card companies, the Banking Supervision Department, the battered women's shelters and social organizations.

When the Bank is contacted by the shelter or the assistance center via the social worker, the coordinator acts in cooperation with the Debt Monitoring Unit, with the branch management and with other relevant units and the case is examined with the aim of assisting and preventing any deterioration in the woman's situation. Together they go over the account printouts, check whether there are standing orders or direct debits that, owing to the woman being in the shelter, are superfluous, examine whether there are outstanding loans and whether assistance can be provided by easing the repayment schedule, and at optimal interest, consider

dividing the debt on the account, freezing the collection proceedings, exploring the possibility of removing the woman from the joint account, etc., all in accordance with the circumstances of the woman/man in respect of whom the inquiry had been raised.

Along with this, the "Banking Availability" Covenant calls for the banks to provide financial education at the shelters through the "Banks Adopt a Shelter" program. The volunteers from the Bank work on broadening the financial knowledge of the women and on providing personal support to the women staying in the shelter.

Since its inception, the Covenant has helped in solving such problems for more than 2,000 women. The Bank has dealt with requests from approx. 240 women and men, some of them in a long-term treatment. In 2023, the Bank dealt with some 40 applications from men and women, some of which in a long-term treatment. In addition, telephone requests for advice were also received.

MDB is also a partner in the Covenant and in its associated endeavors and provides a personal and humane response to women who contact it. As part of the aforesaid, MDB partners financial education activity and women's empowerment for female victims of violence in the Arab sector. ICC also acts to implement the Covenant and provides women with a personal and rapid response, while providing financial tools and helping them utilize in full their financial rights. In 2023, ICC handled seven applications directly relating to the Covenant.

Promoting senior citizens

➤ **Technological accessibility for senior citizens** – The Bank is working copiously in order to help different populations, including the senior citizens population, in the integration of the correct and safe use of online services. This, due to the belief in the advantages that such services may bring to these populations (availability of the service, time saving, unique experience, etc.) and the understanding of the difficulties that

accompany the process of the change in consuming the services and the adoption of new technologies.

Within this framework, the Bank invests considerable efforts in the planning and design of the interfaces and the digital processes, while especially emphasizing the simplicity of the processes, their intuitiveness and the language in which they are presented.

The Bank operates in two principal channels:

- **The digital channel** – The work plan of the Bank regarding the online channels focuses on the addition of banking functionality, which allows conducting banking transactions at any place and at any time, thus avoiding the need for the personal presence of the customer at the branch. The Bank also emphasizes "friction removal" by mapping the difficulties and finding solutions that may make it easier for customers to use the digital services. These - along with upgrading the ability to receive textual assistance in the app from a bot or a human banker and creating marketing materials and instructional videos which instruct, in a friendly and simple way, the customers how to use the digital services - make the digital channel accessible to the older population and encourage their use;
- **The service channel** – At each branch where teller services are being discontinued, the Bank places a banker whose job is to assist customers in obtaining service by means of the automatic machines, with special attention to the senior citizens population. Furthermore, the said bankers instruct the older customers in the use of the mobile application and the website, in order to facilitate the customers in conducting such operations in an independent and convenient manner.

Customers over seventy years of age are entitled to priority in line for service. This is brought to the attention of the public by relevant signs and by video clips on LCD screens at the branches.

Such customers also receive preference and priority when communicating with the Bank's telephone centers.

The Bank took the initiative to talk with elderly customers to whom a debit card had been issued; as part of these talks, the customers received explanations regarding the cards and their use.

On the days that the national insurance allowances are paid, the recipients are able to receive a code to make a one-time withdrawal, without the use of a card being required, over the telephone, once the customer's identity has been verified.



More suitable for students

➤ With the aim of making higher education accessible to all youngsters, the Discount Group is offering a variety of loan models that are intended to answer the special needs of students. Thus, for instance, with respect to a loan of the "Degree with peace of mind" class at Discount Bank, the repayment period is up to eight years, and the repayments of the principal of the loan may be deferred for three years, while enjoying especially low repayments during the studies period. A loan for the splitting of tuition fees is granted against the presentation of a payment voucher (also to the parents of the student). The payment voucher may be split into up to ten payments without interest and linkage (the first payment made in cash).

The overall repayment period for loans to students studying abroad for higher degrees, is seven years, and the repayment of the principal amount of the loan may be deferred for up to twenty-four months. Loans to students for any purpose are also available at attractive interest rates.

MDB has also introduced in recent years special credit products for the student population, which are especially tailored to their needs and abilities, with a special focus on peripheral areas, and on the Arab sector and the Haredi sector:

➤ **Tuition fee loans granted at the branches** – students may finance tuition fees by a long-term loan, with a grace period (of up to four years) during studies and beginning the long-term repayment of the principal amount one year after completion of studies;

➤ **Financial tranquility for the student** – cooperation with the academic institutions by means of a tuition fees fund, whereby - in most cases - the institution pays the interest on the loan, while the student repays only the principal amount.

Student loans in the years 2021-2023

	Balance as of December 31		
	2023	2022	2021
	in NIS millions		
Discount Bank	145	170	200
MDB	163	162	187

Integrating ESG into the field of investment consultation

➤ In recent years, interest in the field of responsible investments and in putting an emphasis on environment, society and governance considerations, is noticed among capital market investors around the world. In view of this, Discount Bank is also operating in the development of value offers, which will help its customers to combine ESG values with the services that they consume. In the meantime, the Bank has developed an ESG rating for mutual trust funds, in order to enable advised customers, who may be interested in combining ESG considerations with investments in mutual trust funds.



Services and products for the advancement of populations at the principal subsidiaries

MDB

➤ MDB specializes, inter alia, in providing services to small and medium businesses and in providing services to the Arab and ultra-orthodox Jewish populations.

MDB views the retail segment as a central target of its business development and is focused on the appropriate disposition of branches in this sector, as well as on improving the service to its customers.

MDB WAS PLACED ALSO IN 2023 IN THE 1ST PLACE OF THE BANKS' FRIENDLINESS INDEX FOR SMALL AND MEDIUM BUSINESSES, WHICH IS PUBLISHED BY THE SMALL AND MEDIUM BUSINESSES AGENCY.

Within the framework of this segment, MDB provides to private customers, typified by household activity, a variety of banking services and financial products, including services regarding credit, housing loans and the capital market. MDB provides these services to customers of this segment through an array of its branches, which at the end of 2023 numbered 73 branches countrywide and by means of the TeleBank, the mobile application and the Internet website.

The service to the general customer population of the Bank in the private sector, is based upon many years of acquaintanceship and the granting of personal consulting and service, both at branches and through additional marketing channels (Internet, TeleBank, etc.), as well as on through involvement in the community and adapting to its needs.

Most of the customers of MDB belonging to the household segment of this bank receive banking services by means of MDB branches, 34 of which are located where there is an absolute majority of the Arab population, near the cities Acre and Nazareth, as well as additional branches in others places in Israel, including: Rahat, East Jerusalem, Wadi Nisnas in Haifa and more.

Service to the Haredi customer population
MDB operates 12 branches at the heart of the Haredi community. The branches are located countrywide, mostly in the Jerusalem, Bnei Braq, Ashdod, Beit Shemesh, Netivot areas, as well as in additional areas with a high Haredi population concentration. The bank specializes in the development of products and the granting of dedicated services for the Haredi customer population. The bank has a special unit to deal with associations and organizations belonging to the Haredi community, which handles many hundreds of customers.

In addition, MDB has set itself the goal of developing relationships with the ultra-Orthodox community also in branches located in additional cities, such as – Rehovot, Netanya, Petah Tikvah, and others.

MDB OPERATES 12 BRANCHES AT THE HEART OF THE HAREDI SECTOR AND 34 BRANCHES IN SETTLEMENTS WITH AN ABSOLUTE MAJORITY OF THE NON-JEWISH POPULATION

The small and medium businesses segment
The small and medium businesses segment at the MDB is one of the outstanding segments in the activity of the bank and is, accordingly, a central target in its business development. Within the framework of this segment's activity, MDB provides varied banking services and financial products to small business customers

(individuals and companies). Around one half of the customers of MDB who belong to this segment live in communities where the population has an absolute "non-Jewish" majority, mainly in the Acre and Nazareth Regions, and receive banking services by means of the Bank's branches, 34 of which located in these regions.

Governmental funds for the support of business – during the past two decades, MDB has developed, in cooperation with relevant government agencies, expertise in the granting of credit to small and medium businesses through funds for businesses secured by State guarantee.

Small and Medium Businesses Fund – On December 5, 2022, Mercantile Discount Bank joined the agreement offered by the Accountant General at the Ministry of Finance to the banking system and to non-banking entities, and began to extend loans within the framework of the Fund. The amount of loans within the framework of the Fund which MDB granted its customers (starting with 2022), amounted until December 31, 2023 to approx. NIS 698 million (of which, approx. NIS 435 million within the framework of the "Iron Swords" track). The outstanding balance of these loans stood at NIS 684 million as of December 31, 2023.

The Fund operates in continuation to the fund opened in 2016 (in syndication with an institutional body) and which during its six years of operation (until December 2022) extended a total amount of NIS 1,941 million.

Prior to the fund being opened, MDB created a unique product that leverages the considerable experience it has acquired in the funds sphere. MDB offers loans of up to NIS 500 thousand without collateral, with a charge on equipment instead of a deposit wherever possible, and with an exemption from document preparation fees.

The corporate banking segment

Within the framework of this segment, MDB provides a variety of banking services and financial products to large business corporations and corporations engaged in real estate. The business of such customers is typified by significant complexity and sophistication - and, accordingly, the bank provides to these customers financial products, mostly in the credit field, tailored to their activity and specific needs - taking a comprehensive view of their varied businesses.

ICC

ICC is working to develop diverse financial solutions and tools tailored to customers' needs and is investing considerable efforts to provide a comprehensive array of tools for minute, small and medium size businesses that will enable them to develop new growth engines.

Service for minute businesses – ICC provides clearing services to minute trading houses through aggregators. When a trading house applies to ICC and the registration process identifies it as a minute business wishing to clear credit cards through mobile devices, it is referred to the aggregator which then coordinates the clearing services for it. The aggregators that partner with ICC specialize in providing a solution to minute trading houses' needs through the use of advanced technologies, which enable the minute trading houses to conduct transactions speedily and digitally over mobile phones.

IDB Bank

Credit to the local community – Under the Community Reinvestment Act (CRA), IDB Bank is required to help meet the credit needs of the local communities in which they are located. IDB Bank's CRA activities (i.e., community development lending, qualified community development investments and grants, and community development services) are evaluated approximately every three years by federal and state regulators, in order to assess the bank's record in helping to meet the credit needs of the communities it serves, including low-to moderate-income neighborhoods, consistent with safe and sound operations. Information regarding IDB Bank's CRA activities is available to the public through the CRA Public File maintained at each of IDB Bank's seven branch locations.

Furthermore, the FDIC and NYSDFS make IDB Bank's CRA Performance Evaluation available to the public through their respective website.

In 2023, an Examination conducted by both the FDIC and NYSDFS assigned IDB Bank a rating of "1", indicating an "Outstanding" record of helping to meet community credit needs. This rating is consistent with IDB Bank's prior history of performance.



Promotion of accessibility

➤ Approx. 20% of the population of the State of Israel is defined as having disabilities of varying degrees - physical, emotional or intellectual, including cognitive, either permanently or temporarily. Discount Bank attaches considerable importance to making its services and properties suitable for persons with disabilities and makes accessibility modifications. Hence, in accordance with the Equal Rights for Handicapped Persons Law, the Bank has appointed an Accessibility Coordinator who leads and coordinates the accessibility operations at the Bank and serves as an address for any approach in the matter.

The Bank conducts a "Discount accessible" project, within the framework of which, the Bank made accessibility modifications in accordance with the new regulation, both from the aspects of building, infrastructure and environmental modifications and the aspects of modifications for accessibility to service. For the purpose of the project, the Bank has entered into engagements with several entities specializing in the subject of accessibility for people with disabilities, in which authorized professionals operate, who accompanied the Bank, providing guidance and advice on the modifications required for easy access.

Within the framework of the project, necessary accessibility modifications have been made to the Bank's properties and to its services following the performance of a comprehensive survey. Accessibility modifications have also been made to the Internet marketing website and to the operations website, and to the application and, in addition, training sessions are held for Bank employees on the topic of accessibility - both training sessions for employees, upon starting their job, who as part of their duties, provide service to the public, and also annual refresher courses for all the Bank's employees.

The above stated relates also to MDB and to ICC.

Accessibility modifications at properties – The Bank has completed preparations and modifications with respect to accessibility for handicapped persons to buildings and infrastructure used by the Bank. Modifications were made by the Bank to access routes, entries, service and waiting stations, solutions for differences in heights (wheelchair lifts and elevators), modification of self-operated instruments, furniture, signposts, accessible cubicles, including application to the relevant authorities for permission to carry out construction modifications, and more. Furthermore, the Bank acts and continues to act with local authorities regarding the planning of access routed to Bank branches, starting with the allocation of parking lots for disabled persons and ending with modifying accessibility from the beginning of the road to the entry into the branch premises. Execution of the modifications had been made in accordance with stages required by law (four stages) and was completed in accordance with the time schedule prescribed by law.

Service accessibility at the branches – The various branches of the Bank have aids and assistive services such as:

- **"Audio induction loops"** – assistive listening technology that helps with hearing directly within the ear, cutting out background noise;
- **Two-way hearing system** – a system for enhancing voice volume, which is installed at teller stations where there is a partition;
- **"Call-Hear"** – a system for calling a service representative at the entrance to a branch;
- **"STEP-HEAR"** – A voice guidance system for people with impaired vision;
- **Access to written information** – including forms, documents and information pamphlets in accordance with customers' needs, including conversion of information into audio files, digital files or Braille writing for customers with impaired sight;

- **Translation into sign language** – with the aid of a professional interpreter at meetings with the Bank representative;
- **Discount TeleBank** – modifying the call routing at the telephone service center by simplifying the language, slowing down the audio speed and removing the background music;
- **Correspondence with a banker on the Discount application;**
- **Service without having to wait in line** – for persons having a valid certificate stating their right to receive service without waiting in line, senior citizens over 70 years of age and pregnant women;
- **Service animals** – permitting entry to service animals, including a service animal that is being trained.

Access to devices for self-use – Devices such as: ATM's, information desk, appointment management, etc., have been modified with respect to height and to user interface, including the option of obtaining vocal guidance for persons with a disability.

For further information regarding accessibility at Discount Bank and the disposition of branches with accessibility can be viewed in the accessibility statement on the Bank's website.

Digital accessibility on the website and application – the digital revolution has made the Internet and applications the main channel for obtaining many services, including banking services. Discount Bank provides its customers with browsing services via an Internet website that complies with statutory requirements, including the Equal Rights for Disabled Persons Regulations (Accessibility Adjustment to Services), 5773-2013. Moreover, the website conforms with the recommendations of the Israeli standard (IS 5568) for Internet content accessibility at an AA level and with the guidelines of the W3C organization's document WCAG 2.0 regarding web accessibility, which

deals with Internet standards. At the same time, Discount Bank's application for cellular phones and tablet devices conforms with the accessibility requirements of the Israeli standard (IS 5568) at an AA level and with the guidelines of the W3C organization's document WCAG 2.0 - both for the iOS operating system and also for the android operating system.

5-year survey – In conformity with Regulation 28 of the Equal Rights for Disabled Persons (Accessibility Adjustment to Services) Regulations, 5773-2013, the Bank is required to conduct an accessibility survey for all its properties and services. The legislator's objective is to create continuity and preservation of what has already been done and what still needs to be completed in accordance with the revisions and changes in the law. In accordance with this requirement, in 2019, the Bank began a periodic survey for all its properties and services, in congruence with the stages of the "Accessible Discount" project. Within the context of the survey, all the accessibility adjustments required under the law and the regulations have been checked, both from the aspect of building, infrastructure and environmental modifications, and also from the aspect of accessibility to service adjustments, including on the Internet websites and apps. The aforesaid survey has been completed and, in 2024, another five-year survey will begin, in accordance with the administrative enforcement requirements that have gone into effect.

The Bank has acted and is acting stringently and constantly to close gaps in accessibility, as such gaps become known.

It should be noted that the Bank conducts guidance regarding accessibility to its employees and also conducts surveys and periodic checks, with this being in accordance with the need and the requirements of the law and regulations.

Inspection of accessibility. In June 2023, the Commissioner of Equal Rights for People with a Disability (Ministry of Justice) conducted an inspection of the Bank Discount Branch

in Kiryat Yovel, examining compliance with regulatory requirements and maintenance of accessibility. No deficiencies in accessibility were found by this inspection and the branch complies with all the requirements of the law regarding accessibility.



Claims regarding accessibility

➤ On November 27, 2023, a claim was filed in the Tel Aviv District Court against Discount Bank together with an application for its approval as a class action, the essence of which as alleged is that the Ramat Hasharon branch is not accessible as is required by the law and regulations. The petitioner claims that he was unable to use the ATM located at the branch independently, due to the ramp being next to the stairs, and he was thus compelled to seek assistance. It was also alleged that there was no parking close to the branch for a high vehicle, the slope of the ramp was steep and that there were no warning surfaces on the stairs at the entrance level of the branch to show their height. The petitioner noted that, on the website, the branch appears in the list of branches that are suitable for people with disabilities and that it is stated on the website that there is accessible parking and accessible entry to the branch. The claim was made in a total amount of NIS 5 million since, as assessed by the petitioner, the class comprises at least 2,500 persons and, for the purpose of the action, a compensation award of NIS 2,000 is being sought for each member of the class. On May 30, 2024, the Bank submitted its response to the application.

➤ On November 29, 2023, a claim was filed in the Nof HaGalil District Court against ICC together with an application for its approval as a class action. The petitioner is a completely blind person. The petitioner was seeking to obtain information through ICC's Internet website and was also seeking to check out the possibility of performing various actions through the website. The petitioner alleges that he was unable to surf the company's website due to it not having accessibility. The petitioner alleges that he contacted the company and detailed the deficiencies, but the company rejected his claims and asserted to him that the site had accessibility. The petitioner assesses the class damage to be NIS 2.5 million. The relief for which the petitioner is petitioning is compensation for the members of the class, as well as an order instructing ICC to make its website accessible.

➤ On January 23, 2024, an action and an application for its approval as a class action suit were filed with the Nazareth District Court. The Appellants, who are completely blind, claim that the Bank has not made the website completely accessible in accordance with the provisions of the Law and Regulations, and due to that, they are unable to use and obtain information from the Bank's website. One of the Appellants, who is not a customer of the Bank, claims that he sought to obtain information regarding joining the Bank, while another Appellant, a customer of the Bank, claims that he tried to effect transactions through the Bank's website and obtain information regarding his account. The Appellants claim that they have contacted the Bank giving details of the deficiencies, but the Bank rejected their claims. The Appellants assess the total damage caused to all the class members at NIS 2.5 million. The reliefs requested by the Appellants are compensation for all members of the class, as well as an Order instructing Discount Bank to make its website accessible.

Financial education

➤ The present financial world is much more complex than the one that prevailed a decade or two ago, and even several years ago. The choice of financial products has become wider and the products themselves more complex. Higher domestic and global inflation, together with the steep rise in interest, have become material factors making it much harder to manage the family and business budget, and therefore the financial discourse has become a central topic in the public debate. Additional factors that are having an effect on financial behavior and on its complexity are the rise in life expectancy and, as a result thereof, the importance of long-term savings, the consumer culture, sensible financial conduct, the cost of living, investment channels regarding pension savings, the choice of a mortgage loan, the rise in interest compared to the return from investment channels, as well as the growth in credit to households and also the change in nature of relations with customers, which is basing itself on digital channels. In recent years, the Banking Supervision Department has taken a lead in the process of financial education, in conjunction with the Association of Banks in Israel and all the banks.

In 2023, there was a significant leap in financial education activity at Discount Bank, both in the range of the tools and knowledge on offer and also in the range of the target audiences, of all ages, needs and locations. In so doing, particular emphasis was placed on refreshing, updating and adapting the lectures to the current financial reality, as well as to aligning the content according to the focus populations (e.g. pre- and post-army youngsters, ultra-Orthodox women, mortgage recipients, IDF reservists, etc.). In addition, in light of the insights obtained from the ongoing activity, a process to develop and implement long-term and intense activities for youth has been started.

On a regular basis, lectures have been developed that are appropriate to the demand and the need that has arisen from the public and in the field.

In its contact with its customers and the public at large, the Bank strives to make the financial language accessible to the full range of ages and initiates many activities, such as:

- Customer conventions at the branches on matters of sensible financial conduct, family economics and the capital market;
- Lectures to organizations/corporations at their request;
- Lectures on pension planning for adults;
- Lectures at academic institutions on financial matters intended for young adults;
- Financial lectures for small businesses;
- Lectures under the Bank of Israel guidance;
- Education and financial conduct course for youth;
- Cooperations such as "Sprint".

The conventions are designed to simplify understanding and make the financial language accessible to the customer public. The conventions focus on explaining basic terms, recommended consumer activity and material financial aspects in budget management and finances, while presenting to customers the various service arrays and the modification to customer needs of the consulting services available at the Bank. In these conferences, customers also receive responses to their questions.

In the wake of these conventions, customer readiness to increase their involvement in important financial decisions during the various stages in life is noted. The feedback supporting the conventions indicate the satisfaction of the participants and their wish to continue being invited to similar activities.

The activity of the Bank in the financial education field is conducted at no charge and is open both to Bank customers and to those who are not customers of the Bank.

The activity plan of the Financial Education Forum for the first half of 2024, is the continuation of activity concerning "Awareness and prevention of digital fraud", following a significant increase in fraud and fraud attempts of this type. Planned for the second half of the year is activity in the matter of "small businesses". In addition, designated lectures are planned for victims of the War from aspects of the proper management of the different compensation monies in accordance with the situation and the targets.

In 2023, 121 financial education activities took place, the highest annual volume since activities began (a 300% increase over the preceding two years). The vast majority of the activities were carried out in a frontal format (87%), in all parts of the country, applying the motto "wherever you want, whenever you want".

The activities in 2023 raised the cumulative number of activities from the year 2012 to the end of 2023 to 928.

Furthermore, the Financial Education Unit acts vigorously in locating new lecture materials on financial subjects in the spirit of the period and for the enrichment of the participants in financial knowledge.

Financial education forum

The Supervisor of Banks established a Forum in 2016, which includes the Association of Banks in Israel, as well as all the banks operating in Israel, with the aim of expanding the activity on the subject of financial education. Discount Bank participates in many of the Forum's committees.

This year, within the framework of the activity of the Financial Education Forum, the activity focused on awareness and prevention of digital fraud. Discount Bank volunteers gave 23 lecture sessions (the Bank has provided a cadre of 35 volunteers for this activity).

At the end of 2023, the Banking Supervision Department, through the Financial Education Forum, initiated a concentrated service activity in the centers for evacuees throughout the country (at the Dead Sea and in Netanya, Tiberias and Jerusalem). Discount Bank has joined the initiative and fully partnered the process, both from the aspect of its planning and also from the aspect of its implementation, with lecturers coming to deliver lectures from all over the country.

Printed media - professional literature

In 2023, a summarized "lectures menu" was produced in order to make the whole range of existing lectures available to all parties wishing to avail themselves of this service, both inside and outside the Bank. In addition, a financial education course for youth was developed, comprising 12 sessions and covering a wide and in-depth variety of subjects.



Lectures and workshops

The Bank offers a range of lectures and workshops, including:

Field	Lecture Topic	Target Audience	Principal Content
Financial conduct	Financial education course*	Youth of high-school age	Principles of budget management and smart consumerism; what is a bank? payment means; loans and credit; savings; and an introduction to investments – the stock exchange and indices; the state economy; entrepreneurship; and more – 12 sessions in total
	Let's Talk About Money – A financial education workshop for youth*	Youth of high-school age	Why money; the importance of budget management and how to do it; smart consumer behavior; what a bank is; current economic concepts; How to manage financially with the money we (the high school students) make
	How to manage financially in civilian life?	Released IDF conscripts and students	Why money; the importance of budget management and how to do it; smart consumer behavior; what a bank is; current economic concepts; how not to find oneself in overdraft – what to be careful of and what it costs us
	Introduction to investments and the capital market*	Young persons and adults wishing to understand the basics	A basic look at the topic of investments and the capital market; what is an investment? what is the stock exchange? Shares, indices, crypto currencies, etc.
	Smart financial conduct when the cost of living is constantly rising	Families and adults	The financial situation; the desired situation; emphases and tools for smart financial conduct; smart consumer conduct; additional aspects (insurance, savings and more) Managing a budget in line with income – why you shouldn't exceed your budget and the significance of an overdraft
	Digital independence in the third age	Customers aged 60+	Main points to surfing the Internet properly; understanding the principles of using the app What can be done easily from home without having to go to the bank branch/the store/etc.
	RELOCATION – a financial workshop on smart financial conduct when relocating overseas*	Students leaving to study overseas; customers relocating overseas	The challenges, preparations and knowledge needed to properly, financially, psychologically and bureaucratically get ready, before and during the relocation process to another country
Capital market	Investment strategies in an uncertain environment	Investors and other interested parties	For those wanting to invest in the capital market but afraid to do so – especially at such an unstable time How does one invest in the capital market by oneself? How to create a good but solid yield? What are the criteria when selecting shares? What is the recommended investment strategy for investing in the capital market?
	A look at the overseas capital market*	Investors and other interested parties	An up-to-date look at the status of overseas markets, trends and possibilities. How do these affect us?
	Zooming in on the Israeli equities market*	Investors and other interested parties	An up-to-date look at the Israeli equities market and the forming trends
Pensions	Pension savings – why this is so important and how to do it right	Everyone	Options, tools and tips for pension savings; types of pension savings; the importance of pension for the self-employed
Mortgages	Mortgages – Let's get acquainted*	Those planning on taking a mortgage and those already with a mortgage	What is a mortgage; Basic concepts; the different tracks; regulation and selection options; fees; etc.

* New courses.

Activity and the dissemination of knowledge is planned to be expanded in 2024, with an emphasis on deepening activities and long-term learning and on the periphery.

Promotion of accessibility at the principal subsidiaries

Accessibility at MDB

MDB adopts an equal and respectful approach to persons with a disability, and high importance and sensitivity exists in respect of this matter among employees of the Bank. The bank has an accessibility officer who coordinates the topic of accessibility at the bank and serves as the address to which inquiries on this topic are directed. The bank is working on providing accessibility at its properties - from modifying furniture, service counters, signage, the branch entrance, height levels, parking, and services, through to making access to the branch from the street accessible, in coordination with the local authorities. At the branches themselves, there are aids and services intended for persons with disabilities, including dedicated systems for people with hearing or sight impairments. These include "Step-Hear", an audio signage and wayfinding solution for the sight impaired, which enable such persons to be provided with audio information, as selected by them and in accordance with their location, audio induction loops, a two-way audio system, and Call-Hear system for calling a service representative at the entrance to a branch. Concurrently, accessibility modifications have been made to self-use devices, including making adjustments to the height of ATMs and making it possible to receive audio instructions; providing accessibility to devices for executing account transactions independently ("Mashov"); and providing accessibility to line management points. Moreover, as is the case at Discount Bank, MDB is making its services accessible to persons with disabilities, including the possibility for accessibility to written information for persons with hearing or sight impairments; providing accessibility to the telephone service center; service without waiting in line for the eligible; and permitting entry to service animals. At the same time, the Internet website and the application are being made accessible in accordance with

the recommendations of the Israeli standard for Internet accessibility (IS 5568) at an AA level and with the guidelines of the W3C organization's document WCAG 2.0 regarding web accessibility, including an initiated annual on-site examination by "Migdal-Or" (people with sight disability).

The Bank operates to train its employees and increase their awareness, including meeting people with disabilities, enrichment lectures, hidden customer surveys by experts of the Commission, exercising the evacuation of people with a disability in cases of emergency, special benefits regarding bank accounts (reduced commissions), and assistance regarding the construction or purchase of apartments for persons with life shortening disabilities, etc.

All services and branches of MDB are accessible for persons with a disability in an equal and fair manner and the bank operates out of inclusion, care and sensitivity.

Accessibility at ICC

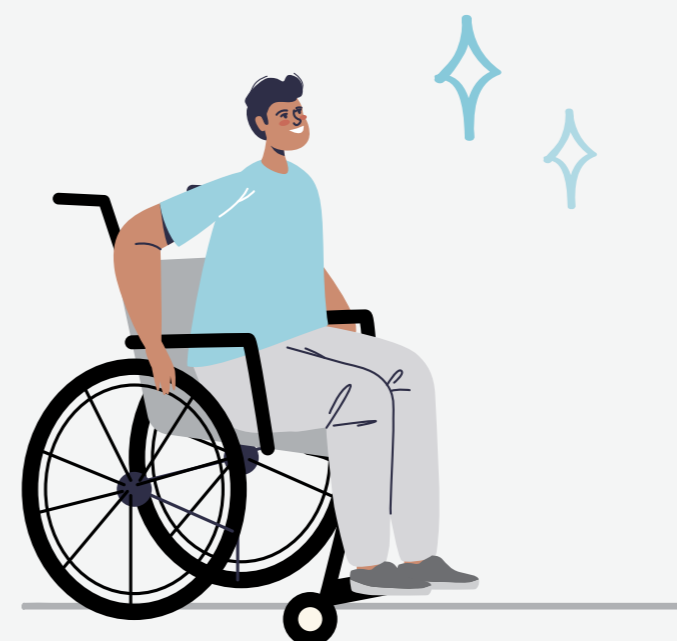
ICC offers its service to a broad and diverse range of customers, including customers with disabilities. As part of the concept of providing a broad and inclusive service, ICC offers diverse accessibility arrangements: the physical accessibility of the company's buildings, making the telephone service accessible and accessibility of the digital assets. Within the framework of physical accessibility accessible parking at the "ICC House" complex is allocated, accessibility exists at the entrance door, the passageways and the signage, accessible furniture and bathrooms also exists, escort and direction assistance, service without having to wait in line for those so entitled, and so forth. The telephone service accessibility - service representatives are trained in the provision of accessible service, an accessible voice response system, a written communications team that provides a comprehensive solution for customers with disabilities, through the use of writing tools such as the ICC WhatsApp channel, on-line forms, and contacting the company's accessibility coordinator either

by email or regular mail. Moreover, other services are provided on request, such as the reading of documents over the phone, translating into sign language, in exceptional cases, and so forth. The company's Internet websites have been made accessible in accordance with the accessibility guidelines of Israel Standard 5568 - "Internet Content Accessibility Guidelines" at an AA level. This Israeli standard is identical to the guidelines document of the international organization that deals with web standards - Web content Accessibility Guidelines - WCAG 2.0.

Further information regarding accessibility at MDB and ICC can be viewed on the companies' websites.

Accessibility at IDB Bank

IDB Bank complies with applicable provisions of the American with Disability Act (ADA). The ADA requires that disabled persons be afforded the same access to public accommodations and given the same employment opportunities as nondisabled persons. The ADA is made up of five titles; the two that apply to banks are Title I, Employment, and Title III, Public Accommodations and Services Operated by Private Entities. Specifically, ADA prohibits discrimination against persons with disabilities in the areas of employment practices, access to physical facilities, and goods and services offered to the public.



Financial education at the principal subsidiaries in Israel

MDB and ICC, as does Discount Bank, view the absorption of financial education as an important layer of their activity in aid of the community, and accordingly, employees volunteer to impart basic banking and budget management terms to teenagers and young persons.

Additional measures by the companies for the field's advancement:

- **A financial education workshop initiated by the Banking Supervision Department** – MDB participates in a Forum initiated by the Banking Supervision Department for the advancement of financial education. The activity in 2023 took place in conjunction with the Association of Banks in Israel and the Israeli banking system, in partnership with the Federation of Local Authorities in Israel, and focused on financial frauds with an emphasis on the third age population across the country, and following the War, in providing banking service to the evacuees;
- **Additional workshops** – Employees of MDB conduct from time to time financial education workshops for youth groups in local authorities as well as accompanying the "Rakia" Association assisting members of the Ethiopian community;
- **"Cal Lada'at" (ICC to know) on YouTube** – ICC has a YouTube channel that includes a series of animated video clips that provide information about financial concepts in plain and simple language and at eye-level: interest and prime interest rate, loans, revolving credit, non-banking credit facility, banking credit facility, safe purchasing on the Internet, immediate debit card, non-banking credit, CPI linkage and rechargeable (prepaid) cards. This set of video clips received hundreds of thousands of views.

Striving for a winning customer experience

➤ The Bank's service concept is based on the Bank's vision – "to be the best bank for its customers". We believe that, in order to become the best bank for our customers, it is necessary to create a significant lead in customer experience and to turn this into a strategic differentiation.

The Bank's customer experience concept is based on leading in the customer recommendation index – "Net Promoter Score" (NPS) and in the indices of closing the circle and providing a full response. The Bank deploys an organized and structured mechanism aimed at creating and maintaining the best customer experience in the Israeli banking system, through:

- **Constantly listening to customers** – the Bank is conducting, by telephone and by SMS, a series of ongoing and focused surveys in order to evaluate customer satisfaction. The surveys are aimed at all the Bank's active customers and, in some instances, for comparison purposes, also among customers of rival banks. The various surveys measure both the recommendation index (NPS) and also a long list of parameters that can affect it, including comprehensive questions regarding the various communication channels, the customer's bank dealings, and so forth. In addition, the Bank initiates in-depth talks with customers who have expressed dissatisfaction with the Bank in order to assist in resolving the problems raised by the customer, but also to understand the root problems and act towards a solution from a pan-organizational viewpoint. During the past year, thousands of customers were surveyed and many hundreds of in-depth talks were held with customers;
- **Analysis** – the Bank makes use of advanced AI-based tools in order to analyze the data reaching it from the various sources. The insights obtained from the analysis are integrated in the work plan and are translated into initiatives for implementation;

- **Implementation** – the rapid and effective deployment of many improvements and changes resulting from customer feedback, both on the frontline and also in the core processes and in the customer's bank dealings;
- **Constant monitoring, control and improvement** – the Bank deploys a series of tools to regularly monitor the attainment of service goals and customer experience at all levels, from the rank-and-file in the field right up to Management, towards a constant improvement in the NPS.

Discount acts according to the marketing strategy – "Discount wants you more" – which is in line with the competitive approach of Discount and with the aspiration to create a winning customer experience. In this framework, several initiatives have been introduced. Discount was the first in the Israeli banking system to raise interest on deposits and has proposed a series of solutions to make things easier for customers having to face higher monthly mortgage repayments.

Assimilating customer experience values within the organizational culture – the Bank utilizes several methods to reinforce the customer experience values in the organizational culture: holding team meetings dedicated to the topic of service and screening service video clips at the branches within the "Morning magazine" framework; deploying conduct and routines that support customer experience at the branches, at the service centers and at the Bank's head offices; regularly measuring all the Banking Division ranks on the "providing a full response" index; holding a dedicated customer experience competition between the branches; and commending and rewarding the excel branches.

Ongoing surveys examining the customer's experience over the various channels

➤ The Bank is performing a series of ongoing and designated surveys for evaluation and learning the customer experience in services and in the different channels. The surveys are aimed at customers of the Bank,

and in certain cases, also at customers of competitor banks. The various surveys measure relevant indices (such as: courtesy, closure and more), as well as long-term customer experience indices (such as hypothetical market share and Net Promoter Score).

The surveys include also measurement of different indices breaking down customer experience into different components: the provider of service, the branch, the Bank in general, service channel, the product, the marketing offer.

Surveys by the Supervisor of Banks

➤ In recent years, the Supervisor of Banks performed several surveys, the purpose of which was to reflect the concept of customers regarding the quality of services received from the bank in which they manage their accounts. The aim of performing such surveys and the publication of the findings to the public at large is to strengthen fairness and competition in the field of service to customers, and according to the findings, direct a spotlight at issues requiring improvement. The survey was performed during August 2023, among a representative national sample of households and minute businesses.

In 2023, Discount Bank was a leader regarding the satisfaction of its private customers from the level of digital services that the Bank offers through the Application.

Dialogue with customers

➤ In order to maintain a continuous dialogue with customers and to understand their needs and wishes, Discount Bank operates several communication channels:

- **Official Facebook page of Discount Bank** – As of the end of 2023 the Bank's Facebook page had approx. 91,600 followers. The Bank's Facebook page serves as a platform for the ongoing distribution and publication of marketing activities in various segments and areas and also serves as a platform for chats with browsers and for customer service. Consequently, inquiries are received from browsers, both in open chats and in private messages, and these are fully attended to within a short period of time;
- **"Listening" mechanisms on the Bank's websites** – by using a designated button on the app and a designated "Contact us" button on the marketing website – a customer is able to opt to contact a banker on any topic where he wants to share with the Bank his dissatisfaction or satisfaction;
- **Instagram account** – The Bank operates on the Instagram social media channel, through which browsers are exposed to campaigns and current updates accompanied by inspiring photos and video clips. The Bank has approx. 16,860 followers on Instagram;

Customer experience surveys performed by the Bank

Class	Survey	Population	Description
Ongoing surveys		All of the Bank's customers	Ongoing surveys to examine the customer's experience in it's dealings with the Bank and over the various channels
Designated surveys	Customer experience – the competition (strategic survey)	Customers of the five largest banks – business and private	A designated survey
	"Marketest" survey - customer experience	Business customers of all the banks	A designated survey

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- **Customer Relations Unit** – in order to provide customers with a response on these communication channels, a designated unit was established in August 2022 in the Customer Management Wing of the Banking Division – the Customer Relations Unit, which is intended to provide a speedy, professional and comprehensive response to customers;
- **LinkedIn account** – The Bank is active on the LinkedIn social network, where the Bank uploads content related to employer branding, jobs, conferences, various activities that the Bank conducts and wants to publicize, marketing campaigns and economic surveys. The Bank has 16,660 followers on LinkedIn;
- **Social network at ICC** – ICC has a Facebook page with some 168 thousand followers. The Facebook page constitutes an additional service channel for conversing with the company's customers, providing a rapid response to different questions from the surfers, while supplying regular updates regarding the company's activity. The page also represents an information channel for the company's marketing activity and exposes ICC's card holders and the trading houses that clear with ICC to the company's benefits and special

offers. The Diners Company, a fully owned subsidiary of ICC, also has a Facebook page, with some 40 thousand followers. ICC and Diners are also active on the Instagram social network site to which they upload campaigns and content to thousands of followers on their pages. In addition, ICC has a YouTube channel to which it uploads campaigns and instructional video clips of ICC and Diners. The channel has some 15,500 subscribers.

Improvement of customer experience

- The Bank acts on several levels with respect to improvement of customer experience:
 - **management in accordance with survey findings** – survey data with a low mark on the index recommending the Bank (NPS), are referred (subject to the consent of the customer) to the branch manager for further attention. The branch manager is responsible for referring back to the customer in order to try to understand the reasons for the dissatisfaction of the customer and, to the extent possible, to try to improve satisfaction by solving the problems raised by the customer;
 - **customer experience targets** – branches are allotted annual target of customer experience indices within the framework of a designated competition. The extent of compliance with the annual target serves as a basis for remuneration at the branches. Furthermore, designated competitions are also held for bankers in the matter of customer experience;
 - **Comparative analysis and implementation** – the surveys are analyzed for the identification of weaknesses in customer satisfaction with the Bank either absolutely or relatively in comparison to competitor banks. Also analyzed are trends of satisfaction among different populations in order to identify changes in the indices. The findings and insights are examined by

the Customer Experience Subdivision in order to perform an in-depth examination and/or a change of policy, as required. The findings and insights are delivered also to the various business parties in charge of customer relations policy.

Customer inquiries

- The Bank attributes great importance to listening to its customers and to encouraging customers to inquire about any matter or problem. The natural and immediate address is the business official who services the customers, in a branch or in other business units.

In the Proper Conduct of Banking Business Directive No. 308A dealing with the handling of public complaints, the spheres of responsibility and powers of the Public Complaints Commissioner are defined, as well as rules for the proper handling of public complaints by a banking corporation. The function of the Public Complaints Commissioner is to coordinate the handling of complaints and inquiries made by customers on different banking issues. The Commissioner deals with complaints and inquiries with the various units at the Bank, the Banking Supervision Department and various external parties; he draws up findings for the business functions, the branches, the collection functions and for the Legal Counsel Division; he provides assistance and guidance to Bank employees in formulating solutions to problems with customers; and he assists in the drawing of conclusions and in organizational learning.

The Public Complaints Commissioner has to report the data on complaints handling – every half year, to the Bank's Management and once a year to the Bank's Board of Directors (the Board's Audit Committee). Management and the Audit Committee of the Bank's Board of Directors hold a discussion on these reports adjacent to their receipt. Material deficiencies revealed as a result of attending to complaints and data regarding complaints received and dealt with have to be reported by the Commissioner to the Banking Supervision Department once every six months.



Management and the Audit Committee of the Board of Directors receive a report regarding the deficiencies, the material findings and the cross-organization deficiencies.

The Commissioner is required also to publish to the public once in each year, on the Bank's Internet website, a concise description of the Bank's policy in the matter of treatment of complaints, the process of treatment of a complaint and data regarding complaints received and dealt with.

The Bank is required to publish on the Internet website and in the Branches the service covenant adopted by the Bank. The service covenant has been available to the public on the Bank's website since March 2015, after having been approved by the Board of Directors.

In 2023, the Bank dealt with 4,171 inquiries, compared to 4,550 inquiries in 2022. For further details, see the appendices - Customers in the "Conclusion" Chapter below.

It is noted that since 2019, with the entry into effect of the Credit Data Act, 2016, the Bank has begun the handling of complaints also regarding this issue, in accordance with instructions and guidelines of the function in charge of sharing credit data. The handling of such complaints is not subject to the said Proper Conduct of Banking Business Directive No. 308A. The data relating to these complaints is not included in the data presented above.

Quality of service at the principal subsidiaries

MDB

MDB adapts itself to market conditions as an innovative and progressive bank and is constantly working to be up-to-date and relevant. Within this framework, the bank offers its customers direct banking services that enable them to receive information and to execute transactions anywhere and at any time. Concurrently, the bank is actively continuing to provide frontal services at its branches, to customers who feel that it is important to them to have a personal, human contact with the bank.

The starting point for the bank in providing the service is that the customers want to receive a service that is personal and excellent, readily available and fast, familiar and understanding, professional and fair.

The bank continues to maintain a personal connection with its customers and lets every customer choose the personal service suitable to him - direct contact with the branch at face-to-face meetings with the bankers or telephone conversations with the branches, in parallel of course, with the options of initiating contact with a call center and making contact via the various digital channels.

The service coverage is tailored to customers with a view of providing response to the changing needs between customers in the manner most suitable for them.

The above stated in relation to Discount Bank, regarding the improvements made to service, including evaluation of customer satisfaction, maintaining customer satisfaction and the integration of service values in the organizational culture, applies also to MDB.

The quality of service is measured by various indices, including the Net Promoter Score (NPS). The data are delivered regularly and comprise an infrastructure for the drawing

of conclusions. MDB conducts, on a regular basis, surveys via SMS for testing customers' satisfaction (following contact with the bank). The findings of such surveys (analysis and management), comprise an annual target for the customer satisfaction indices.

ICC

ICC bases its values on the quality of service and the customer experience and invests considerable resources in upgrading its customer communication channels. Along with maximum comfort and accessibility, ICC is active in the digital innovation fields, broadening its innovative service channels, while developing its digital assets on advanced technological platforms. In accordance with these values, daily briefings are held in ICC's Customer Service Department and participations in workshops on the topic of how to provide a high-quality, professional and fast service and knowledge tests are being held in order to test the professional level of the representatives while conducting designated instruction courses.

ICC stringently conducts daily satisfaction surveys among its customers (both private customers and trading houses), within the framework of which various parameters are examined that measure the customers' general satisfaction with the company, with the service and with the professionalism of the company's representative, and NPS measurement (Net Promoter Score; International recommender index). The scoring by the NPS is a part of the targets of the Key Performance Indicator (KPI) of the service department. Furthermore, the company analyses recurring and onetime events in order to improve the quality of service and customer satisfaction.

In order to test and evaluate private customer satisfaction, the company conducts a satisfaction survey upon conclusion of an approach to the service center, as well as a "club survey" sent to customers following the issuance of a credit card.

In order to evaluate satisfaction of trading houses, the company conducts a "Post receiving

service survey", which comprises the central tool for testing the quality of service at the business center. The survey tests on an ongoing basis the service experience of the customers soon after the approach to the center had been made.

Customer surveys comprise a central organizational tool in understanding customers' needs, and enable the identification of strengths alongside points requiring improvement in the interaction with customers of the company.

Measurement is being conducted through a special-purpose surveys system, which allows the measurement of each question in the surveys and provides an image of the situation per employee over a period of time, as well as according to the measured parameter.

In instances where the survey answers score below the expected result or contain some written comment that requires attention, an examination of the feedback is conducted and the team leader or a professional representative in the Service Department responds to the person who provided the feedback.

IDB Bank

IDB Bank prides itself on the quality of care it provides towards its customers and its customer motto is "IDB Bank. It's personal."

To ensure this personal quality, IDB Bank has enacted a complaint policy ("the Policy") for customers and non-customers that provides a detailed document for prompt and courteous treatment, regarding any aspect of the bank's products or services. The Policy delivers a

consistent and constructive approach to investigating and responding to customer complaints. Complaints could indicate a weakness in certain bank processes that, had it not been identified, could result in violations of laws, regulations, or bank policies.

By tracking and logging the complaint information, the bank can identify and correct any potential compliance issues as well as strengthen and enhance the bank's products, services, and any applicable employee training.

Preparations for improving service and reducing complaints at the principal subsidiaries in Israel

At MDB, the ratio of complaints found to be justified in 2023 stood at 18.0% (of complaints, in respect of which position could be formed), compared to 18.1% in 2022. At ICC, the ratio of complaints found to be justified in 2023 stood at 18.0%, compared to 20.0% in 2022. For further details, see the appendices in the "Conclusion" Chapter below.



ICC - Average scores of customers satisfaction survey - 2023

On a scale of 1 to 5, with 5 denoting "excellent"



4.4
As regards satisfaction



4.51
As regards satisfaction

Fairness in products

Proper disclosure - information regarding products and services

➤ Banking corporations are required by law to abide by proper disclosure requirements in everything relating to the information which is provided to customers regarding the banking product or service, including pursuant to the Banking Law (Customer Service), 5741-1981, the Banking Rules (Customer Service) (Proper Disclosure and the Delivery of Documents), 5752-1992, and the Banking Rules (Customer Service) (Advertisements Directed at Minors), 5755-1995. The central principle of this legislation is the duty of proper disclosure (transparency) toward customers.

The Bank strictly adheres to the directives applying to it in this respect and maintains strict control procedures.

At the base of the above subject are found fairness and decency values comprising an integral part of the current business activity, interwoven with the day-to-day operations of the Bank and comprise a guideline for the operations of Bank employees. The above stated requires development and maintenance of an organizational culture, which positions the customers and the business fairness and reliability at the heart of the decision-making processes conducted both by the authorized organs of the Group, and by the three lines of defense, and in particular the risk taking units.

In view of the above, and as part of the overall risk management concept, and in particular, the compliance and regulation risks, the Bank acts in order to impart and integrate proper and fair business principles and values into the banking operations of the Group as a whole, including the formation and characterization of products being offered by the Bank to customers, in accordance with requirements that change from time to time, proper disclosure to customers with respect to the different products, including

the risk components inherent therein, and the adaptation of the solutions offered by the professional functions at the Bank to the needs of customers and changing market requirements.

Compliance with the provision of the law and regulation is enforced on a current basis by means of various control and supervision systems - the Chief Compliance Officer, compliance officers and trustees and the Internal Audit function.

The Chief Compliance Officer is actively involved, inter alia, in the preparations for regulatory updates and toward the introduction of new operations and products by the Bank. Moreover, the Chief Compliance Officer monitors the rectification of material deficiencies and failures in matters of compliance and submits - to the President & CEO, to the Bank's Management and to the Board of Directors, as well as to the CEOs of the subsidiaries where he also serves as the Compliance Officer - quarterly and/or annual reports on matters of compliance, which include a summary of his activity during the reported period.

In accordance with guidelines of the Banking Supervision Department, prior to the launch of new products/operations, the Bank performs an orderly and systematic process ensuring the identification and evaluation of all risks inherent in the new product/operation, while examining their effect on the risk profile and verifying the suitability of the infrastructure and controls supporting their operation. The said process has been established in a designated policy and in supporting work procedures applied by the Bank and the Group, mutatis mutandis.

Structured infrastructures exist at the Bank, which assist employees in providing service in accordance with Bank values, a service being of value also to customers. Thus, for instance, the systems of the Bank assist the fair and transparent conduct, while providing proper disclosure of all data and information relevant to the execution of a transaction; also existing is an administrative infrastructure

which regulates proper criteria and manner of conduct; regulation supporting information sessions are conducted regarding the consumer credit field, which establish fairness and decency values; frontal guidance sessions are held on a variety of compliance matters with the assistance of distance learning and updates, which help in the absorption of different issues. The guidance sessions are designed for all Bank employees and managers, and some of these are designed to align with the special work environment concerning designated products and employee populations. The infrastructure is validated and updated from time to time in accordance with the regulatory environment and the business activity of the Bank. These also assist with the audit side of compliance enforcement of the provisions of the law and regulations and in deploying the compliance culture throughout the organization.

WHILE LAUNCHING NEW OPERATIONS/ PRODUCTS OF THE BANK, AS WELL AS THE MARKETING AND ADVERTISING OPERATIONS OF THE BANK, MESSAGES DELIVERED TO BANK CUSTOMERS ARE EXAMINED BY CONTROL FUNCTIONS THAT VERIFY, INTER ALIA, THAT THE MESSAGES DO NOT MISLEAD CUSTOMERS AND ARE DELIVERED IN A PROPER AND FAIR MANNER

In addition, the Bank is a member of the "Israeli Marketing Association" and is bound by the principles of the Charter for Responsibility and Fairness in Advertising which constitutes a fundamental document in the engagement of advertisers-marketeers in Israel.

In order to promote fairness and proper disclosure at the Bank, the Bank acts on a number of levels:

Promoting transparency – The Bank acts, inter alia, for the establishment of the said values in the core documents and the basic documents of the Bank and conducts ongoing operations to integrate them in the field. Among other things, the Bank emphasizes transparency as well as adequate and proper disclosure provided to the Bank's customers, including the information and adaptation which have to be provided to customers with respect to banking products or services granted or offered to them.

Launching activities and advertising new products – An additional layer in which the values of fairness and decency are being reflected is the introduction process of new operations/products of the Bank, as well as the marketing and advertising operations of the Bank. Messages delivered to Bank customers (including potential customers) are examined by control functions that verify, inter alia, that the messages do not mislead customers and are delivered in a proper and fair manner.

Proper disclosure in publications – The Bank strictly applies several basic principles in the advertising and marketing of its products:

- **Truth in advertising** – Strict measures are taken in the publication of valid information, which is being properly examined prior to its release;
- **Social correctness** – The Bank publications are being edited in a respectable and adequate manner while strictly maintaining social correctness and avoiding impingement of populations, beliefs, etc.;
- **Ethics** – The Bank is committed to the advertising ethical code adopted by advertisers and television channels and includes principles designed to protect values (such as human dignity), populations (such as children), etc. The said code is obligatory both as regards production of

marketing communication as well as the products themselves.

In 2023, no complaint with respect to a violation of the Code of Ethics regarding advertising was received.

In 2023, no significant fines and/or non-monetary sanctions were imposed on the Bank.

Nevertheless, sanctions, in immaterial amounts, were imposed on the Bank and on ICC, as follows:

➤ On February 6, 2023, the Bank was informed of the decision of the Supervisor of Banks to impose upon the Bank two monetary sanctions in a total amount of NIS 1.2 million, this under Section 14H(a)(1) of the Banking Ordinance, 1941, and according to the Banking Rules (Rates of maximum reduction of monetary sanction amounts), 5771-2011. The monetary sanctions had been imposed on the Bank for violation of the provisions of sections 25 and 26 of Proper Conduct of Banking Business Directive No. 450 in the matter of "Debt collection procedures", the subject matter of which was reports to the Debt Execution Office regarding amounts collected not by means of the Office, and respecting arrangement with customers regarding collections on account of the debt. All as detailed in an Immediate Report dated February 7, 2022 (Ref. No. 2023-01-014925).

➤ On February 6, 2020, ICC received a demand for information from the Competition Authority, under Section 46(b) of the Economic Competition Law, 5748-1988, with respect to trading houses receiving from ICC or from an entity related to it, debit card clearing services. In continuation thereof and following the data that had been delivered, further demands were received, this within the framework of an investigation that was conducted by the Authority in the matter. ICC provided the required data.

On September 12, 2022, ICC informed the Competition Authority of its consent for

the payment of NIS 10 million, to the State's Treasury, within the framework of an agreed Order, this according to Section 50B of the Law. Subject to the payment of the said amount, the Competition Commissioner would not take any enforcement actions against ICC or against anyone on its behalf, with respect to events that had taken place in the period from 2018 to 2020, in which, as alleged, beneficial commercial terms regarding clearing services for charge cards of the "Diners" brand, had been offered to customers who would purchase or would continue to purchase from ICC clearing services for charge cards of other brands.

It is clarified that there is nothing in the agreed Order or in ICC's signature thereon, that denotes a statement, admission or consent on the part of ICC, or on the part of anyone on its behalf, regarding violation of the Law, of decisions of the Commissioner, or of any other provision of the law in any way whatsoever.

On July 12, 2023, the Competition Tribunal approved the agreed order.

➤ On June 8, 2023, the Bank received two notices by the Supervisor of Banks of his intention to impose sanctions upon the Bank. One notice relates to the intention to impose a sanction in the amount of NIS 1 million, under the Banking Ordinance, in respect of violation of two instructions stated in Proper Conduct of Banking Business Directive No. 411, on management of risks relating to prohibition of money laundering and the finance of terror. The second notice relates to the intention to impose a sanction (with no amount stated) under the Prohibition of Money Laundering Law, in respect of violation of instructions stated in the Prohibition of Money Laundering Order. The alleged violations stated in the notices relate to the updating by the Bank of the "declared persons" lists, updating of the "know your customer" procedures regarding accounts in respect of which seizure orders had been received, and the examination of the

address field vis-à-vis the lists of "declared persons" upon transfer of funds. Following the arguments presented by the Bank within the framework of a hearing that had been held, the Supervisor of Banks informed of the decision not to impose upon the Bank a sanction by power of the Banking Ordinance. As to the second sanction notice, by power of the Money Laundering Prohibition Law, an oral hearing had been held with the Bank submitting written supplemental arguments to the Sanction Committee.

Services in different languages

➤ The Bank is working to provide different services in a variety of languages for the convenience of all its customers:

➤ The Hebrew, English and Russian, Arabic and French languages can be used on the marketing website;

➤ Hebrew is the language used on the operations website, though English may also be partly used;

➤ The business website in English has been upgraded and a variety of transactions can now be conducted thereon, such as: approval of signatures, transfers of different types, payment of bills, payment of salaries, signature of foreign trade transactions, etc.;

➤ Marketing pamphlets, which are placed in the branches for the customers' convenience, are written usually in Hebrew, and in certain cases, according to needs or demand, designated leaflets are also produced in other languages (English, Russian, French and Arabic);

➤ ATMs provide guidance in 4 languages: Hebrew, Arabic, Russian and English;

➤ The Information Desks interface operates in Hebrew, English, Arabic and Russian. It is possible to receive statements of account in Hebrew or English, where the language of the account is marked as English;

➤ At branches servicing a large number of foreign residents, such as the Ashdod D quarter, Rehavia and Eilat branches, service is provided also by English-speaking bankers and those who speak an additional foreign language, such as French or Russian, including a recording in English and in Hebrew of the welcoming opening at the telephone call center;

➤ It is possible to obtain Telebank services also in the Arabic language;

➤ The international private banking centers (at the Azrieli Towers, the Mappu Branch in Tel-Aviv and in Nataniya) employ a number of teams composed of bankers, investment consultants and mortgage consultants speaking foreign languages (English, French, Russian, Turkish);

➤ The audio response on the TeleBank service is available in the following languages: Hebrew, Russian, Arabic, and English, and also at the Call Center service is provided in the said languages;

➤ At the line management points, the service is provided also in English and Russian. At the Nazareth and East Jerusalem branches, the service is provided also in Arabic.



Fairness in products at the principal subsidiaries

ICC and MDB

> The aforesaid in "Fairness in products" is applied also with respect to MDB and ICC, except for the signing on the advertising code of ethics, which MDB has not signed. Furthermore, MDB is not a member of the Israeli Marketing Union.

The Advertising Code of Ethics

> ICC is also a signatory of the advertising code of ethics, and no complaints were received in 2023 regarding violations thereof.

IDB Bank

> IDB Bank is committed to treating its customers fairly consistently and equitably in its lending and deposit banking practices. It is the bank's practice to comply with all applicable fair lending laws. These include Equal Credit Opportunity Act (Regulation B), Fair Housing Act, New York State Fair lending statute (NYS Executive Law regulation 296-a) Truth in Savings Act (Regulation DD), Truth In lending Act (Regulation Z) and Dodd-Frank Act Title X - UDAAP (Unfair, Deceptive or Abusive Acts and Practices). The Bank will not tolerate discrimination by any of its employees or agents against any client in any aspect of its business.

There have been no complaints received by IDB Bank for fair lending matters or any of the above-mentioned regulations.



Services in different languages at the principal subsidiaries in Israel

MDB

> MDB has extensive activity among the Arab population and the Ultra-Orthodox ("Haredi") population and, accordingly, the required adjustment is made to the bank's operations vis-à-vis the different segments of the population. The marketing approach in the Arab sector is generally made in Arabic (including video clips, leaflets, etc.). Furthermore, in the Arab sector branches, the response in the branches and the primary telephonic response (computerized), is in Arabic. The Bank's marketing website is translated into the Arabic language. Also, the approach to the Haredi sector is made considering the "language" in practice (without photographs that might offend public feelings and with a text that is appropriate to the Haredi sector).

ICC

> Customer service is provided by the ICC centers in the Hebrew language. Service in the English, Arabic and Russian languages is provided upon request by a return call to the customer.

ICC makes adaptations to cater to the needs of the ultra-orthodox (Haredi) population and provides access to its services when connecting to the company's system through sending a voice message for a voice recognition one-time password (OTP), thereby enabling customers to easily and quickly execute transactions and receive information as well as when recovering a secret code using the voice response system. Adaption is also made to the "language" used by the Haredi community.

Customer privacy and information security

Customers' privacy

> The Bank attributes considerable importance to protecting the privacy of the data of customers, employees and suppliers of the Bank. The Bank considers the right to privacy to be an important and significant principal, which is reflected in the Bank's business endeavors and in the services it provides its customers. The Bank invests resources and efforts in safeguarding the right to privacy, in accordance with the regulatory directives.

The Bank utilizes resources, processes, and actions to safeguard its customers', employees' and suppliers' data in data bases, in order to protect them from impairment in durability and exposure to a change to the data. This activity is carried out in accordance with the Statutory and regulatory provisions.

The Bank's privacy policy is presented in the Bank's website and application, and details the way in which information is gathered, the approach and use of the information, its transfer to third parties and data security.

Data protection at the Bank is managed by an extensive, professional layout that includes the privacy protection officer, who constitutes an independent party. The privacy protection officer is responsible for the management and integration of this field and constitute an advising factor to the Bank's Board of Directors and Management on aspects of the Bank's privacy protection and its effective management. In addition, a privacy protection trustee has been appointed for each division, which serves as the long arm of the privacy protection officer and as the control, supervision and enforcement function for the policy and procedures relating to privacy protection. Moreover, the Bank is active in this field in all the business lines on an ongoing basis and integrates privacy protection considerations also when developing new products.

The principles for the management of confidentiality and privacy are implemented in accordance with the management of the privacy protection risk policy at the Bank, and comprising part of the Bank's risk management. The policy defines guidelines for decision making processes and for conducting operations involving the gathering and use of personal data required for the management of the Bank's business. The policy regularizes the manner of privacy protection risk management at the Bank, which involves the gathering and use of personal data, and based on the fundamental position that embedding the privacy protection aspects in the operations of the Bank helps the Bank in managing its business in an optimal manner. The policy document is validated once a year and is brought before the Board of Directors for approval. The subsidiaries have adopted a similar policy, in line with their activities.

THE BANK PLACES HIGH IMPORTANCE ON SAFEGUARDING THE PRIVACY AND DATA SECURITY OF ITS CUSTOMERS, ITS EMPLOYEES AND ITS SUPPLIERS, AND INVESTS TECHNOLOGICAL RESOURCES IN ORDER TO SAFEGUARD THE PRIVACY AND DATA SECURITY AND IN ORDER TO IDENTIFY PROBLEMS AND TO AVOID THEIR RECURRENCE

Extracting information from the Bank's databases to an external supplier requires the approval of the manager of the relevant database, and to this end a suitable work procedure has been formulated. In accordance with the guidelines of the Privacy Protection Authority, if any concern is raised regarding a leak of personal data, the Bank informs the Privacy Protection Authority, as required by the regulations.

In 2022, a gaps survey in connection with privacy protection was conducted. The survey is being conducted in all the Bank's divisions in order to verify the implementation and fulfillment of the statutory and regulatory provisions relating to privacy protection. The implementation of the survey recommendations has been incorporated into the work plan of the privacy protection officer.

The privacy protection officer and persons acting on his behalf provide guidance and training on the topic of privacy protection to relevant parties at the Bank, in order to familiarize them with the aspects of privacy protection relevant to their work environment and the risks that exist in this field. All the Bank's employees are required to undergo e-learning on the topic of privacy protection. In addition, with the aid of the Data Security and Cyber Protection Subdivision, mailings aimed to increase awareness, clarify the principles and enrich knowledge on this subject are sent to employees from time to time.

Principles of data collection, safeguarding and use

> The collection of data and the use thereof is performed in the normal course of the Bank's business and according to the objectives of the database. In order to carry out the privacy protection risk management policy, the Bank acts according to guiding principles that include, inter alia: the Bank collects personal data and makes use thereof only after obtaining consent for the collection and usage actions that the Bank wishes to perform with this data; at the time of obtaining consent, the data subjects are given adequate information regarding the types of data being collected about them, the purpose for which it is being collected and the way the data is to be used; the Bank makes use of the personal data that has been collected and saved by it solely and exclusively for the purposes for which the data was provided and in accordance with the data use policy; the Bank keeps the personal information collected by it secret. The duty of secrecy constitutes a central part of the privacy

protection worlds and the Bank shows no tolerance for breaches of this kind of the Regulations; the Bank is obliged to safeguard the personal data that is kept by it in a secure manner in accordance with the privacy protection laws and with the data security principles deployed by the Bank.

The Bank allows every data subject, whose personal data is kept by the Bank, to request to see this data, in accordance with the Privacy Protection Law, 5741-1981 ("The Privacy Protection Law"). Under the Privacy Protection Law, a person that has viewed the data collected about him and finds that the data is incorrect, incomplete, unclear or out of date is entitled to request the database owner to correct the data.

Furthermore, the transfer of personal data or allowing third parties access to personal data kept by the Bank may only be done in accordance with the consent given for this by the data subjects. When any engagement is entered into by the Bank in the framework of which personal data is transferred to third parties, for instance – to the Bank's service providers, the engagement agreement with that provider, is to contain provisions regarding the safeguarding of privacy and data security, as well as an appendix of data security guidelines adjusted to match the engagement.

Furthermore, a privacy policy for employees and work candidates exists at the Bank, which regularizes the central issues regarding privacy protection, including reference to consent for the gathering, use and transfer of information to third parties.

The field of privacy protection is being audited by the Internal Audit at the Bank and at MDB as part of the audit according to the work plans, and to the extent that findings are identified by these audits, they are being handled on a current basis.

In 2023, the Internal Audit examined, following customer complaints, two instances where data were suspected of having been leaked from customers' accounts by Bank employees and

one instance of suspicion that data were viewed or unauthorized transactions were executed by employees on the accounts related to them or other employees. All the investigations were concluded without findings.

In addition, following alerts received from the systems of the Bank, two additional cases were handled: in one case, suspected violation of data protection by an employee was investigated. Following the findings, the disciplinary committee held a discussion and the handling of the matter is not yet completed. At the same time, steps were taken to improve work processes. In the second case, suspicion of observing an account of a related person and approval of checks drawn on related accounts was investigated. Following the findings of the investigation, a clarifying discussion with the employee was held.

During 2023, as part of the process of assimilating and raising awareness, cross-organizational communication activities were carried out for all employees in a wide-ranging internal organizational distribution with regard to privacy protection and information security, and nine dedicated privacy protection training sessions were conducted. These were attended by hundreds of employees, who are exposed to personal information in the course of their work.

At MDB, control over employee bank accounts is proper. No complaints were received in 2023 by Internal Audit in the matter of bank confidentiality. One case of observing accounts of related persons was handled.

At ICC, one complaint regarding privacy protection was handled in 2023. The complaint was classified as "unjustified".

Malfunction in the PayBox application

> For details regarding the malfunction, see page 91 of the 2019 Corporate Responsibility Report.

On February 16, 2020, the Privacy Protection Authority announced, the starting of a

regulatory administrative process under the Privacy Protection Act, for the examination of circumstances of the PayBox event. On October 1, 2020, the Authority sent the Bank a letter determining alleged breach of the Privacy Protection Act. The Bank submitted its response in writing on December 9, 2020 and has requested an additional oral hearing. The Authority has acceded to the Bank's request and the hearing was held on October 21, 2021. On April 16, 2023, the Authority notified the Bank that some of the Bank's arguments had been accepted at the hearing that had been held, but it had been ruled – in contrast to the Bank's position – that some of the Privacy Protection (Data Security) Regulations, 5777-2017 had been breached. On April 30, 2023, the Bank responded to the Authority stating that it believed the Authority's position and reasoning to be flawed and requested that the Authority's rulings be reconsidered. On June 4, 2023, the Authority responded that after examining the arguments submitted by the Bank, it does not change its said decision of April 16, 2023.

Legal proceedings

> On January 30, 2020, four lawsuits were filed with the Tel Aviv District Court against the Bank together with motions for their approval as class action suits. The lawsuits refer to a failure in the installation of a server on the PayBox payment application, a failure, which, as argued by the Appellants, caused them damages.

The amounts of the claims for all members of the class amount in the four motions to NIS 850 million, NIS 500 million, NIS 25 million and NIS 2.5 million, respectively.

The four Appellants informed on June 7, 2021, that they had reached agreement on the application for approval of submitting a consolidated claim. A consolidated claim was filed on August 23, 2021, in one case, and on August 29, 2021, the three motions in the other cases were struck off.

In the period from October 2021 to January 2022, the parties filed their argument briefs

on the motion for attaching evidence on behalf of the Appellants. On February 22, 2022, the Court upheld the motion and instructed the attachment of the evidence. On April 3, 2022, the Bank filed its response to the motion for approval. On October 19, 2022, the Appellants submitted their response to the response of the Bank. The parties agreed to take part in the mediation proceedings.

- On May 11, 2020, a statement of claim and an application for its approval as a class action were filed against the Bank and against two other banks, at the Tel Aviv District Court. The claimant alleges that the Bank has breached its duty of banking confidentiality in that it has granted international corporations, such as Facebook and Google, access to its digital platforms and is allowing them to gather private information on customers. It is alleged that the banks have made a deal with these international data corporations under which they received cheap and effective tools in return for violating customer privacy. As alleged by the petitioner, the Bank's different documents have been drafted in an all-embracing and sweeping fashion without providing any explanation to customers on the nature of the data that is transferred and the customers' signature on these agreements should not be considered as consent to the transfer of information.

The petitioner stated that the amount of the damage caused to all the class members cannot be assessed.

On August 30, 2021, the banks filed an application for the deletion of items from the response brief of the Appellants. In the period from August to December 2021, the parties submitted their claims briefs on the application for deletion. On September 27, 2023, the Court instructed deletion of items from the response of the Appellants regarding the response by the banks. The Court also decided to admit the position of the Regulator regarding the issues in dispute. On January 23, 2024, the regulator

informed that he is unable, at this stage, to take a stand.

For details of an application for approval of an action as a class action involving a similar issue, filed against ICC and additional Respondents, see below.

- On April 13, 2021, ICC received notice of a motion for approval of a class action. The motion had been filed against fifteen financial bodies, including banks, credit card companies, insurance companies and investment houses.

The subject of the action is the argument made by the Claimants that the Respondents provided third parties, including Google and its advertising services in particular, private, personal and confidential data on their customers using the Respondents' digital services, or who had done so during the seven years prior to the date of filing the action, without obtaining the said customers' consent, thus violating their rights to privacy in contravention of obligations imposed on the Respondents under the law.

The damage caused to the group, which the Claimants wish to represent, is estimated by the Claimants at amounts reaching millions of NIS. The Claimants state the amount of the personal damage for each Claimant at NIS 1,000 for non-monetary damage, and NIS 1,000 for the monetary damage.

Following the failure of the mediation proceedings conducted by the parties under the advice of the Court, hearings of evidence were conducted in February 2024 and additional evidence dates were set.

For details regarding a motion for approval of an action as a class action in a similar matter, filed against the Bank and additional banks, see above.

Customer privacy and information security at the principal subsidiaries

ICC

- Beyond the processes above mentioned, ICC is devoting considerable efforts to everything related to the protection of customer privacy:
 - In 2017 an enforcement plan regarding privacy protection was formed, with the assistance of a Law Office specializing in this field;
 - In 2019, the company performed an internal survey in the field of privacy protection. Following this survey, a reduction plan has been formed and the treatment of all findings arising from the survey has been completed;
 - In the years 2019-2020 a comprehensive compliance survey regarding the issue of privacy was performed, accompanied by an accounting firm and a law office having expertise in this field, this within the framework of a Group compliance survey. The deficiencies identified within the framework of the survey have been treated;
 - Also in 2023, ICC performed a survey regarding compliance with the Privacy Protection Regulations (data protection), with the assistance of a team of external consultants.

As a general rule, activities involving questions arising from privacy protection legislation are closely escorted by the Legal Consulting Division of the company, which monitors developments in legislation regarding these aspects and examines the need to adapt the activities of the company in view of such developments.

During 2019, a privacy protection policy was drawn up and published on the company's website. Dedicated training sessions are held for the company's employees on the topic of privacy protection.

During 2021, ICC adopted a paper for privacy risk management and appointed the Compliance Officer as officer in charge of privacy protection.

Moreover, the risk of leakage of information is defined by the company as being high risk, including from the supply-chain side, and the controls regarding such risk are being constantly strengthened. The company has integrated a number of mechanisms for the detection and blocking of leakage of information from all channels for the outflow of information from the company, including mail, online interface, virtual vault, encryption of storage devices and the like. Concurrently, the company is deploying extensive controls over the supply-chain, aimed at reducing the risk of data leaking from this channel, and is using intelligence tools to identify and locate, as early as possible, sensitive data of ICC and/or its customers that might have been leaked.

IDB Bank

- The IDB Bank Compliance Department oversees the Bank's Privacy Policy ("Policy"), which purpose is to identify the privacy laws and regulations that are most applicable to the Bank, including applicable Bank of Israel laws, regulations and directives, to the extent that they are consistent with applicable U.S. privacy federal and state laws and regulations.

Applicable Laws and Regulations:

- Gramm-Leach-Bliley Act ("GLBA"): 15 U.S. Code § 6801 – 6809
- The California Consumer Privacy Act ("CCPA") of 2018, as amended by the California Privacy Rights Act ("CPRA") of 2020
- Right to Financial Privacy Act ("RFPA")¹
- Regulation P, Privacy of Consumer Financial Information
 - 12 CFR 1016 (CFPB)
 - 12 CFR Part 332 (FDIC)
 - 16 CFR Part 313 (FTC)

Data protection and cyber defense

The topic of data protection and cyber defense at the Bank is regulated and directed in accordance with various regulatory provisions, including the Privacy Protection Law and the regulations promulgated thereunder, the Computers Law, Proper Conduct of Banking Business Directives, and particularly Directive no. 357 "Information Technology Management" and Directive no. 361 "Cyber Defense Management", on the basis of which a cyber-defense and data protection strategy and policy have been drawn up, as approved by the Bank's management and Board of Directors, as well as Proper Conduct of Banking Business Directive No. 362 in the matter of Cloud Computing in its updated version from 2023, Proper Conduct of Banking Business Directive no. 366 "Reporting of Technological Failures and Cyber Incidents" and Proper Conduct of Banking Business Directive No. 363 in the matter of Supply Chain Cyber Risk Management. In addition, the cyber and data protection layouts at the Bank are challenged by Risk Management Division and audited by the Internal Audit.

IN 2023, NO SINGLE OR MULTIPLE CYBER INCIDENTS TOOK PLACE THAT HAD A MATERIAL EFFECT ON THE PRODUCTS OR SERVICES OF THE BANK OR THE GROUP, ON THEIR RELATIONSHIP WITH CUSTOMERS OR ON THE COMPETITION CONDITIONS

The Bank has a certification for the standards ISO27001 – an international standard for data security and ISO27032 – an international standard for cyber.

In 2023, the Bank was qualified for the first time under Standard ISO27035 for the management of a data protection and cyber event. Discount Bank is the first organization in Israel that has been

qualified under this Standard, and accordingly, is the first bank in Israel qualified according to the Standard to manage a cyber event.

In 2023, the Bank redrafted the strategy and policy documents regarding the data protection and cyber defense management fields, by separating them into two documents which were approved by the Bank's Management and Board of Directors.

The field is entrusted to the Director of Information Security and Cyber Defense, who reports directly to the head of the Technologies Division, and is responsible for outlining the policy and its implementation in the Bank and in the subsidiaries of the Discount Group.

The strategy and policy for managing data security and cyber defense were separated into two different documents which were approved by the Bank's Management and Board of Directors once a year. In addition, the Board of Directors receive current and periodic reports regarding data security and cyber incidents. The strategy and policy are available to all the employees involved with the internal systems and they apply to the entire Discount Group. A few of the subsidiaries, by virtue of their activity, set their own policy – which is based on the Group's strategy and policy – and in doing so receive professional accompaniment from the Group Data Security and Cyber Defense Manager.

In 2023, there was no occurrence of one or more cyber incidents that materially affected the products or services offered by the Bank or by the Group, their relations with customers or the competitive conditions.

The year 2023 was typified by an increase in service interference attacks following the "Iron Swords" War, and accordingly, the scope of digital fraud among Bank customers also increased and supreme efforts were made to reduce the risk and to prevent the theft of funds, with emphasis on émigrés from the former Soviet Union who constituted one of the main targets for such attacks. Considerable resources were also invested in developing technological systems for cyber defense, accompaniment and professional guidance for the architecture writing processes,

systems definition and gaps mapping, including challenging the new networks at the Discount Campus in preparation for the Discount Group's move to its new home.

In 2023, all the Bank's employees were asked to engage in computer learning on the subject of cyber. The percentage of those that did so was 90%

Protection of the Bank's websites

The work plan of the Data protection and cyber defense wing is implemented according to the strategic plan, as approved by the Bank's Management and Board of Directors. In accordance with this, technologies are integrated into the Bank's systems for preventing unauthorized access, systems monitoring, examining and identifying deviation from authorized activities (anomalies) in the Bank's network and the direct channels.

The Bank operates a security operations center (SOC) that operates continuously throughout the year (24 hours round the clock, 365 days a year), the objective of which is monitoring and control, receiving alerts to detect risks, breaches, exposures and vulnerabilities in the data protection system, and which is responsible, among other things, for the identification and warning of any activity intended to damage the Bank's systems, the Bank's websites or its customers.

The Bank's operations sites, which provide direct service to customers over the Internet and mobile network, are protected by several layers of defense, which include protection components for hardware/communications and services providing information regarding attacks and hostile addresses. Infrastructure systems are monitored and reported to the SOC systems, and projects undergoing development and maintenance are accompanied closely by professional data security and cyber facilitators.

Except for the protection of the computer system, the defensive actions are intended to

provide a response to the important business processes of the Bank. In this way, a defense layer focused on a comprehensive business viewpoint risk would be strengthened.

As part of risk management, the Bank investigates various incidents, gains insights and draws conclusions. Such insights, together with data and cyber protection surveys, enable the Bank to map gaps that should be rectified and determine priorities in the treatment thereof, which are integrated into the work plan. Furthermore, within the framework of the internal audit, an audit department operates in the IT field, performing ongoing audits of such subjects.

In accordance with the risk outline and with Proper Conduct of Banking Business Directive Nos. 357 and 361, risk surveys and penetration tests are performed at required frequencies, with the help of independent external consultants, according to the requirements of the regulation and the decisions of the Management, following which, mitigation measures are implemented and the required reports submitted.

Access to information and the levels of authorization are controlled by designated teams and systems, and the administration processes and management tools undergo significant improvement and reorganization.

The Bank has established its operations and processes in procedures, and the Data protection and cyber defense wing at the Bank is involved in the approval of all the Bank's procedures, in order to ensure the early identification of operations causing data protection risks and cyber defense.

The Bank takes ongoing action to raise awareness and to improve the organizational culture from the aspect of data protection and cyber defense, which among other things includes tutorials, training, publication of policy documents, and holding a social engineering awareness week for the Bank's employees, etc.

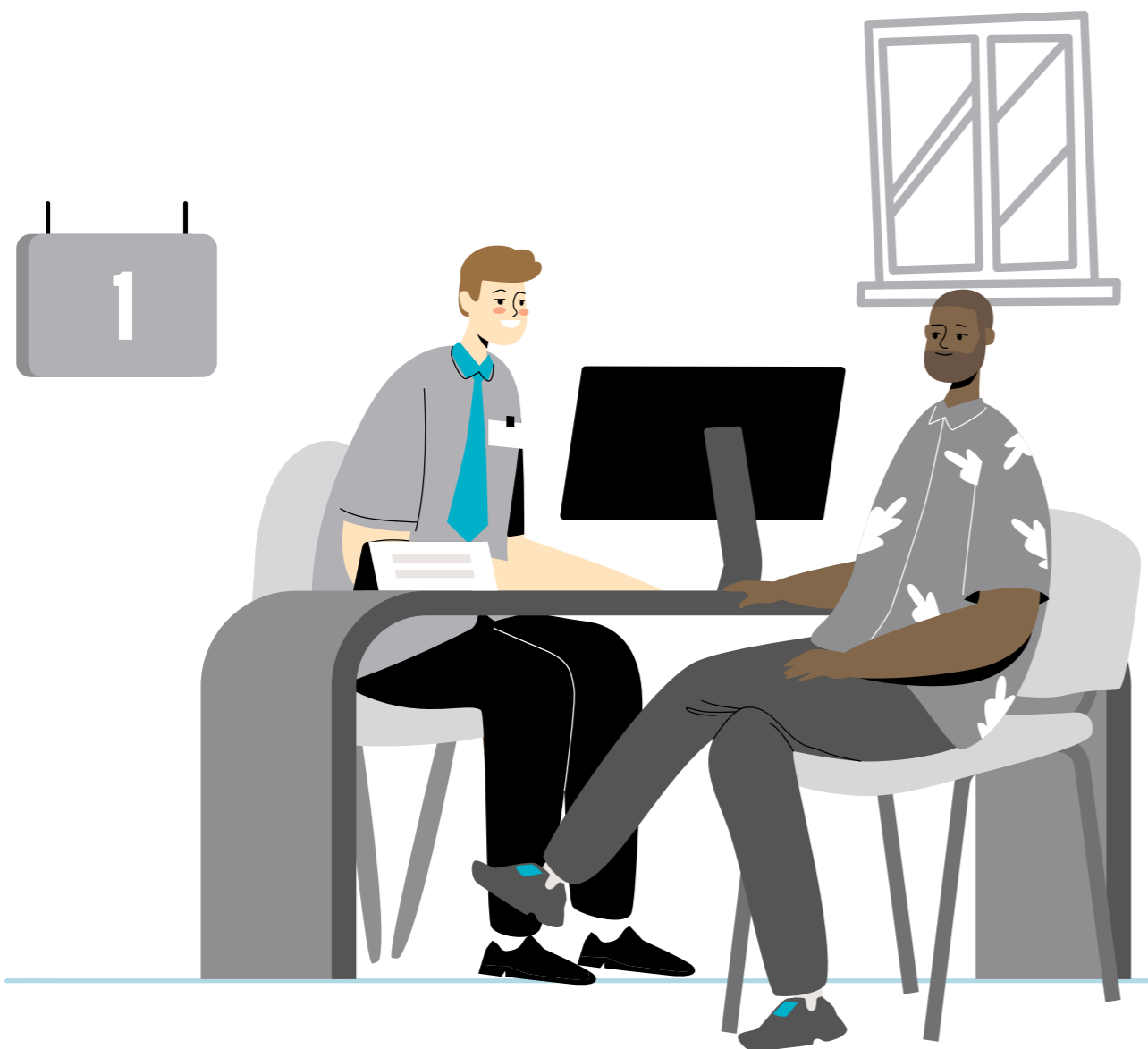
In addition, the Bank has a business continuity plan in the event of the materialization of a cyber incident or for times of crisis. Within the framework of this plan, emergency exercises are held to check its resilience and the various response arrays.

Mitigating the exposure to cyber risk through purchasing Group cyber insurance – See the document, "Disclosure according to the third pillar of Basel and additional information regarding risks", published together with the 2023 Annual Report (pp. 89-90).

Aspects of physical safety, to the extent that they might be connected to data protection, are managed and implemented by the Bank's security officer, in conjunction with the data protection and cyber defense manager.

For further details, see the document, "Disclosure according to the third pillar of Basel and additional information regarding risks", published together with the 2023 Annual Report (pp. 94-96).

The abovementioned processes are applied, mutatis mutandis, also with respect to MDB.



Support of Customers during the "Iron Swords" War period

> In view of the security situation, immediately after the outbreak of the War, the Bank took action in order to assist customers in this difficult time. The Bank has approved a series of relief measures in the credit and financial solutions applying to all its customers in the household segment and small business segment, and specifically to customers who are residents of the conflict zone in the South, in the North and to different security forces.

Additionally, the Bank has formed a support and relief package for customers both within the framework of the outline published by the Bank of Israel and within the framework of additional concessions that the Bank established beyond the outline.

The Bank of Israel outline

> On October 15, 2023, the Banking Supervision Department published the outline aimed at easing the burden of credit and commissions for households and businesses located and operating within 30 km of the Gaza Strip, civilians evacuated from their homes by an authorized party, reservists and those called-up under a compulsory callup order ("Tzav 8"), or first-degree relatives of those killed in the war, kidnapped or missing (hereafter: "the First Circle"). The outline refers to: (1) Deferral of loan repayments for three months without charging interest and without charging fees, in three activity segments: mortgages (in relation to first home and home renovations); consumer credit (in an aggregate amount of up to NIS 100 thousand); and business credit (a business with an operating turnover of up to NIS 25 million per year, not including loans in commercial cooperation with a third party; in an aggregate amount of up to NIS 2 million); (2) not charging interest on a debit balance of up to NIS 10 thousand for customers whose account immediately prior to the outline's publication was in debit (this does not apply to reservists and those

called up with a "Tzav 8"); and, (3) a three-months' exemption from commissions and fees in certain areas of activity. The remaining customers (hereafter: the "Second Circle") will be given the option to defer their loan repayments as stated without being charged commissions for 3 months, with the deferred repayments bearing interest at a rate not exceeding the interest rate in the loan contract and the payments being added at the end of the loan term. The outline's effective date is October 31, 2023, at the latest. On October 23, 2023, the Banking Supervision Department published an additional outline, which dealt with reliefs for customers in the First and Second Circles of credit card companies, with the repayment of loans and with exemption from commissions. The outlines prescribe a minimum condition for reliefs, and each bank and credit card company may offer additional favorable terms. On November 8, 2023, the Supervisor of Banks announced the expansion of the application of the outlines, so as to apply also to households and businesses situated and operating in communities located in Northern Israel (evacuees or those appearing on lists published on the Bank of Israel website).

A press release was published on December 17, 2023, regarding the extension of the outline by three additional months applying as from January 1, 2024, with certain changes, the essence of which is the expansion of the populations included in the outline.

Assistance to Discount customers

Assistance to all customers. Upon the outbreak of the War, the Bank extended to all its customers (private individuals and small businesses) a series of benefits regarding the management of their bank account, inter alia, increasing the overdraft limit by NIS 2,000 or up to 10% of the customer's existing overdraft limit, the higher of the two. The amount of the addition, if at all exercised, will bear no interest or commission charges. This update was initiated by the Bank with no need for an application on the part of the customer, and was in effect until November 9, 2023. The period of the increased overdraft limit

has been extended to December 30, 2023 in respect of customers who took advantage of this benefit.

Immediate assistance to customers residing in Southern Israel. Bank customers residing in the South (up to 40 km away from the Gaza Strip) have the option of taking a loan of up to twice the amount of their salary or of their business turnover, up to a total amount of NIS 24,000, free of interest or commission charges, by applying to the Bank's call center. Repayment of the loan will be spread over 24 months. In continuation of the above, the customer population entitled to such assistance has been expanded to include the remaining customers in the first circle.

Furthermore, the Bank has setup a call center providing designated service and assistance.

The Discount outline. Following the publication of the Bank of Israel outline, the Bank has decided to prolong the period of the Bank of Israel assistance outline, from a period of three months to a period of six months, applying to Discount customers of the first circle population, as defined in the Bank of Israel outline (residents of areas situated at a distance of up to 30 km from the Gaza Strip border, residents of evacuated communities in Northern Israel, hostages and missing persons (based upon a declaration), reserve servicemen on active service under Order 8 (based upon a declaration), having a first degree kinship with murdered persons).

Following are the principal items of the Bank's outline:

- Waiver of repayments of housing loans (principal and interest) applying to residents of the communities surrounding the Gaza Strip within a distance of up to 7 km from the Gaza border, and Sderot, for a period of six months. The waiver takes effect automatically, with no need for application to the Bank by the customer.
- Deferral of repayments of housing loans (principal and interest), of consumer credit

loans in amounts of up to NIS 100 thousand, and of business credit loans in amounts of up to NIS 2 million (hereinafter: "entitled customers of the first circle"), for a period of six months, at no cost and with no charge of interest on the deferred amount.

- Exemption from principal commission payments (as defined) for entitled customers of the first circle, for a period of six months.
- No interest charge on overdraft up to an amount of NIS 10,000 in current accounts of entitled customers of the first circle, for a period of six months (except for reserve servicemen on active service and under Order 8 populations).

MDB. MDB has also joined the Bank of Israel outline, when it too joined in waiving housing loan repayments (principal and interest) for residents of the communities surrounding the Gaza strip, that are within 7 km of the Gaza Strip border, and of communities that were evacuated in the north of the country. The waiver went into effect automatically, without the customer needing to apply to the Bank. In addition, MDB offers customers being local authorities, or corporations related to activities of local authorities, to defer repayments of loans for a period of three months with no commission charges but with loan interest charged on the amount deferred.

ICC. ICC grants customers residing in Southern and Northern Israel and additional customer population exemption from credit card fees as well as deferral of payments with no interest charge. Furthermore, ICC has joined the relief outline published by the Bank of Israel in relation to credit card companies. In addition, ICC allows deferral of loan repayments and the spreading of charges at no cost to private customers, for a period of three months as well as making advance payments at no cost to business customers. Representatives of ICC were physically present at the evacuation centers for resident of communities surrounding the Gaza Strip in order to offer frontal service to evacuees.

Benefits to customers within the framework of confronting the "Iron Swords" War

In NIS millions

For the year ended December 31, 2023

	Housing	Private individuals - other	Small and minute businesses	Medium businesses	Large businesses	Other	Total
Changes in terms of debts¹	39	16	13	-	-	-	68
Interest free loans or at lower interest rates	-	8	2	-	-	-	10
Waiver of commission	-	24	5	-	-	-	29
Support of the community²	-	-	-	-	-	70	70
Total benefits granted by the Bank	39	48	20	-	-	70	177
Benefits not yet exercised	18	51	30	-	-	-	99
Total estimate of benefits under fully exercised assumption	57	99	50	-	-	70	276

Notes:

- 1 Including waiver of interest, waiver of principal, deferral of repayments and/or extension of repayment period.
- 2 See "Support of the customers during the Iron Swords War period" in chapter 7.



Estimate of the cost of support of customers

➤ The effect of the benefits is expected to reduce commission income and interest income and increase in expenses in an estimated amount of approx. NIS 177 million (as of December 31, 2023). The said amount estimates the present and future adverse effect on income and increase in expenses. The waiver of housing loan repayments (principal and interest) was charged in full to profit and loss in the fourth quarter of 2023. The rest of the customers' benefit components will affect the business results according to the benefit period for each individual component. The support for the 'Keren Or' Foundation will be charged to profit and loss gradually. The remaining community support expenses during the "Iron Swords" War are charged to profit and loss on an ongoing basis.

The total impact of customer and community support is estimated at approx. NIS 276 million (as of December 31, 2023).

The above-mentioned estimates do not include the effect of the extended Bank of Israel outline, published in December 2023.

The main assumptions used in the estimate. The Bank assumed, in accordance with guidelines of the Supervisor, that all entitled customers would exercise the reliefs offered by the Bank. The assessment is based on the number of customers who are actually entitled to the primary exercise or to an additional extension of the benefits to which they are entitled.

The actual cost of the potential deferral of loans/mortgages was computed in respect of each loan in accordance to the interest rate applying to the loan. In assessing the benefit regarding commissions, taken into account was the average monthly collection in the year preceding the outline, of the commissions to which the exemption applies according to the outline in relation to each customer in the population of the outline, and the multiplication thereof by the number of months during which

the customer is entitled to the benefits of the outline. Estimate of the cost of benefits was computed on the basis of the interest on the loan and the period of deferral.

Forward looking information. Estimates made by the Bank regarding the cost of benefits granted to customers, are considered forward looking information, based upon the information in the hands of the Bank at date of preparation of this Report and on the main assumptions, as detailed above. Included in the above, the Bank assumed, in accordance with guidelines of the Supervisor of Banks, that all entitled customers would exercise the reliefs offered by the Bank. These assumptions may not become realized or may be realized differently than assumed by the Bank; therefore, actual cost may be materially different than that estimated by the Bank.

Loans to small businesses

Loans to adversely affected businesses. The Supervisor of Banks announced on November 6, 2023, a focused monetary plan, according to which, the Bank of Israel will provide banks with monetary loans bearing Bank of Israel variable interest rate less 1.5%, in an amount of up to NIS 10 billion, against loans granted by the banks to small and minute businesses which had suffered loss of revenues of at least 25% as a result of the War. This, on condition that the average rate of interest charged on the loans to such businesses shall not exceed the "prime" rate of interest.

The allocation of the monetary loan is made on the basis of a request that the banking corporation submits after the loan to the customer is set up.

State guaranteed loan Fund. On November 5, 2023, an "Iron Swords" track was introduced by the State guaranteed Loan Fund for small and middle market businesses, in which the banks participate as providers of credit. Within the framework of this track, it has been decided that the average rate of interest applicable to the loans would be at a margin that would not exceed 1.5% over the "prime" rate of interest.

On November 12, 2023, the Accountant General at the Ministry of Finance issued a letter to CEOs of the banks, requesting that the small and middle market businesses taking loans under the said "Iron Swords" track of the State guaranteed Loan Fund, would enjoy the terms applicable to the Bank of Israel monetary loans, so that the weighted average of the interest margin regarding these loans would not exceed the "prime" rate of interest.

Loans, as stated, were provided until January 31, 2024.

For additional details regarding the "Support of Customers during the "Iron Swords" War period", see the First Quarter of 2024 Report (pp. 45-48).



Goals

> Goals presented in the previous Report

	Not achieved	Holding training sessions on aspects of due diligence – legal framework and practical guidance.
	✓ Achieved	Expanding the activity and bringing knowledge to youth, young men and women, students and families and making the knowledge accessible for safe surfing and digital use by the elderly.
	✓ Achieved	Investing in strengthening the defense circles and dealing with the gaps in accordance with the attributed threat.
	✓ Achieved	Investing in the development and retention of human capital (cyber exercise plans, a designated training program for each knowledge center, broad knowledge-sharing within the Subdivision, etc.).
Discount Bank	✓ Achieved	Cooperating and sharing knowledge with comparable financial bodies.
	✓ Achieved	Methodical working with national bodies (the Bank of Israel, the Israel Police, etc.).
	✓ Achieved	Expanding collaborations with technological companies, with emphasis on startup companies working to integrate advanced technological solutions for the protection of the Bank and the Group.
	✓ Achieved	Taking ongoing measures to improve the organizational culture in the field of data security and cyber defense, which includes, inter alia, e-learning, training sessions, announcements to the Bank's employees and customers, distributing policy documents, holding a social engineering awareness week for the Bank's employees, etc.
	✓ Achieved	The Bank has a business continuity plan in the event of the materialization of a cyber incident or for times of crisis. Within the framework of this plan, periodic emergency exercises are held to check the quality of the response.
	✓ Achieved	Upgrading of the website in English.
ICC	✓ Achieved	Tutorial for new employees (excluding service and sales representatives) – upon acceptance by the organization as a new employee.
	✓ Achieved	Tutorial for new employees (service, sales and collection representatives) – an experiential accessibility workshop for employees as part of a training course.
	✓ Achieved	Guide/Tutorial for service representatives – once every 6 months.
	✓ Achieved	Communicating to all employees of the company - video clip/communication once a year.

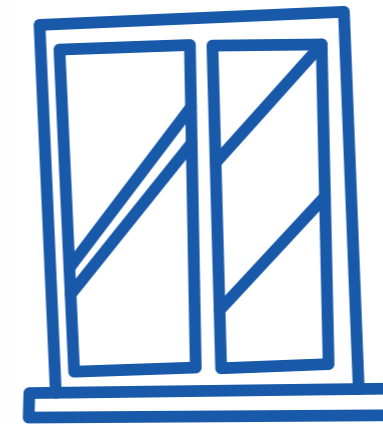
> Future goals

Discount Bank	Developing the capability to direct older customers directly to the bankers, without switching to a phone menu that requires a considerable amount of listening/keystrokes.
	Developing the capability to perform operations in deposits by voice mail, without having to contact the banker (to be developed for all customers).
	Financial education – Expanding the activity and the dissemination of knowledge, with an emphasis on deepening activities and long-term learning and on the periphery.
	Retaining and increasing awareness regarding data protection and cyber among employees by dissemination of messages.
	Retaining and increasing awareness regarding data protection and cyber defense among customers.
	Lectures and training of new employees in matters of data protection and cyber.
	New courseware in matters of data protection and cyber.
Retaining and increasing awareness regarding the prevention of fraud among customers.	
Holding of training courses in the matter of: aspects of regulation regarding marketing – practicable guidelines.	



05 THE EMPLOYEES

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The Bank adopted a policy of directed management of personnel, based on the understanding that human capital is a central factor in the Bank's progress and success. Therefore, the Bank works to develop the human resource from a long-term perspective, by means of and laying a foundation for outstanding, forerunning leadership, as a basis for the organization's empowerment and growth



9,501
EMPLOYEES AT DISCOUNT GROUP

5,371
EMPLOYEES AT DISCOUNT BANK
(INCLUDING UNPAID LEAVE AND ON
MATERNITY LEAVE)

43.6
AVERAGE AGE OF
DISCOUNT BANK'S EMPLOYEES

12.6
YEARS - AVERAGE SENIORITY
AT DISCOUNT BANK

63%
OF DISCOUNT BANK'S EMPLOYEES
HAVE ACADEMIC EDUCATION

57.1%
WOMEN IN MANAGEMENT POSITIONS
IN THE EXTENDED MANAGEMENT FORUM

THE EMPLOYEES



It is important to us to take pride in our workplace and we therefore encourage a challenging, supportive and pleasant work environment. We believe in the people that we work with and invest in making them stronger. ("the Discount Spirit")

Nurturing of human capital policy

➤ Discount Bank adopted a policy of directed management of personnel, based on the understanding that human capital is a central factor in the Bank's progress and success. Therefore, the Bank works to develop the human resource from a long-term perspective, by means of and laying a foundation for outstanding, forerunning leadership, as a basis for the organization's empowerment and growth. Concurrently, the Bank places emphasis on promoting the realization of the professional and personal aspirations of its employees, by providing them with a range of career-development opportunities, while focusing especially on developments in the labor market of the banking world - at present and in the future.

The Bank operates many systems that support the development and nurturing of the human resource, including sophisticated evaluation and feedback mechanisms. The management training and development systems assisting employees, inter alia, in coping with the professional and managerial challenges they face. Discount Bank also attaches considerable importance to the welfare of its employees and takes measures to promote this, through varied enrichment opportunities and through providing social and economic support in times of crisis for its employees and the members of their families. The Bank also participates in financing welfare activities for the employees.

The Bank encourages diversification and equal employment opportunities for underrepresented populations and their integration in suitable positions, while maintaining a fair and respected work environment.

The Bank insists on protecting the dignity of employees, of proper labor relations and on protecting employee rights, in accordance with the law and labor agreements. The Human Resources Division is responsible, through the Division's staff and through the Human Resources Units distributed throughout the

Bank's various divisions, for dealing with employees, which guides the employee from his hiring until termination, including from the aspects of: salary, welfare, occupational development, guidance and professional training, etc.

Main developments during 2023

Transfer to the Discount Campus. Completion of preparations from the aspect of human resources regarding the transfer to the Discount Campus location, including formation and integration of a culture and work environment intended to provide employees with a better and advanced work experience.

Bonding and employee experience. For details, see "Organizational Culture" below.

Signing of a collective labor agreement. For details, see "Labor Relations" below.

Employee hiring

➤ Each year Discount Bank hires continuously hundreds of new employees for a variety of positions. The locating of candidates is conducted through a wide variety of hiring means (social networks, the Bank's Internet website, "a friend brings a friend" campaign, employment fairs, etc.) - which allow a variety of candidates to expose themselves to the positions being offered by the Bank and to submit their candidacy. In the process of hiring and placement of new employees, emphasis is placed on compatibility between the needs of the candidate, his wishes and values, and those of the Bank.

The placement of employees at the Bank is made solely on a professional basis, while considering the candidate's skills and his suitability for the position, and without involving irrelevant considerations such as the race, gender, religion, nationality, age or disability of candidates.

The Bank views the transfer of employees between positions as an opportunity for professional development and enrichment of its employees, and encourages such transfers. The Bank publishes on the employees' website, notice of vacant positions inviting employees to submit their candidature.

In 2023, 64% of the managerial positions were manned by Bank employees. 16% of the professional positions (which do not comprise of teller positions, service teams or telephonic banking, which are not intended for employment in an outsourcing format and which are not managerial positions) were also manned by Bank employees (55% of managerial positions and 33% of the professional positions in 2022). During that year, ICC manned 68% of the managerial positions (compared with 65% in 2022) and 52% of positions in general (compared with 61% in 2022) by company employees. During the same year, MDB manned 98.2% of the managerial positions by bank employees (97.5% in 2022). 95.1% of the professional positions (which do not comprise of teller positions and which are not managerial positions) were also manned by bank employees (95.7% in 2022).

The Bank employs a small number of teenagers, according to age and conditions permitted by legislation, during their summer vacation, within the framework of projects to the benefit of the community. Apart from these cases, the Bank does not employ children and teenagers in any way or form, either directly or through manpower agencies.

In 2023, for the first time, ICC recruited and hired on a temporary basis 10 high school teenagers, under the conditions and at the ages permitted by law, during the summer months (June-August) as a "pilot" scheme aimed at diversifying and strengthening the workforce during these months. Apart from this, ICC does not employ children and teenagers in any way, directly or indirectly.

MDB do not employ employees under 18 years of age.

Nurturing the human capital at the principal subsidiaries in Israel

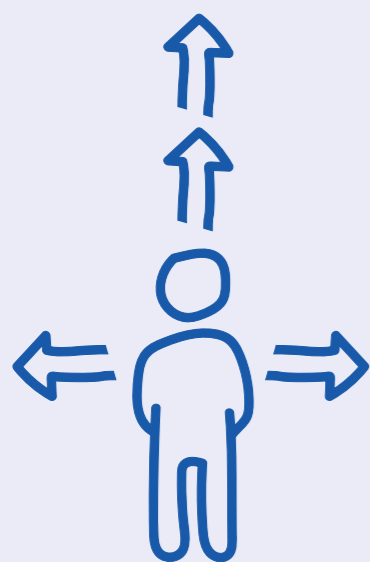
MDB

As is the case for Discount Bank, MDB promotes a people-orientated management policy and works to cultivate and develop a human resource that is in congruence with the strategy; clear emphasis is placed by the Bank and the employee's opinion with the aid of numerous management systems, and through aspects of the business continuity and risk management.

ICC

Management of ICC views the human capital as a strategic key in achieving the success of the organization, and accordingly, invest in employee training and development, in their personal and professional progress, in compensating them for qualitative performance, their welfare, their attachment to the business core aims, and in an open dialogue with them with the aim of creating frankness and fairness.

As part of the above, ICC operates on a number of central levels, including maintaining proper labor relations, development, training and the mobilization of employees, the creation of a leading and strong leadership, diversity and equal opportunities and investment in diverse activities for the welfare of employees and their families.



Labor relations

Labor Relations at the Bank are based on the Labor Charter, collective labor agreements and the different employment arrangements that are formulated mainly in discussions between the Bank's Management and the employees' representative committee. The year 2023 was marked by good and respectful labor relations that are based on attentiveness and cooperation, while maintaining industrial peace. The validity of the Labor Charter has been extended through December 31, 2026, in a collective agreement signed on December 23, 2021 between the Bank and the Employees Representatives Committee.

Rights of association – The Bank's employees with "tenured" status are unionized within the framework of the General Federation of Labor and Discount Bank's Employees Representative Committee, and they are entitled to elect their representatives and to be so elected. The "tenured" status employees constitute approx. 53.5% of all the Bank's employees, who are not employed by external parties.

A majority of employees whose employment is regulated by collective labor agreements – As of December 31, 2023, the Bank engaged 5,235 employees (excluding workers on maternity leave and on unpaid leave). This figure includes all of the Bank's employees, as well as workers providing services to the Bank by way of different outside factors. Of the above, 4,655 are "tenured" employees having the status of "stable" and status of "temporary", whose employment is regulated by collective agreements, constituting approx. 88.9% of total employees. After deducting the number of workers employed by the external entities, the number of employees stands at 4,882 and the ratio of employees whose employment is regulated by collective agreements reaches approx. 95.4%.

Bank participation in the budget of the Employees' Representative Committee – The Bank contributes monthly to the budget of the Employees' Representative Committee, in an amount of almost triple the monthly amount contributed by the employees. Five of the 21 Committee members are central officers of

the Committee engaged on a fulltime basis and receiving a full salary. Employees of the Bank's fulfill different duties within the framework of the activities of the Committee in aid of the welfare of employees, and the Bank even covers in full the costs of office premises provided for use by the Committee. The Bank participates also in financing the operations of the Retirees' Committee in aid of the retirees of the Bank population all over the country.

Organizational changes – the Bank's collective agreements state that the Bank's Management shall forward its proposals regarding the definition of units and management duties, and a joint discussion will be held during 7 days from date of forwarding the proposals to the managers' representative committee. At the conclusion of the discussions, if the parties have not reached an agreement, the matter will be forwarded to the Bank's President & CEO, whose decision will be final.

Signing of collective labor agreements – A collective labor agreement was signed on November 12, 2023, between the Management of the Bank and the representative committee of employees, regarding changes to the collective agreement of December 23, 2023, in the matter of wages and awards, as well as additional agreements regarding the compensation of managers and the advancement of clerks to the managerial echelon at the Bank. In accordance with the agreement, the percentage wage increase by stages applicable to tenured employees of the managerial echelon, which were due to be paid in July 2023 and in July 2024, have been consolidated into one stage of a shekel wage increase payable with the salary for April 2024. It was further agreed on the consolidation of the two stages for the payment of the award in respect of changes in the Labor Charter, which were due to be paid to managers in July 2023 and in July 2024, so that a consolidated differential award, divided into four grades, would be paid to managers or a part of them in April 2024.

The starting wages

The Bank insists on the payment of decent wages to its employees, even

in excess of the minimum wage stated by law (which in December 2023 amounted to NIS 30.61 per hour and NIS 5,571.75 per month). Accordingly, the starting wage for most of the new employees beginning work as hourly employees amounted to approx. NIS 40 per hour, in December 2023. The starting wage of most employees earning a monthly wage in a temporary status amounted to approx. NIS 7,126 per month, in December 2023.

Wage differences between female and male employees

The Bank does not discriminate between women and men with regard to pay and acts in compliance with the Directives of the Equal Pay to Male and Female Workers Law including the amendments thereto which were introduced in recent years.

The Bank, like many other employers in Israel, publishes a report pursuant to the provisions of Amendment 6 of the Equal Pay for Male and Female Workers Act, the aim of which is to increase transparency in all matters pertaining to the pay gaps between men and women in the workplace. The amendment to the Act requires the employers to divide their workforce into equal pay reference categories, according to types of employees or types of position or types of grade, and to make a comparison between the payroll data for the men and women in each category. The last report was published in the beginning of June 2023.

Concurrently with the publication of the report, the Bank carried out a thorough and wide-ranging examination of the Bank's salary data. Upon completion of this examination, a positive picture emerged showing low wage gaps between men and women. Analysis of the data showed that the weighted average of the gap in all of the groups was 3.99% in favor of men. Moreover, of the 31 groups included in the report, the vast majority of female and male employees of the Bank are associated with groups with a wage gap between women and men and vice versa of less than 10%.

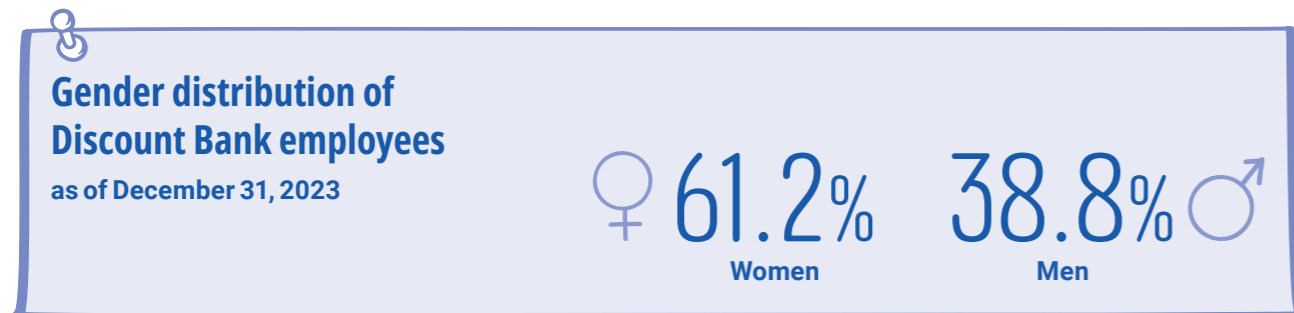
The full report can be viewed on the Bank's website.

Despite the positive data, the report shows that additional measures are needed to narrow the existing gaps. The Bank's management takes it upon itself to deal, on a specific case basis, with wide wage gaps that do not arise from

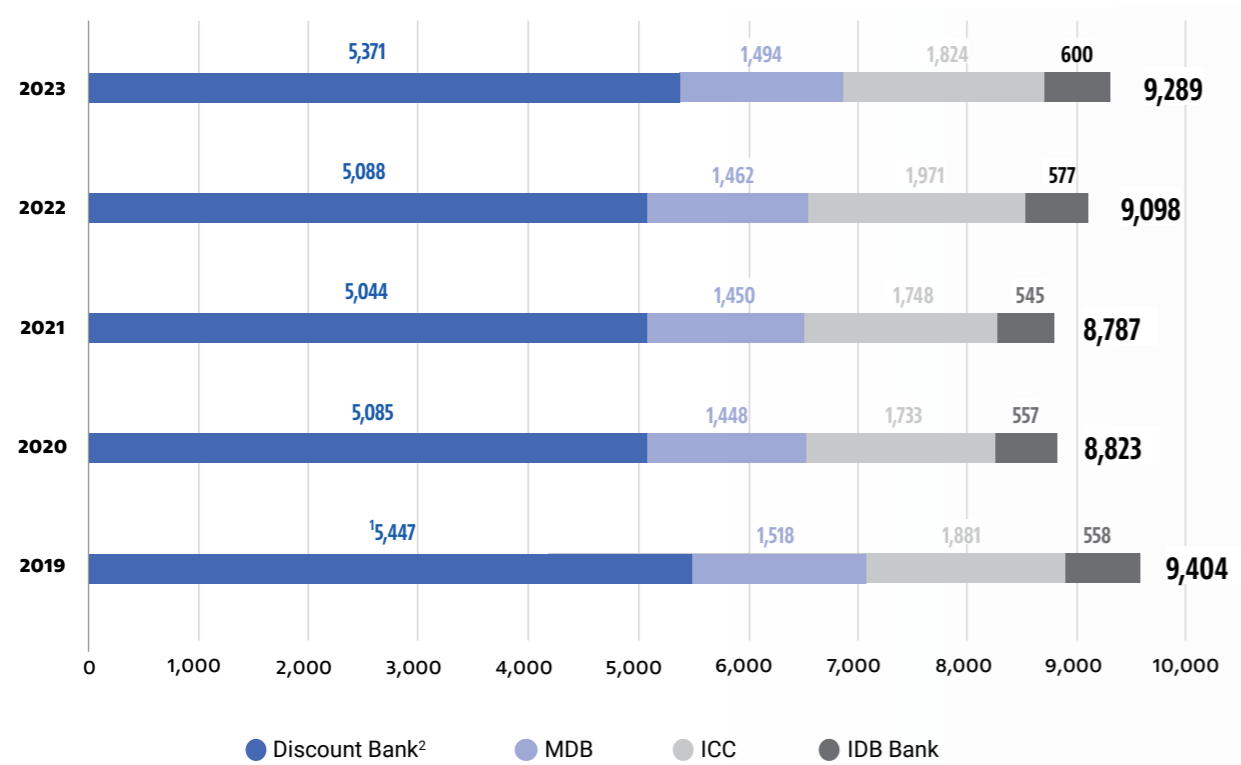
legitimate reasons such as seniority, experience, education, training, etc. In addition, the Bank's management will work more intensely to deploy mechanisms that enable the promotion and safeguarding of fair wages.

Discount's employees

Employees of the Bank and the principal subsidiaries in Israel, in numbers

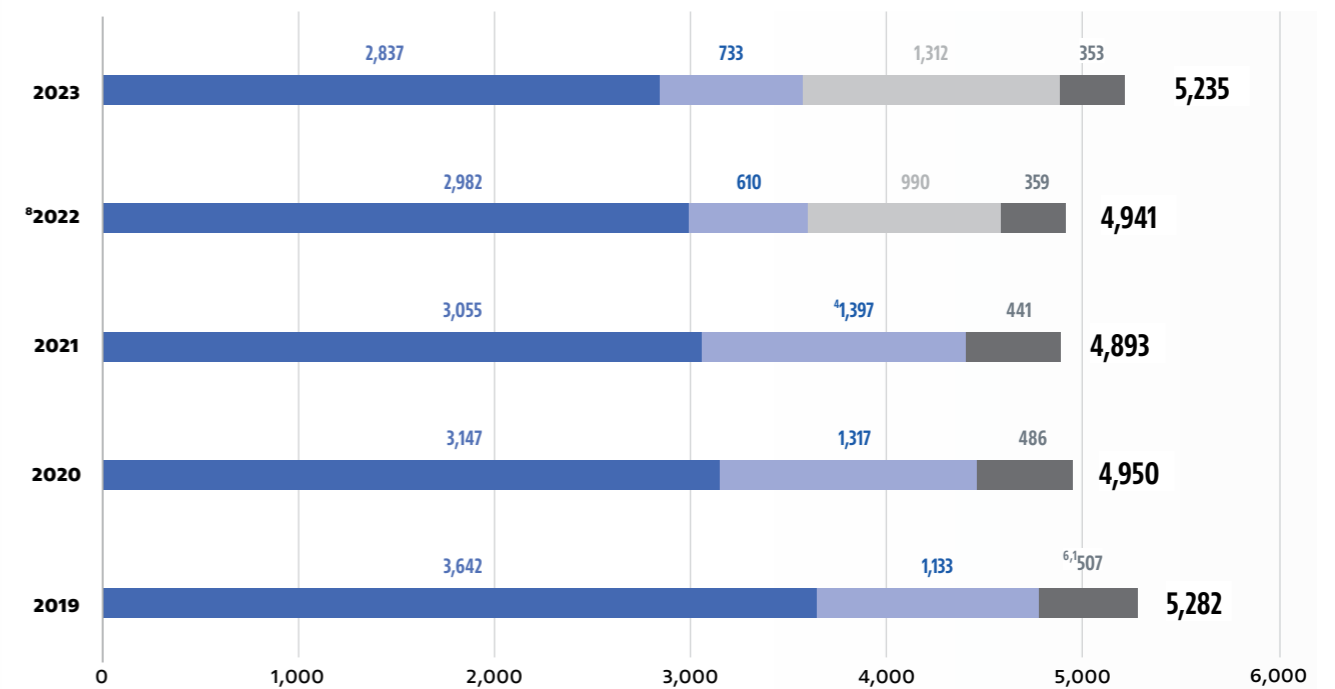


Employees of the Bank and the principal subsidiaries



Notes:
 1 Following an examination conducted, 83 persons who had previously been treated as service providers have been redefined as outsourcing workers and have been added to the Bank's workforce numbers as of December 31, 2019.
 2 The data includes employees on unpaid leave and on maternity leave.

Breakdown of Employees of Discount Bank by Employment Categories²



● Tenured⁶, under personal contracts⁷ and members of Management
 ● Temporary employees⁵ ● Stable ● Outsourcing³

Notes:
 1 Following an examination conducted, 83 persons who had previously been treated as service providers have been redefined as outsourcing workers and have been added to the Bank's workforce numbers as of December 31, 2019. In the absence of readily available data, the comparative data have not been revised accordingly.
 2 The data does not include employees on unpaid leave or on maternity leave.
 3 Including software houses and workers engaged in the TeleBank service centers.
 4 As of December 31, 2021, the Bank employed 933 employees having the status of "stable employee" - a status determined within the framework of a new collective labor agreement signed on December 22, 2021. At the beginning of 2022, the Bank started to integrate the change in its systems.
 5 Temporary employees and stable employees - the employment terms of such employees are mainly regulated in several special collective agreements in which said employees' employment terms and the period of their employment are set forth.
 6 Tenured employees - the employment terms of such employees are regulated in the Labor Charter, special collective agreements and various employment arrangements.
 7 Personal contracts - employees whose employment terms are anchored in personal contracts with the Bank and for whom the provisions of the Labor Charter and the collective agreements, which apply to employees with the status of "tenured" employees, do not apply.
 8 Data was emended.

Academic education

	Discount Bank			MDB		
	December 31,					
	2023	2022	2021	2023	2022	2021
The percentage of academics within the total number of employees	63%	55%	58%	61.7%	64.4%	60.7%
The percentage of academics within the total number of managers	90%	91%	90%	70.3%	68.3%	65.1%
The percentage of academics within the total number of clerical staff	57%	47%	51%	57.2%	62.4%	58.5%
The percentage of academics within the total number of female employees	61%	53%	56%	61.5%	63.8%	60.3%
The percentage of academics within the total number of male employees	65%	57%	61%	62.1%	65.3%	61.3%

Note: The data does not include outsourcing employees, employees on maternity leave and employees on unpaid leave.

Average age and average seniority of the employees

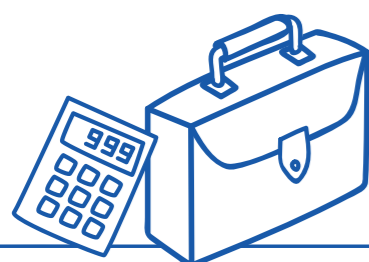
	Discount Bank	MDB	ICC
	December 31, 2023		
Average age	43.6	45.1	36.9
Average seniority	12.6	15.5	8.8

Wage differentials between man and woman employees – Discount Bank

in the years 2021-2023

Grade	2023	*2022	*2021
Members of Management (excluding the President & CEO)	-4.58%	-6.58%	-1.00%
Senior managers (level of group manager and above)**	-6.74%	-10.15%	-12.00%
Other managers**	-5.75%	-4.73%	-2.50%
All managers**	-5.93%	-5.37%	-3.49%
Employees not ranked as managers	-3.60%	-3.90%	-3.25%
All Bank employees**	-3.99%	-4.13%	-3.21%
Median	-22.58%	-18.18%	-22.35%

* The data have been recalculated in accordance with the calculation format used in 2023. The (-) symbol describes a gap in favor of the men in the group and a number above 0 signifies a gap in favor of the women in the group.
 ** Not including members of Management.



Labor relations at the principal subsidiaries

MDB

Labor relations at MDB, except for those having a personal employment agreement, are principally based on a basic labor agreement, "Labor Charter", and complementary collective agreements. Apart from these agreements, Management of MDB and the employees representative committee sign from time to time agreements in respect of specific issues. The terms of employment of members of Management of MDB are regulated by personal engagement agreements.

The collective labor agreements existing at MDB are subject to Section 5 of the labor agreement of May 17, 1968, namely, the validity of the agreement shall be automatically extended for two additional years, unless one of the parties to the agreement informs of his intention to make changes thereto. The Management of MDB and the national committee of employees of this bank signed in December 2018, a wage agreement for the years 2019-2023, which includes new and significant items. The essence of the agreement includes: detachment of the wage, work terms, and related benefits of MDB from those prevailing at Bank Leumi during the agreement period; for the said detachment, the employees are to receive: a onetime award amounting to 2.5 monthly salaries; a wage increment at the rate of 3.1% per year (excluding a seniority increment of 0.8%), for each of the years covered by the agreement; a gradual updating of the minimum monthly wage used for computing severance pay.

The rate of workers employed under collective labor agreements in MDB as of December 31, 2023 amounted to 98.6%.

Tenured employees of MDB are organized within the framework of a national representative committee. The ratio of the organized employees as of December 31, 2023 was 98.6%.

Organizational changes. The special collective labor agreement of 2002 states that where Management takes a decision to merge branches or groups, the decision shall be brought to the attention of the employees representative committee together with the presentation of the relevant data, and an intensive discussion is to be held with the committee with respect to the implications of the decision upon the employees involved. Management of MDB may act upon the merger decision only after fourteen days have passed since the date of notifying the committee regarding its decision.

ICC

Labor relations at ICC are based upon partnership and trust between Management of the company, the national committee and the employees.

The first collective labor agreement from 2011 at ICC, which regulates all labor relations in the organization, incorporates all employees of ICC, excluding department managers, vice presidents and approximately 40 employees engaged under personal agreements.

On June 11, 2019, ICC signed a special collective labor agreement with the Histadrut (the New General Federation of Labor) and the national committee of the company's employees, which is valid from January 1, 2019 through December 31, 2022. The agreement prescribes that an average wage increment of 3.1% shall be granted in each of the years 2019-2022. Moreover, a seniority supplement of 0.5% shall be granted to employees with the status of "permanent employee" in each of the aforesaid years. The agreement regulates certain economic benefits to which ICC's employees will be entitled, as well as different aspects relating to the company's employment arrangements. In the agreement, the parties have undertaken to maintain industrial calm at the company until December 31, 2022, insofar as this relates to matters regulated in the agreement. The wage level at ICC is set according to customary market criteria and in accordance with employees' performance.

An agreement was signed on September 22, 2022, whereby the move of ICC's employees to the Discount Campus had been arranged. Within this framework it was established that in the course of 2023, ICC will pay to its entitled employees a onetime award for their consent to the move to the Discount Campus and the changes involved in such move. The total amount of the award is estimated at approx. NIS 25 million, most of which would be recognized in the financial statements for 2023. In addition, arrangements were made for remote work by ICC employees. Moreover, the effective period of the existing collective labor agreement was extended to December 31, 2023.

The rate of workers employed under collective labor agreements in ICC as of December 31, 2023 amounted to 95%.

Organizational changes – The collective labor agreement of 2011 states that the company is entitled to introduce organizational and/or technological and/or operational and/or structural changes, such as the merger of units, integration with other centers, the closing down of units in accordance with changing work requirements, etc. Material changes that have a material impact upon the employees would be brought to the attention of the employee representative committee no later than fifty days preceding the planned implementation date of such change. In the case where no agreement has been reached regarding changes that have a material impact upon employees of the company, then each of the parties retains his rights without prejudice.

Work on the day of rest – duty personnel from the IT group, Risk Management, as well as permit representatives, work on rest days specified in the Hours of Work and Rest Act, 1951. Work on these days requires a special permit, which is filed by the company and extended once a year.

IDB Bank

The employees are not members of a labor union.

The starting wages at the principal subsidiaries in Israel

MDB

The starting wage payable to most temporary new employees in 2023 was NIS 42.42 per hour. The minimum pay for redundancy pay provisions of a new employee amounted to NIS 7,000 per month. It is noted that at this primary wage level, and for similar positions, there is no difference between the wage paid to women and the wage paid to men.

ICC

The company meticulously pays a fair wage. The starting basic wage payable to employees starting work is at least NIS 5,600 per month in respect of a full-time position. Most employees are also entitled to incentive payments in addition to the basic wage. The beginning wage payable by the company is higher by 1.0% than the mandatory minimum wage. However, for positions where the base salary is NIS 5,600, a performance-based incentive is added, which significantly increases the total salary.

Wage differences between female and male employees at the principal subsidiaries in Israel

MDB

For years, MDB has been careful to act in light of the principle of equality and to act with fairness and equality toward its employees. In this context, the bank attaches considerable importance to equality between female and male employees in the organization, attributing equal value to both sexes, which also extends to pay and benefits.

In 2022, the Equal Pay Act was amended whereby the bank, as well as other entities and companies in Israel, is required to analyze employee pay according to various segmentations that are specified taking

account of the characteristics of the workplace, with the aim of examining whether pay gaps exist between male and female employees who perform work of equal value. The full report appears on MDB's website.

MDB is of the opinion that most of the pay gaps between men and women result from differences in experience, length of service and duties; from timing gaps in the actual payment of various salary components due to the dates of commencing employment, etc. and therefore, in case of single figure percentages, it usually has no meaning.

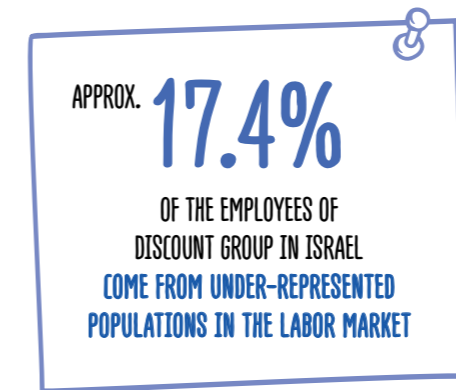
ICC

As seen from a review performed in 2023, in accordance with the Equal Wage to a Male and Female Employee Law, by distribution into appropriate comparative groups, no significant wage differences exist at ICC between male and female employees, the highest difference amounting to 8%. Wage differences found had been affected by factors such as: compensation for on-call services, overtime, shift-work and different personal attributions, and do not stem from gender differences. The report pursuant to the provisions of Amendment 6 of the Equal Pay for Male and Female Workers Law for 2022, is available for perusal on the company's website.



Diversity and equal opportunity

➤ Discount Bank believes that every employee (whatever their gender) is entitled to fair and equitable treatment, free of discrimination based on race, age, gender, color, sexual orientation, ethnic background, physical a disability, religion or political affiliation. The Bank encourages diversity and acceptance of the other and takes pains to provide a fair and respectful work environment.



In order to create a tolerant organizational culture and one that is accepting of the other, Discount Bank acts to advance segments of society that are underrepresented in the labor market, including through recruitment of employees from minority segments, from the ultra-orthodox (Haredi) society, from Israel's geographical periphery, as well as employees with a disability.

In 2023, the Bank continued to emphasize the world of diversity, meaningful action was taken and the topic was defined as a strategic subject in the Bank, in Management and in the Board of Directors. In this respect, the Bank formed processes and determined goals for the promotion of diversity and inclusion, including:

- Appointment of an officer for diversity and inclusion in the Bank;
- Coordination and planning meetings with the heads of divisions in which large-scale recruitment takes place;

- Cooperating with "Co-Impact" and other associations to increase employment in underrepresented population segments;
- Receiving approval from the Equal Employment Opportunities Commissioner at the Ministry of Economy and Industry, regarding the construction of a mapping and measurement system - a mapping which was initially conducted in 2022 and again in the beginning of 2023;
- Defining quantitative goals to increase diversity in 2023;
- Training activities and raising awareness of recruitment staff and managers.

In 2023, meetings and collaborations continued and intensified with organizations, such as Co-Impact, Rayan Center, Tech-Career, Olim Beyahad, the direction, Talents, Opportunity Centers and more.

In addition, the employee selection and recruitment processes, which are performed using selection and engagement systems customary in the market, emphasis is placed on finding a congruence between the needs, wishes and values of the candidate and those of the Bank.

In light of all the efforts focused on this field, the percentage of recruits and employees from the diversity populations at the Bank increased significantly in 2023. The Bank continues to mark the religious holidays of all the religions, both by publishing a multi-faith calendar and holiday greetings and also through activities in the various units.

Promoting Multiculturalism

➤ The Discount 360 (TeleBank) is a microcosm reflecting Israeli society; its workspace integrates employees of all ages and from all sectors and religions. With this in mind, the Discount 360's Management makes efforts to promote connectivity and acceptance between all the sectors through specific training sessions, customized goals and assignments according to the strengths

and abilities of the group's members and respecting designated ceremonies. Moreover, all the religious holidays are celebrated while taking a multi-sectoral view, which is expressed through celebrating Chanukah along with Christmas; Pesach along with Easter; and marking the month of Ramadan.

Employment of employees from the ultra-Orthodox (Haredi) community – As early as 2013, a unique team of women from the ultra-orthodox (Haredi) sector was established at the Discount 360 Center in Rishon LeZion. The team was engaged in providing a response over the phone or over the digital communication channels to all the Bank's customers on a variety of banking topics. At the end of 2023, the team consisted of 26 female employees, headed by a female manager from the Haredi community. In recent years, Haredi employees (men and women) have been recruited for all of the 360 Discount Centers. Over the years, these employees have been promoted to various positions, such as project managers, content editors, senior bankers, compliance officers, mortgage bankers, branch bankers, etc.

In 2023, new ties were forged with associations and bodies specializing in the placement of male and female Haredi employees in the technology professions.

The percentage of Haredi employees employed throughout the entire Bank increased in 2023 relative to the previous year.


Employment of staff from the geographical periphery – Within the framework Discount 360, the Bank operates a call center at Nesher which takes on staff from the different sectors, Jews, Muslims, Druze and Christians. As of December 31, 2023, the Nesher bureau employed a staff of approx. 210, of whom approx. 15% were from the Arab sector and approx. 10% from the Haredi society. All employees from the various sectors progress on Discount 360's development paths and together form a diverse mix in the work teams and in the professional and managerial echelon. In addition, within the framework of outsourcing some of the

telephone banking operations, the scope of activity in the periphery was defined as one of the major considerations in selecting the companies to partner the project, and therefore an operations center exists in Dimona (inaugurated in 2018). As of the end of 2023, 90 outsource workers, who have been fully trained for banking positions, had been integrated into the center. The unique contribution of the Discount 360 centers to employment in the periphery is rooted in the fact that the Bank combines the training of employees for the latest banking positions together with personal development and the filling of knowledge gaps, which give the population the tools for future positions in diverse fields. This is in contrast to the prevailing approach in the periphery that focuses on creating employment opportunities in traditional industry.

Employing retirees - Retirees of the Bank who wished to return to work, are employed at Discount 360 and in the branches. These retirees have integrated within the framework of the different centers and provide service to customers of the Bank. The Bank employs retirees at the branch network in banker and teller positions and benefits from the knowledge and experience which they bring with them, while the retirees enjoy the young and varied work environment.

During 2023, some 70 retirees were employed at the Bank.

Employing employees from the Arab society

 In addition to the Discount 360, the Bank continues to work on integrating employees into the cultural, social and employment mix at the Bank's branches and other units. Among the additional initiatives that the Bank promoted in 2023 were efforts made by the Bank to integrate employees from the Arab society. As part of the Bank's aspiration to promote the employment of populations that are under-represented in the labor market, the Bank continued to cooperate with the initiative "Collective impact" - which aims at encouraging the employment


of persons belonging to the Arab sector and their progress.

After an initial assessment of the Bank's situation, the process of implementing the recommendations began – firstly in the area of recruitment and development of managers at the call center at Nesher, and later throughout the entire Bank.

In 2022, the Bank launched "BoostCamp", a program to train university and college graduates from the Arab sector for core positions in the business world of the Bank. The program lasts a year and a half and includes professional and behavioral training and mentoring and accompaniment in units of the Bank. As part of the program, the recruitment teams, human resources teams and managers of the business units received training in diverse population recruitment and management.

The cooperation with recruitment sources from the Arab society was expanded and the recruitment team underwent a refresher course on this topic in 2023; the Bank participated in dedicated webinars and open days, and an image-promotion film was produced to encourage employees from the Arab society to work at the Bank. The film was released in early 2024. In 2023, there was a marked increase in the percentage of employees from Arab society working at the Bank.

Employing persons with a disability


 Employment of persons with a disability is a central issue of importance in the Bank's activity in aid of the community in Israel, even before the Expansion Order, encouraging and enlarging employment of persons with a disability, entered into effect. As part of the Bank's policy in the matter of employee recruitment, and the shaping of its organizational culture as being tolerant and as one that accepts the other, the Bank promotes acceptance of employees with a disability and their integration in positions at the Bank in accordance with their capabilities and the Bank's needs.

In accordance with the provisions of the Expansion Order, in January 2014, the Bank appointed an officer responsible for the employment of persons with a disability.

The employees are escorted on a current bases and modifications are performed as needed.

In 2023, the head-offices of the Bank and MDB moved to the Discount Campus in Rishon LeZion. In preparation for the move, the modifications needed for employees with disabilities were mapped out, and an intensive process of construction and equipment modifications was implemented in order to meet the required needs.

Summarized employment data regarding the underrepresented populations

 The Bank's policy does not require Bank employees to provide details regarding their affiliation to particular population groups, such as those mentioned below and accordingly, the employees are not asked to provide details regarding which segment of the population or which community they belong to. This notwithstanding, at the beginning of 2022, approval was received from the Equal Employment Opportunities at Work Commission to conduct a count of populations defined as employment challenged: those of Ethiopian descent, the ultra-orthodox, Arabs, persons with a disability. Consequently, the 2021 and hereafter database is different from the database of previous years and the data presented below for the years until and including 2020, constitutes an estimate that was based on the sources stated below.

The Arab society – through through 2020, the estimate was based on the number of employees that chose to take their vacations at the time of the Muslim, Christian, Druze and Circassian festivals. Since 2021, the mapping has been based on what is known of the employee by his immediate manager and the HR managers.

The ultra-Orthodox (Haredi) society – through 2020, this population was not mapped due to the ambiguity of the term and this information not being reported to the Bank. Since 2021, this has been mapped by the divisions according to the criterion – “a person, or that person’s children, who is known to us to be learning in an institute for religious studies or to eat only strictly kosher (Mehadrin) food or where any other similar indication exists”.

Persons with a disability – until 2020 the estimate was based on the following sources: employees engaged as part of a special effort to employ persons with a disability. In addition, a review has been made of employees reporting withholding tax exemption due to having a disability and reviewing the number of employees reporting the holding of a disabled certificate. The estimate did not include absent employees due to lengthy illness and employees engaged on part-time basis due to lengthy illness, and did not comprise measurement in accordance with the Expansion Order.

Since 2021 the mapping is done by the HR managers and the divisions, to the best of their knowledge, in accordance with the regulatory requirements in this field – In accordance with the rules of the monitoring committee, person with a disability is someone who meets at least one of the following criteria:

- > his disability is a disability of 40% or more, as recognized by the National Insurance Institute, the Ministry of Defense, the Income Tax Authority, or the Ministry of Health;
- > he has undergone job-placement rehabilitation under the auspices of the National Insurance Institute, the Ministry of Welfare or the Ministry of Health;
- > he is a disabled IDF veteran who has undergone professional job-placement rehabilitation under the auspices of the Ministry of Defense.

Ethiopian descent – until 2020 the estimate was based on the number of employees who had elected to voluntarily state their country of origin. Since 2021 the mapping is done by the HR managers and the divisions based on personal acquaintance with the employees.

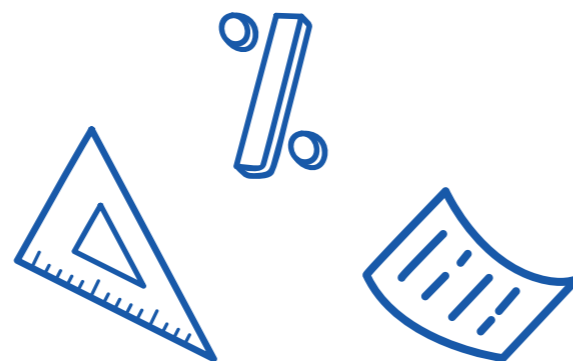
Complaints regarding discrimination of employees

The Bank's and MDB's Managements have placed emphasis on preventing discrimination, and this principle is applied upon engaging employees, advancing them and determining their wage terms. With respect to the issue of retirement on grounds of age, the Bank, MDB and ICC act in accordance with the law.

In 2023, no claims were filed against the Bank, the grounds for which were discrimination under the Equal Work Opportunities Law and the Equal Rights for Persons with a Disability Law.

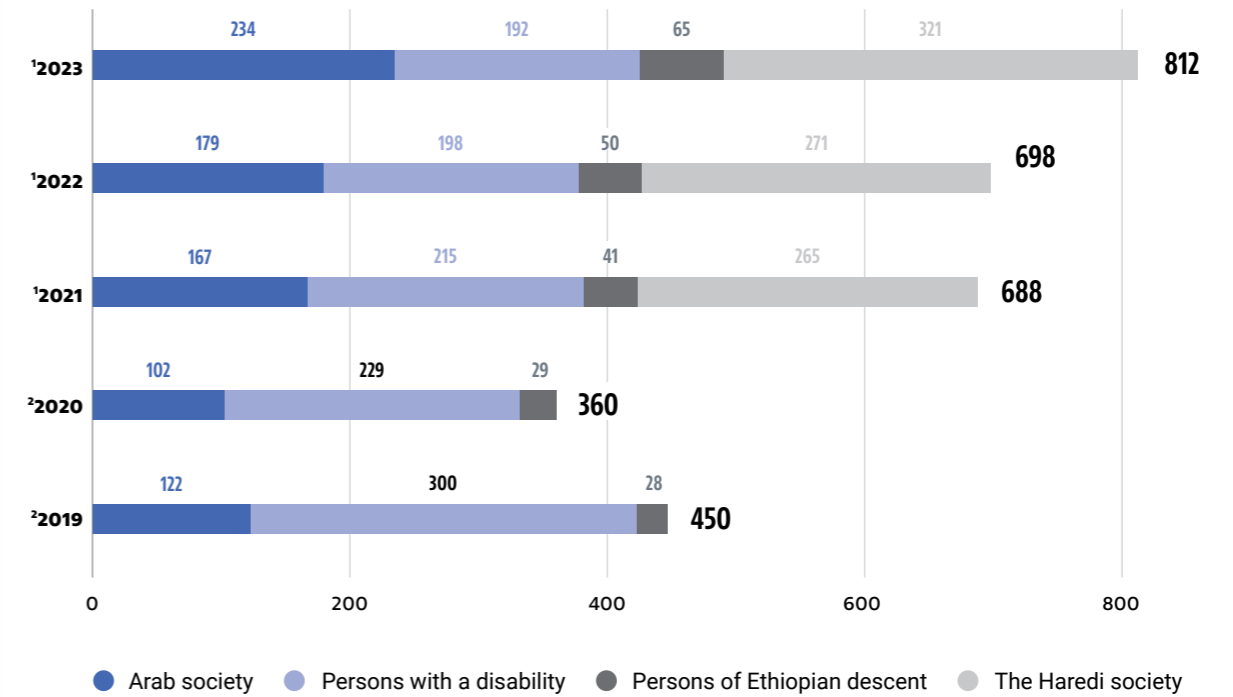
In 2023, one lawsuit was brought against MDB for discrimination under the Equal Work Opportunities Law and the Equal Rights for Persons with a Disability Law. The claim is still the subject of legal proceedings.

No actions claiming discrimination were filed in 2023 against ICC.



Employment of populations underrepresented in the labor market

Discount Bank



General notes:

- * For details regarding employment of older employees (50+), see Employees annex in the "Epilogue" Chapter.
- ** The estimate of persons with a disability does not include staff employed on a part-time basis due to prolonged illnesses.

Notes:

- 1 The data for 2021-2023 are not comparable with previous years' data, due to differences in the measurement format – see above.
- 2 The data is not in accordance with the Expansion Order.

Breakdown of employees from populations underrepresented in the labor market

Discount Bank

	December 31, 2023				December 31, 2022				December 31, 2021			
	Persons from Arab society	Persons from Haredi society	Persons with a disability	Persons of Ethiopian descent	Persons from Arab society	Persons from Haredi society	Persons with a disability	Persons of Ethiopian descent	Persons from Arab society	Persons from Haredi society	Persons with a disability	Persons of Ethiopian descent
Clerks	225	297	170	65	172	250	177	50	160	242	186	41
Managers	9	24	22	-	7	21	21	-	7	23	29	-
Total employees	234	321	192	65	179	271	198	50	167	265	215	41

Diversity and equal opportunity at the principal subsidiaries in Israel

MDB

Engaging employees from the Arab society – MDB is one of the major employers in the Arab society. Most of the managers and staff of the bank at 34 branches located in northern Israel and in other parts of the country (such as: Rahat, East Jerusalem, Wadi Nisnas in Haifa, Kafr Qasim and more) are from the Arab society. In addition, members from the Arab society are employed in various positions at the bank's head office.

Engaging persons from the ultra-orthodox (Haredi) society – MDB has a number of branches in Haredi populated areas, and many of the male and female staff at these branches belong to the Haredi sector. Female and male staff of the Haredi sector are also employed at the bank's head office.

Engaging employees with a disability – MDB engages employees with a disability and continues to prepare for the implementation of regulations in this respect. For this purpose, the bank has appointed an officer responsible for the employment of persons with a disability. The bank has made contact and cooperated with several bodies engaged in recruitment and placement of employees with a disability. In addition, the bank has joined the "Equal Employment" initiative, which assists organizations of the business sector in the promotion of employment of persons with a disability.

ICC

Engaging employees from the different segments – In this framework, ICC operates a service and sales center in Upper-Modi'in and a service and sales center in Ashdod, comprising an integral part of the service department, and are adapted to the needs of female employees of the ultra-orthodox (Haredi) society, residing in the area.

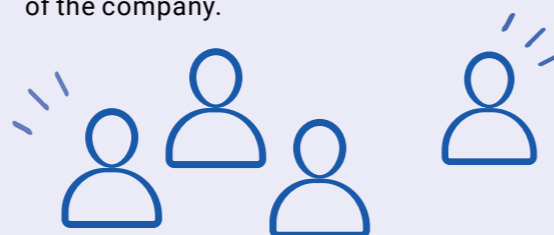
At the same time, ICC maintains constant relations with associations and centers, including "key" centers, that operate on behalf of the Ministry of Labor, Social Affairs and Social Services and are engaged in employment advisory services for the Haredi sector.

Engaging employees from peripheral areas – ICC encourages employment in peripheral areas. In this framework, a sales and service center was opened in Ashdod, which serves as an employment hub for residents in the area, and helps in the development of the economy in the southern part of the country.

As part of its recruitment activity in the Ashdod region, ICC is in regular contact with the "Employment Opportunity Center" in conjunction with the Head of Social Services in Ashdod, the Welfare Ministry and the Israel Joint. The Center specializes in helping with employment integration for the population that has experienced an employment-economic crisis. The response is provided to residents of Ashdod aged 18 up to 60+, both men and women, who are interested in entering the employment cycle.

At the end of 2023, the centers had a staff of 387 employees (compared to 381 employees at the end of 2022).

Engaging workers with a disability – in accordance with the Extension Order for encouragement and increasing employment of persons with a disability, the officer in charge of human resources at ICC has been appointed as officer responsible for the employment of persons with a disability. By means of recruitment and selection, training and apprenticeship processes adapted to their needs and capabilities, ICC succeeded in integrating employees with a disability in a variety of positions in the different sections of the company.



IDB Bank

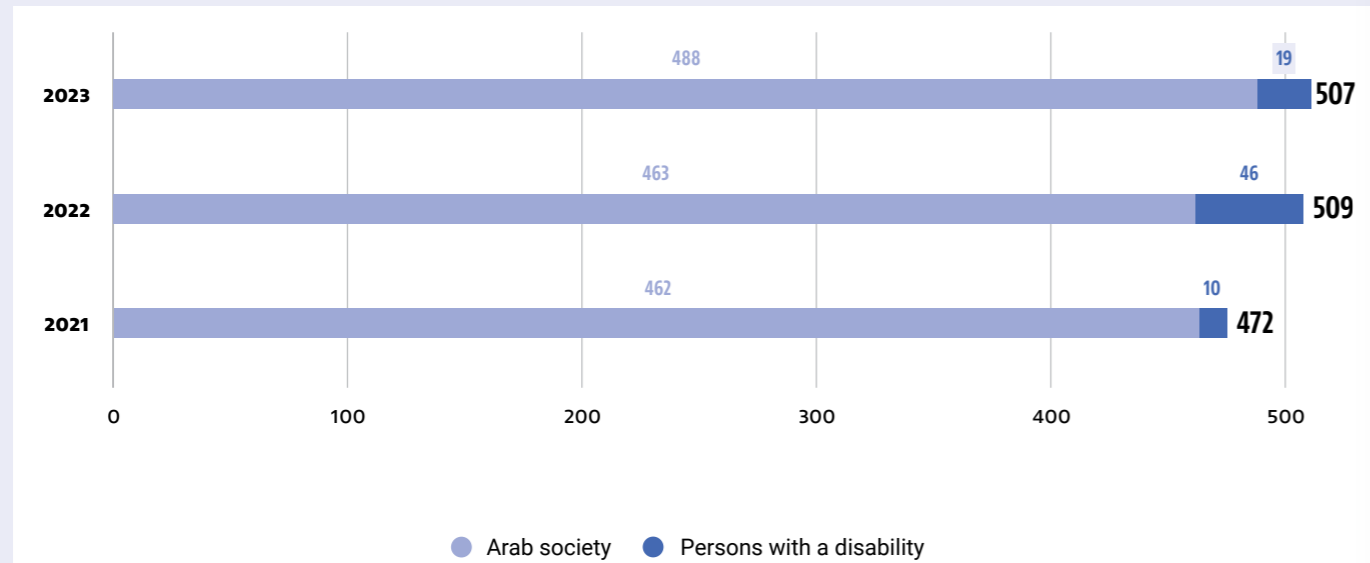
Equal employment opportunity – as discussed in the Code of Conduct of IDB Bank, the bank provides equal opportunities to all applicants and employees without regard to race, color, religion, sex, sexual orientation, national origin, age, disability, genetic status, citizenship status, marital status, military or veteran status or any other legally protected category in accordance with applicable federal state and local law.

Anti-harassment/anti-discrimination/anti-retaliation policy – IDB Bank is committed to maintaining a work environment that is free from discrimination, harassment and retaliation by: (1) any employee, including any co-workers, manager or supervisor, and interns, whether paid or unpaid, and regardless of an employee's immigration status; and (2) non-employee, including any contractor, vendor, customer, agent or visitor of the bank. Towards that end, the bank will discipline any employee found to have violated this Policy, up to and including termination of employment, and the bank will take all other necessary and appropriate action to address any violation of this Policy by a non-employee.



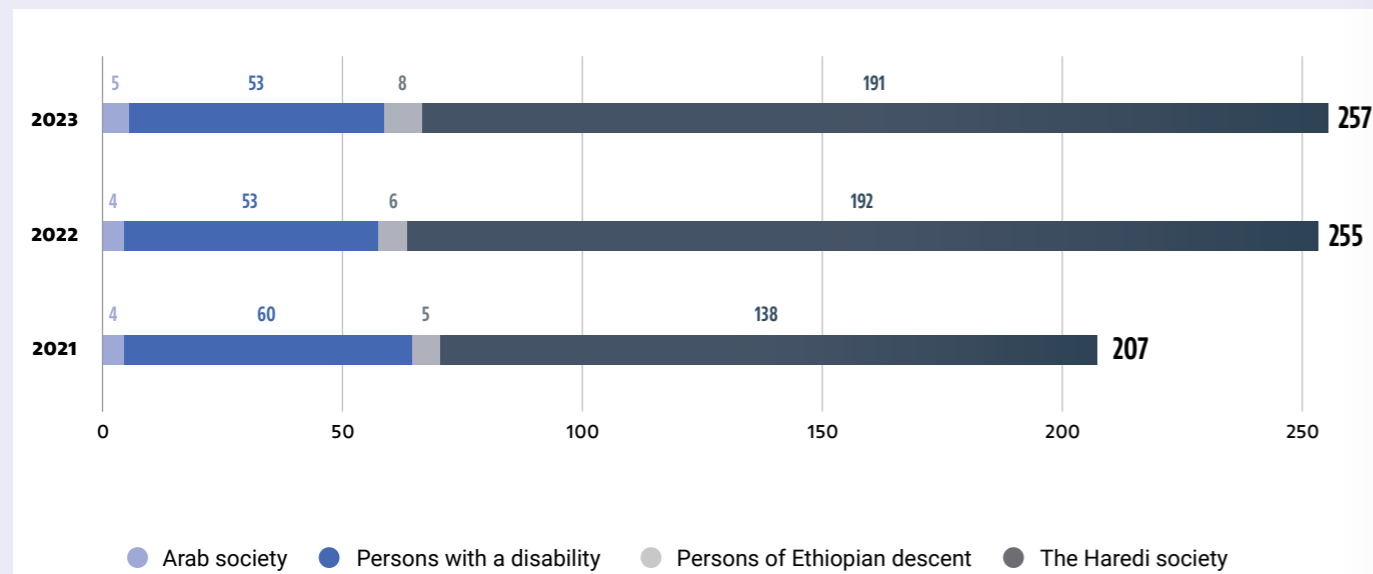
Employment of populations underrepresented in the labor market

MDB



Employment of populations underrepresented in the labor market

ICC



General notes:

- 1 The data is not in accordance with the Expansion Order.
- 2 For details regarding employment of older employees (50+), see Employees annex in the "Epilogue" Chapter.
- 3 The estimate of the number of employees from Haredi society in ICC is based mainly on the number of employees engaged in the service and sales center in Upper Modi'in.

Breakdown of employees from populations underrepresented in the labor market

MDB

	2023		2022		2021	
	Persons from Arab society	Persons with a disability	Persons from Arab society	Persons with a disability	Persons from Arab society	Persons with a disability
Clerks	362	18	331	22	336	4
Managers	126	1	132	24	126	6
Total employees	488	19	463	46	462	10


ICC

	December 31, 2023				December 31, 2022				December 31, 2021			
	Persons from Arab society	Persons with a disability	Persons of Ethiopian descent	Persons from Haredi society	Persons from Arab society	Persons with a disability	Persons of Ethiopian descent	Persons from Haredi society	Persons from Arab society	Persons with a disability	Persons of Ethiopian descent	Persons from Haredi society
Clerks	5	48	6	182	4	48	5	185	4	51	4	133
Managers	-	5	2	9	-	5	1	7	-	9	1	5
Total employees	5	53	8	191	4	53	6	192	4	60	5	138



Maintaining the rights of employees

Prevention of sexual harassment

 The Bank views with great importance the maintenance of a respectful, equitable and safe work environment, which is free of sexual harassment and pestering on sexual grounds, and acts incessantly to prevent such events within its premises and to handle in an optimal manner cases brought to its attention.

The Bank has appointed an officer responsible for the prevention of sexual harassment, who is in charge of the inquiry of complaints and submission of conclusions and recommendations to the representative of the employer - a position held by the Head of the Human Resources Division. Also appointed was an additional responsible officer, who serves also as a substitute in case of need, as well as two regional responsible officers (for the Northern and the Jerusalem regions). It is noted that the responsible officer for the prevention of sexual harassment had undergone professional training in the matter of prevention of sexual harassment and the manner of handling complaints, in accordance with legislation.

Clarification of complaints is conducted seriously by the responsible officer, with no delay and in a thorough and discreet manner. In exceptional and sensitive cases, the Bank even appoints an external examiner for the clarification of the complaint. In cases where sexual harassment has been established, disciplinary action is taken with full seriousness and severity.

The procedure regarding "Prevention of sexual harassment and pestering on sexual grounds at the Bank" is delivered to each new employee (of whatever gender) of the Bank, is posted on notice boards at the different units of the Bank and is published in the internal documents in all of the Bank's units, on the intra-organizational communication website and on the procedures website of the Bank.


A summary code for the prevention of sexual harassment, which clarifies the principles of the Law in a condensed and concise manner was sent to the branches and units.

The Bank makes use of comprehensive educational software to provide training about the prevention of sexual harassment, which is disseminated to all the Bank's employees once in each period. In 2023, all the Bank's employees were asked to take an online learning course on sexual harassment prevention. The percentage of those that did so was 92%. New employees are required to undergo this training as part of the Bank familiarization courses, they are required to take on joining the Bank.

In 2023, seven complaints alleging sexual harassment were investigated – six of these by the person responsible for this sphere at the Bank and one by an external investigator. In two instances, it was found that customers had engaged in sexual harassment. In one instance, the sanction decided upon was to discontinue contact with the customer altogether; in the second instance, it was decided to transfer the customer's accounts to another branch and to issue him with a warning. In five instances, no sexual harassment was found to have taken place and in one instance employment was terminated due to dissatisfaction. Nevertheless, in some of these instances, the relevant authorities at the Bank held refresher and clarification talks with the parties involved.

With respect to one of the complaints regarding which the Bank conducted a comprehensive investigation with the help of an external investigator, it was found that no sexual harassment had taken place; however, a claim has been filed against the Bank and against the respondent, which is currently being heard in the Labor Court.

Abuse at work

 In 2023, the legal counsel for the Bank's Human Resources Division conducted training for all senior managers at the Bank, as part of management meetings of the Bank's divisions, regarding the prevention of workplace

bullying, and the ways in which complaints of abuse are handled. In addition, this issue has been brought to the attention of human resources managers in all the divisions, including through close accompaniment in the handling of complaints about abuse. In addition, the Bank reports employee complaints to the Bank of Israel every quarter, through the Bank's internal audit function, including with respect to incidents of abuse or improper treatment by the Bank's managers, and the handling of these complaints is monitored.

Retirement and dismissal

Conducting dismissal procedures while maintaining and respecting the rights of employees

Relations of the Bank with tenured employees, being the majority of Bank employees, are based on the Labor Charter and on agreements with the representative committee of employees, according to which consent of the representative committee is required for the dismissal of tenured employees, in the absence of which, the matter is referred to arbitration.

Dismissals of tenured employees are carried out against the background of a serious disciplinary breach, following a decision by the Bank's Disciplinary Committee. Dismissals against the background of criminality do not require the representative committee's approval. From time to time the Bank encourages tenured employees to retire voluntarily prior to reaching retirement age, at preferential terms, as detailed below. A more flexible administrative approach exists in the case of termination of employment of employees having the status of "temporary", "stable" or "personal contract". The dismissal of employees belonging to the said populations generally takes place on the background of dissatisfaction from the employee's performance or breach of discipline, as well as on grounds of efficiency measures and reductions adopted by the Bank. Termination of employment of whatever reason is effected only after explaining to the employee the circumstances and reasons for the dismissal and giving the employees the opportunity for stating in full their counter-claims, and following serious consideration of each case by the Bank.

The Bank's liability for the payment of severance pay to employees at the rate of 100%, upon termination of their employment, including at retirement age, as required by the Severance Compensation Act, is fully covered by deposits in severance pay funds as well as by insurance policies.

Early retirement

The Bank encourages from time to time the early retirement of tenured employees by approaching defined employee populations with offers for early retirement at improved terms. The retirement of tenured employees is subject to the consent of the retiring employee and is not compulsory (dismissal), and it promotes goals such as the reduction in the average cost per employee position, the refreshing of the employee lines and efficiency.

Preparation for retirement

Retirement from work constitutes the end of a chapter in life and the beginning of a new chapter involving changes on the social, economic, psychological and health levels. The Bank offers employees and their spouses workshops for the preparation towards retirement. Participants in these workshops obtain information regarding a variety of subjects, such as a healthy way of life, physical and mental health, nutrition, relevant legal aspects, economic aspects, retiree rights, testaments and inheritance and more. In addition to the workshops, personal consulting is offered to those interested therein.

In 2023, some 74 employees and their partners participated in retirement workshops.

For details regarding employee rights regarding severance pay, retirement and pension payments, see Note 23 sections A, H and I to the 2023 Annual Report (pp. 212-213, 223).



Data regarding the retirement of employees

		Total number of retired employees	Of which: number of early retirement employees
Discount Bank*	2023	76	26
	2022	90	43
	2021	145	79
MDB	2023	78	3
	2022	31	9
	2021	47	4
ICC	2023	2	-
	2022	2	-
	2021	7	-

* The data relates to tenured employees only.

Employee claims relating to labor relations

In 2023, three Bank employees or former Bank employees or company employees providing services to the Bank, filed with the Labor Court four actions against the Bank relating to labor laws.

Two claims are still being heard before the Labor Tribunals. One claim was concluded by means of a settlement.

In addition, one claim, filed in 2021, was summarily dismissed and concluded in 2023, and the plaintiff was ordered to pay the legal costs.

Employee compensation

The principal salary components of tenured employees are the base salary which includes a table salary, a seniority increment, representation and signature fees for each employee (of whatever gender) based on their seniority and grade. The base salary constitutes the basis for salary increments and for the payment of split working hours' compensation at the rate of 2.5% of the base salary (for each split working day, to eligible employees), a split working hours' increment

of 6% for clerical staff and 5% for managers, shift compensation (to eligible employees), overtime and the 13th month salary and long term service award. Some of the payroll components of the employees are linked to the CPI. In cases where the CPI is negative, the employees' wages are not reduced and the negative CPI is setoff against the rise in the CPI in following months. Employees are also entitled to various additional benefits in accordance with their employment status.

Bank employees were entitled to a long-service award equal to several monthly salaries plus additional vacation days, at the end of 20, 30, and 40 years of service in the Bank. A collective labor agreement dated November 22, 2007 specified that new employees shall not be entitled to "long-service vacation" or to wage components for nursery school and summer camp. The item in the collective labor agreement of June 2011, regarding the updating of grading and stages, changed the components and terms mentioned above, applying to tenured employees engaged or converted to this status as from January 1, 2012. In addition, certain components have been cancelled in their respect and maximum and minimum salaries for the table salary have been determined according to grading.

The aforementioned salary ceilings will not be valid for the years 2022-2025.

In the collective agreement signed on December 23, 2021, a mechanism is prescribed for redeeming jubilee grants, jubilee vacation and jubilee vacation pay for the entitled employees.

Within the framework of compensation, discretion exists regarding the compensation of employees in accordance with attaining goals, where in certain cases these are also goals concerning ESG issues.

Working overtime by employees eligible for payment in this respect is contingent on prior approval of their superiors. Attendance reporting at the Bank is made by means of an attendance clock (excluding exceptions) or independent updating when working from home.

Most of the Bank's employees are entitled to recreation pay in an amount significantly higher than the amounts provided by law. Employees are also entitled to pension contributions, to provident fund contributions and further education funds contributions, in accordance with agreements signed with the Bank.

For severance pay and provident fund contributions, the Bank includes the basic salary, global overtime for provisions, a 13th salary (being 1/12th of the basic annual salary) and other additional benefits. Employees defined as a "pensioner" of the Bank, are also entitled to certain benefits after their retirement.

In accordance with the collective agreement in the matter of pension dated June 2011, a provision of the full amount of severance pay at the rate of 8.33% was determined, including the finality of the provision (pursuant to Section 14 of the Severance Pay Act) and with this being in relation to temporary employees and to employees who have become tenured employees after the date of signing the agreement and to veteran employees in accordance with the agreement of February 2019.

In accordance with the Expansion Order increasing the provisions for pension in the

economy, starting with July 2016, the share of the employee in provident contributions shall not be less than 5.75% and the share of the employer shall not be less than 6.25%. Respectively, since January 2017 the share of the employee has increased to not less than 6% and that of the employer to not less than 6.5%. In addition, in accordance with the collective agreement of February 2019, the share of the provident contributions shall be 7.5% (this rate will apply to members of Management from January 2018). The share of the employer in contributions to an insurance fund/provident fund which is not a pension fund will include, if the employee so elects, the purchase of loss of work ability insurance for the employee, on condition that the rate of contributions in the employer's share shall not be lower than 5%. Furthermore, the minimum rate of the employer's share for severance pay shall apply to the full amount of the insured employee wage, at the rate of at least 6%, in accordance with the agreements applying thereto, at the work place and no less than the average wage in the Israeli economy. This rate was updated to 8.33% of the employee wage in accordance with the collective agreement of February 2019, subject to the application of Section 14. In addition, within this framework, recipients of a wage higher than the maximum wage for severance pay which is exempt can curtail the contribution at this maximum.

Payment in respect of public holidays and sabbatical days - The Bank is closed for business on nine sabbatical days defined by law, as well as on Purim (Jewish holiday) and on the Ninth of Av. In a year in which elections are held for the Knesset or for local authorities, the elections day is also considered a sabbatical day. All Bank employees are being paid in full in respect of these sabbatical days. For monthly employees, the payment is made without condition of minimum seniority. A minimum service period of three months is required by law for hourly workers. In addition, with respect to employees engaged on an hourly basis, the day of Purim and the Ninth of Av are considered unpaid leave days. Tenured employees, who do not belong to the Jewish faith, are entitled for full pay in respect of absence on their own religious holidays.

For additional details regarding "compensation", see "Disclosure according to the third pillar of Basel and additional information regarding risks", which is available for perusal on the Bank's website (pp. 107-114).

Special compensation to managerial personnel

A managerial grade employee who has been promoted is entitled to a 5% salary increase from the salary table (provided that at least 12 months have elapsed since the date of his last entitlement to such increase due to promotion). The collective labor agreement of June 2011, regarding the updating of grading and stages, includes changes in some of the employment terms applying to new tenured employees becoming Bank employees of this status as from January 1, 2012. In this connection, maximum salaries have been determined according to classes in line with the accepted administrative grades at the Bank.

Employees in the last three senior grades (senior manager, Assistant to the President & CEO, Senior Assistant to the President & CEO) are entitled to receive a car from the Bank and full funding for one telephone landline in his home.

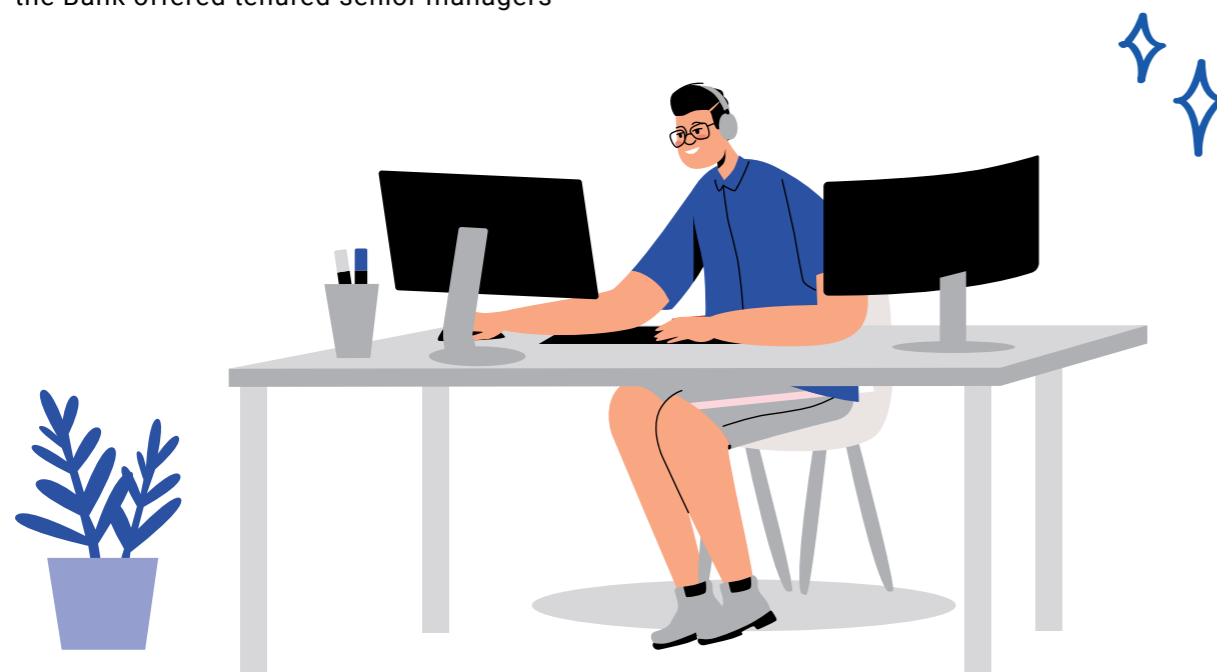
Senior managers with tenured status transitioning to a personal contract. In 2022, the Bank offered tenured senior managers

the opportunity to transition to a personal contract and to join the options program, while guaranteeing an early retirement award at a rate that would not exceed 150%, according to their salary immediately prior to the change, subject to the personal contract employment agreement under its terms and conditions.

Outline for the allocation of share options. On May 30, 2022 and on September 11, 2023, the Bank's Board of Directors approved an outline and an amended outline for the granting of up to 13,000,000 nonmarketable options to offerees, at no cost, each of which would be exercisable, upon fulfillment of certain terms, into one registered Ordinary A share of the Bank of a par value of NIS 0.1, subject to adjustments. This, in order to strengthen the commonality of interests between the Bank's employees and the shareholders and to create a link between the value proposition for shareholders and the employees' compensation.

During a number of dates in 2022-2023, the Bank's Board of Directors approved an actual granting of options out of the pool, to Executive Vice Presidents and senior managers reporting to VP's, engaged by the Bank under personal employment agreements.

For additional details, see the 2023 Annual Report (pp. 225-227).



Awards to employees and managers in 2023

With respect to 2023, the Board of Directors has approved the distribution of a return-dependent award for all the Bank's employees, at an average level of 2.5 monthly salaries per employee, in recognition of their joint effort that led to the Bank's achievements in that year.

It is noted that starting in 2023, some 40 senior managers with a personal contract were rewarded according to a new model that gives a high weighting to KPI components.

For details regarding the awards to the President & CEO with respect to 2023, see the 2023 Annual Report (pp. 313-314 section G). For details regarding the bonuses to the officers with respect to 2023, see the 2023 Annual Report (pp. 220-221, section 2).

Senior Officers group

The ratios shown in the table below are based on the compensation cost as included in the financial statements, both in respect of the group of senior officers and also

in respect of the rest of the Bank's employees and contract workers that were employed during the relevant year, excluding payroll tax.

The mean cost includes a provision for the average award (in the relevant year) and also an average provision for vacation and expenses for pension terms. Until 2021, the mean cost included also an average provision for jubilee awards. In addition, in 2021, the mean cost also included the average additional cost that arose due to the redemption of the Bank's liability for jubilee awards.

In addition, during 2022-2023, the average cost for senior officers and other senior employees includes expenses for share options granted during the year.

The average cost for officers has risen in 2022 compared to 2021 as a result of the salary increase and a share-based payment (a new grant). The average cost and the mean cost for the rest of the employees has fallen compared to 2021, mainly as a result of Jubilee redemptions and the recording of one-time grants in accordance with the 2021 wage agreement.

The ratio between the average cost of compensation of the senior officer¹ group and the mean cost and average cost of compensation of all employees

	2023		2022		2021	
	Ratio of mean cost ²	Ratio of average cost ²	Ratio of mean cost ²	Ratio of average cost ²	Ratio of mean cost ²	Ratio of average cost ²
Discount Bank	12.31 times	9.61 times	9.40 times	8.20 times	7.67 times	7.25 times
MDB	6.33 times	4.57 times	6.40 times	4.50 times	6.20 times	4.32 times
ICC	10.08 times	6.79 times	10.68 times	7.35 times	8.52 times	5.94 times

Notes:

- 1 Chairman of the Board, President & CEO, members of Management, Internal Auditor.
- 2 For the remainder of the employees and contract workers.

Maintaining the rights of employees at the principal subsidiaries

Prevention of sexual harassment at the principal subsidiaries

MDB

Each new employee (of whatever gender) beginning work at MDB has to study the learning regarding prevention of sexual harassment and must read and sign the Articles of the company in this matter. The principal provisions of the Law are posted on notice boards, on which are also posted the names of the officers in charge of handling complaints. The Articles are also published on the internal portal of the bank. Any complaint or clarification in this matter is handled discreetly and with complete attention in an optimal and quick manner to the extent possible. In cases where sexual harassment is found punitive sanctions are taken accordingly. Moreover, MDB has appointed a responsible officer in accordance with the Law, who takes charge of the inquiry and submits conclusions and recommendations to the VP Human Resources, who serves also as the representative of the employer for the purpose of taking decisions in the matter.

In 2023, two complaints were investigated. The inquiry process conducted found that no sexual harassment was involved.

ICC

The officer in charge of prevention of sexual harassment at ICC is entrusted with the inquiry of complaints and submission of conclusions and recommendations to the VP Human Resources, who serves also as the employer's representative for the purpose of taking decisions. Each new employee (of whatever gender) beginning work at ICC has to study the learning regarding prevention of sexual harassment and must read and sign the Articles of the company in this matter. The principal provisions of the Law are posted on notice boards, on which are also posted the names of the officers in charge of handling complaints. The Articles are also published on

the internal portal of the company, and once a year, an all-organizational learning is performed that includes knowledge examination.

In cases where sexual harassment is found punitive sanctions are taken accordingly.

Three allegations of sexual harassment were investigated in 2023. In the three cases no complaints were filed. A superior-subordinate relationship was not involved in three of the instances. Each of the instances was fully investigated.

Retirement and dismissal at the principal subsidiaries

MDB

The bank's liability for the payment of severance pay to its employees is covered by deposits with severance pay funds and by appropriate provisions.

Voluntary retirement plan. On December 27, 2023, the Board of Directors of MDB approved a voluntary early retirement plan at preferred terms, applying to up to fifty bank employees who comply with the determined criteria (seniority and age). On January 29, 2024, the Board of Directors of MDB approved the enlarging of the retirement plan to ten additional employees. During February 2024, the realization of the retirement plan was completed, within the framework of which, sixty employees will retire, most of them by March 31, 2024, and the rest by June 30, 2024. As part of the plan, the retirees would be entitled to an increased retirement award in an amount of up to 150% of the amount of the severance payment payable under the law upon termination of employer/employee relations, to an additional award to those earning a low wage and to a signing award. Implementation of the plan led to an increase in the actuarial liabilities of MDB in a total amount of approx. NIS 50 million (approx. NIS 43 million relating to the first stage of the plan had already been recorded in the financial statements for 2023).

Preparation for retirement – in 2023 no retirement workshops were conducted at MDB.

ICC

The company's liability for the payment of

severance pay to its employees, on the accepted basis of one monthly salary for each year of service, is fully covered by deposits with severance pay funds, by assurance policies and pension funds and by the provision recorded in the books of the company. The part of the severance pay not covered by deposits in a defined deposit plan, as stated above, is treated by the Group as a defined benefit plan (within the meaning of the term in accepted accounting principles), according to which, a liability is recorded in respect of employee rights.

Employee claims relating to labor relations at the principal subsidiaries

MDB

In 2023, two claims were filed against MDB by employees: A female former bank employee, has resigned and is claiming relief, alleging that she resigned as a result of unfair treatment toward her; A contract worker sued the bank, claiming that he and the bank were in an "employer-employee" relationship, and inter alia alleged that the bank had discriminated against him because of his advanced age.

ICC

No actions were filed against ICC by employees in 2023.

Employee compensation at the principal subsidiaries

Payment in respect of public holidays and sabbatical days at MDB. MDB acts in a similar manner to Discount Bank. Furthermore, the employees are granted a standard religious holiday payment (7.75 hours work) on Purim and on the Ninth of Av.

Payment in respect of public holidays and sabbatical days at ICC – The company operates in a reduced format on nine sabbatical days defined in the law as well as on Purim. Working on these days are only the employees permitted by a work permit issued by the Ministry of Economics, to work on the Sabbath. Election Day is also a sabbatical day whenever general elections to the Knesset are held. The said sabbatical days are

fully paid to all employees. Payment to monthly employees is made with no reservations. Payment to hourly employees is made only if they were scheduled to work on that day. Employees not of the Jewish faith, who are off from work on their religious holidays are fully paid for these days if they had elected them as their sabbatical days.

For additional details regarding compensation at MDB see "Disclosure according to the third pillar of Basel and additional information regarding risks - additional disclosure as of December 31, 2023" (pp. 109-116 of the Hebrew version). This report is available for perusal on MDB's website.

For details regarding the compensation plan for the President & CEO of ICC, its employees and managers, see the 2023 Annual Report of the company (pp. 170-171) and the "Additional disclosure according to Pillar 3 of Basel" – 2023 Annual Report (pp. 62-68 of the Hebrew version). The said reports are available for perusal on the website of the company.

Payment in respect of public holidays and sabbatical days at IDB Bank – Generally, holidays observed by the Federal Reserve Bank and certain religious holidays kept in Israel are designated as holidays of IDB Bank when they fall on a working day. The Human Resources Department provides employees with a list of the designated holidays each year, which is approved by the Board of Directors of IDB Bank.

Awards to employees and managers in 2023 in the principal subsidiaries in Israel

MDB

The award in respect of the year 2023 equaled 2.7 monthly salary on an average. The award is paid in 2024, as follows: 1.2 salary, which constitute a fixed component. The balance - a differential component, an average of 1.5 salary.

ICC

ICC paid an annual bonus for 2023 to its employees and managers in accordance with the compensation policy approved by the board of directors. With respect to 2023, the bonus was paid to all the employees and managers, including officers.

Work on days of rest

In accordance with the Working Hours and Rest Act, employing a worker on the weekly rest days is forbidden, unless permitted by a permit as stated in the Act. Guards and security personnel of the Bank are employed on the weekly rest days according to a general permit issued by the Minister of Labor for the purpose of guard duties on the weekly day of rest. Moreover, the Bank, ICC and a number of companies providing services to the Bank have a special permit from the Ministry of Labor, Welfare and Social Services for the employment on the weekly rest days of computer operators, data protection and standby personnel. The said permit is being extended from time to time in accordance with the terms stated therein.

Investing more in employees

Human resources development

Main measures in 2023

Human resources development and the organizational development at the Bank are derived from the strategic focuses, from the focuses of the annual work plans and from the Bank's organizational culture. Thus, the Bank's ability to successfully address its business and organizational challenges is reinforced.

Managers' development programs. The main focus in 2023 was the integration of the leadership model with an emphasis on the intermediate level ("core managers"). In-depth training was held for serving managers for the purpose of aligning skills and leadership concept at the Bank, and the training of the "key manager" continued, placing emphasis on key and promoting dialog processes with employees. In addition, the basic ongoing training in management for team leaders continued, along with team development and guidance and advice for managers at various career crossroads.

In 2023, mentoring training was launched, taking the view that managers who accompany managers in the organization create much more bonding for both the mentor and the mentee.

During the year, manager development also took place in the leading forum, at regular quarterly meetings.

Bench depth and key personnel

During 2023, the following steps were taken to address the issue of bench depth:

- > The Banking Division started a program for reserve branch managers. The program covers the training of about 20 employees who will form a managerial reserve at branches;
- > The Corporate Division is currently starting a program for customer relations managers that will constitute a significant managerial cadre for the division;
- > The Technologies Division runs a 9Box program whose aim is to spot talent in the division and the candidates for promotion.

As part of the work done to examine the competence of the Bank's credit personnel, work plans were defined to improve the competencies of credit personnel, including the creation of a reserve.

Professional training

The study program in 2023 was drafted and implemented to actualize the concept of study as a way of life that supports the organizational culture of personal development and career, and of course with the objective of achieving the Bank's vision and to bring value to its stakeholders. In the fourth quarter of 2023, in view of the "Iron Swords" War, only training sessions defined as essential for the business continuity of the Bank, were conducted.

The work plan was focused on providing a response on three central axes:

- > **Maintaining professional qualifications** – With the aid of an extensive process for mapping knowledge and expertise gaps, a needs clarification was conducted in various units. In addition, the process of mapping occupational competencies for mortgage consultants, project managers and credit coordinators in the Corporate Division has continued. In accordance with the gaps identified, a training response was provided to improve professional and personal competence. In 2023, emphasis was placed on professionalism in credit, on service teams, regulatory aspects and the development of personal skills to cope in the new era. Comprehensive e-learning was conducted for the service teams in the Banking Division through a computerized game, in order to improve the competence and knowledge of existing banking service teams.
- > **Providing a solution for employee training for the position** – Basic banking training for new employees, focusing on credit positions – business coordinators and business bankers, apprenticeship in entry of a new economist to a position.
- > **Providing response and support for strategic projects** – as part of the business strategy and the realization of the vision of "being the best Bank for its customers", numerous hours have been devoted to

studying and assimilating the customer experience concept in the Banking Division, growth in the business of the Corporate Division, the move to the Campus, and the pilot rollout of the first business tribe in the Agile concept.

As part of the process for deploying an organizational culture, in 2023 activity continued for creating diverse study content for self-selection by employees, combining the work concept at the Campus as part of culture, open and transparent communication and the integration of the leadership model for managers.

In addition, a new learning system was launched, a new module in the existing ERP system, which will assist in improving the employee's learning experience, will bring together all the learning options in a single location, will allow the creation of study communities, and automated study-recommendation system and dashboards for managers that will enable them to track the studies undertaken and to encourage their employees' development.

The measure of the rate of employee participation in learning rose to 85% in 2023, compared to 80% in 2022. Learning days totaled 34,769, compared to 30,141 learning days in 2022. In addition, independent online learning was conducted, resulted in 23,056 interactions in 2023, compared to 21,900 interactions in 2022.



Scope of professional and managerial training

Data regarding average annual hours of instruction per employee for the years 2021-2023

	2023	2022	2021
Instruction days	34,769	*30,141	*26,446
Self-study interactions of	23,056	21,882	26,218

* Remote learning and frontal learning interactions. Remote learning in this table and in the below tables is according to an average of three hours learning for every interaction on ZOOM.

Average annual training hours per employee

in the years 2021-2023*

	2023	2022	2021
Average training hours			
clerical staff	38	30.2	27.6
manager	34	46.3	35.4
total	36	33	29

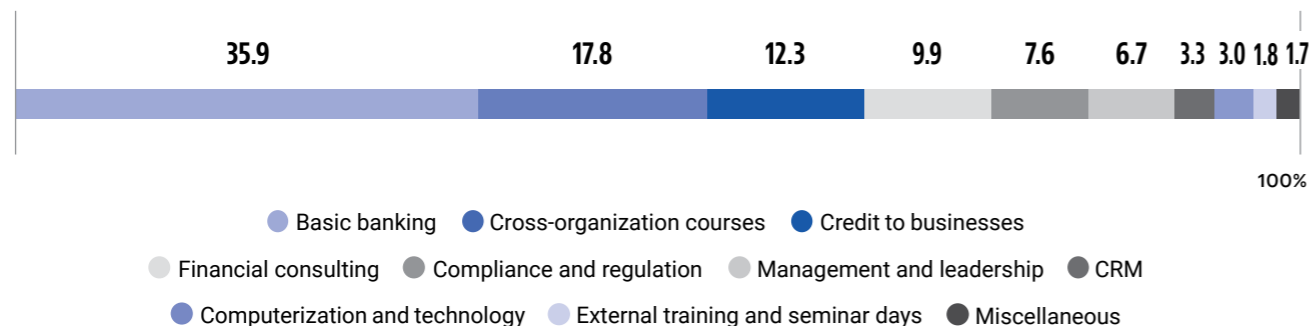
* The data is based upon the number of employees at end of year. The data relates to online and frontal instructions only. An average learning day is computed at 5.5 hours.

Scope of the investment in training

	2023	2022	2021
Scope of the investment in NIS millions	7.8	7.4	8.5

Instruction days at Discount Bank*

In percentage



* The data relates to online and frontal instructions only.

Nurturing excellence and providing feedback

In accordance with the Bank's strategy, which encourages performance culture and cultivating excellence, several compensation mechanisms have been determined at the Bank intended to appreciate and compensate outstanding employees, who had attained their business goals and awarded high appreciation marks by the annual performance evaluation measures. In this framework, the Bank conducts different competitions, at the branch and regional levels, and Vice Presidents award compensation to outstanding employees at the different divisions, as well as special compensation awarded annually by the President & CEO to a number of outstanding employees, at a festive ceremony held at the Bank, in addition to integration and employee motivation processes conducted on a current basis.



An emphasis on the determination of personal performance goals for all employees was placed in 2023, these being derived from the work plan of the Bank and its strategic focuses. Furthermore, subjects and areas for personal development were defined for all employees. In preparation for the evaluation process, training measures were implemented to provide tools for conducting an effective feedback and training for handling difficult conversations – in cases where such a conversation is required. At the same time, a link was created to the 400 Forum (managers), which included reference to the events of October 7, the war and the sensitivity required in providing feedback against the background of these events.

Feedback interviews - The feedback conversations comprise an annual process forming a most important management tool in guiding and motivating employees. The feedback interview is intended to survey employees' performance and functioning during the past year, to retain and reinforce the strengths and achievements, to identify what needs improvement and to set goals for the upcoming year. At the same time, the feedback conversation is an opportunity for open dialogue with the employees.

Moreover, the methodology for the evaluation process planned to be implemented in 2023 in the Tiltan (Clover) system was tested in the last quarter of 2022 and an adjustment was made that included setting three levels of the evaluation: requiring material change/improvement, meeting the requirements and excellence.

To carry out the process, employees are asked to complete a self-assessment form as part of the preparations for the feedback talk, in which they summarize, according to their understanding, the activity of the previous year and state the goals, tasks and challenges in which they are interested in taking part, from the perspective of the coming year.

Several dimensions are taken into consideration as part of the employees' performance evaluation: meeting the goals of the past year; mapping abilities for improvement and maintenance, that are based on the leadership fundamentals of the Bank; a summarizing verbal assessment for all of the Bank's employees based on the extent to which the annual goals were met, the manner of performance, including realization of the Bank's values and the contribution in relation to the employee's peers in the unit and in relation to holders of similar positions, identifying populations belonging to unique categories, and defining forward-looking goals, including development goals.

The goal-oriented process of employee evaluations was completed at the end of the first quarter of 2023. The evaluation

placed emphasis on Discount's leadership values and on the manager's dialog with his employees regarding short-term and long-term development directions. Evaluations were performed for 99% of employees.

Organizational culture and dialogue with employees

Organizational culture

One of the layers of the Bank's strategic plan is to build organizational strength through deploying a winning organizational culture that supports constant improvement, performance, excellence, and a high level of connectivity. Accordingly, in the third quarter of 2020, the Bank launched an organizational culture project, within the framework of which, five project teams were set up on the following topics: the employee experience and bonding, strengthening managers, professional qualification, organizational optimization, and the culture of performance and change. In 2023, the foci decided upon concentrated on the following topics: Development of leadership in the Discount spirit, employee experience, connectivity, and development and career. The organizational workplan is defined and executed both at the Bank level and also at the divisional level and is expressed in various management forums, meetings with employees on different platforms, expansion of the learning and development programs and handling the employee experience in various processes.

Internal organizational communication

The Bank is investing in the development of open, two-sided and multi channel communication with its employees, while strengthening their relations and commitment to the strategy and goals of the Bank, as well as to the community and the environment and with the aim of strengthening the connection between the employees and the Bank. With a view of broadening employees' knowledge and understanding as to the Bank's total activities and to promote performance, a variety of communication lines were also used during 2023, including: "Morning magazine" - a weekly television newscast presenting employees subjects standing at the core of the Bank's endeavor.

Communication channels:

- **The FaceBank organizational portal** – the FaceBank portal enables important information to be communicated to employees speedily and immediately and assists in the dissemination of information in a convenient manner. The portal emphasizes the participation of employees in determining the contents and in increasing their involvement in leading change processes.
- **E-mails** – as part of the "Push" communication strategy, important information is sent to all employees by means of emails, since this is a work tool that is in constant use and has high exposure.
- **Communication with the Leading Forum.** Within the framework of the project regarding the organizational culture, strengthening and empowerment of senior managers with a view of improving ability for execution of decisions and projects and the optimal implementation of the strategic plan, a leading Forum was established. The Forum numbers some ninety managers directly subject to VP's, of the grades of wing and department managers. The forum has a work plan of five levels with the duty to advance and handle cross-organization issues, strategic projects and organizational matters. The Forum meets a number of times per year in a workshop format. In between these meetings, CEO updates are held on a monthly basis, and also enrichment and development processes, as well as current updates through a designated WhatsApp group. In addition, work teams have been formed for the removal of bureaucratic obstructions and improvement of processes.
- **Communication with the 400 Forum.** The managers included in this forum are the subdivision heads, department heads and branch managers – a significant population that is responsible for executing the strategic projects. During the past year, emphasis has been placed on training and providing this population with the management tools

for motivating employees and for coping with managerial challenges. In addition, a formal channel has been constructed to communicate with this population with regard to material matters and significant organizational processes.

Meetings at various levels. In order to feel the mood, challenges and questions of employees, the Bank holds meetings at various levels, discussion groups and feedback processes, including:

- **"Round tables"** – "face to face" meetings of the President & CEO or of one of the management members with managers and employees;
- **"Management in the field"** – monthly tours of management members at branches and field units accompanied by senior managers from their head offices.

Bonding and employee experience. Following an employee experience survey conducted in the third quarter of 2022, the findings thereof being analyzed during the fourth quarter, a rich and detailed work plan for the improvement of bonding and employee experience has been devised. In the management and leadership field, the training of managers of all grades has been expanded in addition to the management forums at the Bank and division levels (the "Leading Form" and the "400 Forum"). Wide scope organizational processes have been communicated on a structured communication cascade, by which managers obtain all required information, both through meetings and by detailed kits providing organized response to employees.

A large leadership convention was held in the third quarter of 2023, in which some 400 of the Bank's managers took part, and the values of the leadership model were assimilated in an experiential and attracting manner.

In September 2023, a "alignment" move was carried out, in the framework of which about 70 clerks who had been in the position for more than a year were appointed managers at the Bank.

In view of the October 7 events and the "Iron Swords" War, the employee experience review, planned for the middle of October, was not conducted in the fourth quarter of 2023, being postponed to the third quarter of 2024.

Various issues raised by the survey, which impaired employee experience, were treated in 2023. These related to matters of presence at work, "iron days", working days combining work at home and at the office, solving the issue of employee meals at the branches in parallel to catering services at the Discount Campus and the possibility of reporting presence at work in an independent and friendly manner by means of an Application. In addition, an officer in charge of mobility has been appointed in order to accelerate processes of development and mobility between duties, bringing to the attention of all employees all open positions at the Bank, and allowing all employees engaged in different duties to offer themselves as candidates for managerial duties. In addition, the process of "a friend introduces a friend" has been expanded and also the "employer brand language" has been introduced to these worlds.

The "Human resources for you" Center

The "Human resources for you" Center constitutes a central "one-stop shop" to any approach on a human resources matter and provides a professional, uniform and fast response to approaches from Bank employees and Bank retirees.

The center is accessible through a number of channels:

- **A call center** that provides a personal response for two hours each day.
- **An inquiries model in the "Taltan" system** – a system for managing information concerning the Bank's employees.
- **A dedicated external e-mail box** that is available at all hours of the day for the benefit of retirees and employees that do not have access to the "Taltan" system.

The approaches are documented and handled with telephone/written responses, according to the approach channel.

The Center makes information pages available to employees, on the Bank's intranet website, on such topics as: terms of employment, salaries, attendance, benefits, and more. The Center also informs employees on a regular basis of particular items of importance and information about changes.

During 2023 approx. 18,050 approaches were received in the center. 60% of approaches were answered within a day, while a further 30% were answered within 2-4 days.

Following the events of October 7, the Center lengthened the hours of the telephone answering service for several months, providing up-to-date and changing information according to the new needs.

Position Survey

➤ Within the framework of the organizational culture project, an employee experience and connectivity survey has been conducted once a year since 2021 among the employees. The foci and work plan for the next work-year are determined in accordance with the results of the survey. Such a survey was also conducted in 2022 among all the employees, thereby providing a pointer to the level of connectivity and employee experience. The work plan that was drawn up involved employees and managers in the divisions and at the level of the Bank.

The launch of the Employee Experience and Connectivity Survey was scheduled for October 11, 2023, but due to the Iron Swords War, the Survey has been postponed to the third quarter of 2024. Once the findings have been analyzed, a work plan will be formulated at the Bank level and at the divisional level.

Promoting the employees' welfare

Welfare services operated in the Bank

Ever since its establishment, Discount Bank has been known as an organization having special sensitivity to the needs and welfare of its employees. Already in 1976, the Bank began to operate welfare services in an institutionalized manner, becoming one of the first organizations in the economy to do so. The very foundation of the Bank's supportive welfare field is to take a position that positions the Bank as one which sees itself as a partner to the difficulties of its employees and wants to assist them as much as possible in dealing with them.

The welfare services at the Bank serve as a connecting and supplementary link in addition to the community services integrating treatment and prevention in two circles, as follows: assisting the individual - the worker and his family and the development of welfare programs and to groups of employees having a joint interest.

Assisting the individual

The Bank aspires to assist the individual in coping in a better way with his/her problems and needs, so that he/she will be able to function properly both at home and at work, in good times and in bad. In this framework, the Bank employs two social officers who are at the disposal of the employees in providing assistance and treatment in personal, familial, health, economic matters, etc.

Further support channels include:

- Providing information on and referrals to services in the Bank and the community in order to make the most of rights and/or treatment, as needed;
- Preparation of social reports, as a recommendation for the Bank's internal assistance funds;
- Advising the officers in charge in facing difficult situations and special events;

- Accompanying employees in case of death of a first-degree family member, including insertion of an internal obituary notice, sending a funeral wreath and providing a condolence set to the bereaved family;
- Activities, initiatives, various workshops to support and advance the welfare of the individual.

The referral to the welfare services of the Bank is generally done by the employee himself, or by referring parties, such as supervisor, human resources manager in the unit, peers at work, etc. During 2023, the Welfare Unit dealt with approx. 630 inquiries (compared with approx. 500 inquiries in 2022).

Managers' involvement in treatment process

- The Bank encourages the involvement of the immediate superior in assisting an employee in distress with the professional support and guidance of the Welfare workers.

Treatment of group pressure situations -

Support and assistance in a pressure situation, such as war, terror events, robbery or sudden death of an employee, is accompanied at times by group therapy, which provides a solution for the mutual need or difficulty of a group of employees, simultaneously, in addition to and as a complement to individual counseling. In 2023, four events of group pressure situations were treated and unit workshops were even held on how to cope with loss following the death of an employee.

In 2023, the Bank held various activities to raise breast cancer awareness; awareness workshops dealing with early detection and self-examination, announcements and communiqués, and the process of receiving a "Pink Badge" certification was completed, which is the recognition given to employers for advancing women's' health within their organization, with the aim of raising awareness for early detection and for creating an organizational climate that encourages regular examinations (the Pink Badge was finally received at the beginning of 2023).



Welfare and leisure programs

As part of the aspiration for the cultivation of the human resources in the Bank and the maintenance of the familial work environment characterizing it, the Bank invests in the welfare of its employees, accompanies them at the significant crossroads in their life, marks personal events and looks after their welfare also outside working hours. In this framework, the Bank gives presents to employees on Holidays, birthdays, weddings, birth of an offspring, Bar/Bat Mitzva, enlistment of employee children, completing 25 years of service, etc. In 2023, similar to previous years, a festive event in collaboration with the representative committee of the employees was held for children of employees starting first grade together with a present (school bag and contents).

Varied enriching and leisure activities -

The Bank offers its employees different and diverse after-work activities, workshops and lectures on various and diverse subject adapted to all Bank employees and their families, at different locations around the country.

In 2023, with the move to the Campus, the advanced and innovative Well-being concept was implemented, by using the attractive work environment that is suited to the new work world. A variety of activities took place, some in a frontal format and some on Zoom, in which some 5,700 employees and their families participated.

In the last quarter of the year, with the outbreak of the Iron Swords War, efforts were concentrated on making a variety of resilience workshops and lectures on areas of interest relevant to the time accessible to employees and their families; a variety of shows and respite activities were put on for employees and their children, fairs featuring agricultural and other Israeli products were organized to support businesses from the area surrounding the Gaza Strip and the south, and from the northern communities that were in the conflict zone, blood drives took place to collect blood donations, and more.

Promoting health

➤ The Bank views with great importance the promotion and maintenance of its employee's health. As part of promoting this issue the Bank offers its employees the opportunity of medical examinations, participation in sports activities and enjoying healthy nutrition. The Bank also strictly conducts environmental tests in accordance with the law.

Medical tests – 67 employees, retirees, and spouses chose to conduct medical survey tests through the Bank in 2023 (compared with 71 tests in 2022).

The Bank's employees and family members are entitled to participate in medical and dental insurance arrangements under improved terms. This matter is handled by the Employee Representative Committee.

Sport activities – the Bank has 23 sports teams registered with the Workplace League representing the Bank in different sport competitions. The Bank's sports unit lists about 230 athletes who undergo annual medical examinations according to the Sports Law. The tests are funded by the Bank's sports department. The teams also receive medical equipment for competitions. This year, each sports branch was equipped with a defibrillator.

Healthy nutrition – Insistence on employee health includes their nutrition and tests are performed on the quality of the food served in the Bank's units. The food served on the Discount Campus is characterized by the use of fresh and natural ingredients, without artificial supplements and with reduced saturated fats. An emphasis is placed on nutritional balance, with a wide variety of vegetables, healthy proteins and whole grains on the menu of the different Campus restaurants. The menus are adapted to different lifestyles and offer vegan and vegetarian options, citing key allergens, to ensure that each diner finds the perfect dish for herself/himself. The food is ordered daily using a dedicated app that interacts with an order system, which allows

the daily adjustment of the amount of food required, thereby reducing food wastage with all that this implies.

Work environment tests – The safety officer of the Bank performs occupational environment monitoring tests, control over performance of occupational medical tests, as well as tests regarding suspicion of electromagnetic radiation stemming from the electricity network or due to air quality in the work environment. These are performed by qualified external entities and by the relevant performance functions at the Bank. Furthermore, the safety officer initiates tests for radiation caused by the electricity network and tests of air quality following the identification of hazardous factors by safety surveys performed at the Bank's units. In 2023, eight electromagnetic radiation tests and one test to check the air quality.

Safety in the workplace

➤ Section 41 of the Labor Charter states that the Bank shall adopt all measures required to maintain physical work conditions preserving the health of the employee in his work.

The Bank meets the requirements of the Law and the relevant regulations for looking after the safety of its employees and their health.

The Bank has appointed a safety officer who coordinates the safety and occupational health issue at the Bank. A work program with annual targets is prescribed for the safety officer and the reduction in problems and health hazards is measured against these targets.

Each year, the Bank distributes to all its employees a safety learning, which includes information regarding hazards at the Bank's premises and branches, and inter alia, encourages the employees to identify hazards in their work environment and report them to the competent functions. In 2023, all the Bank's employees were asked to take an online learning course on work safety. The percentage of those that did so was 54%. The Bank operates a safety test program for the

identification of hazards and for providing a safe work environment, as well as maintaining the safety of customers visiting the Bank's premises. Designated employee populations, such as: storekeepers, maintenance staff, etc., have been trained with respect to the unique hazards that are encountered by them.

Within the framework of maintaining the safety of employees in their workplace, the Bank has established a group of safety trustees at the branches and Bank premises, who perform current safety tests at their units. Accordingly, environmental tests are performed from time to time for the identification of hazardous factors, and for maintaining a safe and healthy work environment for Bank employees. Safety events that are reported are examined and investigated and if needed – drawing of conclusions is performed. This, in order to maintain a continuous improvement process in the matter.

The Bank does not have a safety committee. Nevertheless, once every three weeks, the Head of the properties and construction wing conducts periodic discussions on safety matters.



Support of employees during the "Iron Swords" War period

> A human resources center and a supporting welfare team of the Bank, which includes social workers, has been put at the disposal of Bank employees and their families. Managers at the Bank have extensive judgment in employing, during these difficult War times, a comprehensive and enveloping policy, particularly as regards aspects of physical presence at the premises of the Bank. Including in the above, allowing work from home to all employees in the conflict zones, employees having small children and more. Moreover, Managers had been given authority to approve avoiding deductions from wages to those employees who, due to circumstances, were unable to work even from their home. The Bank has also assisted families of employees residing in the communities surrounding the Gaza Strip by funding hotel rooms for them in central Israel.

Furthermore, various activities are being held for head-office employees located at the Discount Campus.

MDB. All the teams of the Human Resources Division were available to the employees and managers to provide support, in addition to an external body that provided a psychological service to employees expressing the need for such. A special two-way contact line was set up for employees called up to serve in the security forces and for employees whose partners were called up, including the sending of gifts. Similar to Discount Bank, managers at the bank have extensive judgment in employing, during these difficult War times, a comprehensive and enveloping policy, particularly as regards aspects of physical presence at the premises of the bank. Including in the above, allowing work from home to all employees in the conflict zones, employees having small children and more. Moreover, Managers had been given authority to approve avoiding deductions from wages to those employees who, due to circumstances, were unable to work even from

their home. The bank has also assisted families of employees residing in the communities surrounding the Gaza Strip by funding hotel rooms for them in central Israel.

In addition, a broad communication and training program was built to support managers, employees and their families in order to provide tools on issues of resilience, dealing with the situation, coping in an environment of uncertainty, and remote management. There were also support workshops at branches in sensitive areas.

Cakes and lunches were sent to branch employees who showed up to work at the branches at an impressive attendance rate in view of the situation. Events were put on for head-office employees that included sabbath welcoming receptions, an agricultural fair, prayers for the wellbeing of the hostages, and more.



Investing more in employees in principal subsidiaries

Human resources development in principal subsidiaries

MDB

During 2023, the Bank promoted management and leadership training, as follows:

Managerial development

Manager training – During 2023, a process took place to identify managerial potential among some 85 head office and branches employees. This, to ensure qualitative professional/managerial continuity at the Bank, to support the Bank's long- and medium-term planning processes and to develop the managerial and professional capabilities of the employees and managers.

22 branch employees have been trained to form a reserve for "first-run" managerial positions, in a variety of fields, such as: leadership and initiating change, innovativeness, self-management, task management and so forth.

Training of a branch management reserve has begun with 15 external recruits. The training combines management skills with the banking profession, while gaining experience at a number of branches. The trainee managers have received specialized training.

New male and female managers received assistance from a tutor manager, as well as being able to seek advice from an organizational counselor. 15 male and female managers received assistance in 2023.

In preparation for the annual evaluations process, some 30 new male and female managers participated in workshops to gain the tools to obtain significant feedback.

180 serving managers, mainly at the branches, have undergone training to improve their proficiency in the field of interview skills, initiated service management, the handling

of sensitive situations with customers, and ethical leadership.

As part of accompanying the move to the new campus, about 80 head-office managers underwent training on hybrid management and on working in an environment of divergent opinions.

In the last quarter of the year, as a result of the Iron Swords War, dedicated lectures were conducted for managers, a dedicated messaging page was published, and preparations were made for remote management. A dedicated website was set up that gives managers access to the full range of materials that were delivered in lectures.

Furthermore, dedicated lectures have been presented to managers on various topics, including those dealing with professional and computer matters; in addition, managers receive a monthly newsletter which includes content relevant to the current challenges.

A total of some 1,820 managers participated in the learning events.

Professional development

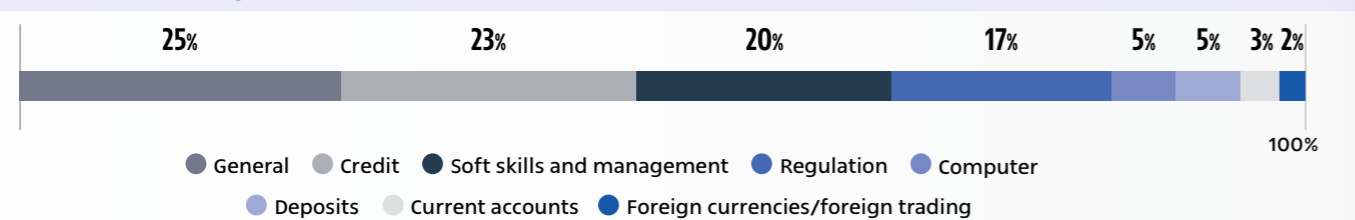
The learning supports the implementation of the bank's business strategy and comprises a necessary layer in the training of employees for their duties and in maintaining their professional qualifications and in improving their performance. Professional development and training are conducted in accordance with the procedures and policy, while maintaining an up-to-date knowledge and internal control, risk management and compliance, required for the promotion of a uniform standard of professional level in aid of providing full service to customers.



Integration of the compliance culture

As part of the support of this process, a variety of frontal and digital learning activities have been conducted in 2023, monthly mailers for self-study from events were distributed at

Instruction days at MDB - 2023



* Training activities - all training without reference to the process' timespan.

the branches, and 33 conferences, tutorials and lectures were held specifically for the compliance officers, the branch managers, compliance trustees and bankers. In addition, 17 training sessions were conducted for the compliance functions at the units of the bank, with a focus on the branch network.

Culture and ethics

In 2023, cross-organizational measures were taken to implement the updated code of ethics and to raise awareness of the topic of ethics through media campaigns and learning from actual events. Ethics leaders were appointed at the Bank's head-office and these received accompaniment both at the individual level and at the group level with all of the ethics leaders together. Discussions took place at all of the Bank's units, at the head-office and at the branches with the ethics leaders' participation and led by them.

The banker of the future at MDB

Cross-organizational measures were completed to raise awareness of preparations for the future, in which approx. 130 employees participated.

An infrastructure was updated to support processes for the further development of employees; as an aid for managers in their periodic conversations, and preparations for the future were made.

Existing training content was adapted and dedicated learning plans were developed for professional training upon taking up a position.

The Bank was awarded a commendation in a human resources excellence competition for this process.

In 2023, approx. 38,400 organizational study hours were conducted, of which approx. 24% was through digital learning*.

20% of employees participated in frontal training on the various sites of the bank.

The number of frontal instruction hours amounted to 29,326. In addition, 8,455 interactions were made in self-study teleprocessing.

The average number of study hours per employee during 2023 amounted to 25.7.

ICC

At the beginning of 2022, ICC established the ING School for Contemporary Leadership in order to enable all its managers to refresh, enhance and acquire the qualifications and skills that will make it possible for them to successfully manage and lead their units to success.

Management of ICC believes in the development of the executive echelon. Some 68% of the managers (of whatever gender) of ICC have grown within the company into managerial positions.

The School for Contemporary Leadership operates a variety of programs in order to develop the executive echelon:

* Does not include "on-the-job" (OTJ) branch learning and tutorship.

> **Development program for managers** entering office, as well as for managers (of whatever gender) already in office; in 2023, some 276 managers participated in the program (compared to 82 managers in 2022);

> **Organizational strategy assimilation** – in 2023, ICC assimilated the Agile methodology in the Technologies Division and in some business units. As part of the assimilation program, 257 managers participated in professional forums and workshops for the Agile behaviors assimilation and management practices;

> **Optional programs for managers** – enrichment programs, workshops, hackathons and learning meetings for managers, the aim of which is to continue and develop and nurture managers (of whatever gender) and provide them with management tools and skills; in 2023, some 263 managers participated (compared to 383 participants in 2022);

> **Inspirational content for managers** – In line with this year's challenges, including the Iron Swords War, 540 managers participated in Teams dialog circles with inspiring lectures that included managerial content. Tools, kits and tips were sent via the organizational portal.

Personal development

Personal attention is provided by the organization to managers (of whatever gender) entering managerial positions, as well as in case of organizational changes, as part of the change management process. ICC operates an assistance and support program for managers (of whatever gender) upon entry into a first managerial position, which includes personal attention, an absorption kit and an orientation workshop that reviews all knowhow and professional factors supporting the appointees in carrying out their duties. In addition, ICC operates assistance for managers (of whatever gender) as support for organizational changes - following the conduct of a diagnostic process, a designated development and training program is devised.

CAL College

An organizational training program for the development and enrichment of the employees, allowing each employee (of whatever gender) to register and participate in a variety of professional courses and training programs suitable to their position and their personal and professional needs. The courses and training programs are advertised on the company's Internet portal and include: technological courses and training programs, proficiency workshops and meetings in matters of process management and knowhow in the credit field.

Employee and manager training inputs at ICC

In hours



Type of training	Population	2023	2022
On entering the position	Managers	28 hours per manager	32 hours per manager
	Employees	8 hours per employee	8 hours per employee
	Representatives*	154 hours per Representative	160 hours per Representative
On the job training	Employees and managers	18.5 hours per manager and employee	6.5 hours per employee

* A "representative" is defined as one who provides telephonic service to customers (service representatives, service and sale representatives, trading house service representatives, etc.). Representatives receive intensive training for about one month, upon entering this position.

Existing alongside this program is a training program regarding the organization as a whole, covering cross-organization matters, including business projects, regulation and employee duties. In view of the fact that the company focuses on credit, many training programs have been conducted in this matter: strengthening of knowhow and skills regarding the sale of credit within the general representative population.

IDB Bank

Professional level employees are sponsored by the bank to complete their continuing education credits to uphold their professional licenses. In addition, there is online training that is required for Compliance and Regulatory purposes and as best practice in the financial industry.

Nurturing excellence and providing feedback in the principal subsidiaries

MDB

The bank grants appreciation and compensation to outstanding employees. The annual promotion of employees includes a differential component which appraises and encourages excellence.

The annual feedback discussions serve as a platform for the evaluation of employees, their performance and commensurate compensation with the aim of encouraging a culture of transparency and dialogue that fortifies the obligation of the employees towards the organization focused on results, and comprises a tool for the identification and nurturing of excellence.

In 2023, an evaluation was made in respect of 100% of the employees, and feedback discussions were made in respect of 99% of the employees. As in every year, a conclusion drawing session was held in order to improve the process.

ICC

ICC views excellence with importance and encourages its employees in this respect, especially in light of the complex reality created by the Iron Swords War and in a joint effort to create a wartime routine. This, through:

- Ongoing performance measurement;
- An annual and semi-annual employee evaluation process, which sets professional and personal development targets, measuring the performance of the preceding year and having an honest and open conversation that allows for the expression of immediate feelings and needs (evaluation in respect of the previous year is performed at the beginning of each year. Mid-year discussions are held in the months of July/August);
- Empowering employees who have displayed responsibility and commitment following the events of October 7;
- Defining what the employee needs to meet the goals and to adjust his capabilities to achieve the required goals;
- The granting of an annual award based on the annual employee evaluation;
- The "Proactive" excellence program – esteem for outstanding workers of the different departments, and an annual esteem for selected outstanding workers of the company, which includes a gift, public esteem and a luxury trip abroad for the "Proactive" team and an annual recognition program for the company's outstanding employees selected as the "Can-Do Attitude Team", consisting of public recognition and an especially generous gift.

At the end of 2023-the beginning of 2024, an annual evaluation and feedback process took place, comprising evaluation and feedback for the past year, a look to the future and assistance in focusing the personal abilities of each individual male and female employee in such a way as to contribute to personal growth and the realization of the company's strategy.

Evaluation of employees was conducted using a form reflecting the skills required from employees and managers for achievement of the strategy and business goals. The annual evaluation and feedback process for 2023 included conversations and provided a summing-up evaluation for 100% of the company's employees taking part in the process (all employees participate in the process, excluding new employees).

IDB Bank

Performance Evaluation – Generally, at the end of each year, annual performance of employees is evaluated by their department supervisor or manager. This evaluation incorporates factors, including, but not limited to, the quality and quantity of their work, attendance and punctuality, their cooperation with the members of the department, and their ability to achieve compliance with Bank rules, regulations, policies and procedures. The evaluation is discussed with the employees and any areas requiring improvement are brought to their attention.

The managers conduct a mid-year performance evaluation, which, inter alia, includes: what's working well, what could be working better and how the employees are performing against their goals.

All new employees (whatever their gender) are initially subject to a probation period of 90 days in order to evaluate their performance during that period.

Incentive Compensation Plans – IDB Bank implements Incentive Compensation Plans to reward employees for their performance.

Position Survey in the principal subsidiaries in Israel ICC

In recent years ICC participates in the BDI survey "100 Best Companies to Work for". The results of the survey were analyzed according to different sections and an analysis was made of multi-annual trends within the organization and trends as compared with the benchmark of the financial sector in order to identify gaps and concentrate efforts for reducing them, respectively. In the survey that took place in 2022, 62% of employees participated, and ICC was scored in the 38th place. In 2023, due to the outbreak of the Iron Swords War, ICC did not conduct a survey among its employees.

The survey results are presented to the company's Management as well as to all managers, and serve as a basis for preparing a comprehensive plan for dealing with the gaps, both at organization and unit levels. The position survey serves as a supporting tool for managers of the different units in order to introduce improvements both at the personal management level and at the cross-unit matters level.



Organizational culture and dialogue with employees in the principal subsidiaries in Israel

MDB

The Bank ascribes considerable importance to maintaining ongoing communication with its employees and managers. In order to create an organizational culture of open discourse, the Bank takes various paths to broaden and upgrade the extra-organizational communications by means of the employees' portal that is used for knowledge management, SMS messages, emails, newsletters, and frontal and online meetings, while strengthening their commitment and linkage to the strategy and the goals of the bank.

In order to sense the mood, challenges and questions of employees, meetings at various levels, group discussions and feedback processes are conducted, as well as Management field trips and visits to branches, similarly to Discount Bank.

ICC

ICC invests in ongoing and open communication with its workers and managers, in order to increase the sense of relationship between the workers and the organization, their acquaintance with the company's activities and strategy and the strengthening of the bond between them, as part of the advancement of targets and the company's business growth. Ongoing communication includes a variety of means, among which:

- Organization wide visual communication (on computer screens, screen savers and posters);
- The quarterly extended Management forum;
- Section heads conference;
- Hackathons for a common mindset;
- Diverse campaigns such as for the encouragement of internal mobility of employees, launch of marketing campaigns and so forth;
- An intra-organization app that enables continuous communication with employees from any place and at any time. The app

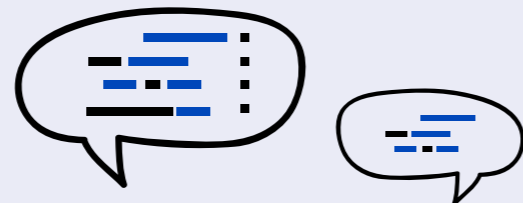
includes the sharing of video clips for religious festivals, employee experiences and accounts, success stories, and important information that can also be shared with the family;

- Employee video clips to promote success in the various units;
- Round-table meetings of employees and managers with the Executive Vice President for Human Resources.

The organizational Internet portal of ICC allows every employee to find all the information regarding the terms of employment, the collective labor agreement, employee benefits and welfare, rules of conduct, current updates, possibility of direct approach to the CEO, and more. The portal includes, inter alia, professional knowhow with respect to the company and its products, a development program for managers and an employee development and enrichment program, managers' portal, open positions and the process of the online submission of candidacy, the employee representative committee website and hundreds of professional information sites. Arrangements have begun to be made in the past year for the conversion of the portal to an innovative and advanced system, which is intended to provide a solution to the employees' needs.

Integration of organizational ethics - ICC views with great importance the maintenance of organizational ethics. The code of ethics of ICC comprises a valued identity of the organization, according to which the employees are required to conduct themselves with responsibility, integrity and in accordance with proper rules of conduct, which serve as a basis for the current operations and the business success of the company.

For additional details regarding the Code of Ethics, see the Chapter "Discount Spirit" and the ICC website.



Welfare activity at the principal subsidiaries

MDB

As regards the individual and the family, the bank invests in annual vacation, finances summers schools during vacations, finances higher education for employees and their children and so forth. In addition, the Employee Committee holds once a year a bonding leisure day for all bank employees, and fun days for bank employees and their families, in an amusement park, noting the children of the workers who are starting first grade and giving them gifts. In addition, Bank employees enjoy subsidized catering services.

In addition, various activities take place for head-office employees working at the Discount Campus.

ICC

Over and above wage terms, ICC provides diverse benefits and services designed for the welfare of employees and their families.

In the field of the individual and the family, ICC invests in the following fields: annual vacation; running events for employees and family members (events to mark an employee's length of service, events on the occasion of an employee's children going into first grade and departmental team-building events); giving gifts to employees at personal events and religious festivals; giving gifts to employees' children going into first grade and 18 year olds; economic assistance in times of need, and so forth. In addition, the employees enjoy subsidized catering services and cafeterias.

Furthermore, in a similar fashion to Discount Bank, ICC accompanies its employees at sensitive moments in their lives and provides assistance on the death of a first-degree relative; it also encourages managers to be involved in the treatment processes and in assisting employees in distress, as well as providing a psychological support service.

IDB Bank

The bank provides a qualitative program for employee benefits, which includes health, dental, vision, life insurance options, as well as Employee Assistance Programs and various Disability programs, all as governed by the federal law regarding benefits to retired employees (ERISA) and by federal, State and local legislation.

Promoting health at the principal subsidiaries

MDB

MDB employees enjoy a social safety net, which includes a variety of insurances: life assurance for employees and spouses, health insurance, surgery insurance, dental care insurance for employees and family members, and loss of work ability insurance for employees. Bank employees of a determined age and seniority are entitled to a comprehensive medical checkup.

MDB invests in encouraging rich sport activities in different fields and it promotes ten sport teams registered with the Workplace League, which represent the bank in the "Sportyada" sport games.

The bank performs tests for the existence of radon gas, as required.

ICC

The handling of safety and hygiene in ICC is similar to that performed at Discount Bank. In addition, routine periodic surveys of work conditions are performed.

ICC employees enjoy significant health benefits, which include periodic medical examinations, medical insurance, and psychological attention. All employees aged 35 and over, with at least one year of service with the company, are entitled to medical tests. In addition, ICC subsidizes a fitness club and sports activities and invests in encouraging a rich sport activity in many spheres. ICC has five teams registered with the Workplace League, competing in different sport competitions, in which fifty employees and managers participate.

Safety in the workplace at the principal subsidiaries

MDB

MDB has appointed a work safety consultant as required under the Organization of Labor Inspection Act, 1954. An approved safety policy exists at the bank and there are procedures and guidelines accordingly. Engineering surveys are conducted at all the bank's branches, including suppliers and team training at each property visited, increasing employees' awareness through periodic online refresher courses and annual safety drills performed by a safety engineer and managed by automated monitoring.

As part of his duties, the safety consultant handles the safety, hygiene and fire topic, including the extinguishing and warning equipment, conducting tests and researches at the branches, briefing concerning deficiencies requiring rectification, and ensures that these are implemented in practice.

ICC

The safety field at ICC is managed within the framework of the Logistics and Properties Department. For this purpose, the company has engaged an independent external safety consultant for the current operation of the whole safety field. As part of the company's work plan, mandatory study material on the subject of safety and hygiene is distributed annually to all employees, which includes, guidelines regarding the manner of conduct intended to minimize the number of accidents at the workplace; in addition, emphasis is placed and guidelines provided with regard to working safely and the work environment.

The Company has established a safety committee, which in accordance with Regulations meets at least eight times in each year, reviews the safety reports, uncovers deficiencies and monitors the treatment of safety deficiencies. The safety committee at ICC is composed of three to four managers, seven to eight employees and the external safety consultant.

IDB Bank

IDB Bank is compliant with all Federal, State and local Laws and Regulations as these relate to safety in the workplace, this includes annual fire drills, emergency evacuation procedures in accordance with the local requirements for all the bank's work sites.

IDB Bank is also compliant with the violence at the workplace protection regulations and privacy requirements of the State of California's regarding employees.



Goals

> Goals presented in the previous Report

	✓ Achieved	Holding another round of the mentoring program.
	✓ Achieved	Maintaining the number of women in the senior executive grade (Executive Vice Presidents and the senior Management forum) (Executive Vice President reporters at the department and wing managers levels) and striving to increase this number.
Discount Bank	✓ Achieved	10% of the total number of new recruits in the calendar year will be a mix from populations excluded from the labor market (the ultra-orthodox, persons of Ethiopian descent, the Arab society and persons with a disability).
	✓ Achieved	The mix of excluded populations in the total number of Bank employees is to increase by 1% each calendar year.
	Postponed	Organizational culture – setting up a belonging group (community) for employees from the Arab society.
	✓ Achieved	Conducting courses for the various division managements on the topic of mistreatment at work and bullying.
MDB	In progress	The ratio of engaging new employees from under-represented populations to total engaged new employees would reach 25% in the year 2030.
	✓ Achieved	Assimilation of a work methodology with Agile – Designing an appropriate organizational culture through a process of change management and leadership.
ICC	✓ Achieved	Employer branding and internal communication – Developing a language and internal communication tools suitable for the New World culture.
	✓ Achieved	Upgrading the existing infrastructures and creating measurement tools capable of assisting in information management, data analysis and value creation.
	✓ Achieved	Strengthening organizational bonding – Tailoring the employee experience in the new building to the Agile work culture from the time that an employee is taken on and throughout his employment lifecycle.

> Future goals

Discount Bank	Maintaining the percentage of employees from underemployed populations in the total number of Bank employees.
	Providing another cycle of mentoring training.
	Employee participation rate in learning and development – 85%.
MDB	The ratio of engaging new employees from under-represented populations to total engaged new employees would reach 25% in the year 2030.



06 SUPPLIERS

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SUPPLIERS



Discount Bank views with importance the long-term creation of value for all its stakeholders, among whom are also its suppliers, and therefore the Bank treats them with integrity, fairness, concern and respect



Promotion of Responsible Procurement

➤ Discount Bank has made a commitment to conducting business fairly and to acting on the basis of professional and personal integrity. Discount Bank views with importance the long-term creation of value for all its stakeholders, among whom are also its suppliers, and therefore the Bank treats them with integrity, fairness, concern and respect.

The Bank strictly honors its agreements with suppliers in good faith, endeavors to prevent damage to integrity, prohibits the granting of benefits and favors, promotes transparency and fair competition, maintains confidentiality and data protection and acts towards preventing corruption and improper conduct.

Discount Bank chooses suppliers on the basis of professional, objective and businesslike considerations, while striving for engagement with suppliers meeting the following requirements:

- Compliance with and maintenance of the provisions of the law;
- Strict observance of legal and fair employment conditions;
- Maintaining the quality of the environment;
- Having an ethical code and a commitment to its values;
- Adhering to the norms and standards described in the Bank's Code of Ethics.

Upon placing a purchase order, the supplier is referred to the Bank's code of ethics and it is declared before him that the Bank aspires to conduct business with suppliers who comply with the norms stated in the Code. In case of violation of these principles and non-compliance with conditions, Discount Bank discontinues the engagement with the supplier.

The base of suppliers of Discount Bank includes different suppliers operating in various areas and having different volumes of operation. The Bank purchases products and services on a current basis and in accordance with demand.

Procurement at Discount Bank is mostly performed in a centralized manner for all units of the Bank, by means of the Central Procurement Section, operating as part of the Planning, Strategy and Finance Division. The Section is responsible for the formation of a procurement specification for the internal customers, where required, and for locating suitable suppliers, screening them, obtaining offers, conduct of negotiations, engagement and ongoing servicing of relations with them.

The Procurement Section is responsible for both technological purchases and general purchases, including procurement of manpower services in the technological field. The procurement of buildings or their rental is the responsibility of the property and construction Subdivision, of the Operations and Assets Division.

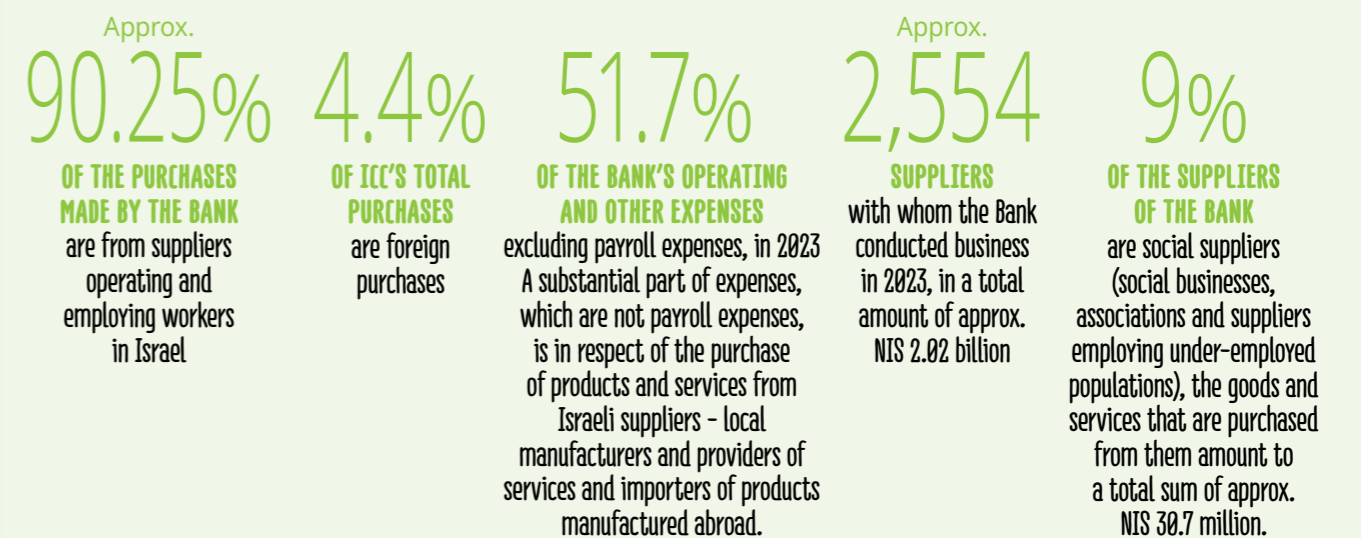
As part of the Section's ongoing operations, existing agreements are re-examined from time to time and new procurement requirements are challenged.

The procurement process is fully mechanized, from the stage of setting-up the request and until the stage of issuing the order to the

winning supplier, in a way of strengthening transparency of the process, including the commercial discourse with the suppliers. The making of the information accessible to the functions at the Bank who approve the issue of the order allows an insight at all stages of the commercial negotiations, from the stage of the primary price offer and until the conclusion of the transaction, including an orderly and structured assessment of the alternatives.

At each conclusion of a commercial process regarding suppliers, and prior to the confirmation of the order, a statement comparing the different alternatives, including a summing-up of the commercial process is being delivered to all functions involved in the matter on the part of the ordering factor at the Bank, as a condition for placing the order.

The Bank operates a mechanized service for submission of invoices for payment. This process makes the information accessible to the supplier, presenting to him at each stage with the status of the invoice awaiting payment, as well as upgrades the management and monitoring of payments to suppliers, contributing to the promotion of the goal of a "paperless bank".



Ethical conduct regarding suppliers

➤ As a rule, Discount Bank approaches suppliers inviting them to submit price offers. The Bank chooses providers of services under bidding processes, while strictly maintaining the confidentiality of the submitted offers, beginning with the identity of the offeror and ending with the contents of the offer, while aspiring to increase the trust of the offeror in the procurement processes.

During the bidding stage, the Bank agrees with its suppliers the terms of payment, in accordance with the date of delivery of the goods or services. Furthermore, the Bank strictly adheres to the agreed payment dates, in order to maintain proper business relations and cooperation with its suppliers. It is noted that the payment process is controlled and that it is being conducted in accordance with the commercial terms agreed upon when ordering the products and services.

The content of this section applies also to MDB and ICC.

Fair employment and safeguarding rights of contractors' employees

➤ Within the context of its purchases, the Bank also acquires labor services.

In 2012, the Intensification of Enforcement of Labor Laws Law, 2011 took effect, the aim of which is "to intensify enforcement of labor laws and make them more effective". The Law imposes a broad responsibility on employers, as purchasers of services, for the enforcement and safeguarding of the rights of personnel engaged on their premises in guard, security, cleaning and catering duties. Moreover, the Law prohibits entities ordering services from entering into contracts with contractors where such contracts do not guarantee basic wage terms for the personnel involved.

The Bank strictly observes the fair employment of persons working at its premises and the violation of rights of outsource workers is taken seriously. The engagement contracts with companies providing cleaning and security services comply with the provisions of the law. In the engagement agreements of the Bank with providers of services, the contractors are required to confirm, among other things, that they abide by the provisions of the Intensification of Enforcement of Labor Laws (including youth employment, equal opportunity at work, vacation and rest time, security and safety). Furthermore, upon placing a purchase order, the Bank provides the details of the purchase manager, in case that the supplier wants to complain against conduct that does not abide by the corporate governance aspects of the Bank, as detailed in the code of ethics.

The Bank has appointed an officer to be responsible for this matter and has engaged the services of an independent accountant in respect of monthly sample tests to be performed according to the law. Where deficiencies are found, these are rectified by the suppliers and the Bank monitors the actual rectification thereof.

It should be noted, in particular, that upon changing service suppliers in these areas, a comprehensive examination is performed to ensure that contractors' employees whose employment had been terminated, receive the full rights due to them in respect of their period of engagement with the Bank.

No complaints regarding discrimination were raised in 2023 on the part of suppliers.

In 2023 no complaints by contractors' employees were received at the Bank. In 2023 no complaints by contractors' employees were submitted to MDB and to ICC.

Social procurement

➤ To the extent possible, the Bank, MDB, ICC and Discount Leasing engage with parties employing handicapped persons or those with special needs. Furthermore, in accordance with the purchasing procedures and subject thereto, preference would be granted to small businesses, to businesses operating in peripheral areas and to local businesses ("Blue White"). The Bank's procurement of gifts for the holidays, for employees as well as for suppliers, is done through suppliers that employ employees with disabilities, whether by packaging or by the creation of the product itself. Individual and welfare gifts are bought from companies and associations that promote the integration of employment of persons with disabilities. As a rule, the Bank stringently endeavors approach suppliers that show an affinity for this topic. In 2023 the Bank purchased sales promotion items and gifts for customers from companies employing handicapped workers. In cases where such items had not been purchased from such companies, the wrapping and packaging of these items was made by companies that employ handicapped workers. MDB and ICC purchase from associations, such as AKIM, Beit Issie Shapiro and others, at Chanukah and Purim, personal packages of sweets, which are distributed by employees of MDB during their different activities in aid of the community. The total scope of this type of procurement is not material.

Support for Suppliers during the "Iron Swords" War period

➤ Soon after the outbreak of the War, the Bank held a discourse with its suppliers located in the confrontation lines in the South and the North in order to understand their situation and their needs in the new reality. In view of the situation, the Bank decided to advance the payments to suppliers for goods and services that had been delivered, thus allowing it to assist and support the providers of services to the Bank.

In addition, preference was given to suppliers located in the confrontation lines in the purchase of items for the welfare of the employees.



Promotion of Responsible Procurement at the Principal Subsidiaries

MDB

Purchases by MDB are made in four main groups: technological purchases – IT, marketing purchases, office premises and maintenance purchases and general purchases. The general purchases are generally made centrally for all units of the bank by means of the administration and payments department of the Human Resources and Administration Division. Most of the purchases are made jointly with the purchases of the parent company. The department is responsible for drawing up the purchase specifications as required by the internal customers, where applicable, finding appropriate suppliers, their screening, obtaining offers, negotiating the purchase, engagement and ongoing servicing of relations with them.

Acquisition of manpower services, including manpower in the technology field, is the responsibility of the Human Resources and Administration Division. The purchase or rental of buildings and the purchase of technology is the responsibility of the Operations and IT Subdivision. Marketing procurement is the responsibility of the Marketing and Business Promotion Subdivision.

MDB conducted business in 2023 with 1,216 suppliers, in a total amount of approx. NIS 491 million.



ICC

Purchases by the company are fully (approx. 100%) made in a centralized manner, by means of the procurement department, operating within the framework of the Comptrollers Division. The central procurement at ICC is responsible for technological purchases, general purchases, purchases of property and its maintenance, the rental or purchase of buildings, engaging manpower and consulting services, including manpower in the technology field, credit cards purchase, purchase of sales promotion and marketing services, including advertising and media (excluding payments to customer clubs).

ICC conducted business in 2023 with 926 suppliers, in a total amount of approx. NIS 606 million. Approx. 2.9% of total purchases are of foreign origin.

Also at ICC, the submission of offers for transactions in significant amounts is done through a "quasi-tender" process, into a locked box. The time for opening the envelopes is determined in advance and is done in the presence of at least three participants. The contents of the offers are documented in a protocol, and where these are complex and not easily documented in a protocol – the original offers are signed to preserve their authenticity.

IDB Bank

Under the guidance of the CFO, the procurement department is a centralize function at IDB Bank whereby departments will submit a requisition via Oracle for the acquisition of goods and services. Under this model, departments and their designated Vendor Relationship Managers (VRM's) are responsible for submitting a requisition which will then be reviewed and approved through a workflow in Oracle. The workflow aligns to the Procurement Policy approval matrix. The requisition generation process falls exclusively under the responsibility of the procurement department which reports to the CFO.

IDB Bank made in 2023 purchases through 50 suppliers with a total expense of US\$21.5 million.

Goals

> Goals presented in the previous Report

	✓ Achieved	Replacement and refreshment of approx. 5% of the active supplier pool regarding the construction and properties field.
	In process	Development of a supplier evaluation model.
Discount Bank	✓ Achieved	Continuing the cooperation with suppliers employing workers with a disability.
	✓ Achieved	Continuing strictness regarding integrity, fairness and transparency with respect to suppliers.
	✓ Achieved	Maintaining a high service-level (SLA) with respect to internal customers.
	In process	Examining procurement activity against ESG goals.

> Future goals

		Replacement and refreshment of approx. 5% of the active supplier pool regarding the construction and properties field.
		Continuing the cooperation with suppliers employing workers with a disability.
Discount Bank		Continuing strictness regarding integrity, fairness and transparency with respect to suppliers.
		Maintaining a high service-level (SLA) with respect to internal customers.
		Completion of the characterization and integration of the supplier evaluation model as part of the work routine of the purchase Section at Discount Bank.
		Completion of the characterization and integration of the ESG goals into the work routine of the central purchase Section.



07 DISCOUNT IN THE COMMUNITY

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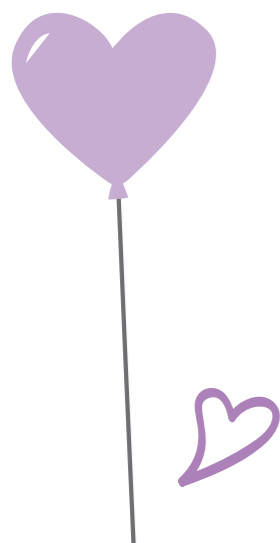


Approx. NIS 55 MILLION OF INVESTMENTS IN THE COMMUNITY	Approx. 25,000 HOURS OF VOLUNTARY WORK	Approx. 95% OF GRADUATES OF THE "SPRINT FOR THE ACADEMY" PROGRAM HAVE COMPLETED HIGH SCHOOL STUDIES WITH A FULL MATRICULATION CERTIFICATE	Approx. 83 DIFFERENT VOLUNTEER SITES
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Approx. 20,000 PARTICIPANTS IN THE "SPRINT" PROGRAMS, IN 415 CENTERS OF OPERATION	4,107 VOLUNTEERING EMPLOYEES	The granting of 296 SCHOLARSHIPS ON BEHALF OF THE NISSIM ALAGEM FOUNDATION	Approx. US\$ 11.5 MILLION - COMMITMENT FOR IMPACT INVESTMENTS THROUGH DISCOUNT CAPITAL
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DISCOUNT IN THE COMMUNITY

Discount Bank is working for the community with a comprehensive management approach that views the activity for the community as part of the business, social and cultural commitment. During 2023, efforts continued to intensify volunteering and community action and, since the outbreak of the Iron Swords War, a focused aid was given to the immediate needs and challenges that arose



Investing in the community

The Bank focuses its activity on social mobility – supporting the social and geographic periphery in Israel through education, knowledge and employment encouragement for work-challenged segments of the population.

As an expression of this concept, Discount Bank operates towards the creation of social and economic prominence, encourages its employees to volunteer in aid of the community, and endeavors to tighten the bond with the community within the framework of collaborations and various projects. This by means of a designated unit within the Human Resources Division.

THE SCOPE OF INVESTMENT BY THE DISCOUNT GROUP IN THE COMMUNITY TOTALED APPROX. NIS 55 MILLION IN 2023, AN INCREASE OF APPROX. 132.2%

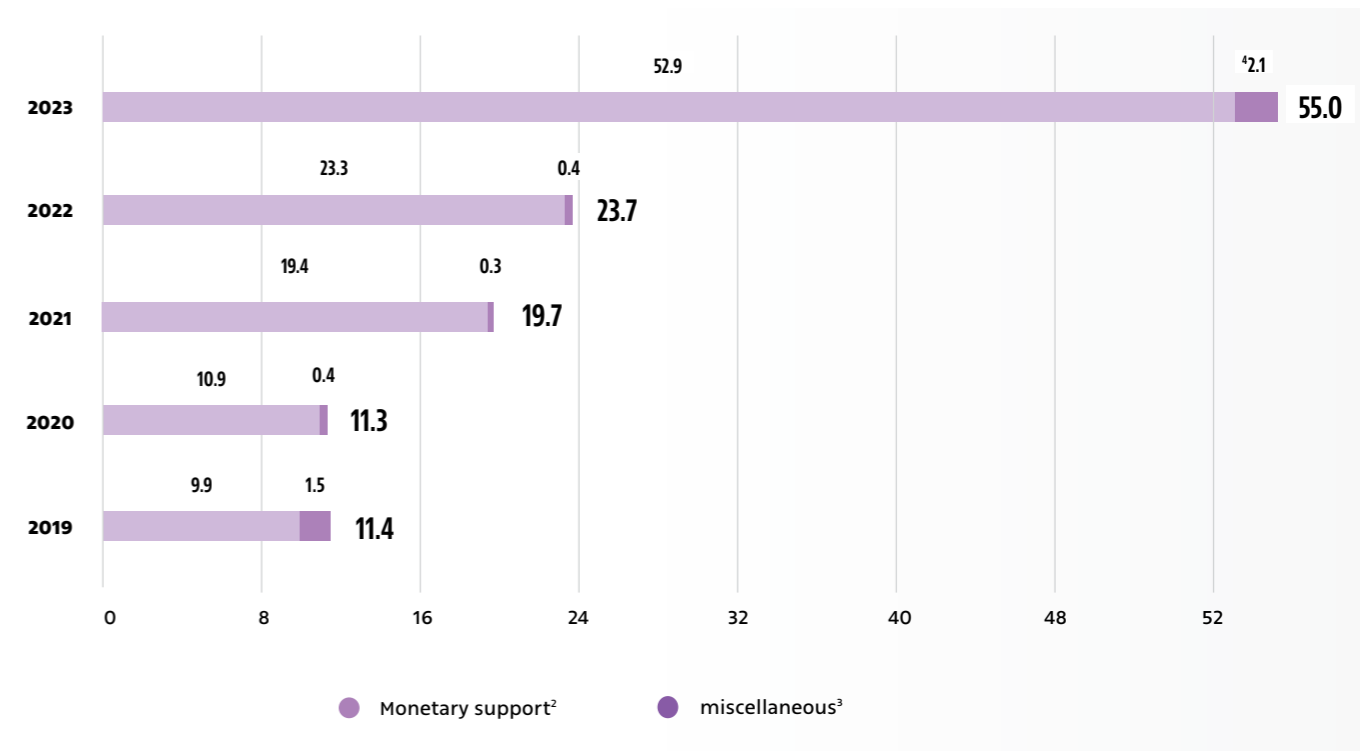
The social activity of the Bank in the community is expressed in five layers:

- > Strategic cooperation ("Discount Sprint for the Future" and additional programs);
- > Promoting employment diversity and inclusion;
- > Volunteering in the community;
- > Donations, sponsorships and additional projects;
- > Impact investments and financing social credit.

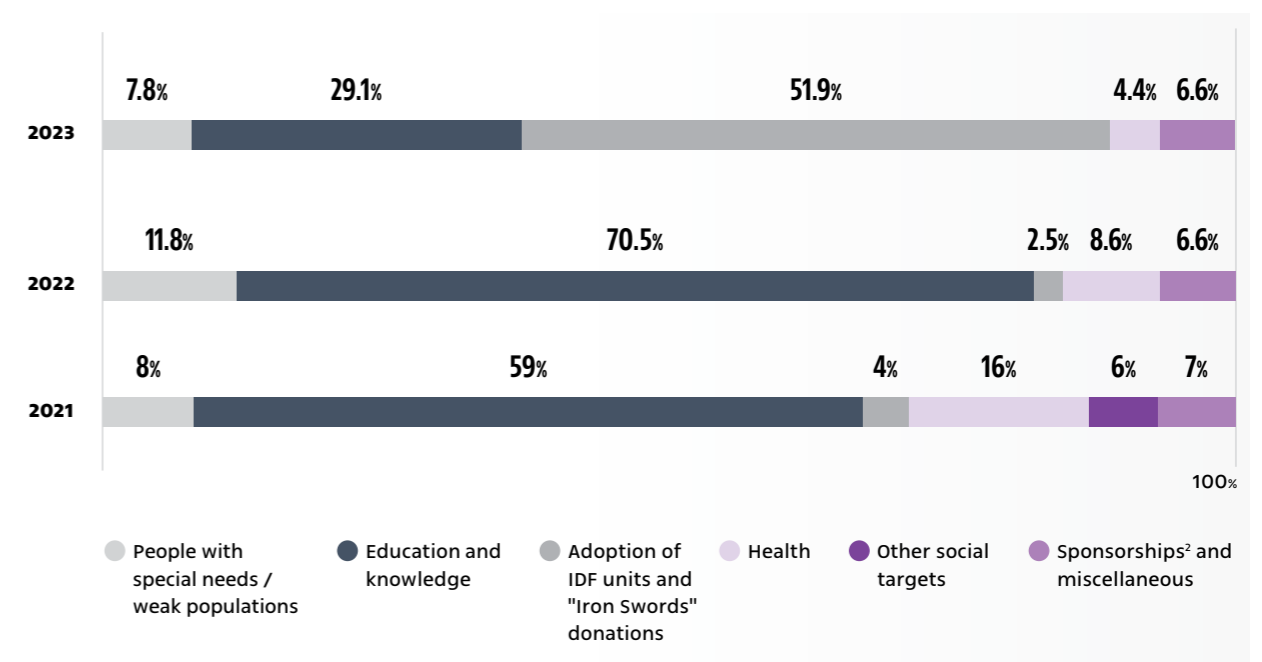
Discount Bank, MDB and ICC have determined general principles regarding the granting of donations, while maintaining discretion of the subsidiary companies in accordance with their fields of operation.

> Continue on page 174

Total of Discount's Group investment¹ in the community in NIS millions



Breakdown of Discount's Group investment in the community



Notes:

- 1 As of 2021 it was decided not to include in the data the indirect expenses - payroll (payroll for staff of the individual, welfare and community department and certain other factors who were directly engaged in environmental, social and governance matters as part of their regular working hours). The data for 2019 and 2020 were restated accordingly.
- 2 Including sponsorships for associations and for social purposes only.
- 3 Consulting expenses and preparing various reports in relation to Environmental, Social and Governance Reporting.
- 4 Including donations of furniture and computers amounting to approx. NIS 927 thousand.

> Continue from page 172

In 2023, the monetary support budget was increased by approx. NIS 31 million, with this being in addition to an increase of approx. NIS 3.9 million in 2022 and of approx. NIS 8.6 million in 2021.

For further details regarding the scope of investment in the community, see "Appendices - Community" in Chapter 10 below.

Supports

Each year the Bank's Management allocates a support budget and its distribution is carried out in accordance with the policy on this topic, according to an annual plan, and in relation to extreme exceptional events, should such occur. In 2023, from October 7, the aid budget was significantly increased by the Bank's Management in light of the situation and the immediate challenges. Among the support provided by the Bank in 2023, may be noted the support to the following associations: "Sprint", RASHI Foundation – Cyber Education Center, Darca, Equalizer Goal, Almanarah, Itach ma'achi, Tech Career, Ofanim, Seeing Far, Brothers for Life, JOINT ESHEL, Saviyonim, Great in Uniform, Desert Stars, Krembo Wings, Ilay, Oz Shlomo Pre-military College, Ma'ase Pre-military College, "Ezra LeMarpe" Association, Yad Ezer LaHever, Elem Association, Zoharim Village, Lotan Way, Ha'aguda Lema'an Hachayal ("Adopt a fighter"), Leket Israel, and more.

The control over the use of the actual support funds and its effectiveness is performed taking into consideration the nature of the project and the amount of the contribution. A high level of involvement and control exists with respect to projects where the support is of a significant amount, while the level of involvement and control regarding projects enjoying smaller contributions, is low.

For every approved support, a process takes place to examine the feasibility of voluntary activity by the Bank's employees and for cooperative efforts beyond monetary assistance.

Providing the strategic support by the Bank is accompanied by setting annual success measures, which is done in conjunction with the recipient charity and with external consultation, if necessary. During the year, wherever possible, midway measures are received and, at the end of the year, final measures are received and an in-depth dialog takes place to assess goal attainment/non-attainment, the reasons therefor and future plans.

In the Sprint for the Future association, which is the Bank's flagship project, the Bank's current and former representatives serve on the management board.

In 2023, against the background of the Bank's head-office units moving to the Discount Campus, the Bank made donations of equipment, furniture and computers, previously used by the Bank's technicians, to evacuees in various areas, to IDF bases, to non-profit organizations and institutions, and to the disadvantaged.

MDB donated in 2023 equipment from the bank's units, which was surplus to requirements on moving to the Discount Campus, to IDF units, registered associations, and the like – furniture, computers, screens, tv's, refrigerators and more.

During 2023, the Bank granted sponsorship to entities and activities promoting goals in areas of community fields and activities in aid of weak populations, culture and art, education and businesses. These sponsorships enable the relevant organizations to raise funds for their operations, expose their operations to the general public and pay respect to the factors involved in their operations.

Investing in strategic projects

In light of increasing the community investment budget, the Bank has decided to expand its activity within the context of strategic cooperations, in the framework of major investments in focused initiatives, with the aim of creating a significant impact through these investments.

Investing in "Discount Sprint for the Future" Discount Bank's Flagship Project in the community

In 2005, the Bank joined the "Sprint for the Future" Association with a view of advancing education and schooling in the social and geographical periphery in the State of Israel, in favor of the various sectors of society (Jews, Ultra-Orthodox, religious, secular, Arab, Druze and Bedouins) together with which it launched a program that became the Bank's flagship program "Discount Sprint for the Future". Over the passing years the Bank was an important partner in the growth in the scope of operations and budgets of the Association, assists in the structure of unique projects and partnerships with government agencies, such as the Israeli Ministry of Education and the Israeli National Insurance Institute, and also has founded a student scholarship foundation.

The "Sprint for the Future" Association initiates and operates unique and innovative programs for advancement of education and knowledge, Self-empowerment and for providing tools for social-economic leadership for weak populations of all social segments and strives to integrate them in the academy, in employment and in the society in Israel.

In 2023, the association carried out a large-scale expansion of its high-school programs through the GFN (pedagogical-administrative flexibility) system and undertook massive projects throughout entire cities, such as in Acre, Ashdod, Tiberias, and other cities.

The Association operates ten central programs:

"Sprint to hi-tech" – the program prepares newly graduated practical engineers coming from social and geographic peripheral areas, to the technological labor market, in order to integrate them into qualitative positions in the advanced technological labor market. Participants in the program acquire technological tools and skills modified to the

present and up-to-date needs of the labor market, that would open the door for them to suitable employment in hi-tech, offering the opportunity of future development.

This year, J.P. MORGAN and the Israel Innovation Authority joined the Sprint for High-tech program and significantly expanded its scope for the benefit of marginalized communities that are not participating in the high-tech labor market. The high-tech industry is considered to be the State of Israel's growth engine and it is of considerable importance that women, the ultra-Orthodox and young people from the periphery are included within the ranks of those working in these sectors, to advance the high-tech industry and to strengthen the State of Israel;

THE BANK JOINED THE "SPRINT FOR THE FUTURE" ASSOCIATION WITH A VIEW OF ADVANCING SOCIAL MOBILITY THROUGH SCHOOLING IN THE SOCIAL AND GEOGRAPHICAL PERIPHERY IN THE STATE OF ISRAEL, IN FAVOR OF THE VARIOUS SECTORS OF SOCIETY

"Sprint for sustainability and the environment" – a program for increasing awareness and explaining the importance of recycling of electronic waste, while advancing and integrating persons having special needs into the employment circle. Participants in the program learn about the importance and benefit of recycling of electronic waste, about the damage and the environmental and health effects of the dangerous materials existing in such waste, and about the need to accept responsibility for the promotion of positive attitudes towards persons having special needs. The program is conducted in some 200 classes in tens of local authorities all over the country;

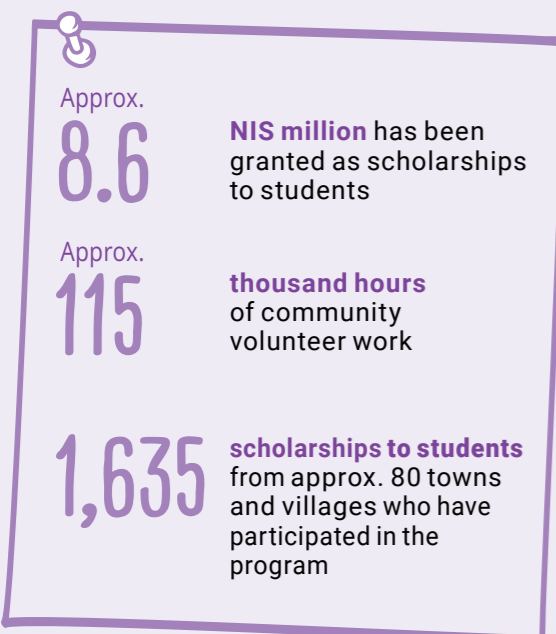
Sprint program for the Arab society

In 2008, MDB in participation with the Sprint Association, developed a unique program for the promotion of higher education in the Arab society. Within the framework of this program MDB grants annually to students over 100 scholarships for academic studies. MDB sees in this contribution an important pillar in the advancement of education in the Arab society, and in the younger generation in particular.

The scholarships are granted on the basis of socio-economic considerations and on the level of academic achievement, while ensuring geographical dispersion and providing response to all layers of the Arab society. In consideration for the scholarship, students volunteer in providing study assistance to children residing in their area. As a result thereof, 96% of the students improved their academic achievements.

In 2023, MDB expanded its support and granted 185 scholarships, each of NIS 6,000, at a total cost of NIS 1,110,000 (compared to 175 scholarships, each of NIS 6,000, at a total cost of NIS 1,050,000 in 2022).

To date, within the framework of the program:



"Sprint to Excellence" program – leads students having a potential for excellence in sciences to obtain a high grade matriculation certificate enabling them entry into leading university faculties (engineering and science). As part of the program, the students are exposed to the worlds of advanced science, conduct experiments in topline laboratories, participate in research, and partake in advanced, innovative programs;

"Sprint to the Academy at high schools" program – A unique and innovative program to direct students from weak populations toward academic studies while constructing an employment purview in the studied field, already in the high school period. The program offers significant, profession-oriented learning at the high-school, academic and relevant industrial levels, academic accreditation toward higher education and building motivation to become part of academia or to join the ranks of those working in the studied profession. The program has gained a good reputation and operates with prestigious and leading academic institutions in their field;

"Sprint to practical engineers" program – A unique program for leading young people of the social and geographical periphery from all segments to advanced technological studies for practical engineers and to diploma studies in fields needed for the country's economy. The program has developed and is now in its seventh year of operation; it operates in 17 technological colleges and has achieved exceptional results.

The program provides a solution to the national need for young people from the periphery to receive quality technological training as engineers and introduces essential sectors into the Israeli employment cycle in the professions needed by industry.

By bringing MAHAT (the Government Institute for Technology and Science Training) the program has been broadened also into the colleges and to additional populations. Sprint and MAHAT have approached the tech colleges and have offered them a skills

course developed and operated under the Sprint program. The course provides tools for developing motivation, for coping with pressure situations (test anxiety), for effective communication, for preparing participants for the work arena, and so forth. The course has also been introduced in colleges in which the "Sprint for Engineering" program does not operate, thereby providing an answer for additional populations. The program has achieved exceptional success in preventing dropping out and in gaining accreditation and widespread recognition for the model developed by the association;

"Sprint to the Academy" program – A program to promote academic education among graduates of the association's programs and to integrate them into prestigious faculties in academia. Students are entitled to receive advice, personal guidance and significant assistance in preparing to enter the work world. In 2007 the Bank established a scholarship fund, which grants hundreds of scholarships annually;

"Sprint to public technological service" program – Provides young persons engaged in National Service a wide cover of professional training and qualification in the computer and Internet fields, in the line of integrating cloud computing systems (Office 365). During their service, the youngsters engage in the communication field at educational institutions. At the end of their service, the program will promote and encourage the participants to continue in their studies and employment in the communication field, and will help them in integrating into the work circle.

The program links the needs of the Ministry of Education and its goals in the communications field to the needs of the young people in the periphery and the needs of Israeli industry and society, through leveraging the National Service platform.

Thanks to the program, there has been a significant rise in the number of participating schools, as well as increased use of Internet platforms and e-learning environments;

"Northern Stars" Program – As a result of the Iron Swords War, tens of thousands of residents from Kiryat Shmona and 28 border-adjacent communities in the north of Israel were evacuated from their homes by the State. Among the evacuees are many children and youth who have been torn away from their homes and from their community.

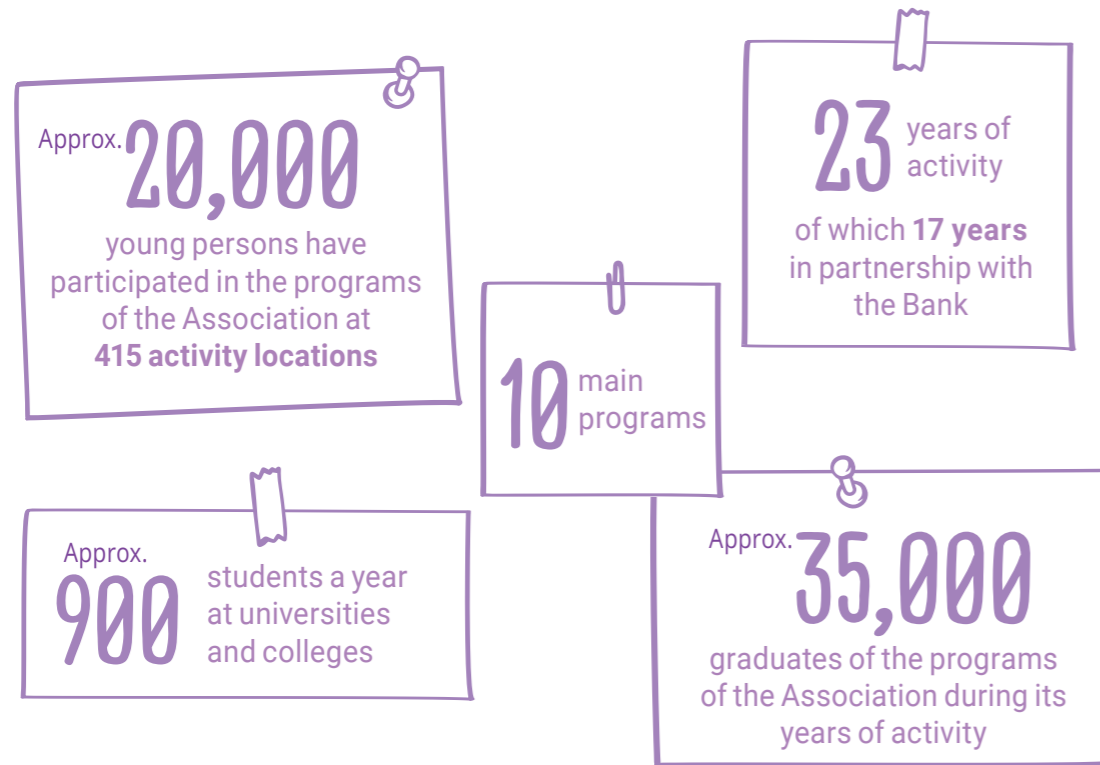
Mercantile Discount Bank partnered with Sprint for the Future in an initiative to start a socio-educational program operated by students for the benefit of children evacuated from the north who are now staying in hotels and other centers. 100 students were recruited by Sprint for the Future, to interact with the evacuated children and youth through a variety of means. Sprint for the Future provided direction and guidance in formulating socio-educational activities aimed at providing the evacuated children with a mantle of warmth and support, a listening ear, and to help as much as possible in the process of returning them to optimal functioning in their lives. The students will make an important and meaningful contribution to children aged 10-15 and will receive a tuition scholarship that will also be of help to them in this challenging time. The 100 students will each receive a scholarship of NIS 1,500;

"Sprint to industry" – In addition to the aforementioned programs, the "Sprint for industry" program operates, which is designed to avoid the dropping-out of school of youth in distress situations, by leading them to technological and occupational studies and integrating them in the military and in industry. The program has begun as a startup financed by the Bank and later was turned into a national program of the Ministry of Education, with a budget of NIS 60 million, operating in about 200 high schools country wide. The "Sprint" program continues to provide pedagogical response to schools and workshops for personal empowerment in all schools.

All programs of the Association are being accompanied by evaluation and internal control researches that are based upon data of the Ministry of Education, the Ministry for Economic Affairs and schools. A part of

Discount Sprint for the Future General data

as of December 2023



these programs are being accompanied by an independent evaluation research performed by the "Szold Institute for Social Research". The results of the research made in recent years indicate a high level of achievements and compliance with the aims of the Association's programs. The results of the research regarding the "Sprint for Industry" program indicate a clear and proven turnaround in the prevention of the dropout of students at risk from the education system as well as directing them to a professional future in trades and profession required by the military and by industry;

98% of the high school academic programs graduates have integrated into further studies;

94% of the academic graduates have integrated into qualitative professional work.

"Sprint to Excellence"

Over 98% were entitled to matriculation certificates complying with university entrance requirements;

Approx. 94% of the students have completed their high school studies with science-orientated matriculation certificates with an average grade of 85 or over;

55% of which received a summa cum laude award and average grades of over 95.

"Sprint for engineers"

95% of program graduates obtain employment placements in industry;

85% diploma rate, compared to a approx. 60% national average;

11% A 11% average dropout rate in the program, compared to a 35% national dropout rate.

"Sprint to the academy at high schools"

95% graduate with a high school diploma, compared to the national average of *76%.

Personal empowerment programs

The Sprint project specializes in developing programs that deal with personal empowerment, employability and career counselling for all segments of the Israeli society. The Association has some 100 coaches that provide a response for every societal segment. During the post-Corona period, a distinct need has arisen among teens and young adults for emotional therapy and professional support in setting goals, stimulating motivation, improving, and enhancing effective inter-personal communications and molding resilience. Through these programs, Sprint works on – among other things – developing 21st century skills.

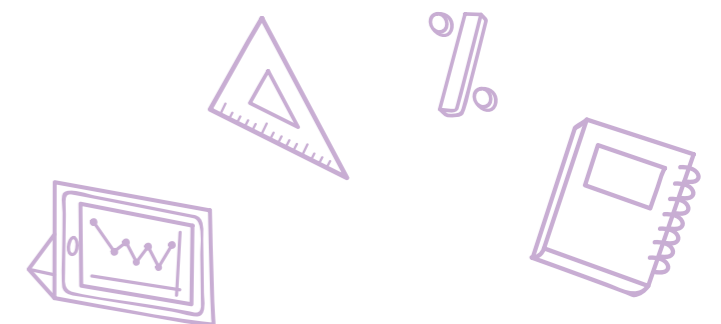
The late Nissim Alagem Foundation

> The Foundation is named after the late Nissim Alagem, who passed away in 2006. Mr. Alagem has worked at the Bank for forty years, serving in his latest office as Executive Vice President, Head of the Commercial Division. Since the establishment of the Foundation 3,111 scholarships to students have been granted, in a total amount of approx. NIS 16.94 million. The said amount includes both scholarships funded by the Bank and by MDB as well as scholarships funded by private donors who requested that their donation would be used for scholarships granted through the Foundation. In 2023, some 296 scholarships were awarded in a total amount of approx. NIS 1.91 million (including scholarships under the Sprint

program for the Arab society), compared to 277 scholarships in 2022 in an amount of approx. NIS 1.77 million.

The annual scholarship award event was held this year for the first time at the Discount Campus, attended by the Sprint graduates, excited students and their families. 40 scholarships were awarded at the ceremony to outstanding youngsters from the periphery hailing from all segments of society. These young people engage in social activities and give back to the community, and are the face of the future generation of the State of Israel.

The Bank continues to be an important strategic party to both the financial support of the Association and the promotion and advancement of its activities. Representatives of the Bank's Management are members of the Association's executive board and in this framework participate, inter alia, in the design of the work plans of the Association. Employees of the Bank take part in voluntary activity within the Association's programs, including in the adoption by Bank branches and Banks units of schools and youth villages participating in the project, in the accompanying and mentoring of students by senior officers of the Bank ("Mentor Program") and in providing financial education for hundreds of young persons who are participating in the Sprint frameworks. Representatives of the Bank are members of the audit committee of the Association and the Bank's Accounting Division provides accounting and payment services for the Association.



* This figure is especially high given that this is a weak population.

Investing in additional strategic cooperation

“Discount Sprint First”

In 2022, the Bank initiated an innovative and unique program, in conjunction with Sprint for the Future association and the Rishon Lezion Foundation for Promoting Education and Employment, that places emphasis on the advancement of the city’s youth.

A three-year program has been developed. In accordance with the needs raised by the foundation for the advancement of the Rishon Lezion’s youth, program objectives and goals have been defined in the program for the first year: advancement of 60 youngsters from weak populations and to paving the way for their social-employment integration through the creation of an attachment and a sense of belonging to the community, to the city and to Discount Bank.

Some of the students were attached to mentors from inside the Bank. In 2023, the second year of activity began, with 28 new students joining the 32 students who continued to take part in the program from the first year of activity. All the students took part in volunteer activities in the city, and all the more so, during the Iron Swords War.

The participants in the program receive:

- Personal development and employment adaptation workshops;
- Assistance with learning and individual mentoring;
- A studies scholarship.

Krembo Wings

A youth movement leading social change, the first and the only one of its kind in the world, for children with and without special needs. Krembo Wings conducts once a week informal social-educational activities in a model of personal coaching within a group framework. Most of the coaches are youngsters coming from general education. The joint activity

contributes to increased awareness for special populations and to social accessibility, while providing response to the emotional and social needs of persons with special needs and their integration into the Israeli society.

In 2023, in addition to the Bank continuing to support activity in the cities of Lod and Acre, the Bank immediately sprang into action to help the Association bring about the summer camp project that was on the verge of being cancelled. As part of this cooperation, many Bank employees volunteered to help operate the camp in the Haspin Forest on the Golan Heights.

The Notnim Tikva (Giving Hope) Association

The Discount Group set up a Discount war room, the basic aim of which is to provide a response to the urgent needs of IDF soldiers wounded in the Iron Swords War who are undergoing rehabilitation at Sheba Tel Hashomer Hospital. Within the framework of the war room, which operates through the Notnim Tikva Association, the Bank provides a response to urgent requests that fall outside the realm of the IDF or the Ministry of Defense. Since the establishment of the war room, Bank volunteers have been going to the rehabilitation center regularly once a week, and some even more frequently. The volunteers conduct joint activities with the wounded, find out their needs and establish personal connections.

Rimon Farm

The Rimon Farm at Kibbutz Lahav constitutes an agricultural-therapeutic framework for at-risk youth, who come from cities and communities in the south of the country. The youth are engaged in productive-agricultural work, in the space of a therapeutic environment. The work in agriculture is the main therapeutic means by which the youth establish optimal relations with experienced staff members, in both the agricultural field and the therapeutic field.

DARCA

DARCA is a network of high schools intended to strengthen schools in the geosocial periphery and from various communities in

Israeli society. DARCA’s activities promote students’ success and excellence. The Bank provides support for activities at schools in Ashkelon and Julis, and view DARCA as a strategic project.

INCLU

The association promotes a groundbreaking agenda of kindergartens and schools at which children with special needs and those without learn together, with an emphasis on providing the necessary environment to achieve accomplishments. The children learn to include their classmates. The Bank provides support for the operation of INCLU’s educational institutions and for the opening of additional facilities, and view INCLU as a strategic project.

Lishma Association

Development of a reserve of ultra orthodox senior professional women, promoting solutions for social challenges. The Association serves as a greenhouse for the development of responses and comprises a platform for significant social activity, leading crosswise partnerships and initiatives between sectors.

The Lishma program operates at the Haifa University and at the Interdisciplinary Center in Herzliya. The Program is engaged in leading policy change processes, provides theoretical knowledge, professional tools and practical work, with personal development and structuring system management abilities for advancement of solutions for social challenges in the ultra orthodox sector.

The Bank supports the Association since 2020 and promotes cooperations with it. The Bank’s support for the Association continued in 2023.

RASHI Foundation

➤ **The Cyber Education Center** – a program for the cultivation of excellence and the provision of accessibility to professional knowledge and skills in the cyber and computer fields for youngsters from the periphery and marginalized populations, as a lever to narrow social gaps. The

Bank provides support for the StarTech and Mamriot (Taking-off) programs, and view them as a strategic project.

- **StarTech program** – an intense experiential program for middle school students intended to increase the number of young persons from peripheral areas who choose to specialize in technological studies. The program constitutes a springboard to computer studies at high school and to service in specialized units of the IDF. The Bank supports this program in the towns of Eilat, Tsfat and Kiriyat Malachi.
- **Mamriot (Taking-off) program** – a three-year excellence program directing young girls into technology studies.

Investing in promoting employment diversity and inclusion

➤ Within the framework of the community investment budget, the Bank decided to invest in projects intended to advance diversity and inclusion in employment, such as “BoostCamp” – training for employees from the Arab society; Beit Issie Shapiro – training for people with a disability; Tech Career – training for young people from the Ethiopian community; and Ofek Liyladenu – an association that helps children and young people with blindness and visual impairments and their families.

“BoostCamp”

In November 2022, the Bank launched a unique program – the “BoostCamp”, a dedicated track for training academics from the Arab society in the fields of finance, economics and management, for core positions in the Bank’s business divisions – business coordinators.

The program, which was established in partnership with ‘Co-Impact’, ‘Kav Mashve’ and ‘Matan’, attracted more than 100 candidates, and following a strict selection process, the program’s participants were selected. At the same time, the Bank’s recruiters and the training managers underwent training

in interviewing and selection techniques appropriate to the target population.

The program lasts 18 months during which the trainees undergo training for banking positions from tellers and service teams to an advanced business credit course, while at the same time acquiring expertise and skills, through accompaniment and guidance in the business units.

The training process has been constructed in steps of ever-increasing complexity in the training, and concurrently with practical field experience.

Throughout the entire course, the trainees undergo personal feedback processes, are provided with a broad mentoring envelopment within the units and receive personal and professional accompaniment to encourage their success. Alongside this, at defined junctures during the program, the trainees' situation is assessed in order to make adjustments, corrections and improvements to the program.

Beit Issie Shapiro

In 2022, the Bank initiated and financed a program for the development of innovative educational and therapeutic services to create change in the social standing of children and adults with various disabilities.

Beit Issie Shapiro has researched the issue of employment for persons with a disability – an improvement in the quality of life of the person with a disability and his integration in the community through an understanding that suitable employment is a major part of his lifecycle, as an involved and active citizen with equal rights. A placement model has been built for a target population of high-functioning young people who currently fall between the cracks (estimated at some 10,000 persons annually), which is based on Beit Issie Shapiro partnering with business/commercial companies to create successful placements. At the base of the model are:

- Appropriate professional training – in-house: the company will offer defined positions for employment, will train the participants and will guarantee placement for those found to be suitable;
- A “sense of capability” course and the acquiring soft skills for the employment candidate;
- Workplace mentoring and training for the employee’s optimal absorption.

In 2023, the process of developing the program and locating employers for the placement of the participants continued.

"Tech Career" program

The hi-tech field is not accessible to most young people of Ethiopian origin, due to social and economic differences that prevent them from reaching the required studies and integrate into this field. The "Tech Career" Association made it its target to change this reality, providing young people of Ethiopian origin with an entry ticket to the hi-tech field by appropriate professional training, thus creating a dramatic social leadership for this community as a whole.

The Association operates for the last twenty years, a singular model that had produced many successes.

Discount Bank supports this Association since 2014. In 2023, the Bank's support of the operations of the Association continued, in order to enable a larger number of young persons to be trained and to integrate into workplaces of the first line.



Ofek Liyladenu

The association, which provides a response to the needs of children with blindness and visual impairments, serves all families in Israel from every religion and segment and works to support and encourage young people to grow up to be independent adults and to be able to contribute to society. Since 2004, the Bank has supported the “Work on the Horizon” program that trains youth for employment, including training and placement in bank units for two weeks during the summer vacation, and does so every year.

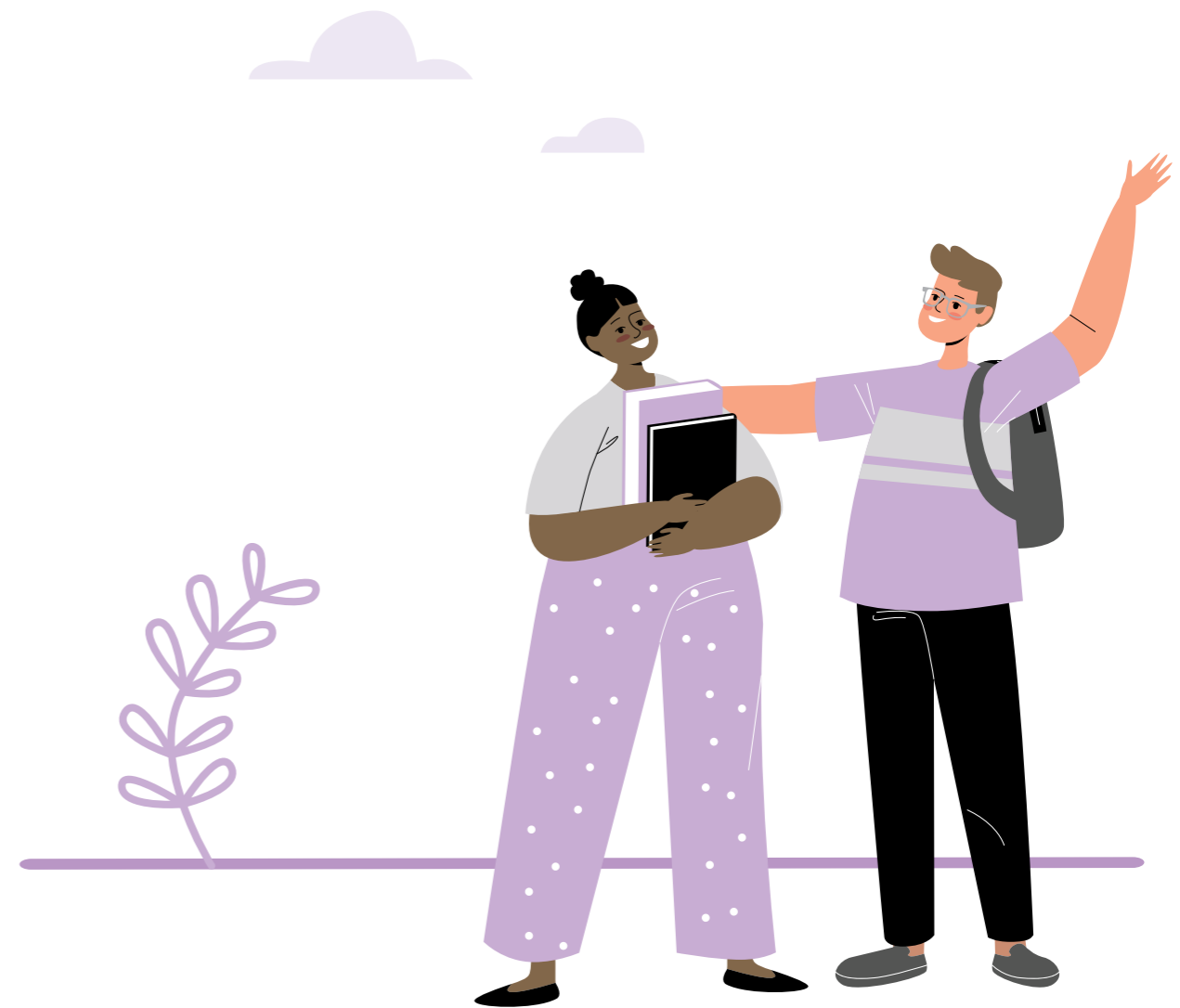
Discount Fund for Occupational Diversity

As part of the Bank's ambition to promote occupational diversity in Israel, Discount, in collaboration with Social Finance Israel, established in 2023 a fund based on the career bond model.

The Fund is the first project of its kind in Israel the aim of which is to provide access to quality training and employment for diverse populations, through the Career Impact Bond (CIB) model, which serves as a tool for bridging skill gaps and for narrowing social gaps, while increasing social and occupational mobility.

The Fund will support populations in Israeli society that are currently excluded from the employment market and will enable them to improve their employment opportunities in the financial sector, through professional training.

At present, in light of the Iron Swords War and the changes in the employment market, the Fund is working to clarify needs and the required occupational training.



Investing in additional projects

OFANIM Association – Equal opportunity for the next generation

Activity in aid of children of peripheral areas, intended to provide them with a future image that includes integration in the advanced employment world by exposing them to new contents worlds in the science and technology fields, increasing motivation for learning and personal empowerment, developing expression and thinking skills and bringing the students nearer the world of higher education. This singular program, jointly with the Israel Institute of Technology - Technion, includes studies in robotics, sciences, physics and more.

OFANIM Academic program – opens the door for children from the Northern peripheral areas into the world of higher education. The program is combined with studies in the mobile laboratory of OFANIM and with the university laboratories of the Technion. An experience having great significance for the participants is the entry into the gates of the academy in itself, studying and undergoing invigorating and inspirational scientific experiences.

In 2023, the Bank's support continued in operating the mobile laboratories in Afula and the OFANIM Academic program.

Michal Sela Forum

The Michal Sela Forum was established in 2020, following the murder of Michal Sela of blessed memory, with a view of preventing the next murder. The Forum acts to save life and to prevent violence against women by means of innovation (Hackathons) and technology, "thinking out of the box", with a focus on explication and awareness of signs of alarm in intimate relations. The target set by the Forum is: zero murdered women in a year. The Association is active on different levels, including Hackathons for the cracking of violence challenges against women using technology.

The Association has established the "Michal Sela Reconnaissance Unit" providing

an "iron suit" for women not living with their threatening spouse, where the case is known to the police or the welfare authorities.

During 2023, the Bank continued its support for the association's activities, both in the area of the "Michal's Watch" project to save the life of threatened women (the Bank's contribution is aimed at protecting the homes of 60 women) and also in the area of the hackathon to develop additional innovative tools.

"Discount Fund" at the "Ezra LeMarpe" Organization

The Discount Fund was established in 2007 as a collaborative effort between the Bank and the "Ezra LeMarpe" Association, and its objective is to provide financial assistance in cases of acute and exceptional medical conditions. Since then, the Fund has operated continuously, including in 2023. Applications for help received by the Bank are referred to the Ezra LeMarpe Association for examination of the case and its various aspects. In cases where the Association approves the request, assistance is given from the Discount Fund in the association.

"Adopt a combat soldier" Project

For the past 19 years, Discount Bank has been a partner in the Friends of the Association for the Wellbeing of Israel's Soldiers "Adopt a Combat Soldier" Project. The Bank adopts "Squadron 916" of the Israel Navy, which is responsible for the security of Israel's southern coast, and the "Tiger" Regiment of the Artillery Corps. The Bank maintains regular contact with the adopted units, supports the said units with a monetary contribution of NIS 100 thousand per year for each unit for the welfare of the soldiers as well as with volunteer work by branches of the Bank located in the areas adjacent to these units.

In 2023, the Bank embraced the adopted units even more since the outbreak of the Iron Swords War, responded to every request and made sure that the combat soldiers and their families were properly looked after and nurtured.

"Zoharim Village" (Rabbi Grossman Enterprises)

An educational therapy village that was established to accept youth from the ultra-orthodox community, between the ages of 14-18, who are at risk due to being unable to find their place in the regular ultra-orthodox educational frameworks. Students at the village learn practical professions such as: carpentry, agriculture, therapeutic horse riding, etc., and also benefit from an education fostering values and a rich curriculum adapted to them.

Since 2014, the Bank has been supporting an army service preparation course that is run within the framework of the village. In 2023, the Bank's support in the activities continued. Among other things, the Bank supported the "Voyage to Israeli Responsibility" program – a one week voyage to the roots of Zionism, as well as training course for military service.

Arts

Discount's art collection comprises a fascinating and varied assortment of making over more than fifty years and includes sculptures, paintings, tapestries, video art and photographs.

The collection is managed by an advisory committee numbering four external experts (museum curators and such like) and two representatives of the Bank. The committee convenes several times a year discussing new acquisitions and the structure of the collection. The committee operates since 2004 and its members are appointed on a voluntary basis for a period of three years. In recent years the collection has been mapped and examined by the committee, with emphasis on acquiring works that will complete the collection and represent young artists.

The Bank's art collection is considered one of the quality collections of Israeli art and guided tours of the collection are conducted at the Discount Tower. In 2023, 20 art tours were conducted at the Bank for art lovers and associations of Friends of the Museums.

PROMOTION AND NURTURING OF ISRAELI ART THROUGH THE ACQUISITION OF WORKS OF ART AND CONDUCTING GUIDED TOURS OF THE ART COLLECTION OF DISCOUNT BANK

In 2023, nine works of art by the artists Maya Gold, Zivi Geva, Tal Shochat, Maria Saleh Mahameed, Noa Yakutiel, Gal Weinstein, and Sharon Poliakine were purchased.

In 2019-2023, as part of the preparations for the move of the Discount campus, the Bank donated hundreds of original works of art and prints to various associations. In 2023, works of art and prints were donated, to various associations, to the Druze community schools in the Galilee, to the Reuth Rehabilitation Hospital and to the Hillel Yaffe Hospital in Hadera, as well as to the various soldiers homes and hostels all over Israel.

In 2023, the Bank continued cooperation with various museums, lending them works from the art collection of the Bank:

- > the work "Tribute to Mrs. G." is on loan to the Yaacov Agam Museum of Art in Rishon Lezion;
- > the work "Canaan, the Promised Land" is on loan to the Moshe Castel Museum of Art in Ma'ale Adumim;
- > two works by Yehezkel Streichman and one work by David Hendler were loaned to the exhibition "Between You and Me – A Mirror" at the Rehovot Municipal Gallery;
- > a work by the artist Nirvana Dabbah was loaned to the museum in Umm al-Fahm;
- > a work was lent to the Tel Aviv Museum for the exhibition of the artist Shalom Sebba.



Additional activities in 2023

Within the framework of encouraging the arts, support was granted to the exhibition of the artists: Zivi Geva, Maria Saleh Mahameed and Noa Yekutieli at the MAXXI Museum in Rome.

A podcast about the Bank's art collection was made as part of SO-ART and was distributed to the general public.

In 2023, with the completion of the Discount Campus, the Bank began transferring the works to the Campus complex. The first stage is the design of the Discount building and subsequently works will be transferred to the rest of the Campus buildings.

Impact investments and financing social credit

Impact investments are investments whose purpose is to create a measurable, beneficial social or environmental impact, in conjunction with generating a financial return. In 2018, Discount Capital invested in two impact funds thereby becoming one of the leading investors in this field in Israel.

Bridges Israel Fund

The Fund is associated with Bridges Venture that manages impact investments in a scope of more than US\$ 1 billion in the United Kingdom and in the United States. The Fund's first "closing", as well as the signing of Discount Capital's investment commitment, took place in March 2018. Discount Capital's commitment of US\$ 7.5 million is part of total commitments of US\$ 50 million. Additional investors have since joined the Fund and the final closing of the fund took place in September 2019, in a total amount of US\$ 77 million and Discount Capital has increased its investment commitment in the Fund to an amount of US\$ 10 million.

The Fund promotes the advancement of underserved populations while investing in projects dealing with health and welfare, education and sustainable life subjects. The Fund invests in technology companies

developing technological solutions endeavoring to provide response to social or environmental problems, and in corporations operating in the peripheral social and economic regions of Israel. Inter alia, the Fund invested in projects of N-Drip, in the Venn project, in Abraham Hostel, in Nazid Impact Food, in S, in TailorMed, in Softimize and in Agristak.

As of December 31, 2023, Discount Capital's investment in the fund amounted to US\$8.6 million.

12 Angels Fund

The Fund was founded by KamaTech for the purpose of helping ultra-orthodox Jews (Haredi) integrate into Israel's high-tech scene, and particularly into early-stage startups. The investors in the Fund are some 30 of the leading entities in Israeli high-tech infrastructure. In December 2017, Discount Capital signed a commitment to invest US\$ 0.5 million in the Fund, this being part of the Fund's US\$ 3.5 million in total commitments.

In February 2022 Discount Capital signed a commitment to invest US\$ 1 million in a continuing Fund, this being part of the Fund's US\$ 6.8 million in total commitments.

As of December 31, 2023, the investment of Discount Capital in the Fund and the continuation fund totalled US\$0.9 million.

Credit for "Ogen"

The Bank has granted "Ogen" a credit facility to finance its activities.

"Ogen" is a public benefit company, whose activities are funded by donors and impact investors in Israel and around the world. "Ogen" makes credit available at low and friendly interest to minute and small businesses, as well as providing loans to non-profit organizations that require cash-flow bridging or crisis assistance. The association has been granted an extended credit license from the Bank of Israel, which allows it to operate as a not-for-profit social bank.

Volunteering in the community

The Bank sees the volunteering value as a leading organizational value, and strives to increase the scope of its volunteering activities, while encouraging its employees to take part in the different significant long-term voluntary activities. Many units of the Bank have adopted volunteering focuses, in respect of which they conduct different activities and encourage their employees to participate therein. The voluntary activity of the Bank's employees is diverse, providing assistance and support to a broad range of populations in Israel, including children and teenagers, persons with disabilities, soldiers, the infirm, the elderly and more. In 2023, a wide range of volunteering activities took place, and during this year also, volunteering Bank employees contributed their time and warm-heartedness.

Promotion, encouragement and the widening of the scope of volunteer work at the Bank, conducted by the individual, welfare and community department, includes initiation of projects, long-term accompaniment and the funding of voluntary activities, in cooperation with unit volunteer leaders. As a general rule, all voluntary activities are coordinated with the relevant social organization, in accordance with the special needs presented before the beginning of activity. At the end of the activity, its effectiveness is examined having in mind of additional activities. Concurrently, the Bank employees themselves are involved in selecting the voluntary program.

The Bank takes pride in the number of volunteers and in the variety of activities, providing them with a platform through publications on the different organizational media and is acting incessantly towards the expansion thereof.

Starting in 2022, voluntary activity can also be carried out during work hours, after the Bank's Management approved the allocation of three hours of voluntary activity on account of work hours for all Bank employees.

In 2023, with the outbreak of the Iron Swords War, the Bank's Management gave its approval for voluntary activity to take place even during working hours, with no limitation on the hours devoted to such volunteering.

In 2023, significant steps were made of enrollment by Bank employees for voluntary activity, activities permitting the maintenance of social distancing on the one hand, and on the other hand enabling Bank employees to express their wish to volunteer. Hereunder are several examples:

- Picking and packing of vegetables in cooperation with "Leket Israel" Association – Hundreds of Bank employees participated during the year in the picking of vegetables at the agricultural areas of the Association in Rishon Le-Tzion and in packing vegetables for delivery to needy families.
- Packing and distributing Purim gifts – Hundreds of Bank employees volunteered to pack and deliver Purim food gifts to weak populations.
- Collection drives for various products/items - costumes for the Purim holiday, coats before the onset of winter, and toys collections. The employees' response was tremendous, and all the products collected were distributed through charities that assist children and youngsters, needy families, Holocaust survivors, and others.
- Schoolbags and backpacks were collected as part of the social initiative "A school bag for each pupil", whose aim is to forge a link between the citizens of the country through mutual responsibility viewing the general good.
- The "Baking with Love for the Community" initiative – which became tradition, took place before the Shavuot festival, within the framework of which the Bank's employees baked and donated cakes for various associations throughout Israel, which distributed them to different populations, such as: Holocaust survivors,

IDF soldiers, at-risk women, children and teenagers, etc.

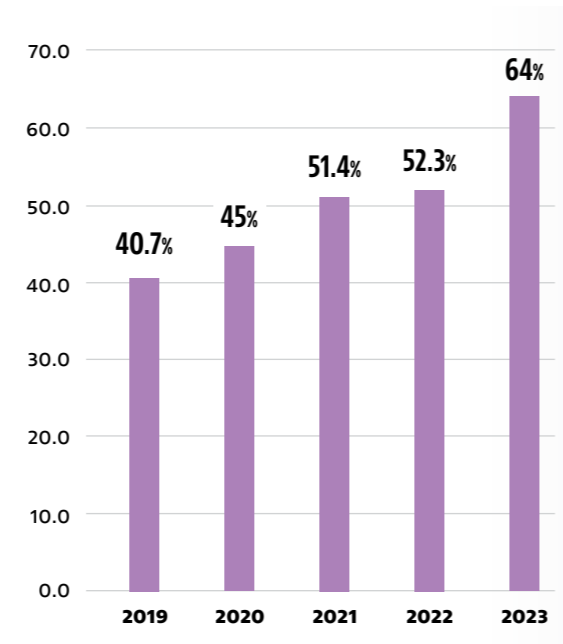
➤ Collaboration with "A Different Lesson" Association, which acts to promote equal opportunity, widening of horizons and development of thinking for children at risk, and to encourage significant involvement by the public in the education system. This activity continued in 2023, and in the framework of which, Bank employees were lectured on banking subjects and self-empowerment to fifth and sixth grade students.

4,107 employees³ volunteered in 2023 at different volunteering centers. These volunteers worked at some 83 locations contributing a total of approx. 25,000 volunteer hours³, Approx. 6.1 hours of volunteering on average per employee.

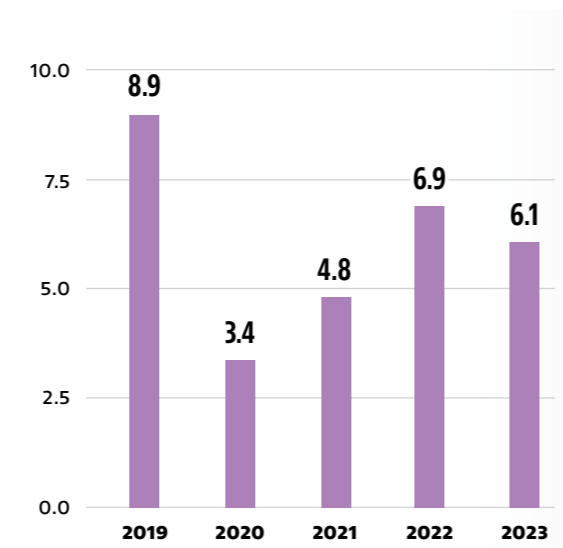


Employee volunteering data

Ratio of Volunteering Employees out of total employees^{2,3}



Average volunteering Hours Per Employee¹



Notes:

- 1 The calculation is based on total volunteer hours per year in relation to the number of volunteering employees in that year.
- 2 In 2019, the method of estimating volunteer hours was changed, including adding in overhead hours of the Bank's volunteer coordinators and of employees of the labor relations wing who are engaged in organizing the volunteering.
- 3 Calculated out of the total number of employees, excluding outsourcing.

Support of the Community during the "Iron Swords" War period

➤ Immediately proximate to the outbreak of the War, the Bank and its employees readied themselves to assist residents of communities surrounding the Gaza Strip and of the South. Jointly with the Human Resources Division and the Strategy Division, a designated team has been formed for dealing with requests for assistance and for initiatives regarding support of different factors, in directing monetary assistance and matching volunteers to the different activities. The Bank allocates funds for different factors to the direct support of casualties, to supporting entities and to fighters of the IDF.

Included in the above are: focused assistance had been provided to residents of communities surrounding the Gaza Strip, who remained with absolutely nothing at all, in getting organized and acquiring basic needs; assistance to local authorities in the South and to residents of the area; assistance to Kibbutz Re'im in purchasing equipment and furnishing of alternative residence, initiated by the representative committee of Discount Bank employees, together with contributions of leave days pay and cash donations by Bank employees; funding of hundreds of hotel rooms in Central Israel for residents of the South who wanted to move to a safer place; funding of psychological treatments and mental help to hundreds of children and youth by means of the resilience centers operating in the towns of communities surrounding the Gaza Strip and in the South; procuring equipment for fighters of the IDF; donations to hospitals treating casualties from the fighting zones for the purchase of life-saving equipment; donations to Magen David Adom and ZAKA associations for the reinforcement of their rescue teams; donations for the support of the IDF and the security forces; Donations to Savyonim Association in support of the operation of ambulances transporting sick and handicapped persons and those with

special needs; donations to the Jordan River Village, which opened its doors to families of children with complex disabilities, who were evacuated from their homes in the communities surrounding the Gaza Strip and in the Southern towns; donations for the maintenance of agricultural activity of the Ein Habsor cooperative Israeli community (moshav); donations for operating a pampering food truck for IDF soldiers, in cooperation with Moshik Roth and the KARNAF Group; donations for operations rooms established to support IDF fighters, civilians and more.

A designated team was established as part of the Human Resources Division, which has undergone training by the Israel Trauma and Resilience Center (NATAL), for conducting conversations with employees suffering anxiety on the background of the present situation and for providing primary mental help. Specific cases, such as employees who experienced trauma in the past on national background, were treated by the Bank's social workers. Specific support was granted to employees facing economic or family distress on the background of the War – economic/mental help, assistance regarding hotel accommodation for employees and their families from the Southern Region, relief and flexibility at the office, etc.

Moreover, professional tools and training were made available by the welfare workers to managers (for example, managers whose employees suffer from a previous post-trauma); specific training for special cases; reference to relevant lectures (such as lectures for conducting emphatic conversations with customers affected by the War/their families, intended for managers/staff of the Banking Division, etc.).

In addition, specialized lectures and discussion groups were held in order to help population groups with similar characteristics to deal with the situation: a designated lecture for employees having children with special needs at war time, lecture to families with children serving in the military etc.

Employees returning to work after active reserve service, have been provided with a support package, which inter alia included, flexibility in office hours, gifts, appointments with a social worker, discussion group for those returning from active service, conversations with employees conducted by unit/division managers, centralized communication making available various mental responses, relevant items in the Morning Journal increasing awareness of the important activity of reservists on active service.

Furthermore, many hundreds of Bank employees took part since the beginning of the War in different voluntary activities around the country, such as: packaging of personal effects (clothing, toys, etc.) for servicemen and residents of the communities surrounding the Gaza Strip and of the South in cooperation with the "Pitchon Lev" Association; preparation of sandwiches for soldiers and residents of the communities surrounding the Gaza Strip; packaging of hot meals for the security forces and hospitals; preparation of agricultural products packages at the logistic center of "Leket Israel"; purchasing and packaging of computers and tablets for children and youth in cooperation with the "Lend a Hand to a Special Child" Association; packaging of needed personal equipment for military units adopted by the Bank; making personal telephone calls to the senior population regarding their needs in cooperation with the "Surprise Cake" Association; help to farmers in fruit picking, and more.

In order to encourage and facilitate the expansion of volunteering, the Bank's Management allowed employees to volunteer within the working hours with no time limit. At the same time, the Bank's Individual, Welfare and Community Unit is working to initiate and provide access for employees to a diverse range of volunteer activities.

Many moving initiatives have been established in the shadow of the War, but there is no doubt that the most touching of which are "Keren Or", "Discount War Room" and the adoption of members of "Re'im Kibbutz". In each of these significant activities, employees of the Bank take part in voluntary activities.

"Discount War Room" - at the rehabilitation ward of the Sheba Hospital "Returning to Life". The Discount Group has established the "Discount War Room" with the aim of providing an immediate response to the urgent needs of IDF soldiers injured during the fighting, being treated in the rehabilitation wards of the Sheba Tel Hashomer Hospital. Within the framework of the War Room, which is being operated by the "Notnim Tikva" (Providing Hope) Association, response is given to urgent applications that are not found within the care boundaries of the IDF or the Ministry of Defense, starting with the purchase of vital equipment and up to economic assistance.

Since date of establishment of the "War Room" volunteers of the Bank visit the rehabilitation wards once a week on a regular basis, some of them even more frequently. The volunteers visit the wounded, conduct joint activities, talk to them, inquire as to their needs and buildup personal relations. These frequent visits enable the creation of warm and direct connection with the wounded and their families, and even with released patients who visit the Hospital for treatment. This new initiative has created touching initiatives and cooperations, such as "Bar-Mitzvah" celebration at the Hospital for the brother of a severely injured patient in participation with and assistance of Bank employees, indulging patients with special dishes prepared by employees of the Bank, and more. Wounded soldiers were invited to visit the Discount Campus, they visited a number of important sites and learned closely about the Bank's activity, being accompanied by the President & CEO and Management of the Bank. In view of the needs raised during discussions with the wounded,



the Bank introduced a program – "The day following rehabilitation" – a mentoring program by managers at the Bank, who had received specialized training, which is intended to accompany the wounded towards and after leaving rehabilitation.

Adoption of the "Re'im Kibbutz". Employees of the Bank, by way of the Employees Representative Committee have adopted the members of the Re'im Kibbutz. As a first stage for the rehabilitation of the Kibbutz members, Bank employees pitched in to help in equipping the temporary residences of Kibbutz members who had moved to Tel Aviv. In addition, employees of the Bank have contributed their vacation payments in the amount of NIS 2.5 million.

"Keren Or" – Foundation in aid of children and youth harmed during the War

> The Discount Group has established the 'Keren Or' Foundation for the designated support of children and young persons harmed in the conflict area during the War. The Foundation, established by Discount Bank and MDB will amount to an initial sum of NIS 50 million, and will engage in providing a holistic long-term solution to the needs of suffering children and youth along the confrontation line in order to restore their personal and communal security and help them regain optimal functioning in their lives and to be leaders of change in the community.

The 'Keren Or' Foundation will operate for at least three years and will accompany children and youth aged 10-18 at seven centers: at the regional councils of Sdot Negev, Sha'ar HaNegev, Hof Ashkelon, and Eshkol, and in the cities of Sderot, Ofakim and Netivot.

The 'Keren Or' Foundation is managed by a professional team that determines the comprehensive action plan formulated with the 'Advisory Committee', which was set up specifically for the benefit of the Foundation, chaired by the Bank's President & CEO and its members are professionals from the fields of psychiatry, education, welfare, local authorities, and finance, and a representative from the communities surrounding the Gaza Strip. 'Keren Or' operates through the "Sprint for the future" Association and provides response to varied needs, with the aim of enabling these children to return to optimal functioning in their life, by varied means: workshops for individual and collective empowerment, enrichment and relaxation activities, relation to the community and social leadership activities, supporting studies and additional needs encountered during operations. For this purpose, the Foundation operates in cooperation with the regional authorities and councils, alongside different factors in the community. The 'Keren Or' Foundation began operating in November 2023, and has defined four months of activity in each of the two major evacuation zones – the Dead Sea and Eilat. A series of resilience and empowerment workshops have been set which operates within the formal education framework (during school hours) and through afternoon activities in institutions where the children and youth are located, in schools, hotels, etc. The activity includes diverse workshops: phototherapy, empowerment through theater, challenging experiential activities (O.D.T.), a street art and painting workshop, extreme activities and cycling, sports empowerment, simulators and much more.


During the first four months of operation, more than 2,500 workshops took place in which approx. 5,000 children and youth participated through collaborations with various associations and bodies (Hamal Ezrahi, NATAL – Israel Trauma Center for Victims of Terror and War, Etgarim-Challenges, Invisible Album, etc.), local councils (those from which evacuees came and those accepting them) and staff members of the "Sprint for the Future" association.

Within the framework of the change to the activity stage at the communities surrounding the Gaza Strip, an operating model was structured, based on a resilience model that will focus on growth, proactive activity of youth through empowerment, leadership and education with the cooperation of the Directors of Education at the regional authorities and councils. The mapping of needs, definition of activity frameworks and the budget for the whole of 2024, were carried out in each of the seven centers. The structuring of a work plan began, divided into three parts: until the end of the present academic year (5784-2024), a plan for the summer months and a curriculum for the next academic year beginning in September 5785-2024. The implementation of the plan in the communities surrounding the Gaza Strip started in April. At the same time "Keren Or" continues to operate in favor of the residents of these communities who remained in the Dead Sea area and in Eilat, and accompanies the 12th grade students – a group of the Nofei Habsor Boarding School in Ein Gedi.

The Discount Group allows the general public to contribute to the Foundation and undertakes to double the amount so contributed. Commitments to the fund totaled approx. NIS 52.2 million at a date proximate to the date of the report's publication.



ICC

 In light of the events of October 7, ICC increased its donations budget which was used to make donations and provide assistance to combat soldiers and to make financial and other donations to residents of the communities surrounding the Gaza Strip. Some of the more noteworthy actions taken are the following:

Donations to the evacuees from the communities surrounding the Gaza Strip together with the Business Forum – NIS 1,000 for each evacuee.

Financial donations and assistance for combat soldiers – Purchase of medicines and medical equipment for combat soldiers, together with the United Hatzalah organization, purchase of mobile phone chargers for combat soldiers in elite units, purchase of essential equipment for combat soldiers (especially flashlights, underwear, sleeping bags), purchase of weapons maintenance equipment for combatants in the field, purchase of N95 masks for ZAKA volunteers, distribution of meal vouchers to 50 soldiers from a company in the 882nd Battalion, the purchase of 120 thermos flasks for soldiers, etc.


Donations and assistance for evacuees and for the home front – A financial donation of half a million shekels was made to the evacuees from the communities surrounding the Gaza Strip, a financial donation to NATAL – the Israel Trauma and Resiliency Center to help victims of trauma on a national basis; a donation to the "Ma'ase Nissim" (Miracle Worker) Association for housing for the evacuees from the communities surrounding the Gaza Strip, a donation to the "Shanti House" Association that treated and hosted evacuees from the communities surrounding the Gaza Strip, the provision of 3 days of catering for 260 evacuees from Moshav Shokeda who were being hosted in Arad; the purchase of toiletries and children's building kits for the evacuees from the communities surrounding the Gaza Strip who are staying in the Maccabiah village and Kibbutz Shefayim; and the purchase of thermos flasks and cups for the evacuees.

Support through rechargeable cards – ICC allows associations and organizations to make

contributions with rechargeable credit cards, at no cost, and additionally contributes 10% on each amount donated.

Employee volunteering during working hours – ICC allows any employee wishing to do so to take five volunteering hours per month at the company's expense, either in an individual or a team framework. Consequently, employees took part in a variety of volunteer activities: in agriculture (picking tomatoes, clementines and persimmons), in assisting evacuees, and in preparing and cleaning apartments for occupancy; volunteering in hospital departments; volunteering in packing combat rations for soldiers at various bases (Tzrifin, Training Base 1); activities with the evacuee children staying in hotels and various other locations, and more.

MDB

 Bank employees assisted in the picking of agricultural products, in recreation activities for children of the communities surrounding the Gaza Strip who were evacuated from their homes, in the packaging and distribution of food parcels to evacuees and soldiers, and more. Likewise, the Bank donated computers to children of the communities surrounding the Gaza Strip, helped in the preparation of shelters in the North and contributed equipment to IDF units, to the "war room" of families of the kidnapped and to local authorities.

MDB took part in the establishment of the "Keren Or" Fund, which is affiliated with the Discount Group (see above).

"Northern Stars" – MDB, jointly with Sprint for the Future Association formed the Northern Stars plan for the support of evacuee children in the North. The plan includes educational, social and academic solutions and is operated by one hundred students who are being compensated with a scholarship for their work with the evacuees in these fields.

The support provided by the Discount Group to the community in the period of the "Iron Swords" War (until December 31, 2023; and including the commitment in respect of "Keren Or") amounted to approx. NIS 70 million.

Involvement in and contribution to the community

MDB

The work for the community of MDB is an integral and significant part of its overall activity and organizational culture. The activities in the community are diverse and include financial contributions, sponsorships and participation in community projects, as well as activities of employees in the community.

MDB has chosen to focus on the promotion of education and knowledge, alongside diverse activities in other fields also. This is in pursuit of advancing the future generation and contributing to an advanced and valued society.

The activity includes several central projects:

"Sprint Mercantile" project – MDB has been partnering with the "Sprint for the Future" Association for 15 years. Within the framework of this partnership, the bank donates every year dozens of scholarships for academic studies to students from the Arab community. In return for a scholarship, each student commits to help school students from his/her village with their studies and in preparing for the matriculation exams. For further details, see above under "Sprint Discount".

"Computer for each child" project – For more than a decade MDB has participated in this project involving the contribution of computers, software and instruction for children of low means families from the social periphery. Over the years, the Association has distributed thousands of computers to children and in addition, provided them with software, instructions and study courses regarding the different software. In the years in which MDB participates in the project, it has donated approx. 2,400 computers.

"Yad Eliezer" project – MDB has joined the "Yad Eliezer" Association, engaged in providing assistance and support to thousands of families

in need (single parent in particular) in the ultra-orthodox sector. The Association provides support in various fields including education, and in this activity the bank participates. Within the framework of this cooperation, the bank granted in 2023 some 320 of scholarships to mentors of the ultra-orthodox community, who in consideration to the scholarship assist in their studies school children of second to eight grades from these families.

Activity in aid of the community conducted by employees of MDB – Employees of the bank participate in voluntary work, including: distribution of food baskets prior to the major holidays of members of different religions, distribution of gift cards to the needy, financial education workshops for teens and young persons, participation in holiday parties at welfare homes, nursing homes, hostels, hospitals, etc. At part of the activities Bank employees distribute gift parcels purchased within the framework of social purchasing.

ICC

ICC sees itself as being committed to giving to the community and invests considerable resources to social work with weak populations within the Israeli society. The sphere of social responsibility at ICC is based on two principles: the connection to the core business and the allocation of financial resources along with human resources, by integrating employees' voluntary activities. ICC leads numerous social projects that connect the company's business activities to contributing to the community, through creating partnerships with many associations and social organizations. The aforesaid include the following initiatives:

"ICC for a Fair Chance" – a social initiative which intertwines ICC credit card holders together with various merchants and the "Fair Chance for Children" Association. Within the framework of the initiative, a discount is granted to the credit card holder in respect of any transaction made through an ICC credit card at merchants participating in the program, and concurrently, a donation is made to the association. By means of the

donation mechanism, the Association enjoys a generous donation flow, which assists in financing housing for graduates of boarding schools, granting of scholarships for academic studies to students, employment plans for integration into the labor market, training and assistance in utilizing rights, and more.

"A Different Lesson" – ICC works to promote equal opportunities in education and participates in the project of the "A different lesson" Association. ICC's employees and managers arrive at schools at which pupils from low socio-economic neighborhoods study, and present series of lessons to the pupils, mostly on matters of financial education, the credit card world and life skills. At the conclusion of the activity and toward the end of the academic year, an "ultimate activity" is held at the offices of ICC, as part of which the pupils are invited for an enriching and experiential tour.

"Round-Up" – ICC participates in the social initiative of the "Round-Up" Association, and thus enabling ICC customer credit card holders to round-up to the nearest shekel the amount of a credit card transaction not in whole shekels, and to contribute the difference to chosen, close to their heart associations. ICC has worked meticulously to increase the number of round-up cards and encourages its customers to join the circle of donors.

"Savyonim" Association – ICC works with the "Savyonim – Assistance to Any Person at Any Time" Association, which provides the general public with life-saving services, transportation and a first response in saving lives by means of emergency rescue motorcycles and transport vehicle that operate 24 hours a day, 6 days a week, free of charge. ICC provides the association with financial support that enables ongoing maintenance of the emergency rescue motorcycle that has been in operation for the last six years and provides a first response in numerous emergency situations.

Assistance to families in need – ICC assists needy families by supporting the Special Hessed Unit (SAHI). The company's employees

volunteer and pack the food that ICC donates, with the packaging process taking place at ICC's office before the religious festivals. ICC transfer to the association hundreds of boxes filled with groceries that are then delivered to needy families in the community, as mapped out by teenage helpers and SAHI activists.

Assistance to women victims of violence – ICC works to promote social-value projects and, as part of this, the company has acquired copies of the book "A Kitchen of Their Own" – a non-profit project in which prominent women from the food sector participated in a commitment to create a better future for Israeli children. All the book's profits are donated to the Association of Rape Crisis Centers in Israel, for the purpose of funding the educational programs the Association promotes for the prevention of sexual violence among children and youth, and for promoting gender equality and mutual respect in Israeli society.

Company employees initiate for the community – The company is open to any employee wishing to offer ideas and to lead social initiatives. ICC assists in advancing ideas through providing budgets and by assisting with the actual work. Of the various activities initiated and led by employees, the following should be mentioned: Chanukah parties for the elderly, visits to hospital patients, the distribution of learning equipment to families in need, the donation of furniture to lone soldiers, the distribution of Chanukah candles to the elderly and sick, and more.

Granting sponsorships and purchasing tickets for fundraising events – ICC supports associations and social organizations by providing sponsorships and the purchase of tickets for fundraising events, to which employees involved in ICC's ongoing social work are invited from time to time. All this with the aspiration of reinforcing employees' sense of belonging and "unit pride".

Employee participation in the "Kruvit" (Cauliflower) project – ICC's employees took part in the Kruvit project, which helps people cook their own meals for the religious

festivals. Unlike the donation of groceries or dry food, project participants come to the homes of needy people who have difficulty in cooking for themselves and contribute their skills in preparing meals and in serving up the cooked food. The company’s employees are lending a hand to help single-parent families and Holocaust survivors.

Voluntary projects – In addition to the ongoing projects above, ICC’s employees take part in many other projects that take place throughout the year, including: purchasing packages and gifts for soldiers and the sick; baking cakes for the elderly and Holocaust survivors in sheltered housing; and buying costumes for boarding school children who were removed from their parents’ homes.

“Krembo Wings” – This year, ICC joined the special fundraising and broadcasts day (in cooperation with Keshet 12 and El Al), the income from which went to “Krembo Wings” – the Israeli youth movement that integrates children and youth from ordinary and special education, with and without special needs. Over the course of the day, six million shekels were raised.

Tafnit

Tafnit Discount Asset Management Ltd. (hereinafter: “Tafnit”), as part of its vision, has set its sights on partnering significant and valued endeavors for the benefit of the community. In addition to making monetary donations and financing community welfare activities, Tafnit places considerable emphasis on the voluntary involvement of Tafnit’s employees and managers. The main associations to which the company contributes are presented below:

“The Association for the Advancement of Education in Tel Aviv- Jaffa” (the Jaffa Institute) – The Institute is engaged in providing social services to children in distress, running after school clubs, awarding scholarships, helping Holocaust survivors and distributing food to those in need. Tafnit is involved in helping the Institute from a variety of aspects, such as: awarding scholarships to

students who are graduates of the Institute’s activities and who come from disadvantaged families, providing a safe and warm framework for children at the Institute’s after school clubs in a summer-camps project, and funding basic products for inclusion in packages for those in need at the Jewish New Year and the Passover Holidays. In addition to such monetary contributions, Tafnit’s employees contribute their time and energy to helping prepare food packages for those in need and then distributing those packages to the elderly, Holocaust survivors and to others in need. Tafnit’s employees also help in transporting the elderly to cultural centers, where they enjoy activities of the Association. This year, following the war, Tafnit made a special contribution to support and assist families evacuated from the communities surrounding the Gaza Strip by distributing food baskets and running classes through a science laboratory. Tafnit employees came several times during the war to help prepare packages and transport them to IDF bases.

“ALUT” – The Israeli Society for Autistic Children and Adults is an association of parents that works to treat and promote children, adolescents and adults on the autism spectrum. The association works to establish and operate a range of services according to needs and age range. As part of this setup, ALUT has a number of houses across the country that are the permanent home of adolescents and adults with autism. During the war, situations arise in which adolescents and adults on the autism spectrum experience persistent anxiety. This abnormal situation causes significant regression and extreme stress. To help ease this situation, Tafnit has helped finance the purchase of iPads for the association’s homes. In addition, and during normal times, Tafnit contributes to the association and funds a number of activities for the benefit of the association’s children and their families.



Goals

> Goals presented in the previous report

Discount Bank	✓ Achieved	Increasing the number of volunteering employees by 5%.
	Not achieved ¹	Launching a further BoostCamp program for underrepresented populations.
ICC	✓ Achieved	Bolstering voluntary activities and the company’s donations in accordance with the strategic focus.
	✓ Achieved	Increasing the number of employees’ volunteering hours by at least 5%.
MDB	✓ Achieved	Expanding and diversifying the volunteering channels and donations. Adding at least three new associations/bodies working for the social good.
	✓ Achieved	Broadening the connection with the Bank’s target segments and the social circles of influence.

> Goals for the future

Discount Bank	Running the “Synergy” program at the Bank, in collaboration with the Joint, to train senior managers for the role of directors in social associations.
	At least 60% of employees volunteering.
ICC	Launching a further BoostCamp program for underrepresented populations.
	Planning cross-company volunteer activity.
MDB	Increasing the number of volunteer hours of the company’s employees by at least 5%.
	Connection to the community and social work, with an emphasis on the security situation
	Increasing the number of volunteering units involved with contributing to the community from inside the bank.

Note:

¹ Due to the Iron Swords War and the apparent difficulty in hiring staff, it was decided to postpone it for a year.



08 GREEN DISCOUNT

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The Bank adopted a policy of maintaining the proper balance between business activity and environmental protection and it is committed to present an ongoing improvement in its environmental performances, without compromise regarding the quality of services provided to its customers



All data relate to the rate of change compared to 2022

↓ 14%
Paper consumption (tons)

↑ 26.3%
in the total Carbon footprint (in CO2 equivalent tons)

↓ 6.6%
in the intensity of the Carbon footprint (CO2/sq. m. equivalent tons)

Approx. 8.8
NIS BILLION financing environmental projects

2,404
NIS MILLION credit exposure to green credit

GREEN DISCOUNT



The Bank endeavors to create a positive impact through opportunities and risk management in the environment and climate field in its business activity, alongside savings and efficiencies in its operational routine

Policy

➤ Discount Bank attributes importance and relevance to the subject of the environment, from the social aspect and economic aspect. The Bank endeavors to create a positive impact through opportunities and risk management in the environment and climate field in its business activity, alongside savings and efficiencies in its operational routine. The Bank adopted a policy of **maintaining the proper balance between business activity and environmental protection** and it is committed to present an ongoing improvement in its environmental performances, without compromise regarding the quality of services provided to its customers.

Ultimate Objectives

- The Bank is committed to the principle of sustainable development;
- The Bank is committed to preventing environmental damage and ongoing improvement in contribution to the environment;
- The Bank supports an entrepreneurial and proactive approach to reducing the harmful effects on the environment in the area of assets;
- The Bank continuously examines energy-saving alternatives, in the operation of electrical equipment and air conditioning.

Goals for 2030

Financing with environmental value

Goal for 2030: Increasing the scope of financing for environmental projects to NIS 12 billion by 2030;

Status in 2023: The scope of financing for environmental projects in 2023 amounted to approx. NIS 8.8 billion.

Reducing the Bank's direct environmental impact

Goal for 2030: Reducing the carbon footprint of the Bank's operational activity by 40% - by 2030 (compared to 2022);

Status in 2023: The Bank's carbon footprint rose by approx. 26.2% compared to 2022. However, the intensity of the Bank's emissions

decreased by 6.6% compared to 2022 (CO₂/sq.m. in equivalent tons).²⁶

Environmental and climate risk management

Goal for 2030: The Bank will not finance mining and coal production projects and/or companies. Financing of oil companies will be possible solely for the needs of the Israeli energy sector, and subject to specific examination and approval.²⁷

Status in 2023: A predetermined limit tested annually.

Environmental activity principles

- The Bank strives to comply with all environmental laws, regulations and governance and received no complaints in 2023 regarding its environmental conduct and no penalties were imposed regarding violation and/or environmental hazard issues;
- The Bank allocates manpower and financial resources to examine and mitigate as much as possible its direct and indirect environmental impact;
- The Bank integrates environmental risk management within its business activity;
- Environmental and climate risk management has been defined by the Risk Management Division;
- The Bank is committed to identifying the environmental impacts in the construction and properties field. The Bank's Management appointed a senior officer, the manager of the construction and properties group, who reports directly to the Head of the Operations and Assets Division;

- The Bank strives to involve its employees and the community in its activities on behalf of the environment;
- Within the framework of managing the environment and climate field at Discount, the Bank acts on three planes:
 - Intensifying the management of environmental and climate risks and increasing the transparency with regard to this topic;
 - Promoting green credit and the financing of environment-friendly projects;
 - Reducing the Bank's carbon footprint within the framework of its operational activities.

Management of environmental and climate risks

➤ The issue of environmental and climate risk management, receives in recent years, high regulatory attention, due to the understanding that the realization of environmental and climate risks may have an effect on the banking system and in extreme cases may even lead to global and system effects. Different Regulators around the world, among which also the Supervisor of Banks in Israel, began the mapping of operations regarding this issue made by the banking system, as well as in the regulation of the disclosure and risk management obligations in this field.

The Supervisor views with great importance promotion of the issue of environmental risks and climate risks, and considers the banking corporations as important partners in the move

²⁶ The year 2023 was in part a year of construction in the final stages, and in part a year of occupancy of the Group's new Campus in Rishon LeZion. As part of the final construction stages, inspections were carried out and use made of the electricity, water and fuel resources, which are not for the Bank's routine operations (such as load checks), and which cannot be separated during the data monitoring and collection processes. Furthermore, the move to the Campus was gradual, with the Bank's old offices continuing in operation and to be maintained. This led to a rise of approx. 35% in the Bank's electricity consumption in 2023, and to an overall increase in its carbon footprint. However, the decrease in the intensity of the emissions reflects an overall efficiency in relation to the Bank's premises.

²⁷ In the past year, the Bank has formulated a climate risk policy and has improved the precision of its activity with the various sectors exposed to climate changes and impacting them.

to sustainable economic environment, inter alia, by forming an appetite for environmental risk, credit policy, investments, allocation of capital to "green" finance and investment activity, and more. Within this context, Discount Bank regulates the activity on the subject, including as part of the credit policy and the individual credit approval processes.

Furthermore, on June 12, 2023, the Supervisor of Banks in Israel issued Proper Conduct of Banking Business Directive (PCBB) No. 345, dealing with "Principles for the effective management of climate-related financial risks".²⁸ These principles, which were drafted in accordance with the Basel Committee's principles on climate risk, constitute a significant leap forward in the regulation of climate risk management in Israel's banking system. Under the directive, the Bank is expected to implement organizational-operational processes to integrate climate aspects into the business processes and to integrate climate risk into the Bank's various risk management frameworks, in which climate risk is a material risk factor. The principles focus on risk management based on a wide range of quantitative data collected from different sources and analyzed specifically and in aggregate, in accordance with accepted methodologies and relevance in each risk category.

In the past year, the Bank has begun the process of building a layout for managing climate risks in accordance with the regulator's expectations and according to the accepted work methodologies in the banking world, while adapting them to the Israeli market and the Bank's needs. Within this framework, a climate policy and corporate governance have been defined for climate risk management. An officer has been appointed to be responsible for managing climate risks and who coordinates and integrates the Bank's activities in this area. Additionally, a climate steering committee was established, chaired by the Head of the Strategy and Finance Division and which includes representatives of the

heads of the strategic divisions, and a work plan for comprehensive risks management was formulated.

At the same time, the Bank continues working to develop and deploy advanced climate risk management practices and integrate them into the Bank's existing risk management layout. As part of this, the Bank has drawn up a TCFD report for internal use, for the purpose of effectively managing the Bank's climate issues and promoting climate initiatives. In the next stage, Discount plans to issue a public report.

Material environmental and climate risk factors

➤ The Bank's main exposure to environmental and climate risk factors is based on the risk factors to which the Bank's customers are exposed. As a leading bank in Israel, whose activity reflects the face of the Israeli economy, Discount Bank's environmental and climate risk profile is similar to the risk profile of the Israeli economy as a whole. The main types of risk factors are as follows:

Environmental risks are risks relating to environmental hazards capable of impacting natural resources and ecological systems, with emphasis on compliance with various regulatory requirements in the environmental field. This category include use of hazardous materials, air pollution, waste treatment, overuse of natural resources, etc. Within the category of environmental risks, the following risk factors can be identified:

➤ **Air, ground or water pollution** – situations in which chemical or biological materials, which do not exist in the natural environmental composition, pollute ecological systems and result in harm to natural resources. These risk factors might result in regulatory or legal sanctions being imposed on the polluting companies, which might be expressed in financial damage or harm to the companies' business continuity.

In addition, ground pollution leads to a devaluation of the land belonging to the polluter.

➤ **Biodiversity damage** – situations in which business or industrial activity harms living beings within particular ecological systems, and affects the habitat of animals, particularly protected species and species threatened with extinction. The biodiversity damage might result in the imposition of significant regulatory, monetary or other sanctions to the companies causing the damage.

Climate risks – risks, which are mainly the effects of climate changes and their ramifications on the activities of various organizations. Climate risks are customarily divided into two main groups of risk factors: physical risks and transition risks.

➤ **Physical risks** – risks deriving from the direct effects of the greater scope, frequency and strength of extreme natural events (acute risks), alongside gradual shifts in weather patterns and geographic changes due to ongoing climate processes relating to climate change (chronic risks). This category of physical risks includes, inter alia, the gradual rise in temperatures, changes in precipitation patterns, the sparsity of natural water sources, land erosion, the rising sea level, increased drought events, extreme storms, fires, heat and cold waves, floods and inundations, etc. These risk factors could cause direct harm to various tangible assets, such as land, buildings and commodities (due for example to storms, fires or floods). In addition, they are expected to affect companies' business continuity in different ways.

➤ **Transition risks** – risks deriving from how organizations are expected to be affected by the global transition to a low-carbon economy, within the framework of battling climate change. This transition includes changes in policy and regulation, technological changes and changing

consumer preferences. These changes are expected to lead to significant effects on the availability and prices of commodities, products and raw materials, and therefore the transition risk has a material effect on the market risk.

Identification and measurement of climate risks

Climate change processes affect the risk array of financial institutions. After many years in which the Bank meticulously managed the environmental risks in credit activity, in accordance with regulatory guidelines, the Bank began the process of building a climate risk management layout at the end of 2022. In this context, Discount Bank examined how climate risks affect the Bank's financial and non-financial risk exposure. In the course of this, the exposure level of 13 economic sectors that are material for the Bank was mapped for physical risks and transition risks, while examining the level of inherent risk and assessing the residual risk.

Moreover, and as part of the Bank's preparations for deploying Proper Conduct of Banking Business Directive No. 345, a Group climate risk policy has been formulated for Discount, which includes corporate governance for climate risk management.

As part of its climate risk management, the Bank measures the extent of credit risk attributable to high-emission sectors, often identified as high-transition-risk sectors. As part of this process, the Bank conducts an examination according to economic sectors and a classification of fields that are exposed to carbon emissions, based on accepted methodologies around the world.²⁹



²⁸ First Draft was published in December 2022.

²⁹ In accordance with the definitions accepted by the Global Working Frameworks – SBTi, PACTA, UNEP FI.

Presented below is Discount Bank's credit exposure rate in the sectors identified as having the highest transition risk:

	Fossil fuels ¹	Electricity generation	Transportation and haulage ²	Chemicals, rubber, plastic, cement, and steel industries ³	Total
2023	1.54%	1.00%	1.89%	0.93%	5.36%
2022⁴	1.29%	1.22%	1.68%	0.97%	5.16%

Notes:

- 1 Includes economic sectors from the production/exploration fields and crude oil refining and natural gas, the mining and quarrying sectors and the sale of fuel and fuel byproducts.
- 2 Economic sectors engaged in road haulage, marine freight, and air freight, as well as public transport and transportation companies.
- 3 Economic sectors engaged in plastic and rubber products, the chemicals, fertilizer and pesticides industry, non-metal construction products, and the metals and related products industry.
- 4 In 2023, an examination was conducted to identify climate risks in the Bank's business credit. Following the findings of the examination, the calculation methodology was revised, and the 2022 data was updated accordingly.

Management of environmental risks involved in extending credit

➤ According to the policy implemented in the Discount Group, the examination of environmental risk constitutes a layer in all the risks examined upon extending credit and in the ongoing management of the credit. Within these contexts, the Group operates in accordance with the guidelines of the FDIC³⁰ and the FED.³¹

The aim of the Group's policy within the said context, is to identify borrowers with potential exposure to environmental risks and to take relevant decisions in instances in which the risk is assessed as material, namely having a relatively high probability of materialization and at the time of the materialization has a potential for a credit loss in a significant scope.

As part of the implementation of the said policy, a process has been defined at the Group for evaluating the level of environmental risk and the quality of the risk management of the business customers at the time of granting the credit and at the time of ongoing discussions

of the customers' quality, giving individual consideration to customers having a high potential for environmental risk. Monitoring the credit risk that is exposed to material environmental risks is performed regularly throughout the year, currently, at the individual transaction level.

The management of environmental risks involved in extending credit to relevant customers is conducted at the Group in a number of ways:

- In financing agreements, customers require to declare that they operate and conduct their businesses while following with the legislation regarding the environment protection, and committing to continue doing so all through the period of the loan.
- Customers are obliged to inform the Bank immediately upon receiving notice of any action or procedure brought against them regarding the environment, as well as of any circumstances that may constitute violation of any of the environment protection.
- As part of the management of environmental

30 The US Federal Deposit Insurance Corporation.
31 The US Central Bank.

risks involved in extending credit, the Bank has identified activity fields having a high potential for environmental risks, among which are: production and refining of oil and production of gas; chemical industries; the textile industry; transporting dangerous materials; manufacturing/quarry of building material; refuse disposal and more. In respect of corporations in these lines of work, the financing agreement includes a dedicated item regarding the management of the material environmental risks by them, with the aim of raising awareness of the customers to the issue of protecting the environment and hedging of the environmental risks of the Bank as part of its credit granting activity.

- Customers are queried regularly regarding their compliance with regulatory requirements, in the context of environment protection, occurrence of environmental hazards in connection with their activities and the measures applied by them in confronting such hazards and its consequences.
- With respect to loans exceeding NIS 50 million in sectors having potential for high environmental risk, or NIS 100 million in sectors having lower risk potential, customers have to complete a questionnaire assessing the environmental risk.
- In cases of large credit transactions having potential for environmental pollution, the Bank, at its discretion, requires performing an environmental survey by an independent company specializing in the identification and assessment of environmental risk factors, with the aim of examining the environmental risk involved in the operations of the borrower and the extent of his compliance with the relevant Regulations.

The process of assessing the credit risk of the Bank's business customers embodies most of the marginal impact on the credit risk that is expected from the implications of the environmental and climate risks. Without derogating from the aforesaid, new rating

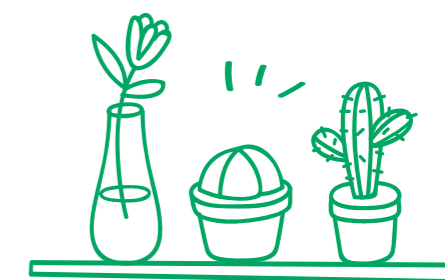
processes were developed, which include also, a direct reference to the degree of the customer's environmental risk for relevant sectors and populations, with the aim to be embodied in the credit risk assessment.

Monitoring environmental and climate risks in the Bank's investment portfolio

➤ Environmental and climate considerations were incorporated into the Discount's investment policy document, according to which, in each purchase, consideration will be given as part of the investment considerations to the grade of the ESG index, with a preference for investing in companies producing green products that contribute to preserving the quality of the environment, and/or that have a green production process that protects the quality of the environment. The examination is done according to the ESG index published by external rating companies and/or according to another accepted ESG index.

Moreover, limits were set on behalf of the head of the financial markets division regarding environmental and climate risk monitoring, with reference to the level of investment risk and the scope of the investments with high levels of risk in relation to the Bank's overall investment portfolio. Making an investment that exceeds the established limits will require a special discussion.

For further details regarding risk management in the Discount Group, see the 2023 Annual Report (pp. 74-121) and the "Disclosure according to the third pillar of Basel and additional information regarding risks" document for 2023.



Promoting "green credit" and environmental financing

➤ Concurrently with the Bank's preparation for a step up in managing environmental risks and climate risks, the Bank also recognizes that climate change presents not just a risk but also an opportunity. The effort to promote a low-carbon economy, including in the fields of energy, transportation, agriculture and waste, while driving a streamlining of processes and accelerated technological developments, creates opportunities for Discount Bank to help its customers transition to a low-carbon economy by financing the business and operational projects and processes required to do so, and thereby promote a greener economy. As part of the overall process of environmental risk management, the Bank offers "green credit" to businesses, everything subject to adherence to the credit granting rules in effect at the Bank, including the examination of the repayment ability of the borrower.

"Green credit" - credit extended for:

- Financing the operations of a company producing green products that contribute to the protection of the quality of the environment;

- Credit to a company that has a green production process protecting the quality of the environment;
- Credit extended for the establishment of a green operation, including the purchase of green equipment (machinery);
- Upgrading of production systems of those protecting the quality of the environment.

Financing in the renewable energy field

➤ The renewable energy field is a field that is developing in Israel and is even expected to be a major plank in the national emissions reduction targets of the State of Israel. The Energy Ministry has set a national goal of some 30% for the generation of electricity from renewable energy by the year 2040 (as compared to approx. 12% as of the date of preparing this report). The provision of credit for the installation of solar arrays is a field that is both pertinent and relatively significant to the Bank's activities. The Bank views this, and particularly in the field of renewable energy, as an opportunity to expand credit activity on the one hand, and to support the national effort in reducing emissions and in combating climate change on the other hand.

The Bank has a specific policy for the granting of credit to the solar energy systems field, both to business and private consumers. Among other matters, the processes for granting credit, controls and specific collateral for this field are established within the framework of the policy. The Bank also finance additional projects of renewable energy, including the generation of electricity by wind energy.

The Bank's credit exposure in respect of financing green credit amounted as of December 31, 2023, to NIS 2,404 million, compared with NIS 2,126 million as of December 31, 2022.

Discount's direct environmental impact

➤ As a corporation that provides financial services, the Bank's direct environmental impacts result from its consumption of office materials, such as paper and electric consumption – electricity and fuel. Accordingly, the Bank focuses its efforts on managing, measuring and monitoring and on making savings and increasing efficiency in these areas.

The Bank aspires to mitigate the environmental impact resulting from its activities. Within this framework, the Bank is working on three planes:

- promoting responsible environmental conduct;
- reducing CO2 emissions and improving energy efficiency;
- raising environmental awareness.

Responsible consumption of resources

Energetic efficiency

➤ As stated, Discount Bank's direct environmental effects are extremely limited, resulting mainly from office operations: the consumption of energy, water, paper, etc. Despite the nature of its environmental effects, the Bank strives to reduce the environmental effects stemming from its operations. In this respect the Bank has adopted measures for increasing the awareness regarding sensible consumption, including the saving of electricity.

Granting of green credit by the principal subsidiaries

Mercantile Discount Bank

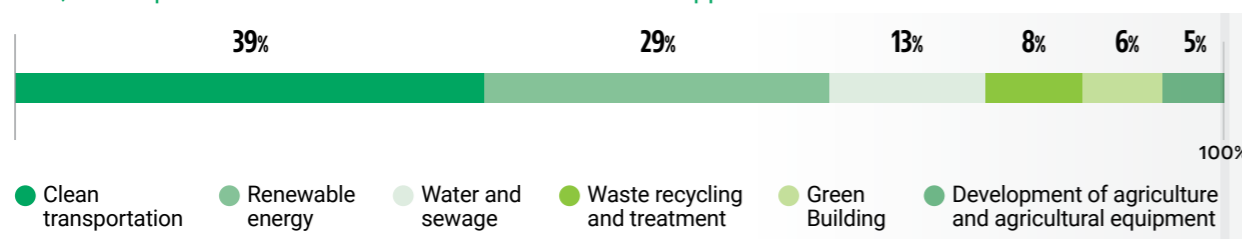
➤ MDB provides from time to time, credit for the financing of solar systems. Following the closing of the merger with Municipal Bank, MDB is providing credit for solar arrays also for local councils throughout Israel.

The scope of the credit in this field of activity amounted to approx. NIS 300 million in 2023, compared to approx. NIS 220 million in 2022, and is relatively insignificant to the Bank's overall operations.

Project financing fund. MDB has been chosen by the State Lottery to finance energetic efficiency projects in an amount of NIS 550 million for the local councils throughout Israel. Until now, loans in amounts of approx. NIS 130 million were extended within the framework of the agreement with the State Lottery.

Discount's Environmental Credit

In 2023, the scope of Discount's environmental credit stood at approx. NIS 8.8 billion^{1,2,3,4}



Notes:

- 1 Credit balance as of December 31, 2023.
- 2 In 2022, a methodology was formulated for mapping and classifying credit granted for the promotion of environmental aspects and for the reduction of the effects of climate change, at the level of the economic sector code, in conformance with the green financing principles of the ICMA organization (Green Bond Principles), and with globally accepted methodologies and with the assistance of an external consulting firm, while examining the Israeli taxonomy draft and the classifications included therein. The methodology includes an examination of funding of projects having an environmental value and funding for companies whose main activity is for the benefit of the environment and the mitigation of climate change.
- 3 Renewable energies include approx. NIS 2.5 billion for the financing of solar projects and other projects in the field of renewable energies.
- 4 Includes NIS 1 billion for the financing of overseas projects.



Energy consumption

Discount Bank is taking measures to improve energetic efficiency, to encourage smart consumption and to save electricity. Inter alia, a monthly report regarding electricity consumption of all the Bank's units is submitted to the officer responsible for energy at the Bank, which is analyzed by the properties and construction Subdivision and the insights arising there from our passed as required to the Bank's unit heads, for the aim of encouraging energy savings.

In 2023, additional measures were taken to reduce electricity consumption, including:

- Replacement of air conditioning systems at 11 locations of the Bank with advanced VRF air conditioning systems;
- Energetic efficiency of lighting in 5 locations of the Bank through the installation of LED lamps;
- Allotment of approx. NIS 2.25 million for energetic efficiency measures at branches and head office premises.

Examining the environmental impact of existing buildings

The Bank examines the environmental impact of the buildings it occupies, in particular the Discount Campus, which houses the head-offices of Discount Bank and Mercantile Discount Bank, which was designed in accordance with strict environmental standards based on green construction principles and project certification according to the LEED V4 rating of the U.S. Green Building Council (for further details see in Chapter 10). Moreover, in the selection and planning process for the head-office buildings and branches, green criteria are incorporated, both in the engineering design and in the selection of materials. In addition, environmental control is conducted in the Bank's buildings, which includes measuring and monitoring radiation.

In 2023, the Bank's total energy¹ consumption amounted to 176,958 GJ.

Discount Bank has been working over the years to reduce the Bank's energy consumption, however in light of the preparations for the opening of the new Campus and the gradual

move to it (doubling the usage of head office buildings) the Bank's total electricity consumption increased by approx. 35% compared to the previous year, and so did the Bank's office space which increased by approx. 35%, and even a slight decrease occurred in the electricity consumption per sq.m.. Following the completion of the move to the new Campus and leaving the old Head offices, a significant decrease in electricity consumption is expected.

Fuel Consumption

Replacement of the motor vehicle fleet to hybrid vehicles and travel reduction

The Bank operated a wide range plan the transition to and replacement of the motor vehicle fleet of the Bank to hybrid vehicles combining an electric motor, which allow the reduction in fuel consumption. In 2023, due to a global crisis in the automotive sector, there was a temporary shortage of hybrid vehicles at the Bank, nevertheless during the years 2019-2023, a total of 87 vehicles were replaces. This move is expected to reduce the volume of fuel consumption by the Bank and allow the reduction in carbon dioxide emission. In addition, Discount Bank's travel increased from 5,017,040 km to 5,219,040 km.

Paperless Activity

The Bank promotes measures for the reduction in paper consumption, as part of several projects, and with the aid thereof, the Bank managed to reduce its consumption of paper by 14% in 2023 (in continuation of a reduction by 6% from 2021 to 2022). In addition, the Bank reduced its purchase of toners in 2023 to 2,891 (a decrease of 17% from 2022 to 2023).

Digitalization of the archives

The Bank has completed the task of emptying the central archive and the scanning of all its material, and it is now presented in the customer's digital file. This move enabled savings in work and storage space, and reduced the quantity of paper reports produced, as well as a transition to producing digital reports.

The Bank continues to reduce the use of basic documents by way of upgrading the primary agreement with the customer. Furthermore, the scanning of current material is continued. The Bank is completing the scanning at the business centers and at the investment banking.

Computerized forms system

Banking work uses a large number of forms. In the past, the forms were printed in advance, requiring extensive storage space. The inventory of forms was destroyed whenever they were updated. The Bank switched to a computerized forms system, which enables each employee to print the updated form when needed, while it contains the particulars of the specific customer, thereby avoiding recording errors. This process also saves space for storage of the blank forms, and enables customers to receive faster and more efficient service.

System for managing and distributing procedures and circulars

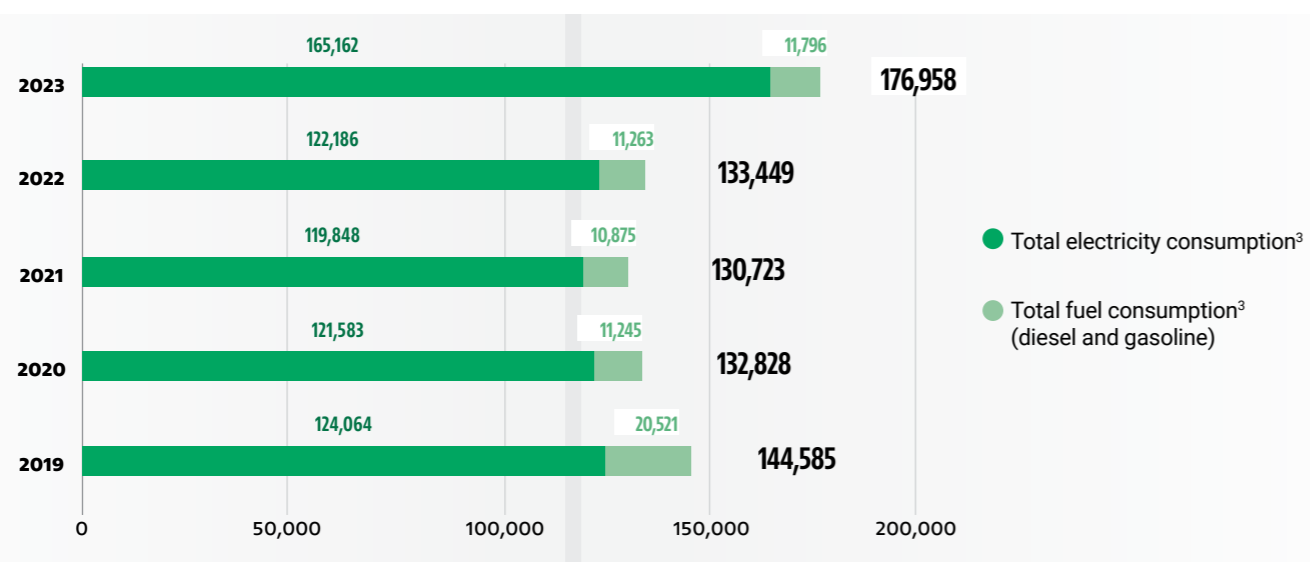
The Bank has an internal communications network, the "intra-net", which is used in distributing circulars and procedures to the employees, thereby enabling the Bank's procedures to be readily accessed and retained for long periods, while making savings in the cost of printing and distributing circulars to employees.

Discount mail service in the Internet

The Bank contacts its customers and enables them to receive updates about their account activity by means of a secured mailbox on the Bank's website. This process makes it possible to reduce the distribution of notices and letters to the customer's home by mail. Furthermore, the service allows the safekeeping of mail messages and management of a personal archive, where mail may be retrieved during a period of up to seven years. Concurrently, the Bank has conducted the mapping of prevalent notices sent to customers, examining their regulatory requirement, and reduced the number and frequency of such notices.

Breakdown of the consumption of energy¹ from various sources at Discount Bank

in GJ,² in the years 2019-2023



Notes:
 1 Discount Bank's total energy consumption is the sum of its total electricity consumption added to the total fuel consumption at the Bank.
 2 GJ - Energy measurement unit (Gigajoules).
 3 The 2022 fuel data have been retroactively updated compared to the data in the previous report.

Envelope savings

Replacement of inter-office envelopes with multi-use envelopes. In addition, documents sent for scanning are delivered in expendable nylon envelopes as an alternative to paper envelopes.

Use of the "Fax to Mail" software

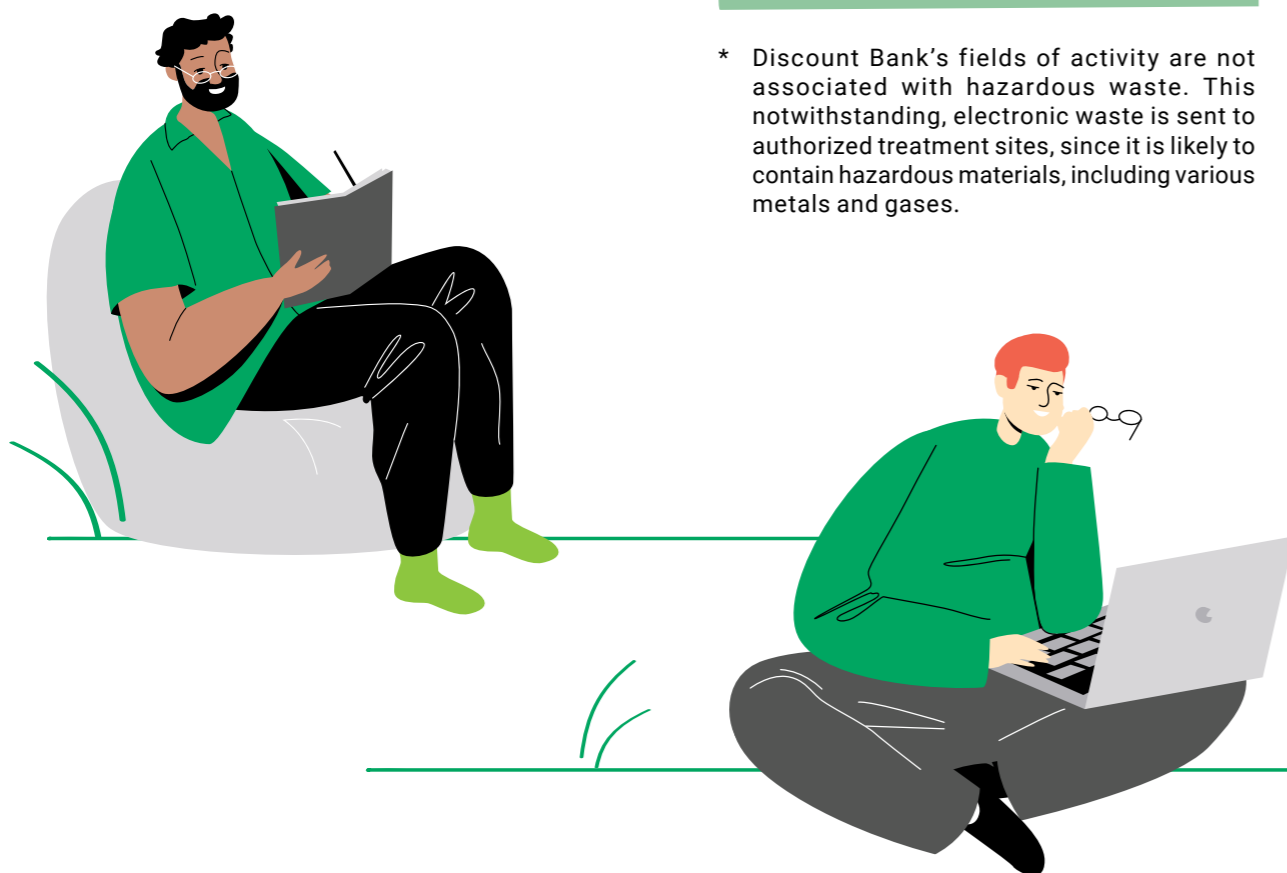
Cancellation of the need to print fax notices, and the keeping of documents sent to the Bank as computer files.

Recycling and use of recycled materials

The Bank promotes the recycling of materials by its employees. In 2023, approx. 346 tons of paper were sent for recycling, comprising 100% of the Bank's paper waste. In addition to paper, the Bank sends used light bulbs, bottles, batteries, toners and electronic waste for recycling. In 2023, approx. 3,000 light bulbs, approx. 20,000 drink bottles, approx. 1,200 batteries, approx. 2,600 toners and approx. 46.95 tons of electronic waste were sent for recycling, comprising 100% of the electronic waste at the Bank.

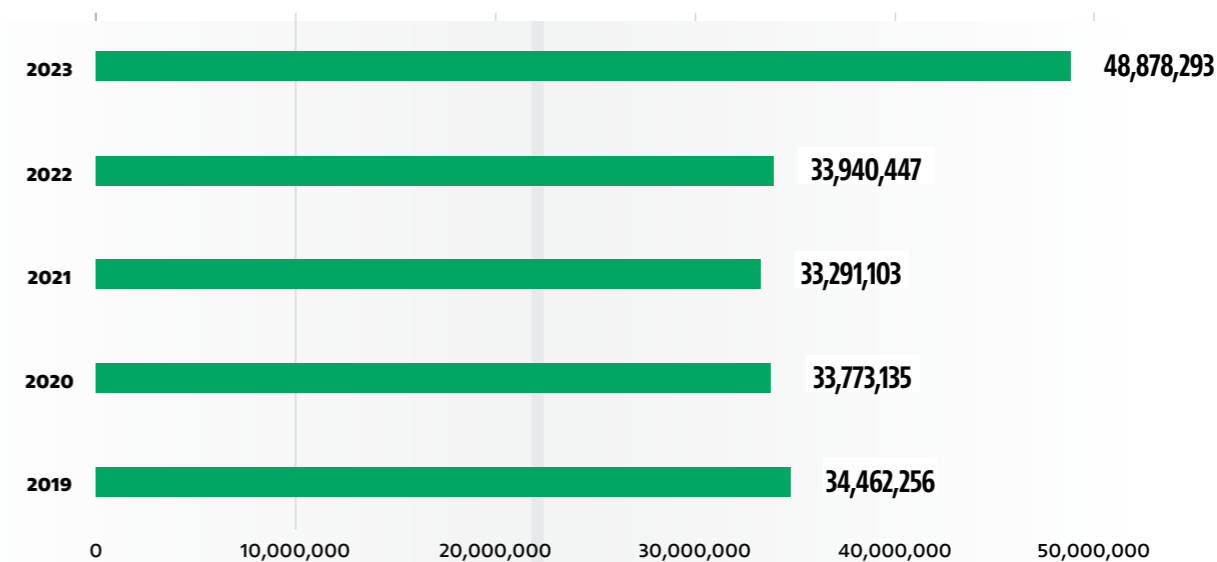


* Discount Bank's fields of activity are not associated with hazardous waste. This notwithstanding, electronic waste is sent to authorized treatment sites, since it is likely to contain hazardous materials, including various metals and gases.



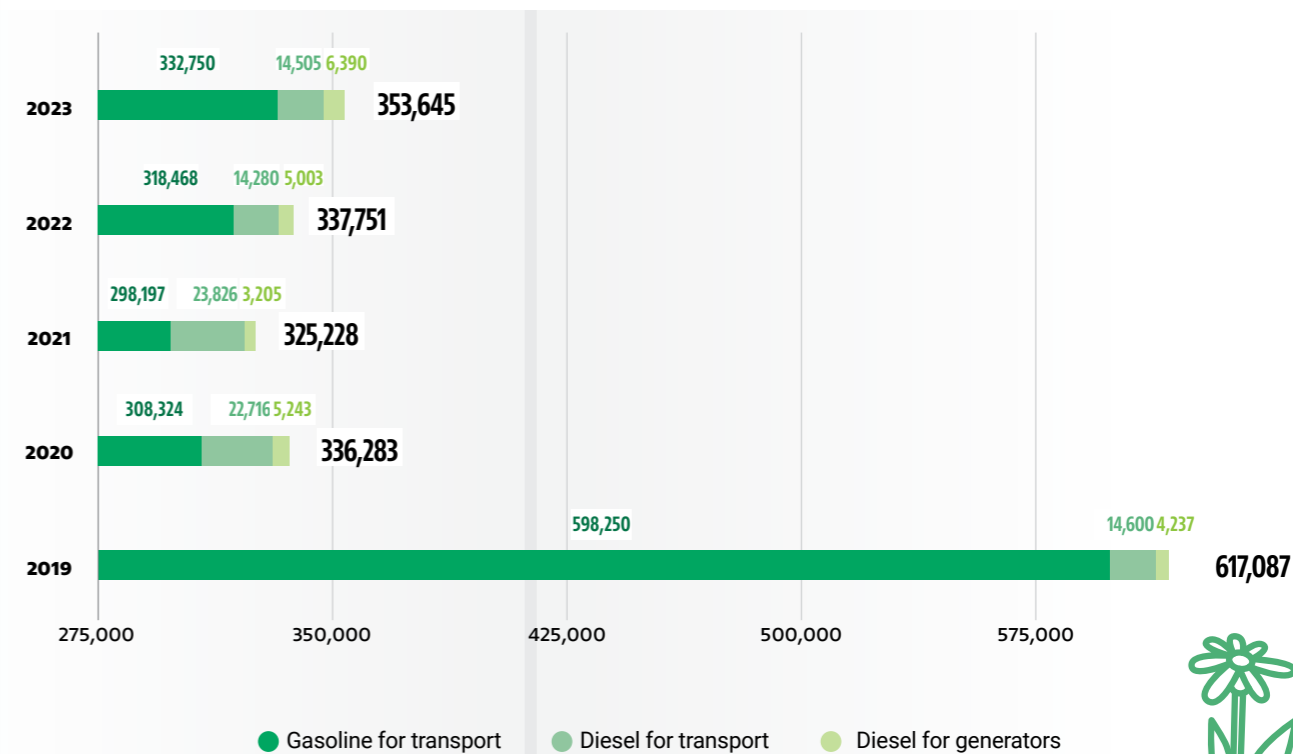
Discount Bank's electricity consumption

kW-h, in the years 2019-2023



Discount Bank's fuel consumption

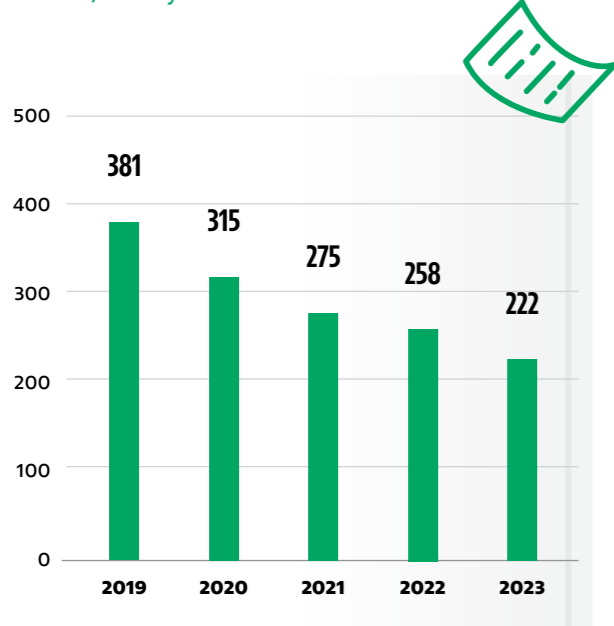
in liters, in the years 2019-2023



In 2023 a slight increase was recorded in fuel consumption, compared with 2022, which resulted from the increase in the Bank's cars. Furthermore, due to a global crisis in the automotive sector during that period, there was a temporary shortage of hybrid vehicles at the Bank.

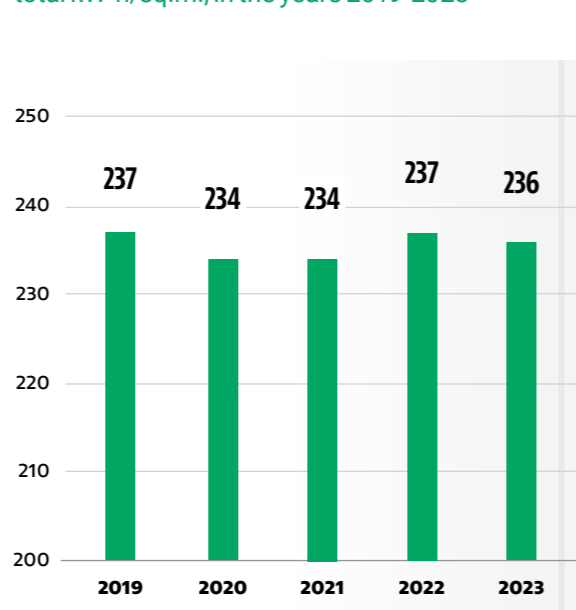
Discount Bank's paper consumption

in tons, in the years 2019-2023



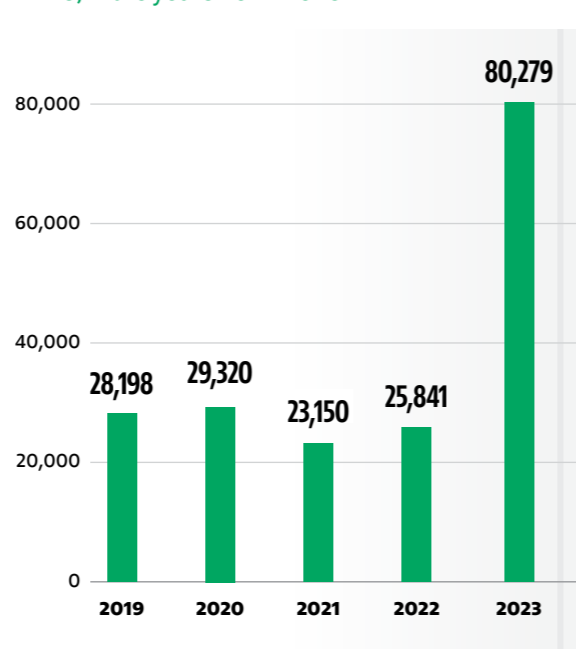
Discount Bank's electricity consumption per sq.m

total kW-h/sq.m., in the years 2019-2023



Discount Bank's Water Consumption

in m3, in the years 2019-2023



The increase in water consumption in 2023 was due to the completion of the new Campus and the gradual move to it, which included construction work and the use of two head-office buildings during the period of the move.



Discount's carbon footprint

➤ On its own initiative, the Bank has committed to a reduced greenhouse gas emissions target and is working accordingly to gradually reduce its carbon footprint, through energetic efficiencies at its branches and head office. In each year, the Operations and Properties Division monitors the progress in this area by collecting performance data in the various areas and formation of a comprehensive report. In addition, in each year the Bank voluntarily reports emissions created by it to the reporting and recording center of the Israel Ministry of Environmental Protection.

The carbon footprint of Discount Bank and its principal subsidiaries in Israel, whose data are presented below, comprise three scopes:

- **Scope 1** – Total direct emissions, originating in the consumption of fuel and refrigerant gases;
- **Scope 2** – Total indirect emissions deriving from electricity consumption;
- **Scope 3** – Total indirect emissions affected by the operations, but not resulting there from. Included in this scope are business flights, paper consumption and its recycling, water consumption and electronic waste and purchase of the electronic equipment.*

It is clarified that the calculation within the framework of Scope 3 emission is partial, due to the fact that it does not include assessment of emission stemming from financial activity.

In 2023, Discount Bank's carbon footprint rose by approx. 26% compared to 2022, after several years during which the Bank's carbon footprint showed a downward trend. This rise was in line with the increase in the Bank's electricity consumption in 2023, which was due – as already stated – to the preparations for the completion of the new Campus' construction. However, the intensity of Discount Bank's

* The total emissions in Scope 3, which is presented in the 2022 Annual Report, as part of Discount Bank's carbon footprint, has been improved as part of the data updating.

greenhouse gas emissions continued to decline also in 2023 (CO2/sq.m. in equivalent tons).

Emission of additional materials

➤ Discount Bank makes use of refrigerant gases for the air conditioning of its branch and head office buildings. In 2023, the Bank consumed approx. 101 kg. of R-22 type refrigerant gas (30.3 kg. for home use and 70.7 kg. for industrial use), 42.8 kg. of R-134A type refrigerant gas (industrial use) and approx. 199 kg. of R-410A and R-407 types refrigerant gas (39.8 kg. for home use and 159.2 kg. for industrial use). The Bank is acting for the replacement of a major part of its old air conditioning systems with the more economical VRF systems. In 2023, five cooling systems (accounting for 148 tons of refrigerant) were scrapped and 11 new cooling systems (accounting for 349.8 tons of refrigerant) were installed. The Bank is acting on an ongoing basis to avoid leakage and attends immediately to any failure.

Increasing the awareness of employees

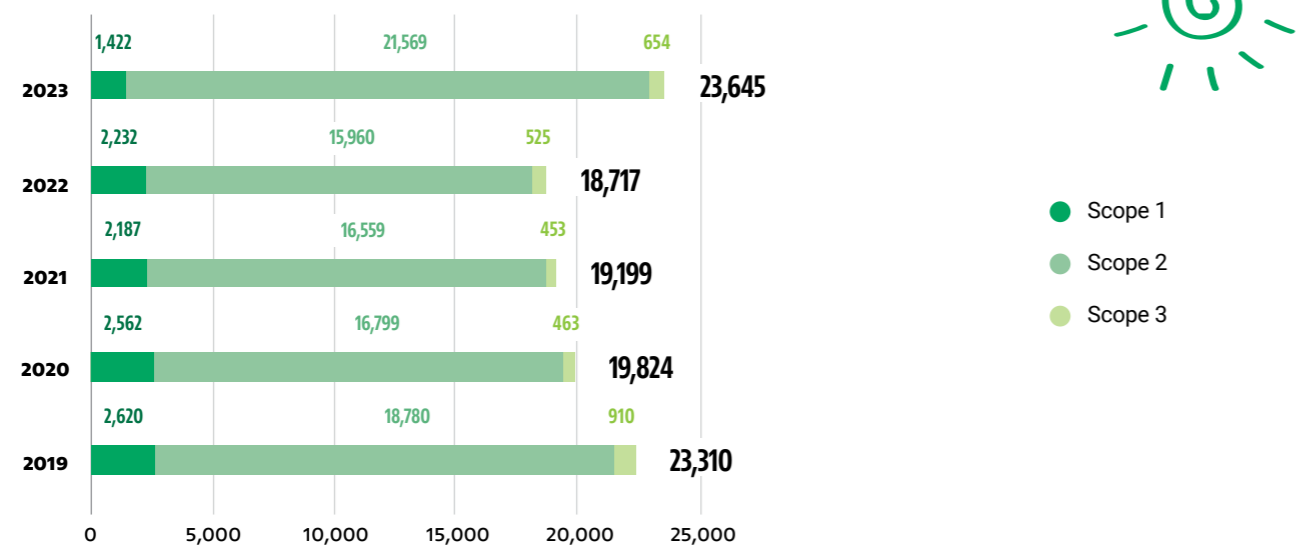
➤ The Bank uses the Intranet system for operating an organizational environmental portal, where all information and activity in this respect is being published. The portal also serves as an address for employee questions and approaches in the matter.

Additionally, in the offices and conference rooms, stickers are affixed to the switches, reminding to shut off the lights at the end of the work day and, all of the cafeterias have hung banners calling for saving resources and encouraging employees to make use of the recycling bins placed in them.



Discount Bank's carbon footprint according to scopes

Carbon dioxide equivalent tons, in the years 2019-2023



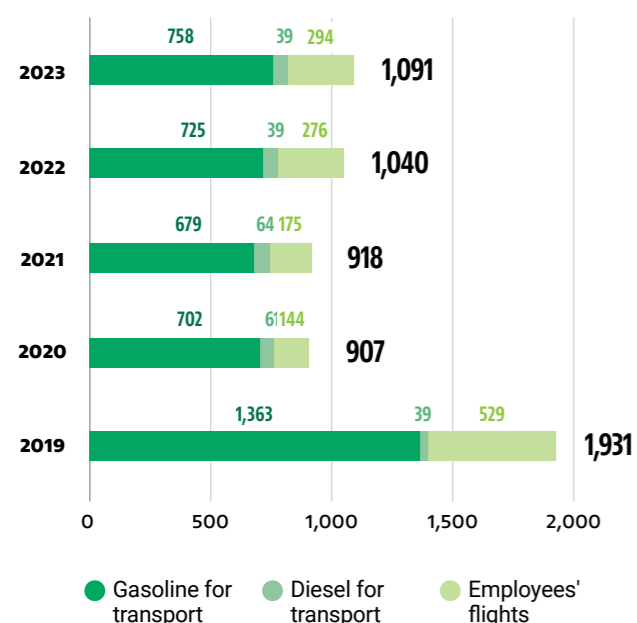
- Scope 1
- Scope 2
- Scope 3

Notes:

- starting with 2023, Scope 3 also includes purchase of electronic equipment.
- The computation of the greenhouse gases emission in scope 1 and 2 are based on emission coefficients published by the Israel Ministry of Environmental Protection for the years 2019-2022. The calculation for 2023 was based on the 2022 coefficients since, as of the date of writing the report, the updated emissions coefficients for 2023 had not yet been published.
- The computation of emission in scope 3 is based on the emission coefficients of DEFRA and GHG Protocol.

Discount Bank's travel emissions

Co2 equivalent tons, in the years 2019-2023

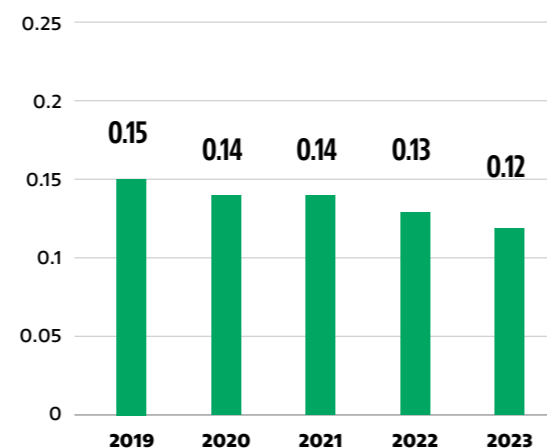


Note:

Emissions caused by employee travel taken from the carbon footprint data of the Bank. Emissions from diesel oil and gasoline are part of the emissions in Scope 1; emissions caused by employee flights are part of emissions in Scope 3.

The intensity of Discount Bank's greenhouse gas emissions

Co2/sq. m. equivalent tons, in the years 2019-2023



Responsible consumption of resources at the principal subsidiaries

Mercantile Discount Bank

Similarly to Discount Bank, MDB has also adopted many and varied energetic efficiency measures.

Cutting down electricity consumption

MDB has taken a number of actions aimed at increasing energetic efficiency, including use of electricity saving light bulbs and the installation of efficient air conditioning systems (VRF) in new branches. Furthermore, presence sensors have been installed in meeting rooms, and at the Management premises the automatic turning-off of lights and air conditioning is activated as from the afternoon hours. A main switch exists at the branches for the general turning-off of electric power at the end of the working day.

MDB monitors its electricity consumption and examines frequently the electricity consumption per square meter of space, in order to identify opportunities for higher energetic efficiency.

Cutting down fuel consumption

MDB acts towards the reduction in the consumption of fuel and in greenhouse gases emission. Available to employees is a shuttle service from the Management building in Holon to the Jubilee Tower in Tel Aviv and back. In addition to that, motor vehicles were put at the disposal of employees for joint travel for work purposes, with the preference given to economic leasing vehicles having a low pollution level. MDB continued to increase the number of digitalized meetings, by Video Conference and other programs, while increasing the number of conference rooms enabling such meetings.

"Paperless project"

The "paperless head office" project was completed in 2023, with the relocation to the Discount Campus in Rishon LeZion.

Within the framework of the project, the focus was on two main goals:

- moving to the Campus with a minimal amount of paper, while leaving the former work premises free of paper;
- automating processes so as to considerably reduce routine paper usage.

In order to meet the first goal, every head-office unit that was due to move to the Campus mapped the existing binders that it holds and came up with a solution for each binder from among the following alternatives: destruction/archiving/scanning and destruction/transfer to the Campus. The units then followed through on the solutions according to the plan.

In the end, the move to the Campus was carried out after solutions were applied to approx. 91% of existing binders, so only a small and essential percentage of the existing binders were transferred with the units to the Campus.

In order to meet the second goal, considerable efforts were invested to reduce the routine use of paper in the head-office units, by means of automating processes. The most notable measure was the training in the use and deployment in all the head-office units of the "Microsoft OneNote" digital tool that makes it possible to organize files in different formats in a digital folder as an alternative to a physical binder, thereby obviating the need for printing and additional filing on an ongoing basis.

In 2023, paper cycle expenses were approx. NIS 352 thousand lower than in 2022.

This year saw increases in the prices of postage and packets of A4 paper; therefore, when efficiency in paper reduction is measured without these price rises (viz., 2023 performance at 2022 prices), there is a normalized saving of approx. NIS 825 thousand.

Hence, the efficiency goal of NIS 800 thousand was achieved.

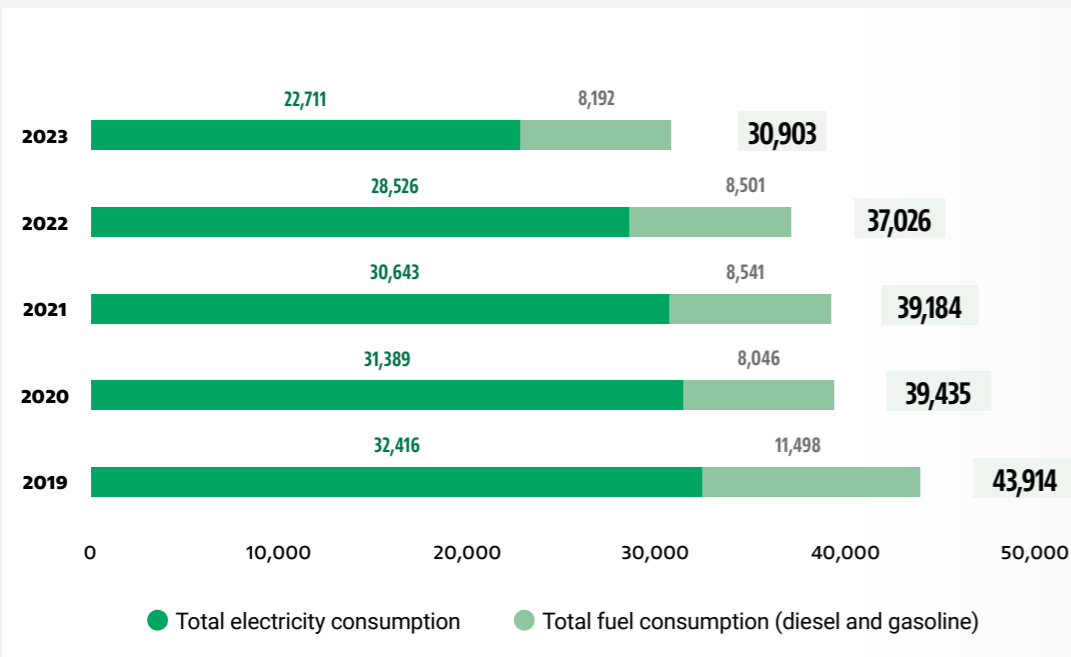
Approx.
NIS 825 thousand

has been saved in 2023 due to the "Paperless" Project, compared to 2022



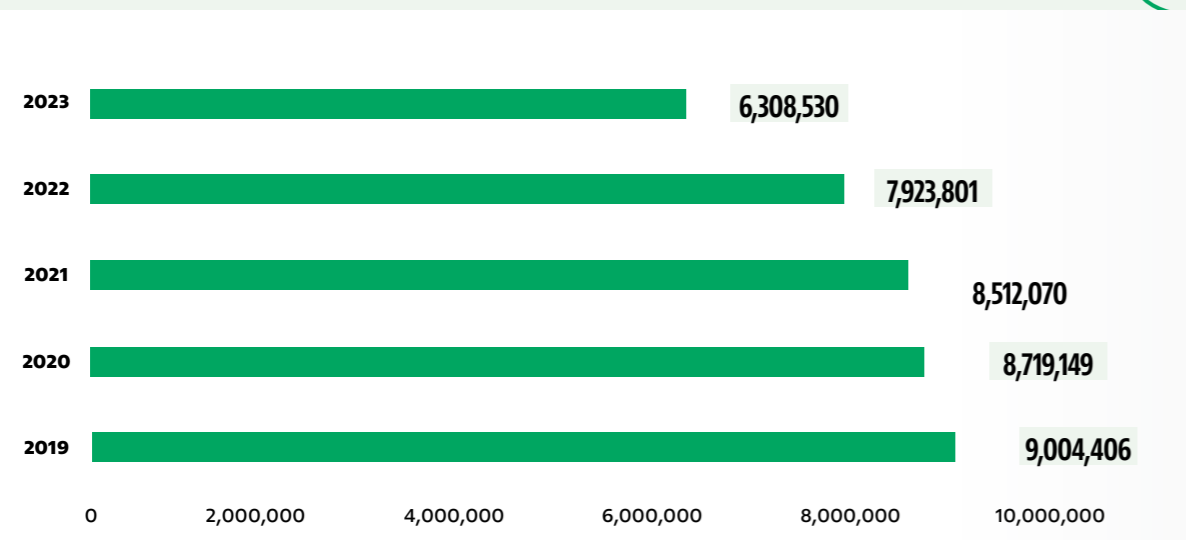
Breakdown of MDB's consumption of energy from various sources

in GJ units, in the years 2019-2023



MDB's electricity consumption

in kW/h, in the years 2019-2023

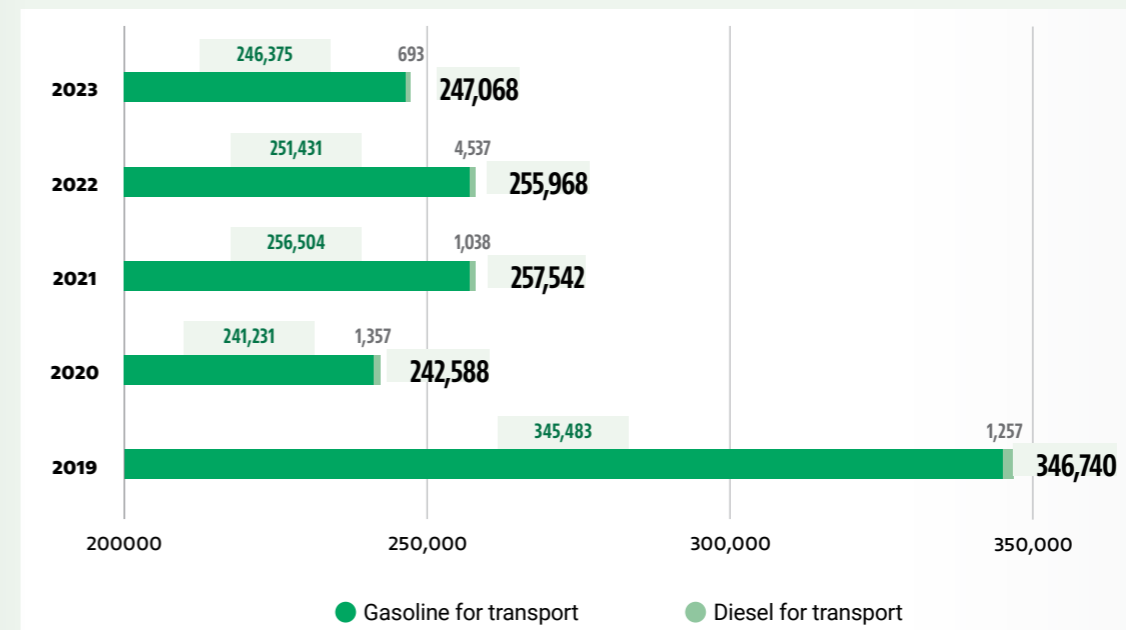


Note: The electricity consumption at the rental properties of MDB is assessed on the basis of the average kw/h price.



MDB's fuel consumption

in liters for employee travel and generators, in the years 2019-2023

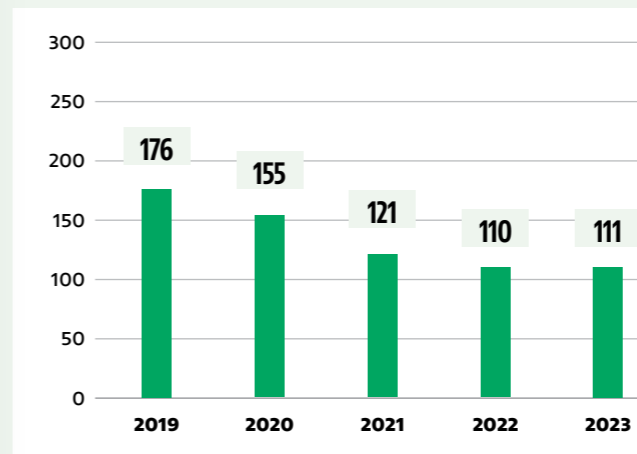


Notes:

- 1 No diesel for generators is consumed at MDB.
- 2 MDB has only one vehicle fueled by diesel. The use of this vehicle was significantly reduced in 2023 and the steep reduction in the amount of the bank's diesel consumption results from this.

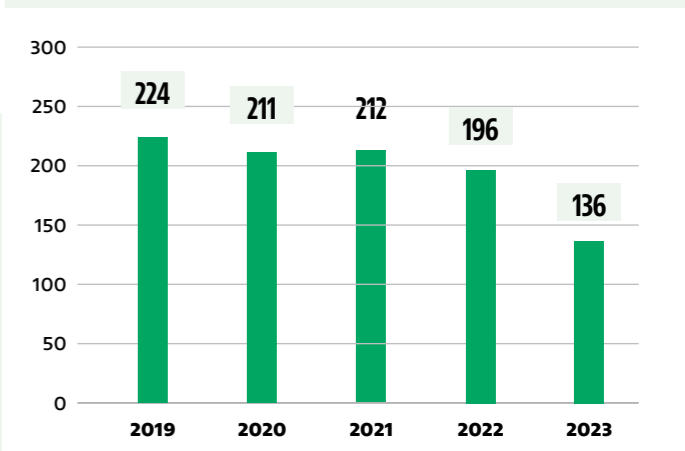
MDB's paper consumption

in tons, in the years 2019-2023



MDB's energetic intensity

total kW-h/sq.m., in the years 2019-2023



ICC

➤ ICC is also promoting the responsible consumption of resources and the improvement of its environmental performance, as an integral part of its work for the implementation of sustainable development principles, with responsibility, fairness and transparency comprising the basis for its operation. Striving to reduce negative environmental impacts that might arise from the services provided by the company, ICC includes environmental considerations in its decision making processes. To the extent possible, ICC utilizes natural light for the lighting of its offices, and in planning new premises and operational locations, use is made of materials that are not harmful to the environment, while adhering, to the extent possible, to green building principles.

Reduction in electricity consumption

ICC operates an automated control system designed to locate electricity sources left switched on, such as lighting and air conditioning, and to turn them off automatically during the hours in which the company does not operate continuously. In addition, once yearly, ICC renews the coating of roofs of buildings owned by it with a white sealing material, contributing to the reduction in the warming-up of the buildings during the summer months, and to the saving in energy required for air conditioning.

In addition, the company has made the transition to 'Thin Client' workstations in place of computers. In this process, regular workstations have been replaced by 'Thin Client' workstations, thereby reducing consumption from 280W for a regular workstation to 36W for a 'Thin Client' workstation. In addition, the company's computer screens are turned off automatically after a break in use of 20 minutes. The company stands for the promotion of awareness and responsibility for protection of the environment by its employees, and encourages patterns of conduct and professional skill to ensure work conditions friendly to the environment.

Reduction in fuel consumption

The motor vehicle fleet of ICC has been replaced during the recent years, and includes at present vehicles having smaller engines, which consume less petrol and cause lesser pollution, comprising approx. 35% of the whole motor vehicle fleet. The replacement of the motor vehicle fleet of the company led to a saving of approx. 25% in the company's fuel consumption in the years 2019-2023. Furthermore, in preparation for the planned move to ICC House in 2024, the employees were fully informed of the possible routes for getting to the new complex, with an emphasis on public transport, due to its location and easy accessibility. Furthermore, as of the reporting year, approx. 90% of ICC's employees work at least one day a week from home.

Environmental control

ICC conducts environmental control activity, which includes measurement and monitoring of radiation in company premises. Current monitoring of the work environment is conducted, including attendance and radiation surveys, performed annually by outside independent companies in all premises of the company countrywide.

Use of materials and the treatment of waste

➤ ICC promotes the recycling of materials at its offices and recycles large amounts of electronic waste every year. In 2023 ICC sent to recycling 9.5 tons of electronic waste and 32 tons of paper waste, comprising 100% of the paper waste and electronic waste.

Reducing paper consumption

ICC is encouraging its customers to receive their monthly transaction statements by e-mail instead of by regular mail. 74% of the transaction statements of the company's customers are related to the digital statements by e-mail service. During 2023, approx. 207 thousand customers joined this service and as of today more than 2 million customers are enjoying this service. The use of CalMail saved in 2023 approx. 3.4 million pages. ICC has also reduced the consumption of paper in respect of the forms filled upon the issuance of credit

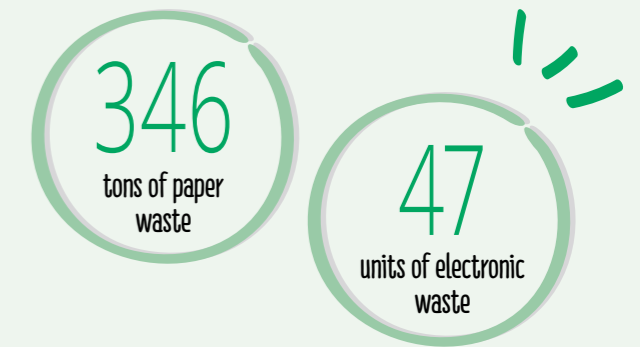
cards or upon the joining of customer clubs, allowing a digital signature on tablets. Smart printers are installed at the company's offices requiring employees to slide their employee card in order to obtain paper prints. The major part of the company's waste comprises paper and carton, which is sent for recycling on an ongoing basis. In 2023, as part of the move to the new ICC House, the "Paper Less" campaign was launched.

Reducing the consumption of plastics

In order to reduce the waste created by use of the company's products, the validity of a part of the credit cards issued by the company has been extended to five years. This move will contribute in the long run to the reduction in

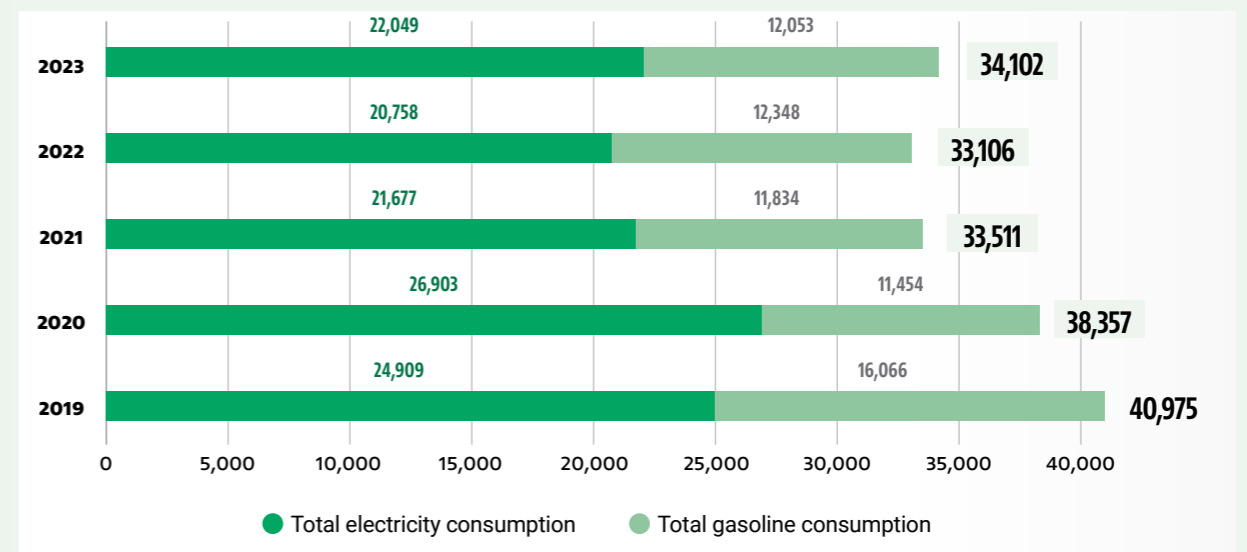
plastics consumed by the company. In each year, ICC performs an orderly shredding of surplus plastic cards and of defective cards, sending the shredded material for recycling.

Quantity of waste sent for recycling



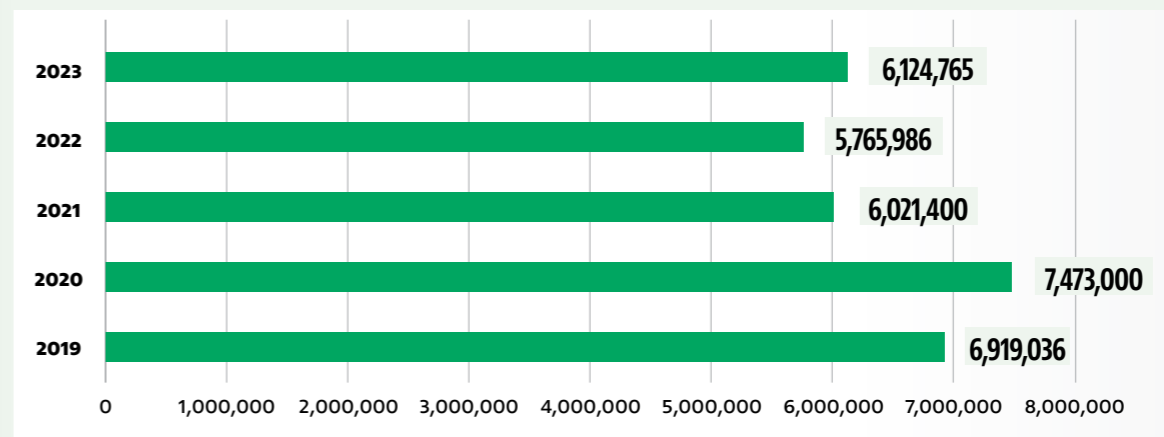
Breakdown of ICC's consumption of energy from various sources

in GJ, in the years 2019-2023



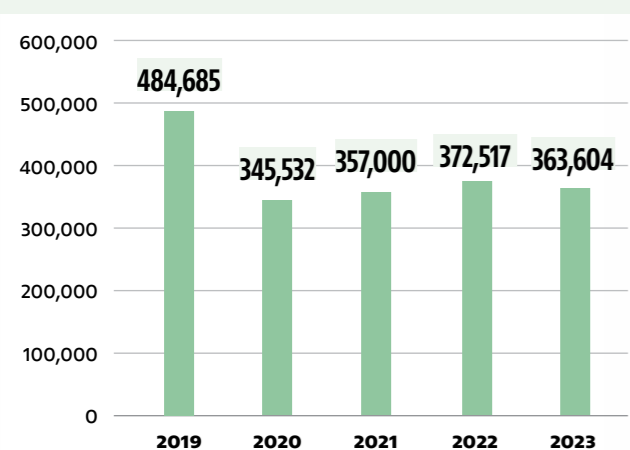
ICC's electricity consumption

kW-h, in the years 2019-2023

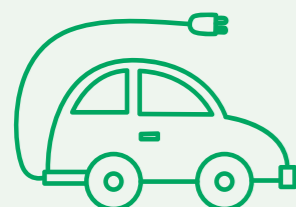


ICC's fuel consumption

in liters, for employee transport and for generators, in the years 2019-2023

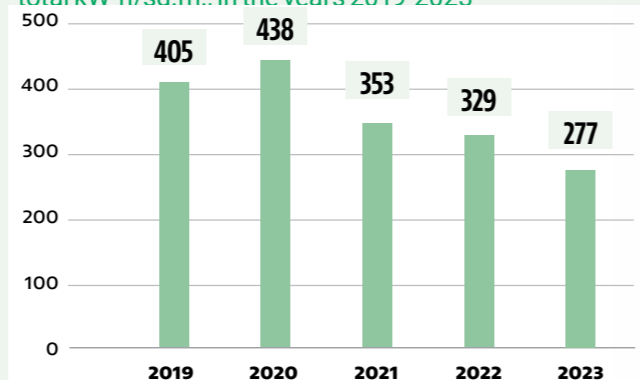


Note: Use of emergency power generators by ICC is negligible (a few tens of liters per year).



ICC's energetic intensity

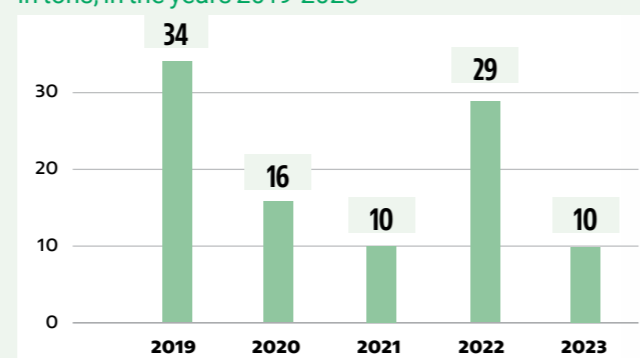
total kW-h/sq.m. in the years 2019-2023



Note: The calculation of the energetic intensity is based on the electricity consumption in ICC of 5,765,986 kW-h for 17,500 sq.m of the total area of ICC.

ICC's paper consumption

in tons, in the years 2019-2023



(metal, glass, plastic [MGP] and paper) may be placed in the same waste bin.

IDB Bank's building Management has provided at least two waste bins on each floor (in a storage room / pantry and other public areas): one of the waste bins with a black plastic bag is labeled for general garbage. The other bin (blue) with a clear plastic bag is labeled for all recyclable materials (MGP and paper).

In addition, Management of the building has posted (at eye level, as required by law) guiding posters detailing the type of waste to be placed in the recycle bin and the waste intended to the general waste bin.

Management of the IDB Bank building has also placed posters intended for the cleaning staff at the waste collection area and at the loading ramp at the back of the building. The recyclable waste and the other waste is collected and transported separately during the night by the waste removal service supplier of IDB Bank.

IDB Bank

Recycling project

All businesses in the city of New York are required by law to recycle certain materials and do their utmost to verify that recyclable material is properly treated by their suppliers of waste removal services.

IDB Bank has engaged a private authorized waste removal supplier IESI (Waste Connection) and has developed a waste removal plan.

The Municipal Authority of New York has issued to IDB Bank Business Integrity Commission (BIC) stickers, which identify the authorized private waste removal service supplier of the bank. The sticker is attached to a front window and is clearly visible from the sidewalk edge at the entrance to the building.

IDB Bank is authorized to collect recyclable waste with no prior sorting. Recycling with no prior sorting means that all recyclable material

Goals

> Goals presented in the previous report

Discount Bank	An increase of 35.1% ¹	Reducing electricity consumption by 1% annually.
	✓ Achieved	Examining the financing for additional renewable energy projects, including wind-power electricity generation.
	Not Achieved ²	Continuing the replacement of vehicles by hybrid vehicles – replacing 10 additional vehicles.
	✓ Achieved	Formation of data base as part of the preparations for producing a TCFD Report.
	✓ Achieved	Formation and integration of corporate governance in the management of environment and climate risks.
	✓ Achieved	Development and implementation of indices for the management of environment and climate risks.
MDB	✓ Achieved	The holding of instruction sessions for the Bank's Management, the Board of Directors and relevant employees on matters of environment and climate risks.
	✓ Partially Achieved ³	Reducing paper consumption by 10%, the savings goal which stands at NIS 80,000.
ICC	✓ Achieved	Reducing electricity consumption by 1% annually.
	✓ Achieved	Until the end of 2023, approx. 2.095 million customers are to join the project of receiving transaction statements by email.
	Not Achieved	Reducing the company's total energy consumption by 5% until 2023.
	✓ Achieved ⁴	Reducing paper consumption by 15% in 2023.

> Future Goals

Discount Bank		Examining the financing of additional projects of renewable energy, including the generation of electricity by wind energy.
		Reducing electricity consumption by 1% annually.
ICC		Continuing the process of replacing regular vehicles for hybrids – replacement of a further 10 vehicles.
		Reducing total energy consumption of the company by 5% until 2024.
		Cutting paper consumption by 15% in 2024.

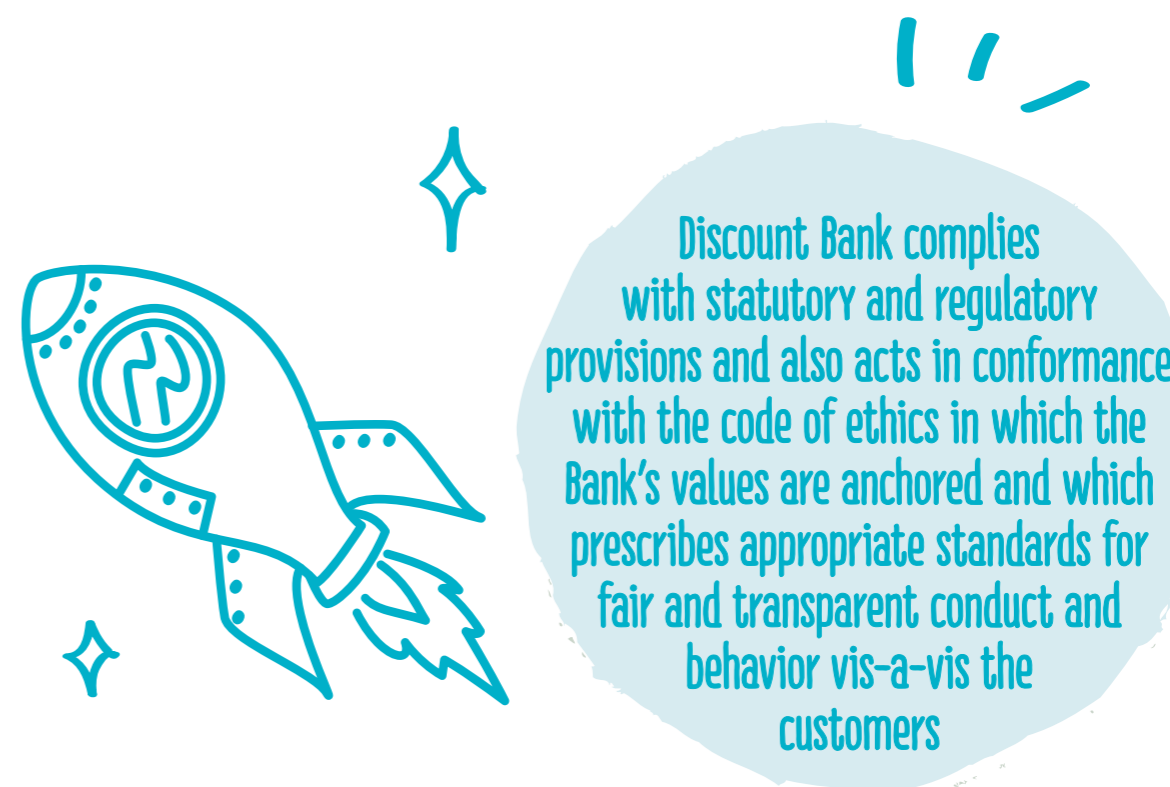
Notes:

- 1 An expected increase due to the move to Discount Campus (see footnote 1 "Goals for 2030" at the beginning of this Chapter).
- 2 Due to a global crisis in the automotive sector, there was a temporary shortage of hybrid vehicles in Israel.
- 3 The volume of paper procurement rose negligibly (less than 1%). However, in examining paper usage efficiency, additional parameters are taken into consideration (such as scans, archiving expenses, etc.), and these all showed improvements and reductions compared to 2022.
- 4 Reduction of 65% compared to 2022.



09 CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE



The General Meeting of Shareholders

> The Agenda for the general meeting of shareholders is determined by the Board of Directors, however, according to the Companies Law, a shareholder who holds at least one percent of the voting rights in a general meeting of shareholders, may request the Board of Directors to include an item on the agenda of a general meeting to be convened in the future, on condition that this item merits a discussion at the general meeting of shareholders.

In accordance with the provisions of the law, the Bank has to publish a notice at least twenty-one days prior to the notice convening a general meeting of shareholders, when a proposal for the appointment of directors or the termination of their office appears on the agenda of the meeting. The preliminary notice includes details of the subjects on the agenda of the coming general meeting. In the notice convening a general meeting of shareholders, the Bank provides details of the agenda of the meeting being convened, the proposed resolutions and the majority required for the different resolutions.

Voting at the general meeting is done using a voting ballot, personally by the shareholder or his legal representative or, alternatively, using an electronic voting system.

Under the provisions of the law, an extraordinary general meeting is to be convened by a resolution of the Board of Directors and also at the demand of two directors or of a quarter of the serving directors or of shareholders holding five percent of the issued capital, or five percent of the Bank's voting rights.

The above stated, excluding the format of determination of the agenda by the Board of Directors, does not apply to MDB and to ICC, both being private companies, to which applies the law relevant to private companies.

Changes in the organizational structure

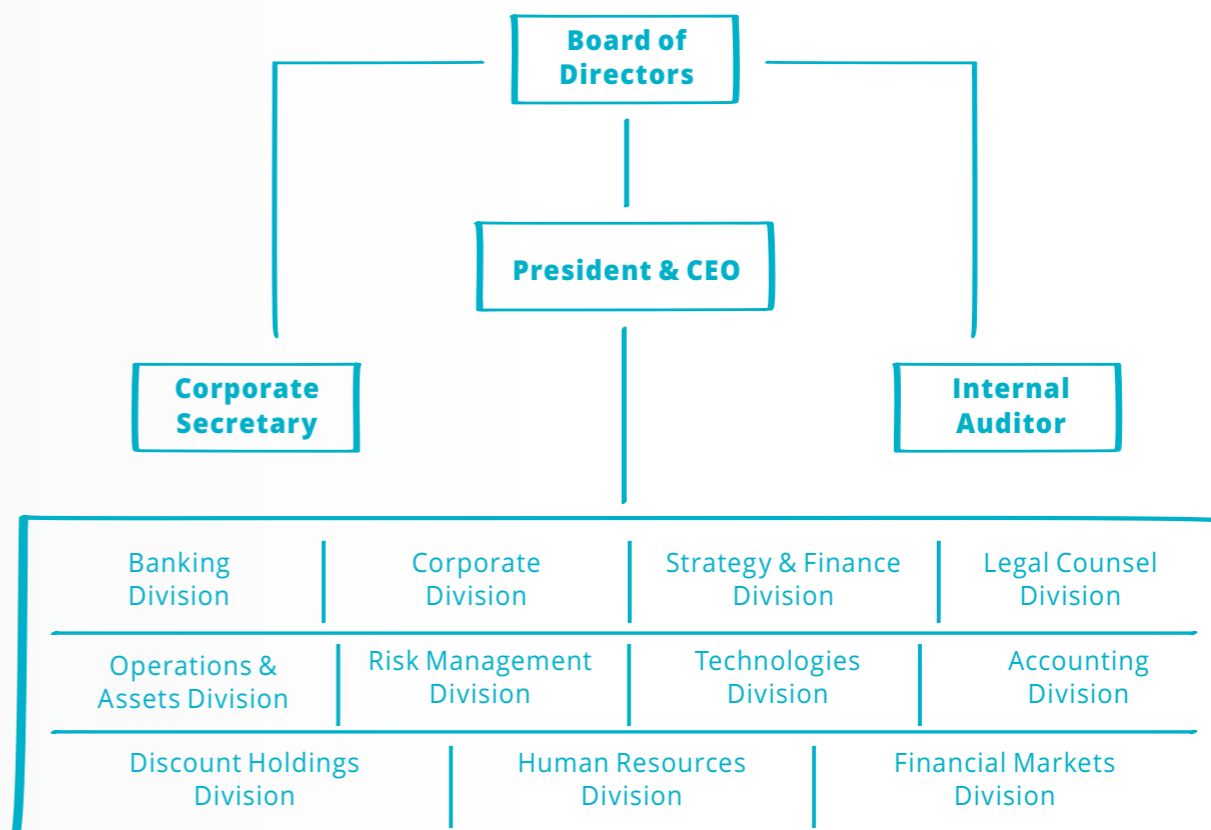
> The Bank's Board of Directors approved on July 12, 2023, the establishment of the Discount Holdings Division. On November 21, 2023, the Bank's Board of Directors approved a change in the organizational structure, within the framework of which, units of the Digital, Data and Marketing Division would be transferred, as follows: the Marketing Subdivision would be transferred to the Strategy and Finance Division. The Data and Analytics Subdivision and the Digital Section would be transferred to the Technologies Division. The Customer Experience Administration would be transferred to the Banking Division.

The Board of Directors Procedure of appointment of directors

> The appointment of members of the Bank's Board of Directors is made by the general meeting of shareholders, and everything according to the provisions of the law applying to the Bank as a public company and as a banking corporation having no core controlling interest and in accordance with the Bank's articles. The provisions determine special qualifying conditions regarding the qualifications and experience required from whoever serves as director of a banking corporation. According to the Banking Ordinance the Supervisor of Banks has to be informed in advance of the intention to appoint a director, and the Supervisor has the authority to oppose such an appointment.

The Bank is a banking corporation without a core controlling interest, subject to special provisions regarding the appointment of

Discount Bank's Organizational Structure Chart



Procedure of appointment of directors at the principal subsidiaries in Israel

MDB and ICC are private companies. The appointment of directors at MDB and at ICC is made in accordance with the qualifications of the candidates for Directors' and in accordance with Proper Conduct of Banking Business Directive No. 301. Appointment of members of the Board of Directors in ICC is made in accordance with the ratio of holdings between Discount Bank and FIBI and in accordance with instructions set in the shareholders agreement and the company's articles. The Bank's Board of Directors approves the decision regarding the appointment of directors of MDB and of ICC (except for directors on behalf of FIBI).

The appointment of a director at MDB and at ICC requires the approval of the Bank of Israel, following a full "fit and proper" (F&P) process, with this also applying to external directors according to Directive No. 301. The appointment and the renewal of the approval of external Directors is done every three years.



directors, their service and termination of service. In accordance with these provisions, voting on the appointment of directors shall take place only at the annual general meeting or at a meeting convened under Section 35A of the Banking Law (Licensing), 1981 (hereinafter: "the Banking Law"); the period of service of a director who is not an external director is limited to three years, and the cumulative period of his service is limited to nine years; the number of directors who are to be replaced in each year shall not exceed one half of the number of the serving directors.

According to the Banking Law, an external statutory committee was established for the appointment of directors in a banking corporation not having a core controlling interest, the duty of which is to propose to the general meeting candidates to serve as directors. According to the Law, the Governor of the Bank of Israel appoints the committee, which has five members. The committee is chaired by a retired Supreme Court or District Court judge, who is proposed by the Minister of Justice in consultation with the President of the Supreme Court. Two of the members who serve on the committee are proposed by the committee's chairperson, after consulting with the chairperson of the Israel Securities Authority. These members are persons from the business and economics field or persons from a senior academic faculty of higher education institutions, in a relevant sphere, or persons who were previously from such a faculty. In addition, serving on the committee are two external directors, who serve on the board of the banking corporation that is the subject of the committee's discussions, and which were proposed by the chairperson of the committee, and the two members previously referred to, in consultation with the Supervisor of Banks.

Concurrently with the committee, in the case of a banking corporation having no core controlling interest, a shareholder and/or a group of shareholders that hold more than two and a half percent of a certain class of means of control in the corporation, are entitled to propose to the general meeting candidates for election as directors.

Composition of the Board of Directors¹

The Corporation	Discount Bank	MDB	ICC	IDB Bank
Number of directors	10	9	9	12
Directors qualified as external directors	10	3	3	6 ⁻
Of which: External directors ²	3	5 ⁻	5 ⁻	6 ⁻
External directors in terms of Directive 301 ³	4	3	3	6 ⁻
Directors with professional qualifications ⁴	10	8	9	7 ⁻
Directors with accounting and financial expertise	9	7	8	7 ⁻
Women	4	3	2	4
Men	6	6	7	8
Age ⁸ :				
Up to 50	1	1	3	2
51-60	2	2	3	4
61-70	3	5	1	3
Over 70	4	1	2	3

Notes:

- The data is updated through the date of publication of the 2023 Annual Report.
- In terms of the Companies Law, 1999.
- External directors in terms of Directive No. 301 of the Proper Conduct of Banking Business Directives, and as such also qualify as external directors in terms of the Companies Law.
- Within the meaning of the term in the Companies Regulations (Conditions and Tests for Directors Having Accounting and Financial Expertise and a Director Having Professional Qualifications), 2005.
- The duty to appoint external directors in accordance with the Companies Law does not apply to MDB and to ICC, both being private companies.
- The provisions of the Companies Law and of Proper Conduct of Banking Business Directive No. 301 do not apply to IDB Bank. This notwithstanding, IDB Bank's corporate governance guidelines require that a minimum of one-third of the directors be independent and define the criteria for that independence. In actual fact, six of the directors meet the aforesaid requirements.
- The provisions of the Companies Law and of Proper Conduct of Banking Business Directive No. 301 do not apply to IDB Bank. This notwithstanding, the three members of IDB Bank's Audit Committee all have general financial literacy, as required by the Audit Committee's charter. The charter also requires that two of them have expertise in banking or in financial management matters, and in fact all three have such experience. All directors on the Audit Committee, pursuant to the charter of the IDB Bank Audit Committee, must have experience or expertise in one or more of the following fields: banking, finance, economics or business, law, management or accounting, and in fact, all three have such experience.
- Under the Proper Conduct of Banking Business directives, no limit has been placed on the age of a director of a banking corporation.

For additional details regarding the Bank's Board members, see the 2023 Annual Report (pp. 330-331) and the Periodic Report for 2023 (Regulation 26). For additional details regarding members of the Board of Directors of Mercantile Discount Bank, see the 2023 Annual Report of this bank (pp. 236-233 of the Hebrew report). For additional details regarding members of the Board of Directors of ICC, see the 2023 annual report of this company (pp. 218-221).

Diversity Policy in the Board of Directors

In accordance with the practices of the Board of Directors, appropriate representation would be given to both genders, in a way in which the ratio of representation for each gender would be at least 30%. If, for any reason, the ratio of gender diversification would fall below 30%, the Board of Directors would act by power of its authority to reach the required goal within a period of two years.

Independence of the Board of Directors

The independence of the Board of Directors is as prescribed in the Banking Ordinance, 1941, the Companies Law, The Banking Act (Licensing), 1981, and Proper Conduct of Banking Business Directive No. 301. Subject to the aforesaid, all of the members of the Bank's Board of Directors are not officers of the Bank nor their relatives, nor do they have an affiliation to the banking corporation or to a corporation under its control or to a holder of means of control, nor do they have a business or professional relationship with any of the aforementioned (other than negligible relations³²), as these terms are defined in the law.

Segregation of the Chairman of the Board's duties

Mr. Danny Yamin serves as the Chairman of the Bank's Board of Directors since December 11, 2023. Mr. Yamin does not hold any other office at the Bank. Mr. Kobrinsky, who served as the Chairman of the Bank's Board of Directors before Mr. Yamin, also did not hold any other office at the Bank. The Chairman of the Board of Directors of MDB and ICC is Mr. Barak Nardi. Mr. Nardi does not hold any other office at MDB or at ICC. Ms. Esther Deutsch, who served as the Chairman of the Board of Directors of MDB and ICC, also did not hold any other office at MDB or at ICC. Mr. Ilan Kaufthal serves as the Chairman of the Board of Directors of IDB

Bank since March 13, 2019. Mr. Kaufthal does not hold any other office at IDB Bank.

Activity of the Board of Directors

In accordance with the Companies Law, the Board of Directors will outline the policy of the corporation and will supervise the activities and duties of the CEO.

Proper Conduct of Banking Business Directive No. 301 prescribes that the Board of Directors bears responsibility for the business of the banking corporation and for its financial strength. Within this framework, the Directives provide, inter alia, that:

- > the Board of Directors will outline the strategy of the banking corporation, including the risk strategy and risk appetite, and will approve the banking corporation's policy that will guide the banking corporation in its ongoing activities;
- > the Board of Directors will supervise the activities of management and their consistency with the policy of the Board of Directors;
- > the Board of Directors will ensure the establishment of clearly defined spheres of responsibility and accountability within the banking corporation;
- > the Board of Directors will outline the organizational culture of the banking corporation, which requires the implementation of high standards of professional conduct and integrity;
- > the Board of Directors will ensure that the banking corporation operates in compliance with the law and regulations.

The Board of Directors appoints the President & CEO and approves the appointment of the members of management by the President & CEO. The Bank's Board of Directors also approves the appointment of directors at the Bank's material subsidiaries.

Determination of the agenda of the Board of Directors – The agenda for the meetings of

the Bank's Board of Directors is determined by the Chairman of the Board, taking into consideration the different regulatory requirements, including corporate legislation, the Proper Conduct of Banking Business Directives, etc.

Issues concerning risk management, corporate governance and social responsibility are discussed by the Board and/or by the Board's committees, where required and/or in accordance with regulatory duties and the Bank's policy.

Work procedure of the Board of Directors and its committees – The Board of Directors and its committees operate in accordance with a procedure determined for their work, within the framework of which are prescribed, among other things, the duties and powers of the Board itself and of the various Board committees, their manner of operation, the reports that have to be submitted to them and their frequency, and issues and transactions that require their approval. The Board of Directors updates the procedure from time to time, as required.

Assessment of the effectiveness of the work of the Board of Directors – In accordance with Proper Conduct of Banking Business Directive No. 301, the Board of Directors performs, once every two years, for internal purposes, a process of self-assessment. This is intended to test the efficiency of the Board of Directors' work, to identify weaknesses in its work and make the necessary changes where required.

The self-assessment process is conducted by means of questionnaires relating to aspects of the work of the Board of Directors and its committees, including: the commitment and independence of the Board of Directors, outlining the strategy of the Bank and of the Group and monitoring its implementation, the activities of the subcommittees and the coordination between them, supervision and control over the performance of the Bank and management, and so forth. The process at Discount Bank is conducted with the assistance of an external independent party, which, among other things, assists in the formation of the questionnaire

and in the gathering and analysis of the findings stemming therefrom. The process was last performed in March 2022 (at MDB – in October 2023; at ICC – in November 2022).

Training and refresher courses for members of the Board of Directors – The Bank runs a training program for new directors concerning the Bank's activities and the laws that apply to the Bank and its directors. The Bank takes pains to conduct a follow-up training program for the serving directors, which is customized, inter alia, to the position that the director fills within the corporation. As part of the ongoing reporting and discussions, reviews and updates regarding banking activities and the related regulations are brought before the directors, as are various other matters with which the Board of Directors and its committees are engaged.

Training sessions were, inter alia, held in 2023 regarding ESG. The Bank also held discussions on ESG strategy, ESG goals and the ESG work plan.

In 2023, the directors of MDB were given training on emphases and innovations in corporate and securities laws, crypto currencies, capital adequacy, margins, the holistic approach to personnel training at branches, and ESG, including climate risks.

In 2023, the directors of ICC were given training in crypto currencies, enforcement of securities laws, the platform, ESG – business strategy, including climate risks, and competition laws.

Rate of attendance at meetings of the Board of Directors and its committees – The overall rate of attendance at meetings of Discount Bank's Board of Directors stood at 99.1% in 2023. The overall rate of attendance at all the committees of Discount Bank's Board of Directors stood at 99.4% in 2023. For further details, see the Corporate Governance Appendix to Chapter 10 below and the Corporate Governance Questionnaire that can be viewed on the Bank's website. The overall rate of attendance at meetings of MDB's Board of Directors stood at 98.4% in 2023. The overall rate of attendance at meetings of ICC's Board of Directors stood at 98% in 2023.

32 The negligibility of the relations will be determined by the Audit Committee.

Committees of the Board of Directors

 The Bank's Board of Directors acts, inter alia, through subcommittees. As a general rule, all committees are permanent committees, some of which are in accordance with statutory requirements. Ad-hoc committees are formed from time to time to deal with certain matters. The composition of the Board of Directors and its committees and their duties are determined in accordance with the relevant legislation and the Proper Conduct of Banking Business Directives. The duties of the Board of Directors and of its committees are also defined in internal procedures, and the work procedures of the Board of Directives and of its committees. The following are the main duties of the subcommittees:

Credit Committee

The Committee is authorized to deal with various matters concerning the credit operations of the Bank and the Group. Inter alia, the role of the Committee is to support the Board of Directors in outlining the credit management strategy, as well as to discuss and make recommendations to the Board of Directors with regard to the Bank's credit policy document.

The Committee discusses, inter alia, the following matters: the Bank's credit policy; the Group and the Bank's (on a standalone basis) credit risks document; compliance with the credit policy document; effectiveness of the credit policy; retail credit portfolios of the Bank; debt collection procedures policy and the periodic report of the head of the function that handles debt collection; the Bank's policy regarding its activity with external mortgage consultants; branching policy; drawing conclusions with regard to default cases and so forth. The Committee discusses the yearly and multiyear credit control work plan and the annual report of the credit controller. The Committee also holds a discussion with the credit controller on his own.

The Committee is authorized to discuss and approve credit applications that deviate from the credit policy, as well as applications under conditions and amounts exceeding the minimum determined by the Board of Directors from time to time.

Audit Committee

The Committee discusses the annual and multiyear internal audit work plan, makes recommendations regarding such plan to the Board of Directors and monitors the plans' implementation.

The Committee discusses material audit reports of the internal audit, the quarterly and semi-annual reports submitted by the internal auditor, which, inter alia, include a summary of the audit reports prepared by the Internal Auditor and the annual report regarding the operations of the internal audit. The Committee discusses the audit reports of the Supervisor of Banks, of authorities and of the Bank's independent auditors, and the proposed response of management to the issues raised in such reports.

The Committee makes recommendations to the Board regarding the appointment of an internal auditor or his removal from office and also makes recommendations to the Compensation Committee regarding the salary and compensation of the internal auditor and his promotion. In addition, the Committee makes recommendations to the Board of Directors regarding the letter appointing the Internal Auditor/internal audit function and approves the plan for assuring the quality of the internal audit function.

The Committee receives on an ongoing basis reports regarding disciplinary events and regarding the manner in which management has dealt with such cases.

The Committee examines deficiencies in the business management of the Bank and proposes ways of rectifying them.

The Committee approves the policy document regarding the handling of public complaints

and the service charter and discusses the periodic report of the Public Complaints Commissioner.

The Committee holds discussions with the audit and control functions on their own, in the presence of the Committee members and the relevant officer alone.

The Committee discusses transactions with "related persons", as required under Directive no. 312 of the Proper Conduct of Banking Business Directives, and actions and transactions as required by the provisions of the Companies Law.

The Audit Committee is responsible for supervising the work of the Bank's independent auditors, including making recommendations to the Board of Directors regarding the compensation of the independent auditors, as well as examining the scope of their work and their compensation. Moreover, the Audit Committee will submit its recommendations to the Board of Directors prior to the formation of the identity of the candidate for the office of external Auditor, to be tabled before the General Meeting of Shareholders, whether it is an initial appointment or extension of an existing engagement, and in cases of non-renewal of office or termination of office. It is also responsible for bringing its position before the general meeting whenever the agenda of a general meeting includes the termination of office of the independent auditor or the non-renewal of its office. Once every three years, the Audit Committee holds a discussion regarding the possibility of replacing the existing independent auditors of the Bank according to what is determined in the Proper Conduct of Banking Business Directive no. 301.

The Committee discusses the Bank's draft of the annual report and the quarterly reports to the public ("the Financial Statements") and submits recommendations to the Board with respect thereto. As part of the discussions on the Financial Statements, the Committee discusses the matter of customers where the allowance recommended to be made with respect thereto in the relevant quarter

is in an amount greater than that prescribed by the Board. Furthermore, the Committee discusses the matter of disclosures regarding the accounting policy on critical topics and regarding critical accounting estimates. Moreover, the Committee discusses and makes recommendations to the Board of Directors regarding the formal disclosure policy of the Bank.

Prior to the issue of a prospectus, the Committee discusses the draft prospectus before its submission for approval of the Board and makes recommendations to the Board regarding the draft.

Furthermore, the Committee makes recommendations to the Board in all matters relating to internal control over the financial reporting, in everything relating to the supervision over the current management of financial reporting risks, in accordance with Section 404 of the Sarbanes Oxley Act. The Committee approves the financial reporting risk management policy and the annual work plan for financial reporting risk management (SOX 404), and also monitors the progress of the plan's implementation.

The Committee receives an annual review from the independent auditors regarding the audit of the Financial Statements and regarding new developments in standards and regulation in Israel and the world over, as well as a quarterly review (the independent auditors' communications with the functions responsible for overall control).

The Committee also discusses the corporate governance questionnaire prior to its discussion in the plenum.

The Committee discusses and makes recommendations to the Board of Directors in matters regarding the existence of permanent conflict of interests of a director of the Bank. The Committee also discusses the issue of negligible relations regarding a director/candidate for office of director of the Bank, in accordance with the provisions of the Banking Ordinance and the Companies Law.

The Audit Committee has to approve whether and to what extent a candidate, who meets the qualification terms of an external director, also meets the qualification terms of an independent director under the Companies Law.

Risk Management Committee

The Committee is authorized to discuss and to make recommendations to the Board of Directors in any matter relating to the overall risk strategy, including the risk management and risk exposure policy, in the Bank and in the Group. Within this framework, the Committee's role is to exercise control and supervision over the manner in which Management implements the overall risk strategy, including the risk appetite, as outlined by the Board of Directors, and also to discuss the scope of the exposure to the various risks and limitations on exposure; organizational preparations and corporate governance for the implementation of the risk strategy for exposure management and control; and also updating of the Board of Directors' procedures in the risk management field.

Furthermore, it is up to the Committee to ensure that new or developing risks are managed as required, and that the Bank's Management allocates appropriate resources to these. Moreover, it is the Committee's task to exercise control and supervision over the risks involved in the activities of the Bank's investee companies from the perspective of risk-based materiality.

The Committee is in regular contact with the Chief Risk Officer (CRO) and with the other audit and control functions so as to update the latest risk profile, the risk appetite, the limits and the deviation thereto, material default events, and the risk mitigation plans. In addition, the committee has established a work interface with the Audit Committee of the Board of Directors on material matters relevant to its sphere of responsibility.

The CRO submits immediate reports to the Committee and, if required, also to the Board of Directors, on any matter, finding or deficiency found in the area within the duty and authority of the Committee, which might have a material

effect on the risk management at the Bank and the Group and/or on their business as well as other topics, at its discretion before the Committee for discussion (the aforesaid is also applicable in relation to MDB and ICC).

The Committee discusses periodic reports on the issues from the risk management field in the Bank and in the Group, in accordance with Proper Conduct of Banking Business Directives and according to need. Inter alia, annual discussions take place regarding the risk appetite declaration, the Bank of Israel's uniform stress testing, the results of the holistic stress testing and the effects thereof on the capital, within the framework of the ICAAP, and the SREP letter and the Group's preparations for its implementation.

The Committee holds discussions on the Group policy documents and on the core documents in the field of risk management, at the frequencies prescribed for such discussions, and approves them or makes recommendations to the Board of Directors for their approval. Inter alia, the Committee is authorized to discuss and make recommendations to the Board of Directors with regard to the internal capital adequacy assessment process (ICAAP), with regard to insurance of the Bank and the Group and with regard to business continuity. Furthermore, the Committee is authorized to approve, or recommend that the Board of Directors approves, new products and activities.

The Committee holds a quarterly discussion as a secondary risk management committee in connection with activity in the United States (IDB Bank), inter alia, in accordance with the Proper Conduct of Banking Business Directives with regard to the supervision of overseas extensions.

Resources Committee

The Committee discusses matters relating to human resources, labor relations and labor agreements. The Committee monitors the process of updating the code of ethics and formulating the vision, values and rules of conduct of the Bank. It discusses the policy for social responsibility management, including

reviewing the Bank's social commitment activity, and also the Bank's ESG Report.

The Committee ensures that a suitable plan exists for advancing a future Management pool, discusses the mobility policy for the Bank's officeholders and monitors the policy's implementation.

The Committee discusses matters pertaining to the relocation to the Discount Campus and the Bank's properties (real estate) management policy.

Compensation Committee

This Committee has been given the duties and powers required pursuant to Amendment No. 20 of the Companies Law and under Proper Conduct of Banking Business Directives.

The Committee discusses and makes recommendations to the Board of Directors regarding the compensation policy for the Bank's employees and its senior officers.

Where required, and prior to approval by the Board of Directors and the general meeting, the Committee approves the terms of engagement of the Bank with its senior officers as regards their compensation.

The Committee discusses the assessment of effectiveness of the compensation policy and mechanisms.

The Committee approves the annual bonus to the officers.

The Committee holds discussions and makes recommendations to the Board of Directors regarding principles relating to the compensation policy of principal corporations controlled by the Bank.

Technologies & Innovation Committee

The Committee is authorized to discuss and approve and/or to make recommendations to the Board of Directors on the following issues: the IT strategy and policy and its management, including data security and cyber, the Bank's technological infrastructures, management and

usage of databases, technological innovation in support of the business innovation and their alignment with the Bank's overall strategy and policy; how the Bank prepares for banking in the future and coping with the business challenges arising from technological innovation in general and disruptive innovation in particular; a framework for managing technological risks, including data security and cyber risks and innovation risks; annual work goals and plans; and, allocation of appropriate resources to achieve the planned activity of the banking corporation in the IT area, and data and innovation management.

The Committee discusses the following policy documents and makes recommendations to the Board of Directors regarding their approval: the IT management policy, the IT risk management policy, the IT risk tolerance declaration, the strategy and policy for cyber protection and data security management, the cyber risk tolerance declaration, the policy for using cloud computing technology, open banking policy and strategy, policy for managing E-Banking risks and a policy regarding innovation management based upon cooperation with startup companies.

The topic of privacy protection/customer privacy is discussed within the framework of the policy documents that are submitted to the Committee. Should there be technological aspects that relate to this topic, these are also brought before the Committee.

The Committee also approves projects and procurement agreements in the computer field, where the total amount of the investment therein exceeds NIS 35 million.

ESG management. The Bank's Board of Directors oversees the ESG field at the Bank. The Board of Directors has approved the Bank's ESG strategy and oversees its implementation. The activities of the Board of Directors are carried out both through the full board and also through the relevant subcommittees, with an emphasis on the Risk Management Committee that will be charged with supervising the framework for the management of climate

Committees of the Board of Directors at the Principal Subsidiaries in Israel

MDB

Operating at MDB are the following committees of the Board of Directors: Audit, Risk Management, Administration, Credit. The Administration Committee deals, among other things, also with the following matters: manpower, computerization, branches, organizational structure and efficiency. The Administration Committee receives reports from the President & CEO, from the VP Human Resources and Administration and from other parties in accordance with the subject matter. The Committee also receives reports regarding the bank's activity and employees in aid of the community and regarding the code of ethics, which was deployed at the bank from 2017. The Committee monitors the implementation plan and the measures for assimilating the code.

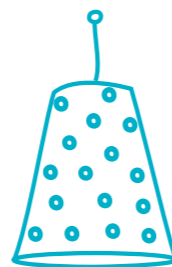
ICC

Operating at ICC are the following committees of the Board of Directors: Audit Committee, Risk Management Committee, Compensation Committee, Technologies, Information and Innovation Committee, and Agreements with Banks Review Committee. The Compensation Committee discusses also issues of manpower. The ICC's code of ethics was approved in July 2014 and validated in 2022 by the Board of Directors of the company. Reports regarding the social responsibility areas are submitted on a current basis to the Board of Directors of ICC.

The duties of the said committees and their authority, in ICC and MDB, are similar to those of the parallel committees of Discount Bank, as described above.

risks, and the Resources Committee that discusses topics relating to the Bank's social responsibility.

The ESG field is managed at the Bank by the Strategy and Finance Division, under the member of Management who is in charge of the division and who reports to the Management and the Board of Directors accordingly. Reports and discussions on ESG topics include, among other things, status reports on the Bank's progress in this field, an annual discussion on the ESG report and its approval, and a discussion of future action plans in the field and their approval.



Mechanisms for the Prevention of Conflict of Interests among Directors

In accordance with Proper Conduct of Banking Business Directive No. 301, it is not permitted to appoint a director whose current business interests create a permanent conflict of interest between himself and the banking corporation or where fear of such conflict exists. According to legislation, a director has a fiduciary commitment toward the corporation in which he serves, including a commitment to avoid any conflicting activity between his duties as director and any other office he may hold or between his personal interests and/or of any action constituting competition with the business of the company and avoiding the utilization of any business opportunity of the company with a view to obtaining benefits for himself or for another person. The Bank's Board of Directors has approved guidelines and quantitative criteria for the prevention, on a permanent basis, of conflict of interest, based on the scope of the business relations of the director, which raise suspicion of conflict of interest and the materiality of the business relations with the Bank. The Bank's Board of Directors has also approved guidelines for cases where a Director has a personal conflict of interests.

In addition, within the frameworks of the Companies Law and the Proper Conduct of Banking Business Directives, procedures and mechanisms have been prescribed for dealing with cases where a conflict of interest exists, or may exist, between the corporation and an interested party therein. In this framework, the Law has determined the duties of disclosure, according to which a director is bound to declare any personal interest that he has in an existing or proposed transaction, to the extent required, for the purpose of determining a process of approval of a transaction, as stated, by the various organs, in accordance with the said directives.

Inter alia, it has been prescribed that a director who has declared that he has such a personal interest regarding a specific matter, will not receive information from the banking corporation

with regard to that matter, will not be present at a discussion pertaining to the matter in which he has a personal interest, and will not vote on such matter. The Directives also prescribe that a director who has an affiliation to a corporation in a secondary sector (a holding of at least 5% in one or more of the means of control over the corporation in the secondary sector, or serving as an officer of the corporation in the secondary sector), will not be present at discussions of the board of directors or of its committees that relate to a customer of the banking corporation, which is also a corporation in the same secondary sector, and will not receive information and reports with regard to that customer from the banking corporation.

Under the powers conferred upon it pursuant to the Companies Law, the Audit Committee of the Board of Directors has established yardsticks concerning transactions between the Bank and officers of the Bank, according to which decision would be made as to what transactions need to be brought before the Audit Committee for approval, whose duty it is to decide whether it is an irregular transaction that requires special approvals, in accordance with the Companies Law.

Furthermore, the Bank acts in conformance with the provisions of Proper Conduct of Banking Business Directive No. 312, in the matter of related persons, which sets requirements regarding obtaining approval of the Audit Committee for transactions between the Bank and persons related to the Bank, including transactions between the Bank and Officers of the Bank. In accordance with this Directive, the Audit Committee is required to confirm that the employment is not under preferential terms in relation to the customary terms of similar transactions that the Bank enters into with other parties.

In accordance with the aforesaid, a procedure has been prescribed for approving transactions with related persons and transactions in which an officer of the Bank has a personal interest. the aim of the procedure is to describe the manner of treatment required for transactions with related persons and transactions in which

an officer of the Bank has a personal interest (whether transactions of the Bank with the officer himself or transactions of the Bank with others), in accordance with Proper Conduct of Banking Business Directive No. 312 and in accordance with the Companies Law.

It should be noted that according to Proper Conduct of Banking Business Directive No. 301, directors of the Bank are prohibited from serving also as directors of corporations controlled by the Bank, as well as from serving as directors of a financial body, the volume of whose assets exceeds NIS 2 billion.

The aforesaid applies also to the board of directors and the board of directors of ICC. Furthermore, it should be noted that, due to the membership mix of ICC's board of directors, which, inter alia, is composed also of directors who act as officers of the owner banks of ICC, discussions by the board which might expose commercial and business secrets, as well as a potential for the violation of the antitrust laws, are not held in the presence of the directors who act also as officers of the owner banks, which are also not exposed to the discussion materials, and is also brought before the Agreements with Banks Review Committee, composed of external directors, for an in-depth review of the matter.

The Bank's Management

The President & CEO

> The Bank's Board of Directors has the authority to appoint the President & CEO and is responsible for supervising and evaluating the performance of the President & CEO.

Members of Management

> Members of management are appointed by the President & CEO, subject to the approval of the Board of Directors.

For additional details regarding the Bank's members of Management, see the 2023 Annual Report (p. 330) and the Bank's periodic report for 2023 (Regulation 26A). For additional details regarding members of Management of Mercantile Discount Bank, see the 2023 annual report of this bank (pp. 237-239 of the Hebrew report). For additional details regarding members of Management of Israel Credit Cards, see the 2023 annual report of this company (pp. 221-223).



Details regarding members of Management*

The Corporation	Discount Bank	MDB	ICC	IDB Bank
Number of members of Management	12	9	9	13
Women	5	4	2	5
Men	7	5	7	8
Age: Up to 50	6	3	5	5
51-60	5	4	4	3
61 and over	1	2	-	5

* The data is updated through to the date of publication of the 2023 Annual Report.

Special and independent committee – proceedings in Australia

> Different legal proceedings have been conducted in Australia and in Israel against the Bank and against MDB ("the banks"), relating to accounts held with the banks by certain Australian family members and by companies related to them. The essence of the said proceedings is civil lawsuits (fiscal) filed in Australia by Liquidators of the related companies, claiming damage caused to these companies due to amended tax assessments issued by the Australian Tax Authorities. The claims were based on the argument (refuted) that the said banks had provided banking services to customers, assisting them in evading the payment of taxes in Australia.

On January 31, 2021, the banks signed compromise arrangements in relation to the aforementioned proceedings for the settlement of all claims and actions of the Plaintiffs against the Discount Group, including in relation to the proceedings, the family members and the related companies, with this being without any admission of liability. According to the aforesaid arrangements, the amount of the settlement totals approx. AUD 138 million, equivalent to approx. NIS 343 million.

Concurrently, the Bank has agreed to an arrangement whereby the insurers will pay the banks an amount of approx. US\$ 55 million for which an amount of approx. US\$ 47.5 million (approx. NIS 151 million) was recorded as income.

For further details, see Note 26 C 11.3 to the financial statements as of December 31, 2020 (pp. 230-231).

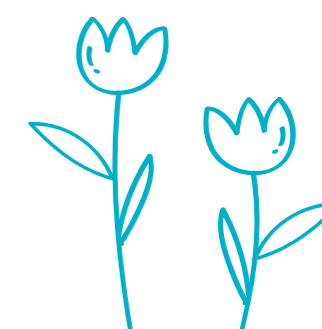
The Bank had carried out a lesson learning process in order to avoid repetition of events of that sort, and in this framework, the Bank reassessed processes and procedures.

As required by the Supervisor of Banks, the Boards of the two banks have decided to establish a joint committee of the two Boards of Directors, which will be a special, independent committee that will be headed by her honor, Retired Judge Hila Gerstel. His honor, Retired Judge Jacob Sheinman was appointed on August 15, 2021, as joint Chairperson of the Committee, acting together with her honor, Retired Judge Gerstel. The Committee was appointed to examine the administrative and control processes that allowed the conduct of the Banks that led to the proceedings for which the compromise arrangements were signed, while addressing, inter alia, to corporate governance aspects and the conduct of the Board of Directors and the senior Management including drawing conclusions and making general and personal recommendations with regard to officers and employees, where necessary, including in relation to compensation awards granted to the officers during the relevant period.

The Committee, in its role as an institutional and procedural review committee, will submit another confidential report, as required by the Bank of Israel, in which the administrative and control processes examined by it will be presented to the Bank of Israel.

The Board of Directors of the Bank and the Board of Directors of MDB discussed the Committee's reports and recommendations and, at their meetings from November 20, 2023 (MDB) and November 26, 2023 (the Bank), respectively, they decided to adopt the findings, conclusions and recommendations of the Committee in full.

For additional details, including the committee's recommendations and the compromise arrangement that was reached, see the First Quarter of 2024 Report (pp. 193-194).



Compensation of Senior Officers

Compensation of Directors (Excluding the Chairman of the Board)

➤ In accordance with Proper Conduct of Banking Business Directive No. 301A ("Directive 301A"), the compensation for all directors of the Bank, excluding the Chairman of the Board, is to be determined in an identical manner and in accordance with the manner of determining the compensation of an external director, in accordance with the Companies Regulations (Rules Applying to Compensation and Reimbursement of Expenses of External Directors), 2000 (in this section: "the Regulations"). In addition, the Amendment to Directive 301A, from August 2015, prescribes that the compensation of all members of the board of directors, including the chairman, will be fixed compensation alone.

The amounts of the compensation for external directors and for other directors, serving with the Bank and defined in the Regulations as "expert" directors, are in accordance with the maximum amount determined in the Regulations for an expert external director. A director who is not defined as an "expert" director is entitled to compensation in accordance with the compensation to which an external director who is not defined as an "expert" is entitled. The compensation is composed of a fixed annual amount with the addition of compensation for participation in each meeting of the Board or of one of the committees of the Board. The compensation does not include any component that is connected to the performance of the Bank.

Directors' compensation at MDB is determined in accordance with the Regulations, based on the capital grading relevant to MDB. The annual compensation of directors, who serve as officers of Discount Bank, is paid to Discount Bank.

Directors' compensation at ICC is determined in accordance with the Regulations and is payable

to directors who do not serve as officers of the owner banks. The compensation is based on the capital grading relevant to ICC.

The Terms of Service and Employment of the Chairman of the Board and the President & CEO

➤ For details regarding the terms of service and employment of the Chairman of the Board of Directors and of the President & CEO of the Bank, see Note 35 to the financial statements as of December 31, 2023 (pp. 309-315).

For details regarding Letters of the Supervisor of Banks in the matter of "principles for determining the terms of office of the chairman of the board of a bank having no core controlling interest" see the ESG Report for 2022.

On April 10, 2022, amendments to Proper Conduct of Banking Business Directive No. 301 "Board of Directors" and Proper Conduct of Banking Business Directive No. 301A "Compensation Policy at a Banking Corporation" were published in connection with the compensation of the chairman of the board of directors of banking corporations with no core controlling interest, whereby the terms of service and employment of the chairman of the board of directors of a bank with no core controlling interest were regulated.

It is noted that the terms of office that had been approved for the Bank's Chairman of the Board, as described in Note 35 F to the financial statements, comply with the principles determined in the said letters and Proper Conduct of Banking Business Directive No.301.

Compensation Plan for Officers

Compensation policy for officers of the Bank (2020-2022) – At a special general meeting held on March 18, 2020, it was resolved to approve the compensation policy for the Bank's officers for the years 2020 through

2022, in accordance with Section 267A of the Companies Law. The compensation policy will remain in force for a period of three years from the date of the general meeting's approval.

Compensation policy for officers of the Bank (2023-2025) – At a special General Meeting held on February 28, 2023, it was resolved to approve the compensation policy for the Bank's officers for the years 2023 through 2025, according to Section 267A of the Companies Law. The compensation policy will remain in force for a period of three years from the date of the general meeting's approval.

The Bank's compensation policy is subject, inter alia, to the provisions of the Companies Law, the Supervisor's directives and the Compensation Law.

It should be noted, that the Companies Law (Section 267A) states, among other things, that the majority of votes at the general meeting, which approves the compensation policy for officers, will comprise the majority of all the votes of shareholders participating in the meeting, who are not the controlling shareholders of the company or who do not have a personal interest in the approval of the compensation policy.

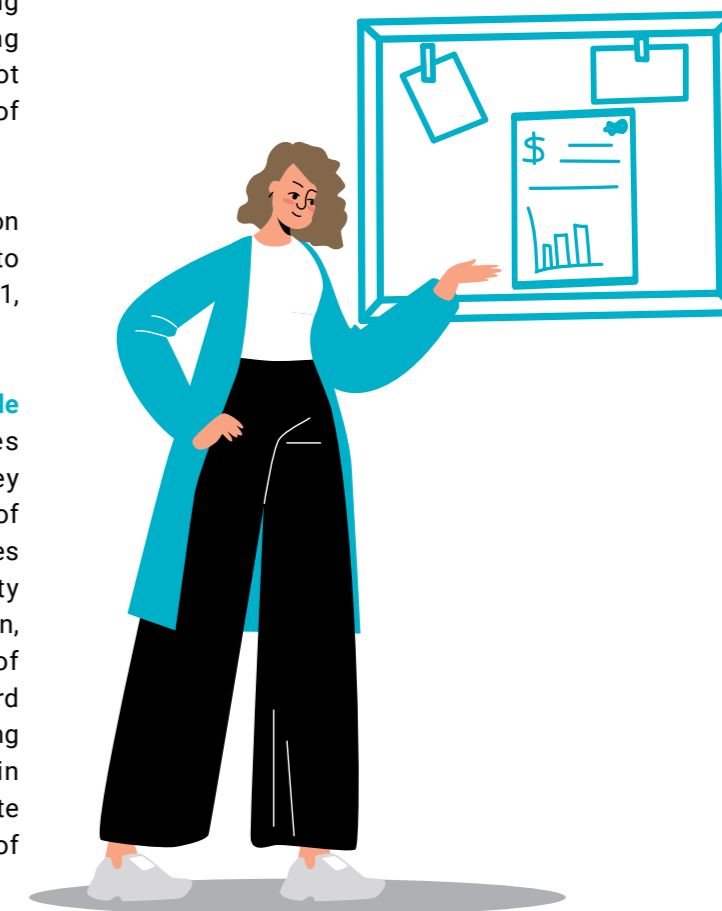
For further details regarding the compensation plan for officers of the Bank, see Note 23 to the financial statements as of December 31, 2023 (pp. 219-223).

Mechanism for the reimbursement of variable compensation – Directive 301A states that variable compensation paid to a key employee will be subject to the obligation of reimbursement in exceptional circumstances where the employee was involved in activity causing exceptional damage to the corporation, including: unlawful activity, violation of fiduciary duty, deliberate violation or disregard of gross negligence of the policy of the banking corporation, its rules and procedures, or in the event of fraud or deliberate inappropriate conduct, which caused the restatement of data in the financial statements.

For further disclosure regarding "compensation", see the document "Disclosure according to the third pillar of Basel and additional information regarding risks", available for perusal on the Internet (pp. 111-118).

As privates companies, neither MDB nor ICC are obligated to approve the compensation policy at a general meeting.

For details regarding compensation at MDB, see "Additional disclosure according to the third pillar of Basel - as of December 31, 2023" (pp. 109-116 of the Hebrew report). The said report is available on the website of MDB. For details regarding the compensation plan for the CEO of ICC, its managers and employees, see the annual report of the company for 2023 (pp. 163-172) and the "Additional disclosure according to the third pillar of Basel" - 2023 annual report (pp. 62-68 of the Hebrew report). The said reports are available for perusal on the website of the company.



Principal Control Functions

The Internal Audit

➤ The Bank's Internal Auditor is Mr. Nir Abel, CPA (Isr.), who assumed office in May 2011. Internal audit is a self-sufficient and independent function, as defined in section 7 of Proper Conduct of Banking Business Directive No. 307. The Chairman of the Board of Directors is the organizational entity in charge of the Internal Auditor.

The Internal Audit, which serves as the third line of defense regarding risk management at the Bank, comprises a layer in maintaining proper corporate governance, and performs independent audit of the effectiveness of controls, the monitoring of risk, improved efficiency of procedures, exposure to data protection and cyber, and reflects to Management and to the Board of Directors a situation report regarding the conduct of the Bank. The internal audit operates according to an annual and multiyear work plan, focused on risks, which was designed on the basis of an overall risk survey, conducted according

RISK MANAGEMENT HAS BEEN DEFINED BY THE BANK AS A FUNCTION HAVING GROUP RESPONSIBILITY. ACCORDINGLY, EMPHASIS IS BEING PUT ON ASPECTS OF THE GROUP SUPERVISION AND CONTROL AND ALL THE ONGOING INTERFACES WITH THE SUBSIDIARIES IN ISRAEL AND ABROAD AND ON THE GUIDANCE PROVIDED TO THEM REGARDING THE ADOPTION OF PROCESSES AND TOOLS ACCORDING TO METHODOLOGIES DETERMINED BY THE PARENT COMPANY, MUTATIS MUTANDIS

to new and accepted methodologies, and was influenced by local and international guidelines (including Basel, SOX, COSO and Proper Conduct of Banking Business Directive No. 307 regarding the internal audit function).

The internal audit is a function having Group responsibility and, therefore, emphasis is placed upon the existence of interfaces with the subsidiary companies that have their own internal audit units in the fields of methodology, approval of work plans, etc.

The internal audit is carried out according to the provisions of the Internal Audit Law, 1992, and of Proper Conduct of Banking Business Directive No. 307, "The Internal Audit Function".

For further details regarding the internal audit at the Discount Group, see the 2023 Annual Report (pp. 333-336).

The Internal Auditor of MDB is Ms. Tsiona Cohen, who has served in this position since August 2012. For details regarding the internal audit at MDB, see the 2023 Annual report of this bank (pp. 240-242 of the Hebrew report).

The Internal Auditor of ICC is Ms. Lilach Zilber-Tal, who has served in this position since September 2020. For details regarding the internal audit at ICC, see the 2023 Annual report of ICC (pp. 223-225).

The Internal Auditor of IDB Bank is Mr. Mario Lemos, who has served in this position since November 2017.

Risk Management Division

➤ The Chief Risk Officer is Ms. Orit Caspi officiating from July 10, 2022 and also serves as Head of the Risk Management Division. The Chief Risk Officer is a member of management and reports to the President & CEO independently from the business lines that create the risk. The Chief Risk Officer assists the Board of Directors in fulfilling its duties regarding risk management, and has full access to the Board of Directors and to the Board's Risk Management Committee. The Chief Risk Officer is responsible for the

management of all risks at the Bank and the Group, within the framework of the second line of defense.

Risk management has been defined by the Bank as a function having Group responsibility. Accordingly, emphasis is being placed on aspects of the Group supervision and control and all the ongoing interfaces with the subsidiaries in Israel and abroad and on the guidance provided to them regarding the adoption of processes and tools according to methodologies determined by the parent company, mutatis mutandis.

Among the main tasks of the Division:

- Recommendations regarding the risk appetite and risk management policy, identification and correct evaluation of the risks and exposures;
- Monitoring and current reporting to management and the Board of Directors, as a risk-based management and control tool;
- Verification of capital adequacy, ensuring the long-term stability of the Group;
- Involvement in material processes and projects, such as: supporting the strategic planning and accompanying strategic and business processes, integration of new work procedures derived from regulation;
- Leading the credit policy and the integration of risk-based pricing, providing a second opinion on credit applications and on investments that involve a material credit exposure and approval of ratings, classifications and allowances, challenging of the capital planning, strengthening of risk-based compensation aspects, improving tools, models and systems supporting risk management, identification of developing risks, etc. This, with the aim of verifying the integration of risk management aspects as an integral part of the business processes and testing their anticipated impact on the risk profile;
- Active involvement in managing the processes regarding prohibition of money laundering and the financing of terror at the Bank and international sanctions, as well as management of the risk and conducting

THE RISK MANAGEMENT DIVISION IS INVOLVED IN MATERIAL PROCESSES AND PROJECTS, SUCH AS: SUPPORTING THE STRATEGIC PLANNING AND ACCOMPANYING STRATEGIC AND BUSINESS PROCESSES

current controls regarding compliance matters, administrative enforcement and cross-border risks;

- Active involvement in managing the processes relating to competition laws and the topic of privacy protection;
- Coordinating new-product processes, together with the Bank's professional functions and the control bodies;
- Model risk management and responsibility for model validation.

The Risk Management Division incorporates independent functions that support the risk management, comprising the units managing credit risks, market risks, liquidity and investment in securities, operational risk, including business continuity risks and fraud and embezzlement risks, IT risks and cyber risks, as well as compliance risks, prohibition of money laundering and finance of terror risks and cross-border risks.

The managers of the risk management units operate as the second line of defense and conduct a variety of processes for the identification, measurement, evaluation as well as control and risk mitigation. Furthermore, the Chief Risk Officer is responsible for control functions, including the credit controller, a second opinion unit for credit applications, as well as a supervision and evaluation function, which performs comprehensive assessment processes of the risk profile of the Bank and of the Group, including assembling the quarterly risk documents, management of the annual Internal Capital Adequacy Assessment Process (ICAAP), and also performs supervision and

control processes over the subsidiaries in Israel and abroad from risk management aspects.

The above stated applies in essence also in relation to IDB Bank, MDB and ICC, mutatis mutandis.

For further details regarding the risk management at Discount Bank, see the 2023 Annual Report (pp. 74-121) and in the document "Disclosure according to the third pillar of Basel and additional information regarding risks", which is available for perusal on the MAGNA website of the Israeli Securities Authority, on the MAYA website of the Tel-Aviv Stock Exchange Ltd. and on the Bank's website.

The Chief Risk Officer of IDB Bank is Mr. Daniel Roberts, who serves in this position from May 2022.

The Chief Risk Officer of MDB is Mr. Mohamed Awad, who has served in this position since October 15, 2020. For details regarding risk management at MDB, see the 2023 annual report of this bank (pp. 41-80 of the Hebrew report) as well as the document regarding "Disclosure according to the third pillar of Basel and additional information regarding risks" of this bank (in Hebrew).

The Chief Risk Officer of ICC is Mr. Amit Krauser, who serves in this position since August 2021. For details regarding risk management at ICC, see the 2023 annual report of ICC (pp. 63-92), as well as the document regarding "Disclosure according to the third pillar of Basel and additional information regarding risks" of ICC (in Hebrew).

The independent auditors

The Bank's independent auditors constitute an external and independent audit circle who are responsible for the accounting audit of the Bank.

In accordance with the provisions of Proper Conduct of Banking Business Directive No. 302, which concerns the independent auditor of a banking corporation, the Audit Committee is to discuss the possibility of replacing the

independent auditor of the banking corporation, with such discussion taking place at least once every three years, or when the independent auditor's term of appointment terminates, whichever is the later.

The Supervisor of Banks anticipated the possibility of an accounting firm serving for a lengthy term as the independent auditors of a particular banking corporation and added requirements to Proper Conduct of Banking Business Directive No. 302 that would ensure the integrity of the audit, even in such situations.

It was prescribed that, in addition to the partner responsible for the audit (the partner responsible for the management of the audit and who signs the auditor's Opinion on the financial statements of the banking corporation), a partner is also to be appointed to review the audit (a partner who has no connection with the audit of the specific banking corporation, who will conduct a documented annual review of the audit in order to examine whether it is necessary to strengthen the control mechanisms designed to ensure the objectivity and independence of the audit, inter alia, by replacing the team that audits the banking corporation, including the partner responsible for the audit).

It was also prescribed that the partner responsible for the audit and the partner responsible for the audit review are not to fulfill these roles for a period exceeding five consecutive years, and that at the end of this period they are to be replaced by other partners who will be responsible for these functions. They will be able to return to these positions only after at least 5 years have elapsed since the date of their replacement.

It should be noted that this arrangement was prescribed to follow the standard practice in the United States.

In December 2021, the Supervisor of Banks applied the Basel Committee's guidelines on the external audit of banking corporations, to the banking corporations in Israel. These guidelines were intended, inter alia, to deepen the audit

committee's involvement in the appointment and the appointment renewal of the independent auditors, and to impose on the audit committee an obligation to monitor and evaluate the independence of the independent auditors. The Bank is making preparations accordingly.

In accordance with the Bank's articles of association, the appointment of the independent auditors is done annually at the annual general meeting, unless the general meeting decides to make an appointment for a longer period of up to three years. As of the reporting date, Somekh Chaikin (KPMG), CPAs and Ziv Haft (BDO), CPAs, serve as joint independent auditors of the Bank.

Prevention of Corruption

Discount Bank offers its customers financial services of the highest standard, with consistent and strict adherence to the rules of conduct and ethical norms expected from a financial body, which is committed to the general public it serves and to the community in which it operates. As a financial institution, our level of ethics has to be at the uppermost end in order to earn public trust and fulfill our duty in maintaining the law layout in the State of Israel. The Bank's Board of Directors is responsible for setting high standards of conduct, designed to promote professional conduct and honesty, and for the integration thereof throughout the organization".

Fraud and Embezzlement Risks

As a financial corporation, the Bank holds funds and financial assets of its customers. In operations of this nature, the most basic condition for conducting business is the trust which its customers, managers and employees feel toward the Bank. Hence the importance of management of fraud and embezzlement risks.

The management of fraud and embezzlement risks is conducted by the Discount Group as part of the operational risk management. Management of the risk is achieved by three lines of defense:

First line of defense – the business units. The Bank and the Group conduct operating risk surveys and maintain, as a routine matter, the operational risk maps by means of a designated operational risk management system. Each risk center manager is responsible for the evaluation of the risks inherent in the operations of his unit. The risk maps contain, among other things, also embezzlement and fraud risks.

An operational risks survey at the Bank and at companies in the Group is conducted once every three years, within the framework of which are examined, inter alia, fraud and embezzlement risks. In addition, each manager of a risk center has the duty of updating the risk map on an ongoing basis, whenever there has been a material change in a work process, systems or in the effectiveness of the controls. This is in accordance with the risk assessment methodology, as defined by the Risk Management Division.

The first line business units maintain control means with respect to the operations within their authority, in order to minimize the risk of embezzlement and fraud occurring and create an environment that cultivates honesty and fairness towards customers.

AS PART OF THE BATTLE AGAINST BRIBERY, FRAUD AND EMBEZZLEMENT, THE BANK HAS INTEGRATED DIFFERENT PROCEDURES, INCLUDING PROCEDURES PROHIBITING EMPLOYEES FROM BEING IN A SITUATION OF CONFLICT OF INTERESTS, IN GENERAL, AND FROM ACCEPTING GIFTS FROM PARTIES WITH WHOM THEY MAINTAIN RELATIONS IN THE COURSE OF THEIR WORK, IN PARTICULAR

An independent control function operates at each division, and is used, inter alia to identify suspicious activity.

With respect to fraud, monitoring is performed marked by super proactivity, in view of the need to initiate defense moves and preparations against the risk of fraud events, and this in accordance with intelligence information or experience gained in the banking and financial system. The cyber defense and data protection Subdivision at the Technologies Division serves a first line of defense in the management of fraud risk and the monitoring of anomalies relating to fraud events in the Bank's banking communication channels. The criminal and fraud field at the Security Department of the Operations and Assets Division serves as a first line of defense for the management of fraud risk and the handling of fraud events performed by physical means, such as: impersonation, forgery of identity cards, forgery of signatures and of seals, forgery of checks and bank documents.

Second line of defense – The Risk Management Division, in its role as the second line of defense, defines the operational risk management policy, including the management of embezzlement and fraud risks. The policy defines the manner of management, monitoring, mitigating and reporting of such risks. Furthermore, the Risk Management Division challenges the risk assessment that the first line of defense performs, which includes also assessing the effectiveness of the controls and of the mitigation plans prescribed for them. Within the operational risk management department operates a designated unit – the embezzlement and fraud risk management unit. Among the unit's duties are: increasing awareness of the issue of fraud risks and embezzlement risks, and abnormal behavior of employees, current monitoring of irregular transactions, reporting them, where required, to the internal audit function, etc. An advanced system for monitoring irregular activity of employees operates at the Bank. In addition, the Division conducts integration and learning processes with respect to management of such risks,

including courseware, lectures to managers, professional conventions, and more. In 2023, on-line learning was rolled out for all the Bank's employees, and training was given to managers on "red flags" for identifying embezzlement.

The activity of the unit for the management of embezzlement and fraud risks is conducted by means of work interfaces with the units participating in the management of economic crime risk at the Bank, including: the cyber defense and data protection Subdivision, the criminal and fraud unit, the internal control, the officer in charge of administrative enforcement, human resources, the Security Department, the Control and Risk Management Department (MO).

In addition, the Compliance Control and Consulting Department of the Division, performs, within the framework of its activity, controls over embezzlements and/or unethical conduct among consultants and dealing room traders, inter alia, by sample listening to dealer conversations, analyzing changes and cancellation of transactions, sample control of exceptional pricing of transactions, and more.

Third line of defense – The Internal Audit reviews and audits the quality and appropriateness of work procedures at all divisions of the Bank as well as the quality of control of the first and second lines of defense, including the field of embezzlement and fraud risk management.

In addition, as the third line of defense, the internal audit function examines the risk surveys and the manner of challenging them, and also examines the effectiveness of controls. Clear procedures and guidelines have been established as regards the manner of reporting to the internal audit of events suspected of being embezzlement. In this context, among others ways, a "hot line" (in a number of channels: telephone, mail, the Bank's marketing website) has been installed for the Bank's employees, its customers and suppliers, to be able to report anonymously suspicious/irregular events. Likewise, a module was developed

on the Internet website of the Bank, which allows customers/suppliers/employees to report exceptional events. The Internal Audit performs a wide examination of the reports received through the different channels, which includes the issue of an audit report, and where required, submitting the case to the Disciplinary Committee.

The internal audit function taking explanatory procedures and an extensive drawing of conclusions in lectures in the field units, executive conferences and various forums, and distributes several times a year learning pages of extraordinary events to all Bank employees. The internal audit function at MDB acts in a similar matter.

It should be noted that, in addition to the examinations made following reports being received, initiated examinations are carried out in order to monitor irregular transactions. A "dashboard" has been developed as part of the audit, which issues alerts regarding exceptional transactions. In addition, the internal audit function examines on an ongoing basis the accounts of employees within the framework of audit work performed during the year or of specific audits. Some dozens of such accounts are examined yearly. Specific examinations of employee accounts are also conducted as a result of approaches made by customers, employees, the operational risks unit in the Risk Management Division, public complaints or the intensification of current audit following audit findings.

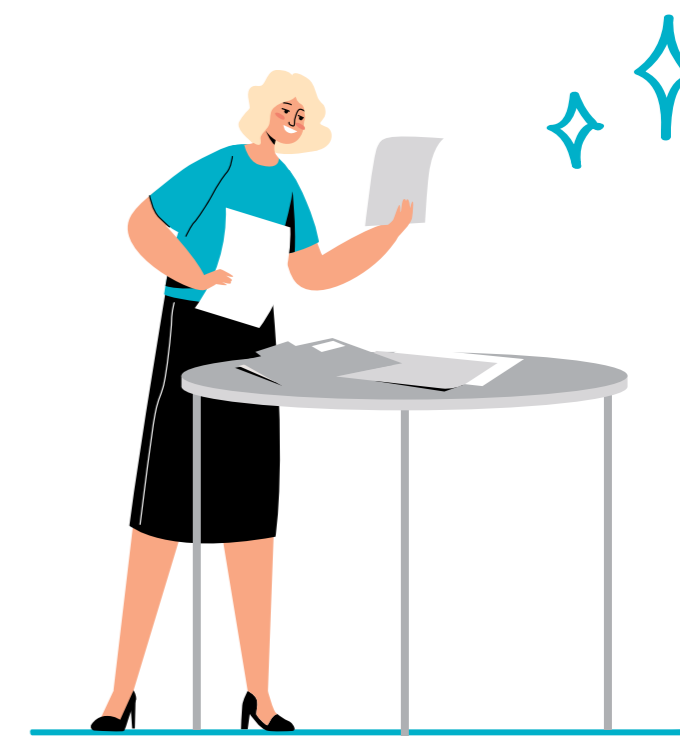
In cases where irregular activities are found or where there is suspicion of actions contrary to employee work procedures, treatment of the case is conducted by the Disciplinary Committee, which may decide on termination of employment, reprimand, removal from office, transfer from the unit, etc.

The special examinations and the resulting findings are reported to the Audit Committee, within the framework of current reporting and within the framework of the periodic reporting (quarterly and annual) with respect to the activity of the Internal Audit Division.


46 special examinations were performed in 2023. No exceptional activity was identified in 21 cases. Employment of five employees was terminated. 52 special examinations were performed in 2022. No exceptional activity was identified in 28 cases. Employment of six employees was terminated. The remaining cases were concluded by reprimand, by written or oral warnings and by clarification sessions with employees and sessions with employees of the units for the refinement and refreshing of procedures.

The cases examined in 2022-2023 involved one case of theft of money from a customer's account by an impersonator (a third party) and two cases of money theft/embezzlement by an employee. All other cases related to irregular activity in employee accounts, conflict of interest, privacy matters, operations in accounts of related persons, money laundering matters, differences in cash balances and irregularities in management of cash-on-hand, work contrary to procedures, moonlighting, violation of the code of ethics of the Bank, etc.

The internal audit function units at the Bank, at ICC and at MDB, perform audits of the manner in which embezzlement and fraud events are handled, and the manner of the drawing of conclusions and their assimilation.



Additional Means for the Prevention of Bribery, Fraud and Embezzlement

 In 2023, on-line learning on fraud and embezzlement was rolled out for all the Bank's employees. 96% of employees completed the on-line learning.

As part of the battle against bribery, fraud and embezzlement, the Bank has integrated a conflict of interests' policy and different procedures, including procedures prohibiting situations of conflict of interests applying to employees in general, and acceptance of gifts from parties with whom they maintain relations in the course of their work, in particular. In accordance with the said procedures, the receipt or payment of "facilitation payments", inter alia, are prohibited. Moreover, there is a wide assimilation of the code of ethics concerning, among other things, these issues.

In addition, an update to the employees' activity procedure was issued, which clarifies the definition of related persons and the duty to prevent conflicts of interest. The employee activity procedure is distributed as a refresher according to demand, as well as to every new employee joining the Bank.

Moreover, and as resolved by the Bank's Board of Directors, since 2022, relevant employee populations have been required to sign a declaration regarding relatives and the avoidance of conflicts of interest. This is a yearly measure, which is to take place once every calendar year.

Additional measures to manage embezzlement risks and irregular employee activity include, among other things, security classification of jobs and occupational integrity testing and an obligation for job rotation in accordance with the methodology for classifying jobs formulated by risk management. In addition, there is a continuous vacation obligation for all employees, in accordance with the regulatory requirements on this subject.

The payment procedures at the Bank involve strict approval and control procedures. Donations are approved by an internal

committee (the Donations Committee), and with respect to each donation, an examination is performed regarding the substance of the receiving association, its objects and as to whether it has all the required approvals. For additional details, see below in "Compliance with the provisions of the law and regulations".

Mechanism for exposing corruption – "Whistle blowing". A "hot-line" was installed at the Internal Audit Division for reports to be made anonymously, and a circular was issued in this respect to all employees. The circular stated that the internal audit function would ensure that the identity of the complainant would not be exposed without his permission, unless so required by the Court. The circular also clarified that the Bank's management shall not permit employment of any measures against employees whose complaint had been submitted bona fide.

The "hot-line" is intended for reports regarding the following matters: suspicion of fraud and embezzlement; concern regarding improper accounting operations; suspicion of violation of the law; material deviation from the Bank's procedures. The manner of reporting and treatment of complaints concerning financial irregularities has been established in the internal audit procedures.

In the aforementioned information sheets that it distributes several times a year, the internal audit function notes the existence of the "hot-line" and its number. In addition, as part of "FaceBank", the central tool for intra-organizational communication, details are provided regarding the "hot-line", aimed within the framework of "complaints and reporting centers" and the reporting channels.

A report concerning complaints received through the "hot-line" is submitted to the Audit Committee of the Board of Directors.

The mechanism for reporting by means of the "hot-line" has been communicated to employees, including by means of a link on the employee portal for reporting via the "hot-line" of the internal audit function. MDB and ICC also operate a "hot-line", which operates in a similar fashion.

Prevention of Corruption at the Principal Subsidiaries

MDB

The internal audit function operates in several aspects in detecting and preventing embezzlement and exceptional events: producing anomaly reports as needed, reviewing unique sites to locate the specified customers of the Bank, attending to direct complaints to the internal audit (both anonymous and open), disseminating information and drawing conclusions about audited events, delivering lectures and training, summarizing reports on employee complaints to direct managers and gatekeepers (not initially addressed by the internal audit function).

A number of special examinations of employee accounts were performed in 2023, in which no irregular transactions were found. Moreover, following information that had reached Internal Audit, two exceptional cases relating to operations by employees were examined. Following one of these incidents, two employees ended their employment with the Bank; regarding the second incident that was examined, no findings impacting on the integrity of those involved were revealed.

In 2023, the Human Resources Division received two reports from the bank's divisions about two employees. In one case the employee was fired and in the other case the employee was reprimanded and denied a promotion and bonus for a year.

ICC

In the first quarter of 2024, a Fraud Risk Management Officer was appointed to be responsible for the prevention of embezzlement. This responsibility includes performing reviews, increasing awareness of this subject, monitoring irregular activity and reporting, where required. Until now, this role was filled by ICC's Security Officer.

During 2023, ICC dealt with three incidents involving irregular employee activity, for which significant disciplinary measures were taken.

In addition, the Officer in charge of security attended to several cases of irregular activity on the part of employees of sales promotion companies engaged in the marketing activity of credit products. The work of those involved in these cases had been terminated.

All these cases had been investigated by the Officer in charge of security at the Risk Management Division, and reports summing-up the events and the drawing of conclusions have been submitted to Management and to Board Committees. ICC is implementing the conclusions drawn in accordance with the determined time schedules.

ICC is adopting explanation and drawing of conclusion measures.

Regarding irregular activity by employees, disciplinary measures were taken, including termination of employment. Regarding improper activity by sales promotion companies and service providers, the employment of those involved was terminated.

Additional Means for the Prevention of Bribery, Fraud and Embezzlement at the Bank's Principal Subsidiaries

IDB Bank

IDB Bank adheres to all federal, state, and local laws, including but not limited to the federal Bank Bribery Act, and the Foreign Corrupt Practices Federal Act. IDB Bank has a Code of Conduct which all employees are required to sign and abide by, and which includes the Bank's rules regarding compliance with internal controls, conflicts of interest and receipt of gifts. IDB Bank also manages risk through a similar approach using three lines of defense: the business unit, risk management and compliance, and internal audit.



Prohibition on Political Activity

The Bank supports a social and environmental agenda in Israel, though it rigidly adheres to not acting politically. The Bank does not support political bodies nor does it make any contributions to political bodies, political parties or politicians.

The rules of the Bank prohibit the use by employees of the premises of Bank or of its resources for political purposes. Whenever general elections are declared in Israel, the said rules are refreshed by the Bank.

Compliance with Regulation

Discount Bank strictly manages its business in a legal and proper manner, diligently complying with the provisions of the law and regulation in its activities.

The Bank has stated in its policy documents the extent of tolerance with respect to deviation from compliance provisions and risk tolerance therefor. The Bank has established processes and procedures for the implementation of requirements of regulatory instructions applying to the Bank and the enforcement thereof. The Bank also conducts processes regarding the drawing of conclusions from failure events, customer complaints and control and audit reports. At the same time, and where required, the Bank updates forms, control processes, systems, procedures, etc. that support relevant products and services. Furthermore, employee training and absorption activities are conducted. The code of ethics adopted by the Bank includes a declaration regarding the commitment to comply in letter and spirit with the provisions of all laws, regulatory guidelines and the Bank's procedures.

In accordance with Proper Conduct of Banking Business Directive No. 308, "Compliance and the Compliance Function at a Banking Corporation", compliance risk management is performed in an overall manner covering all compliance provisions applying to the Bank, which are relevant to its operations and which impose on it operative

THE BANK COMPLIES WITH STATUTORY AND REGULATORY PROVISIONS AND ALSO ACTS IN CONFORMANCE WITH THE CODE OF ETHICS IN WHICH THE BANK'S VALUES ARE ANCHORED AND WHICH PRESCRIBES APPROPRIATE STANDARDS FOR FAIR AND TRANSPARENT CONDUCT AND BEHAVIOR VIS-A-VIS THE CUSTOMERS

compliance duties, and not only provisions having bank-customer relations aspects. In addition, since November 1, 2020, the Bank has started examining the significant changes from overseas in compliance directives and in enforcement policy, which are applicable to the Bank and to its extensions. Within this framework a work process was organized for mapping international regulation provisions that might have to be applied by the Bank and the subsidiaries.

In accordance with instructions of the Banking Supervision Department, the Bank has appointed a Chief Compliance Officer, who assists senior Management and the Board of Directors in the effective management of the statutory and regulatory provisions applying to the Bank, including with respect to anti-money laundering and terror financing and, since 2016, also with respect to internal enforcement fields in the securities laws, and the supervision over financial services (pension consulting) regulations, and cross-border risks, as well as in the fields of enforcing the competition laws and the privacy protection laws. This, at the Bank and at the relevant subsidiaries in the Discount Group. Among his other duties, the Chief Compliance Officer examines and verifies the Bank's readiness for any new operation, in order to verify the compliance and implementation of the provisions of the law and regulation within the area of his responsibility. The Chief Compliance Officer also conducts, through the compliance functions, a follow-up of the rectification of

deficiencies concerning compliance, in order to avoid their repetition in the future, monitors audit reports and customer complaints brought to his attention, and initiates action for the detection of cross-organizational failures.

The Legal Counsel Division at the Bank assists in the implementation of the duties applying to the Bank, by interpretation of the law and by legal counseling in the course of the current business activity. The provisions of the law and procedures are also being enforced on an ongoing basis by the various control and supervisory systems, which are intended to ensure compliance with the provisions of the law and regulations applying to the Bank.

It should be noted that, in order to increase effectiveness of compliance at the Bank's branches and different units, employees of the first line of defense have been appointed to serve as compliance officers/trustees. Moreover, employees have been appointed to serve as compliance risk managers at the different divisions. These employees assist in verifying the implementation of the statutory and regulatory in the different matters of compliance and prohibition of money laundering, which are under their responsibility, as determined in the Bank's procedures. Such employees serve as information centers and assist in the training and implementation of compliance, fairness and decency values among the Bank's employees.

Moreover, employees are instructed to make use of the "hot-line" that is operated by the internal audit function (see above) also for the purpose of reporting compliance issues.

Furthermore, the Bank's Internal Audit Group performs audits at the Bank's units and cross-organizational audits, within the framework of which, among other things, integrity, compliance with the law and compliance with various regulatory provisions and with procedures determined by the Bank, are examined. The Internal Audit Group also examines the functioning of the parties at the Bank entrusted with supervising compliance with the provisions of the law. A similar activity is conducted at ICC too.

Several times a year, the internal audit function distributes information sheets to all the Bank's employees regarding exceptional events. In addition, staff of the internal audit function give lectures at the various units of the Bank regarding, inter alia, exceptional events and material deficiencies revealed in the compliance field.

The aforesaid also applies with respect to MDB, mutatis mutandis.

Integration and Training

As a structured part of the compliance culture at the Bank, all bank, whether in senior or junior positions, employees including manpower employees, undergo training in various matters of compliance, while designated employee populations undergo also training with respect to specific compliance matters. The training covers various topics, including the prohibition on money laundering, financing terrorism and sanctions, protection of privacy, accessibility worlds, competition laws, administrative enforcement and securities laws, and relevant regulatory updates. Included as part of every course taught at the Discount College are the relevant compliance aspects required to perform the job being taught in the course.

As part of the training for familiarization with the Bank, each new employee undergoes training in matters of ethics, which, among other things deals with various aspects of normative-ethical conduct.

AS PART OF THE TRAINING PROGRAM FOR FAMILIARIZATION WITH THE BANK, EACH NEW EMPLOYEE UNDERGOES TRAINING IN MATTERS OF ETHICS, WHICH, AMONG OTHER THINGS DEALS WITH VARIOUS ASPECTS OF NORMATIVE-ETHICAL CONDUCT.

Among the actions taken for assimilating the compliance culture at the Bank, significant use has been made of auxiliary training and learning tools in order to reach every last one of the Bank's employees.

All the Bank's divisions have divisional compliance units. In the Banking Division, there is a compliance officer for each region. In addition, an inquiry center operates in the Anti-Money Laundering and Terrorism Financing Units.

Prohibition of Money Laundering, the Finance of Terror and International Sanctions

The Bank acts to implement the requirements pursuant to the Anti-Money Laundering Law and the Fight Against Terror Law, and the regulations enacted under these laws and also acts in accordance with international sanctions and lists of declared entities under power thereof. The Bank further acts to have the Bank's employees assimilate the directives relating to the prohibition of money laundering and the financing of terror. To this end, the Bank invests resources for the updating and development of systems supporting the fulfillment of the provisions of the of the law, while especially emphasizing this year comparison of the counterparty to the transaction with the list of declared entities, as well as strengthening infrastructure and automation.

Within the framework of integrating the regulatory guidelines and international standards in the anti-money laundering field, a Group risk management policy was prescribed, which included also reference to the prevention of using accounts held with the Bank for offences of bribery and corruption. Also expanded in 2022 was reference to international sanctions and comparison of the counterparty to the transaction with the list of declared entities. Also updated is the policy relating to operations involving virtual currencies

NO FINES IN MATERIAL AMOUNTS WERE IMPOSED DURING 2023, ON ANY OF THE CORPORATIONS THAT ARE COVERED BY THIS REPORT, WITH RESPECT TO NON-COMPLIANCE WITH LAWS AND REGULATIONS

The subjects of the prohibition of money laundering, the financing of terror and international sanctions have become in recent years one of the most important enforcement and prevention subjects in international and domestic legislation, and regulation on this topic is changing and developing, intensifying the requirements for monitoring, supervision and follow up. Work procedures are being updated on a regular basis. Concurrently, within the framework of integrating this subject into the compliance culture of the Bank, the Bank holds various training and learning sessions for employees by means of frontal studies, computerized courseware made available to the branches and Head Office units, and case studies. Employees are also exposed to updated information via the Bank's Intranet site.

In addition, the Bank uses effective control and supervisory tools in order to monitor irregular transactions and to fulfill the duties imposed upon the Bank according to the law.

The aforesaid also applies with respect to MDB and ICC, mutatis mutandis.



Compliance with Regulation at the Principal Subsidiaries

IDB Bank

The bank's Code of Conduct ("the Code") guides everyone at IDB Bank – employees, officers, and directors – in meeting their responsibilities to the bank and its customers, and in making ethical business decisions. It is designated to provide everyone at IDB Bank with guiding principles on how to apply its own common sense and how to exercise good judgment and conscience, for the purpose of assisting them in their work for the bank.

The Code is intended to prevent violations of the law and corporate policy, and is based on four main principles:

- **Honesty and candor in conduct** – Banking is a business based on mutual trust, and the Bank demands absolute fairness in all of its affairs. The bank's success in the marketplace depends to a large extent on the confidence and trust of its customers. Every employee, officer and director must conduct business in a way that fully justifies the continued goodwill of the bank and trust of its customers.
- **Integrity in the bank's work with customers, with one another and with the public** – The bank strives to exemplify the highest standards of personal and professional ethics in all aspects of its business.
- **The avoidance of conflicts of interest or even the appearance of a conflict** – Each employee, officer and director must avoid engaging in any outside business or other activity that might create a conflict of interest, create a perception of impropriety, or jeopardize the Bank's integrity or reputation.
- **Compliance with laws and regulations** – The bank actively promotes and requires compliance with the laws, rules and regulations that govern the bank's business.

Obeying both the letter and the spirit of the law is one of the foundations of the bank's ethical standards.

This Code, which is distributed to and acknowledged by all employees, consultants, agents and temporary workers annually through the bank's online training system, is very detailed and clearly lays out the bank's expectations from all those involved.

Furthermore, the bank ensures that everyone at the bank receives the UDAAP training course annually, which teaches and strengthens employees' knowledge of the types of actions and practices that the bank may deem unfair, deceptive, and/or abusive. There are also other fair lending training courses given to employees and members of the Board of Directors which deals, among other things, with treating customers fairly from various regulatory perspectives.

Prohibition of Money Laundering and the Financing of Terror at the Bank's Principal Subsidiaries

IDB Bank

IDB Bank complies with federal, state and the relevant laws of other countries that prohibit money laundering and seek to prevent the financing of terrorist activity, such as the USA PATRIOT Act of 2001, Bank Secrecy Act and other laws. IDB Bank has a Financial Crimes Program and Code of Conduct which all employees are required to sign and comply with. These documents include the Bank's framework for combating terrorist financing, money laundering and other financial crimes.

For description of agreed orders signed on May 24, 2023, by IDB Bank and New York Regulators, see the Report for the first quarter of 2024 (p. 204).

Fines

➤ During 2023, no fines in material amounts and no non-monetary sanctions were imposed on the Bank, on ICC or on MDB with respect to non-compliance with laws and regulations.

No fines in material amounts were imposed, during 2023, on IDB Bank with respect to non-compliance with laws and regulations.

Notwithstanding the above, the following proceedings should be mentioned, even though each of them and all together do not add to a material amount:

- On February 6, 2020, ICC received a demand for information from the Competition Authority, under Section 46(b) of the Economic Competition Law, 5748-1988, with respect to trading houses receiving from ICC or from a related person of it, debit card clearing services. In continuation thereof and following the data that had been delivered, further demands were received, this within the framework of an investigation that was conducted by the Authority in the matter. ICC provided the required data.
- On September 12, 2022, ICC informed the Competition Authority of its consent for the payment of NIS 10 million, to the State's Treasury, within the framework of an agreed Order, this according to Section 50B of the Law. Subject to the payment of the said amount, the Competition Commissioner would not take any enforcement actions against ICC or against anyone on its behalf, with respect to events that had taken place in the period from 2018 to 2020, in which, as alleged, beneficial commercial terms regarding clearing services for charge cards of the "Diners" brand, had been offered to customers who would purchase or would continue to purchase from ICC clearing services for charge cards of other brands.

It is clarified that there is nothing in the agreed Order or in ICC's signature thereon,

that denotes a statement, admission or consent on the part of ICC, or on the part of anyone on its behalf, regarding violation of the Law, of decisions of the Commissioner, or of any other provision of the law in any way whatsoever.

On July 12, 2023, the Competition Tribunal approved the agreed order.

- On February 6, 2023, the Bank was informed of the decision of the Supervisor of Banks to impose upon the Bank two monetary sanctions in a total amount of NIS 1.2 million, this under Section 14H(a)(1) of the Banking Ordinance, 1941, and according to the Banking Rules (Rates of maximum reduction of monetary sanction amounts), 5771-2011. The monetary sanctions had been imposed on the Bank for violation of the provisions of sections 25 and 26 of Proper Conduct of Banking Business Directive No. 450 in the matter of "Debt collection procedures", the subject matter of which was reports to the Debt Execution Office regarding amounts collected not by means of the Office, and respecting arrangement with customers regarding collections on account of the debt.
- On June 8, 2023, the Bank received a notice by the Supervisor of Banks of the intention to impose a sanction (with no amount stated) under the Prohibition of Money Laundering Law, in respect of violation of instructions stated in the Prohibition of Money Laundering Order. The alleged violations stated in the notices relate to the updating by the Bank of the "declared persons" lists, updating of the "know your customer" procedures regarding accounts in respect of which seizure orders had been received, and the examination of the address field vis-à-vis the lists of "declared persons" upon transfer of funds. An oral hearing had been held in this matter with the Bank submitting written supplemental arguments to the Sanction Committee.

For additional details, see the 2023 Annual Report (pp. 441-442).

Tax policy

➤ The Bank manages its tax policy at the Group level and pays tax in accordance with the requirements of the law, while stringently cooperating with the tax authorities and the law in Israel and overseas and while implementing the relevant compliance, disclosure and reporting provisions. Concurrently, the Bank makes supplementary tax payments in Israel on the profits from its overseas activity in full coordination with the tax authorities. The Bank operates in accordance with the law, avoids engaging in tax planning, does not take advantage of tax havens and/or offshore companies, and makes no use of Base Erosion and Profit Shifting in order to reduce its tax payments in high-tax countries where it operates.

Lobbying

➤ The Bank's lobbying activity is conducted in accordance with the law and the Bank's lobbying company reports on the Knesset website that the Bank is one of its clients, as required by law.

Discount Bank's commitments for the maintenance and respect of human rights

➤ Discount Bank, as an institution offering comprehensive banking services, treats its customers, colleagues, partners and suppliers with fairness, honesty, concern and respect. The Bank strictly maintains the rules of conduct and ethical norms required from a financial body committed to the public at large, which it serves, and to the community in which it operates.

Discount supports human rights as defined by the United Nations Organization (UNO) declaration of 1948, and in accordance with the contents of the International Bill of Human Rights, of the declaration of the International Labor Organization, as well as the ten principles of the UNO within the framework of the Global Compact initiative and the UNO principles for Sustainable Development Goals.

Maintaining the rights of and respect towards employees

➤ Discount Bank strictly maintains respect towards its employees, keeps proper labor relations and protects employee rights in accordance with the law and with labor agreements, and also allows incorporation of employees through employee committees. Labor relations at the Bank are based upon the labor charter, collective labor agreements and different work arrangements, which are basically formed through discussions between the Bank's Management and the representative committee of employees.

Discount Bank does not employ children contrary to the provisions of the law, neither directly nor through manpower agencies. The Bank complies with the requirements of the law with respect to age and terms of employment, and opposes the existence of forced labor.

Discount Bank believes that all female and male employees are entitled to a fair and equal treatment, with no discrimination on grounds of race, age, gender, color, sexual orientation, ethnic affiliation, physical handicap, religion or political affiliation. The Bank encourages diversification and acceptance of the other and different person, both among employees and with respect to the other stakeholders, and acts towards the heterogeneous and representative recruitment of staff from all population groups.

Moreover, zero tolerance exists with respect to any conduct that includes harassment, abuse, scheming against, insult, exploitation or violence of any kind. The Bank condemns such behavior and acts to eradicate it. As part of the aforesaid, the Bank strictly maintains a safe work environment, clean of sexual harassment and acts to prevent and provide optimal treatment of cases brought to its knowledge. All managers and employees are made aware of the prevention of sexual harassment procedure, which is also distributed through the different channels of the Bank and instruction sessions are currently being held in respect thereof. An officer in

charge of prevention of sexual harassment is available for male and female employees for consultation, and so are additional regional responsible officers.

The Bank also looks after the health of its employees and adopts all measures required for the existence of physical working conditions protecting the health of the employee at the workplace, and complies with the requirements of the law and the relevant standards maintaining the security and health of its employees.

The Human Resources Division is trusted with the treatment of employees, by means of the staff of the Division and human resources units spread at the different Divisions of the Bank, which accompany the employee from the very beginning of his employment and until retirement in all aspects of compensation, welfare, job development, instruction and professional enrichment, advancement and more.

The Bank does not allow use of its assets and premises for the promotion of the political agenda of a candidate or political party, and refrains from promoting personal interest that are not connected to the Bank's business goals. Notwithstanding the above, the Bank respects freedom of expression, belief and opinion of each employee.

Protection and respect of customers

➤ As a financial institution, Discount Bank aspires to maintain its ethics level at the highest possible standard, in order to earn public trust and fulfill its duty as required by law in the State of Israel. Accordingly and over and above the concept of customer experience in practice at the Bank, Discount Bank treats its customers with respect and fairness at any time, and always puts the customer interest in front.

Discount Bank insists on a respectful discourse with its customers, on being attentive to their needs and on maintaining humane attitude towards them. The Bank acts without prejudice while strictly maintaining professional honesty,

in accordance with the rules of honesty and fairness, including upon initiating credit to customers, investment in securities, deposits and other banking services, and verifies that marketing procedures are being managed in a proper and honest manner and in accordance with the provisions of the law.

The Bank is ready to open accounts for customers and provide them with banking services, subject to the provisions of the law and to accepted banking considerations, and aspires to provide exceptional services to customers without discrimination, disregarding matters of race, age, gender, color, sexual orientation, ethnic relationship, physical disabilities, religion or political affiliation.

Discount Bank strictly maintains protection of information found at the Bank in accordance with data protection procedures and the Privacy Protection Act, understanding that such information may consist of private and confidential data that has to be protected accordingly, as well as the confidentiality and privacy of the customers, and employees are strictly forbidden to discuss customer affairs with non-relevant third parties.

The Bank puts at the disposal of customers the best advanced technological services alongside with an instruction and support layout, in accordance with their needs.

Maintenance and respect of suppliers

➤ Discount Bank is committed to do business in a fair manner and act on basis of professional and personal honesty. It is always important for the Bank to maximize value for all its stakeholders, among which are also suppliers, and therefore it treats them honestly, fairly, with concern and respect.

The Bank strictly fulfills agreements with suppliers, aspiring to avoid impairment to integrity, forbids favoritism, promotes transparency and fair competition, maintains confidentiality and data protection, and acts to the utmost to avoid corruption and improper behavior.

Discount Bank selects its suppliers on the basis of professional, objective and matter-of-fact considerations, while aspiring to engage suppliers who comply with the following requirements:

- Adherence to and maintenance of the provision of the law;
- Strict maintenance of legal and fair employment terms;
- Protecting the quality of the environment;
- Having a code of ethics and commitment to its values;
- Fulfilling the norms stated in the code of ethics of the Bank.

The above requirements are backed up by the code of ethics of the Bank, and upon submitting a purchase order, the supplier is directed to reading the Code and he is made aware that the Bank aspires to do business with suppliers who abide by the norms described in the Code. In case of violation of these principles and the non-fulfillment of the terms, Discount Bank discontinues relations with such supplier.

Maintenance and respect for the community in which we operate

➤ Discount Bank regards its activity in aid of the community as part of its business, social and cultural commitment. The Bank focuses its social activity on advancement of social mobility and on support of the social and geographic peripheral areas in Israel, by way of education, knowledge and encouragement of employment for work-challenged sectors.



Corporate Governance Code for the Discount Group

➤ In 2022, in view of the fact that during the years most of the provisions of the code had been integrated into different regulatory directives, and in view of the realization that no further added value remained in the code, it has been decided to abolish the code at the Bank and at MDB.

The Nominating and Corporate Governance Committee of IDB Bank's Board of Directors annually reviews and approves the Corporate Governance Guidelines following a review by IDB Bank's Office of General Counsel. The Committee then recommends that IDB Bank's Board of Directors ratify the Guidelines as so approved. A Corporate Governance Policy was first adopted in 2008, but completely overhauled in 2022 to create the Guidelines to enhance the IDB Bank's corporate governance framework. The Guidelines were most recently approved in April 2024. The Guidelines are available to all employees on the Bank's intranet.

The Corporate Governance Code of ICC was approved by the Board of Directors of ICC in November 2014 and was most recently validated in December 2023. The Code is available for review on the company's website.

Corporate governance questionnaire

➤ The Bank's corporate governance questionnaire for 2023 is available for review on the MAGNA website of the Israel Securities Authority, on the MAYA website of the Tel-Aviv Stock Exchange Ltd. and on the Bank's website, together with the Bank's 2023 Annual Report.

Business Continuity

The Bank is defined by the Government of Israel as a provider of essential services to the economy. Accordingly, ensuring business continuity is a significant topic for such a banking corporation. The Bank strives to provide its services continuously, and to continue functioning even in emergencies and in various disaster situations.

The Bank manages this topic in accordance with Proper Conduct of Banking Business Directive No. 355 and by means of a business continuity management policy, which outlines the work framework for business continuity management, defines the Bank’s solution concept for coping with various business continuity crises, and forms the basis for the structure that sustains business continuity. The policy document is approved annually by Management and the Board of Directors.

The Bank has a Business Continuity Management (BCM) plan that has been designed to ensure continuance of the Bank’s regular functioning as far as business processes and the services defined as essential are concerned, with this resulting from emergency situations at the national and local levels. The plan is comprehensive and supports the essential business processes, in each of their supply chains, from end-to-end: infrastructure, computing, hardware, software, communications, human resources, essential services provided by suppliers, outsourcing, and more. All of these will ensure the Bank’s business continuity under extreme conditions while providing a range of services to the Bank’s customers, at a reasonable level of service.

In addition, customers have supporting arrays and services available on the retail and business network: core branches nationwide are prepared and equipped for business continuity in an emergency; branch offices are able to provide backup for damaged branches; direct banking channels are accessible over the phone, online over the Internet and through the app, which enable access to banking

services from anywhere 24 hours a day; a hotline is available for customers; and fast banking devices are located throughout the country to enable banking activity be performed through self-service. In addition, mobile branches are able to be deployed in an emergency. At the core of the business continuity preparations is the backup of vital technological infrastructures established by the Bank, especially with the move to the Discount Campus.

A significant part of maintaining a high level of readiness for business continuity management is conducting exercises and training. The Bank has formulated a multi-year exercises program in a variety of reference scenarios, in which the work processes, response plans for establishing business continuity, and the activation concept for managing crisis situations are tested.

Business continuity during the “Iron Swords” War

With the declaration of a state of emergency, a situation room was activated at the Bank and Group level. The Bank has worked to ensure business continuity and to continue providing services to the Bank’s customers, including in the conflict zones through the Bank’s branches, to increase direct channel operations and dedicated lines for residents of the conflict zones, to provide banking services in evacuated areas through a mobile branch, and more. The Bank has adjusted its activity in accordance with the Home Front Command’s guidelines and responds to risks by transitioning to hybrid work on a large scale, while allowing employees to work from home. As the situation has progressed, and subject to the Home Front Command’s guidelines, the Bank has worked and is working to restore its operations and services to normal – to the greatest extent possible.

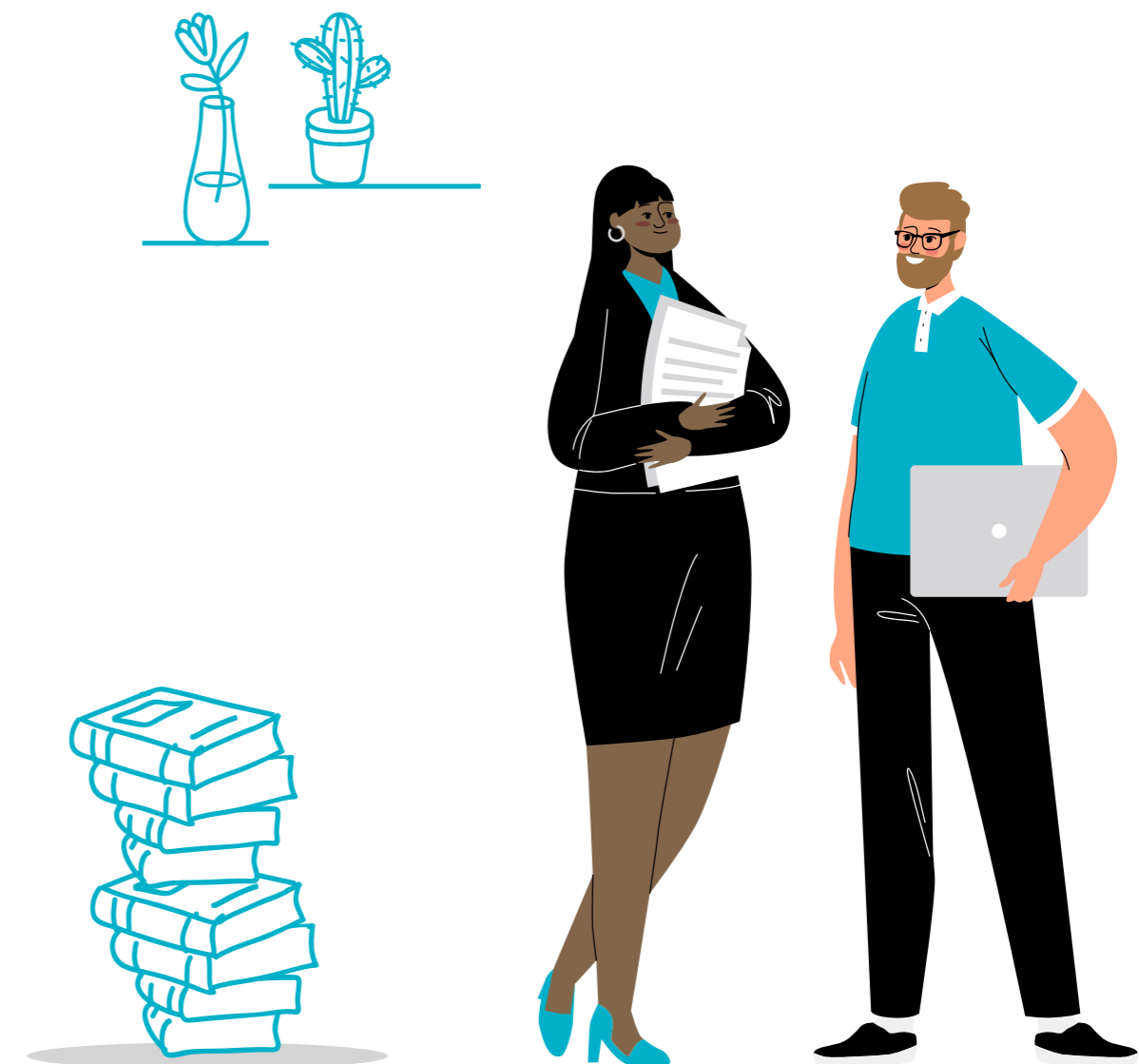
Goals

Goals Presented in the previous Report

Discount Bank ✓ **Achieved** Completion of the triennial risk survey.

Future Goals

Discount Bank Maintaining female representation on the Board of Directors of at least 30%.



10 DISCOUNT CAMPUS

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Discount Campus is focused on employee experience by means of an advanced work environment, modified to advanced global concepts, and is promoting values of transparency, accessibility, sustainability and health, flexibility and joint work, alongside smart and innovative technology



DISCOUNT CAMPUS

The Campus is not a real estate project but a cultural change project



Discount Campus – ESG 360°

Our vision

➤ On June 27, 2016, the Discount Group was successful in the tender for the acquisition of the first plot of land marketed by the Municipality of Rishon Le-Tzion in the business area of the "HaElef District". In 2018, the cornerstone of the Campus was laid and construction work began. Occupancy of the Campus, which forms the center of operations and a home for thousands of employees of the Head Offices in the Group (Discount Bank, Mercantile Discount Bank and Discount Leasing) was completed in 2023.

The Campus area is estimated at approx. 145 thousand sq. mtrs. and is intended to inhabit approx. 4,500 employees and guests, together with some 400 external service providers. Approx 65 thousand sq. mtrs. are below ground and include parking areas, an operational floor and the computer installations. Above ground are approx. 80 thousand sq. mtrs., including two joint floors encircling an inner courtyard and joining, by way of a set of verandas, three

office structures of eight floors each as well as a two-floor visitors' center.

The joint floors include functions for the

welfare of all Group employees: entrance lobby, restaurants and coffee shops, a synagogue, auditorium, open-air amphitheatre, employee training and service centers.

The ten principles standing at the base of the planning vision of the Campus

<p>Planning in a changing environment Flexible planning allowing readiness for changes: growth, reduction or structural changes in the Group in accordance with the changing financial future.</p>	<p>Identity The Campus has to reflect the strength of the Group and encourage group cooperation, while maintaining the singularity and identity of each of the Group companies.</p>
<p>Focusing on the customer Customers are the driving force of the Group. The design of the Campus intertwines inspiration for the focusing by employees on the customer.</p>	<p>Employee experience Planning which is accessible and modified to cultural changes in the Group, encouraging equality, cooperation and joint work, transparency, progress and a healthy environment.</p>
<p>Work environment An advanced work environment, similar to that acceptable by hi-tech companies and financial entities around the world, modified to the requirements of the local market.</p>	<p>Technology Use of ingenious and advanced technology as an auxiliary tool supporting user experience. A platform modified to future changes in a simple and efficient manner.</p>
<p>Joint services The pooling of joint services at the Campus encouraging operational efficiency, strengthening group synergy and optimal usage of resources. Uniformity in the level of services provided to the different companies.</p>	<p>Relations with the community Openness and inclusiveness towards the environment and the community, and opportunities for communal cooperation. Avoidance of fencing. Connection between the open areas of the Campus and municipal areas and the expansion thereof.</p>
<p>Appearance Creation of a new internal world in the Campus. Design that preserves a balance between exceptional architecture, timeless design and representativeness and modesty and restraint, as well as combining the Israeli art collection of the Group into the planning.</p>	<p>Universal planning Planning of the Campus, the buildings and the open areas according to the most advanced standards for accessibility, sustainability and health, in compatibility with the ESG goals of Discount.</p>



ESG 360° – The green story

The Campus was built as an ecological environment which uses natural energy in an optimal manner

➤ From an aspect of green construction and sustainability, the Campus was qualified according to the LEED grading – an international grading for the qualification of buildings as sustainable and environmental. This is the first building in Israel obtaining qualification under Standard LEED V4 BD&C-New Construction, which broadens the requirements for the earning of points required for the Gold qualification for newly constructed buildings, and which includes in addition to the skeleton, the shell and main systems of the building, also all indoor areas.

The location of the Campus was chosen, inter alia, taking into account access ways for employees. The Campus was built on a main transportation axis that provides access also through public transport. It is located near a railway station (Moshe Dayan Station) and bus stations next to it. Later on, access would be possible also by means of the light railway (the red line, the green line and the brown line).

The construction process of the Campus included environmental surveys, combining their results with the project, such as examination of the wind regimen and planning in accordance therewith, preservation for reuse of the sand that was dug up on the site, recycling of construction waste and more. In addition to that, use was made of "green" building materials and furniture (the chairs for the cafeteria, for example, are made of 100% recycled material).

The aluminum and glass shell of the building is innovative and "green". This is the first building of its type in Israel where most of its fronts are of the double aluminum shell type – two layers of glass panes with an air clearance of 90 centimeters between them. In summer, while in

"open" position, the movement of air between the glass panes prevents the heating of the inner pane, requiring less energy for cooling. In winter, in a "closed" position, the air locked between the panes warms up requiring less energy for heating the building. The system of shutters between the two glass panes is controlled by meteorological stations on the roofs of the buildings providing the automated adjustment of the shutters according to the level of radiation of the sun. The system has many advantages regarding the saving of energy and other added values, among which, the ability to use the glass at a very high level of transparency, fitting the core values defined in the Campus vision.

The Campus integrates additional systems of the sustainability and green construction worlds, such as air filtering systems installed in the central air-conditioning systems, a UV based air purifying system installed in all end units of the air-conditioning system on the Campus as an addition following the Covid 19 epidemic, a system for the location of leakages, a system for the collection and redirection of rain water for use in irrigation, metering and control systems providing documentation for the purpose of energetic efficiency and recycled use of resources, separation of waste, and more.

Furthermore, electric lighting and air-conditioning of the buildings on the Campus are automatically regulated in accordance with the type and scope of activity in the buildings, weather conditions, etc. These abilities help users in the Campus to save energy and reduce the wasting of resources, reduce polluting emission and provide those staying in the Campus a secure and healthy environment.

The "PAPERLESS" project – prior to the relocation to the Campus, a project for the substantial reduction of paper consumption has been launched in the Discount Group. As part of this project a change was made to the whole concept of storage and archiving of documents. Also performed was a comprehensive process of mechanization of units and development of support systems for the continuation of current management.

The Campus has an underground bicycle parking area with elevators designed for bicycles, and showers and lockers are available to employees next to it. Furthermore, the Municipality of Rishon Le-Tzion operates a passenger shuttle service from the "park and drive" area for those using private vehicles.

In addition, kitchens and restaurants were built enabling us to become greener. All cafeterias on the Campus do not use disposable tableware and dishwashing facilities were built. Restaurants on the Campus use reusable tableware though there is a possibility for the use of disposable tableware. Measures are taken at the restaurants to promote use of reusable tableware.

In addition to that, at the floor cafeterias bins are installed for the recycling and classification of waste and electric batteries.

A device was also installed at the Campus for the collection of unused medicaments, which are being donated.

Events, conventions and other activities of Discount are held at the Campus, with a view of reducing the carbon footprint of the Group (less transportation and traffic).

ESG 360° – The Human Story

➤ **The relocation to the Discount Campus is a change that includes all aspects affecting the life of employees and their employee experience, alongside the leveraging of a new organizational culture.**

A completely new work experience. The Campus was built according to international standards of sustainability and employee welfare. Considerable emphasis was given to user experience in the physical environment from the aspects of climate comfort, lighting, acoustics and ergonomics. Starting with the entrance from the designed open space into the inner courtyard, through the lobbies and fast elevators, passing by the cafeterias on each floor and the special catering areas operating

THE CAMPUS REFLECTS TO THE EMPLOYEES, TO CUSTOMERS AND TO THE FINANCIAL COMMUNITY THE CHANGE IN THE DNA OF DISCOUNT TO COMPETITIVE, MODERN AND INNOVATIVE

under the close culinary supervision of senior chefs, the museum like combination of the art collection, and reaching the pleasant and modern work station – all these and more open for the employees a new world of comfort and an advanced and special work environment and creating new dynamics supported by innovative technology.

In order to introduce the change to the employees and facilitate the transition process, a human resources administration was formed during the years preceding the occupancy of the Campus that accompanied the relocation in two layers:

- Management of the change, with an emphasis on the readiness of employees and managers towards the relocation.
- Design of the work experience, with a focus of the readiness of the Campus to receive the employees in everything connected to the new work experience in the Campus.

Management of the change with regards to managers and employees was accompanied by intra-organizational communication moves, the participation of employees in taking decisions regarding the new work environment, guidance and study of the new processes, preparing managers as leaders of the change, management of the relocation days and the following adaptation period. All aspects of the relocation were handled by the relocation administration, which was responsible for the readiness of the companies for the relocation, the interfaces between the various factors in the project and management of the relocation sequence.



The Campus creates a new standard in the work environment concept of the Israeli financial world and an advanced and flexible work experience adapted to the future world of work. Similarly to banks around the world and to hi-tech corporations, the sitting is in open space – employees next to managers in identical work stations and with no private rooms. The transition to work using laptops, alongside about 500 meeting rooms and informal work areas resembling living rooms or bar counters, allow agile work everywhere, with smooth movement between different work space environments adapted for different needs, concentration and self-work, team work, personal discussions, flexibility in the change of organizational structures and more.

This environment supports improvement of productivity due to the ability to maintain flowing communication and focused and effective discussions, while using the availability of all relevant factors.

Included in the Campus are an auditorium, a multi-purpose hall, an amphitheatre and verandas for events, a running track, classrooms, a music room, a synagogue and prayer rooms for other religions, enabling the conduct of various activities for the welfare of the employees.

The method of operation of the Campus restaurants is based on ordering meals in advance by the employees, thus making it possible to be more precise in the quantities of food and reduce wastage. This system enables suppliers and the Group to save and have a higher level of efficiency.

The different areas of the Campus and the values on the basis of which it has been built, with an emphasis on movement, transparency, relations with the community etc., serve as a significant platform for the leveraging of opportunities for realization of an organizational culture that connects between employees, between divisions, between workers and managers and between the Bank and the community. The different Campus areas enable spontaneous meeting

places alongside formal meetings, unmediated meetings alongside planned meetings between the employees, managers of the organization and the community, and they comprise an infrastructure for the promotion of various initiatives from the business, social and communal aspects. The work environment and work areas have been structured in a way adaptable to changes required in the organizational structure, in order to support the business activity.

Furthermore, the structure of the Campus encourages movement contributing to the employee's health, whether by use of the open stairway (the Atrium) or by the passage between the buildings and within the courtyard.

ESG 360° – The technological story

Technology forms a very important part of the cultural change, and the technological concept is part of the overall experience.

The multimedia worlds and the collaboration are also renewing. An emphasis is put in the Campus on systems that are accessible and convenient for use and operation.

The relocation to the new complex included a wide range of technological changes, among which, a new advanced and more protected computer site; refurbishing of the passive infrastructure for the purpose of improving performance; refurbishing of the communication networks at the computer site; refurbishing of the communication equipment at the Campus for the purpose of improving performance on the wire networks and on the WI-FI network; transition to the use of "Teams" as an organizational collaboration system; transition to work on laptops allowing full mobility and work anywhere at the Campus, whether at the work stations or in the public areas.

As part of the relocation to the Campus, a designated Application was adapted for the Campus – "Smart Campus" – which coordinates all services for employees on

one user friendly platform. The Application serves for ordering food from the catering area, for opening service requests, for internal navigation between points of interest in the Campus, for parking registration, booking of conference rooms, invitation of guests, diary management and obtaining information regarding activities in the Campus, and more.

The system enables the Group to make the consumption of operating energy more efficient, to provide an innovative employee experience to all Campus personnel and realize processes of sustainability in the organization.

The computer installations built in the Campus were planned in accordance with a Tier 3 level of reliability and redundancy, which includes protection against EMP in the vault designed for storage systems and vital systems of the companies located in the Campus. In planning the computer room, the requirements of Proper Conduct of Banking Business Directive No. 355 for maintaining business continuity were incorporated.

ESG 360° – The Group story

The decision of the Discount Group regarding the consolidation of all the Head Offices in the Group and the transfer to one site is an important chapter in the story of the Group. Designated and precedential Group corporate governance within the Group was defined for the benefit of the establishment of the project. Representatives of the Group companies, of the position of VP and higher, participated on a current basis in forums that discussed and took decisions relating to the Group.

With the occupancy of the Campus, a direct physical connection exists for the first time between the Group companies and between divisions of the same company. The change from a geographical dispersal shortens distances and accelerates processes, creates higher efficiency, enables agility and supports the cultural change. An updated Group identity is being formed at the Campus, while

maintaining the singularity and the independent work environment of the two banks - Discount and Mercantile. The name of the site and the branding thereof as a DCampus, supports this. This is not only the name of the new home of the Discount Group, but it is also the brand name differentiating the broad variety of the joint areas in the Campus from the private areas, identified with the companies.

Group synergy in its broad meaning exists in the joint areas. On the one hand, in the informal relations of the worlds of service to employees, of the individual and of welfare, and on the other hand, in aspects of resource management efficiency. The advantages of the transition from independent management to collective management and the pooling of services that are not part of the core of business activity, alongside opportunities for joint personal, communal and business meetings, are being reflected daily. The restaurants, coffee shops, courtyards, synagogue and prayer houses, the auditorium, the parking lots, visitors' centers areas as well as all services provided to the employees on the Campus, including security, catering, cleaning and maintenance – all these are managed by the subsidiary Discount Leasing. This company has led the Group processes starting with the purchase of the land, the formation of the vision, choosing the consultants, the designers, the architects and others, and thereafter choosing the building contractors and suppliers and supervising the construction work and delivery to the occupants. Following occupancy, Discount leasing is responsible for the current operational, security and technological management of the Campus.

ESG 360° – The communal story

The Discount Group is one of the foundation stones in the development of the "HaElef District". As a winner in the first tender for the sale of a plot of land marketed in this area by the Municipality for the purpose of employment, the confidence in the Complex shown by the Group assisted in the successful marketing of additional plots. At that time,

the "HaElef District" area was mainly sand dunes. During the whole period of construction of the project, and of course since the occupancy of the Campus, the Group maintains an active and continuous discourse with representatives of the various authorities in order to understand the development needs, the traffic and parking on the Complex and its linkage to infrastructure of energy, transportation etc. for the benefit of the Group employees and the people of the whole Complex. One example is the allocation of two dunams of the area of the plot of the Group on its eastern border, for the benefit of widening the green municipal area for the welfare of the public at large.

Since its occupancy and as part of the policy of the Group regarding the extensive involvement with the community, the Campus hosts agricultural bazaars and markets for small businesses selling Israeli products. The Campus serves also as a meeting place with associations and community and social strategic projects, which are being promoted by companies in the Group.

Furthermore, a part of the suppliers for the operation of the Campus employ disadvantaged populations. In choosing suppliers for the operation, bonus points have been granted to suppliers having a social added value.

In addition to that, upon vacating the various Bank premises in Tel Aviv, a variety of computer and office equipment was donated to different associations with whom the Bank cooperates.

Prizes and acknowledgements

- > **LEED V4 BD+C** – an international grading for the qualification of buildings as sustainable and environmental. Qualification of the Campus at a grade of LEED GOLD.
- > **UTI** – computer installations at a redundancy level of TEIR3, with the qualification of the Uptime Institute for the planning and performance.

- > **FITWELL** – an international grading for the qualification of the work environment within the building from the aspect of a healthy way of life for the employees therein.
- > **The Union of Construction and Infrastructure Engineers Prize** for the distinguished construction project for the year 2023.
- > **Commendable mention – Human Resources Israel (Registered Association)** – Commendable mention for the Discount Campus project for the cross-organization management in the prism of employee experience.



11 EPILOGUE

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Thank you's!

And before Discount Bank's Thirteenth ESG Report gets going... the pleasure of thank you's! Thank you to the dozens of **Discount Bank's employees** and employees of the subsidiaries MDB, ICC and IDB Bank who worked so hard gathering and processing the material, who provided responses, ideas, comment, clarifications, proofreading, initiative and encouragement. Thanks to the design studio Shake Design for building the design concept of the report. A special thanks to designer Adi Chen for the meticulous design of the report. Thanks to Dr. Liad Ortar and Ofir Naous Gal from Shibolet ESG for checking of the report. Thanks to employees from the Corporate Responsibility Group at BDO Consulting for their devoted work in escorting the preparation of the report. And last but not least - a huge thank you to all the Discount Bank's employees and employees of the subsidiaries MDB, ICC and IDB Bank who convert the commitment in the environmental, social and corporate governance fields and, a daily activity, from a vision to a reality.

Responses to the Report

The Bank's customers, its employees, shareholders from the public, other stakeholders or remaining readers of the Report - all are invited to respond and comment on the Report and its contents: send ideas, comments or illuminations, or just talk about the Report and the social activism of Discount Bank.

Responses may be sent:



By telephone:
076-8058632



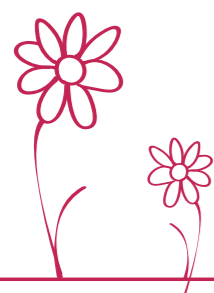
By email:
nofar.wl@dbank.co.il



By mail to:
Israel Discount Bank Ltd. –
Strategy and Finance Division,
Discount Campus –
1 Discount Street, Rishon LeZion,
c/o Ms. Nofar Wallach Lazaresko,
ESG manager



The Bank's employees
are also invited to react
through the intranet
website



GRI content index³³

Discount Bank has reported in accordance with the GRI Standards for the period of 1.1.2023-31.12.2023



Name of the Standard	Indicator Description	Page number in the report/ Direct answers			
		Discount Bank	MDB	ICC	IDB Bank
GENERAL DISCLOSURES					
> THE ORGANIZATION AND ITS REPORTING PRACTICES					
2-1	Organizational details	28-32	32-33	34-35	35-36
2-2	Entities included in the organization's sustainability reporting	16-19	16-19	16-19	16-19
2-3	Reporting period, frequency and contact point	16-19	16-19	16-19	16-19
2-4	Restatements of information	118-120, 292, 211-212, 127-128	N/A	N/A	N/A
2-5	External assurance	23	23	23	23
> ACTIVITIES AND WORKERS					
2-6	Activities, value chain and other business relationships	28-29	32-33	34	35-36
2-7	Activities and workers	118, 228-229	118, 228-229	118, 228-229	118
2-8	Workers who are not employees	121	121	121	N/A Information not provided due to geographic location
> GOVERNANCE					
2-9	Governance structure and composition	227, 230-233	227, 234-235	227, 234-235	227
2-10	Nomination and selection of the highest governance body	225	226	226	N/A Information not provided due to geographic location
2-11	Chair of the highest governance body	228	228	228	228

Name of the Standard	Indicator Description	Page number in the report/ Direct answers			
		Discount Bank	MDB	ICC	IDB Bank
> GOVERNANCE (CONTINUED)					
2-12	Role of the highest governance body in overseeing the management of impacts	4, 228, 233	4, 228, 233	4, 228, 233	4, 228, 233
2-13	Delegation of responsibility for managing impacts	4, 228	N/A information only relevant to Discount (headquarters)		
2-14	Role of the highest governance body in sustainability reporting	16-20	N/A information only relevant to Discount (headquarters)		
2-15	Conflicts of interest	235	235	235	235
2-16	Communication of critical concerns	61, 228, 251	228, 251	228, 251	
2-17	Collective knowledge of the highest governance body	228, 233	228, 233	228, 233	
2-18	Evaluation of the performance of the highest governance body	228	228	228	N/A Information not provided due to geographic location
2-19	Remuneration policies	233, 238-239	233, 238-239	233, 238-239	N/A Information not provided due to geographic location
2-20	Process to determine remuneration	135-137, 228, 238-239	141, 228, 238-239	19, 34, 228, 239	
2-21	Annual total compensation ratio	139	139	139	
> STRATEGY, POLICIES, AND PRACTICES					
2-22	Statement on sustainable development strategy	14	N/A information only relevant to Discount (headquarters)		
2-23	Policy commitments	55, 58, 251	60	60	60
2-24	Embedding policy commitments	114, 116-118, 122	120-121, 127	120-121, 127	120-121, 127
2-25	Processes to remediate negative impacts	59, 200, 207	59, 215	59, 215	59
2-26	Mechanisms for seeking advice and raising concerns	59	59	59	59
2-27	Compliance with laws and regulations	251	251	251	251
2-28	Membership of associations	37-39	37-39	37-39	37-39

³³ For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. The service was performed on the Hebrew version of the report.

Name of the Standard	Indicator	Description	Page number in the report/ Direct answers			
			Discount Bank	MDB	ICC	IDB Bank
> STAKEHOLDER ENGAGEMENT						
	2-29	Approach to stakeholder engagement	20	20	20	20
	2-30	Collective bargaining agreements	283	283	283	N/A Information not provided due to geographic location
MATERIAL TOPICS						
GRI 3: Material Topics 2021	3-1	Process to determine material topics	20-21	20-21	20-21	20-21
	3-2	List of material topics	21	21	21	21
> BUSINESS ETHICS						
GRI 3: Material Topics 2021	3-3	Management of material topics	58, 59, 243	58, 59, 247, 126	58, 59, 247, 126	58, 59, 243
	205-1	Operations assessed for risks related to corruption	243-247	247	247	247
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	248	248	248	N/A Information not provided due to geographic location
	205-3	Confirmed incidents of corruption and actions taken	246	247	247	N/A Information not provided due to geographic location
GRI 207: Tax 2019	207-1	Approach to tax	253	253	253	253
> CUSTOMER EXPERIENCE AND INNOVATION						
GRI 3: Material Topics 2021	3-3	Management of material topics	64-67	64-67	64-67	N/A Information not provided due to geographic location
	203-1	Infrastructure investments and services supported	68-76	77	78	N/A Information not provided due to geographic location
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	68-76	77	78	N/A Information not provided due to geographic location
	203-2	Significant indirect economic impacts	68-76	77-78	77-78	78
> RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN						
GRI 3: Material Topics 2021	3-3	Management of material topics	164-167	168	168	103
	GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	164-167	164-167	164-167

Name of the Standard	Indicator	Description	Page number in the report/ Direct answers				
			Discount Bank	MDB	ICC	IDB Bank	
> PROMOTION OF GREEN CONDUCT WITHIN THE BANK							
GRI 3: Material Topics 2021	3-3	Management of material topics	207-210, 262	262, 214	262, 218	220	
	302-1	Energy consumption within the organization	208	216	219	N/A Information not provided due to geographic location	
GRI 302: Energy 2016	302-2	Energy consumption outside of the organization	Not material to the organization				
	302-3	Energy intensity	211	218	220	N/A Information not provided due to geographic location	
	302-4	Reduction of energy consumption	208	216	219	N/A Information not provided due to geographic location	
	302-5	Reductions in energy requirements of products and services	206	207	218	218	
> ADAPTATION TO CLIMATE CHANGE							
GRI 3: Material Topics 2021	3-3	Management of material topics	48, 200-201, 206	48, 200-201, 214	48, 218	N/A Information not provided due to geographic location	
	305-1	Direct (Scope 1) GHG emissions	292	292	292	N/A Information not provided due to geographic location	
	305-2	Energy indirect (Scope 2) GHG emissions	292	292	292	N/A Information not provided due to geographic location	
	305-3	Other indirect (Scope 3) GHG emissions	292	292	292	292	
	305-4	GHG emissions intensity	214	N/A information only relevant to Discount (headquarters)			
	GRI 305: Emissions 2016	305-5	Reduction of GHG emissions	292	292	292	N/A information only relevant to Discount (headquarters)
		305-6	Emissions of ozone-depleting substances (ODS)	Not material to the organization			
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not material to the organization					

Name of the Standard	Indicator	Description	Page number in the report/ Direct answers			
			Discount Bank	MDB	ICC	IDB Bank
> WORK ENVIRONMENT AND TERMS OF EMPLOYMENT						
GRI 3: Material Topics 2021	3-3	Management of material topics	114, 116, 125, 134	116, 130	116, 130	N/A Information not provided due to geographic location
	401-1	New employee hires and employee turnover	285	285	285	N/A Information not provided due to geographic location
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	148	148	148	159
	401-3	Parental leave	288	288	288	N/A Information not provided due to geographic location
GRI 402: Labor / Management Relations 2016	402-1	Minimum notice periods regarding operational changes	116	130	130	N/A Information not provided due to geographic location
> TRAINING AND DEVELOPMENT OF EMPLOYEES						
GRI 3: Material Topics 2021	3-3	Management of material topics	142	153	154	155
	404-1	Average hours of training per year per employee	290	290	290	N/A Information not provided due to geographic location
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	142-145	153	153	157
	404-3	Percentage of employees receiving regular performance and career development reviews	290	290	290	N/A Information not provided due to geographic location

Name of the Standard	Indicator	Description	Page number in the report/ Direct answers			
			Discount Bank	MDB	ICC	IDB Bank
> DIVERSITY AND INCLUSION IN EMPLOYMENT						
GRI 3: Material Topics 2021	3-3	Management of material topics	120, 125	120, 130	120, 130	120, 130
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	224, 227	224, 227	224, 227	224, 227
	405-2	Ratio of basic salary and remuneration of women to men	116-120	123	123	130
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	128	128	128	N/A Information not provided due to geographic location
> INVOLVEMENT IN THE LOCAL COMMUNITY						
GRI 3: Material Topics 2021	3-3	Management of material topics	172-173	172, 194	172, 194	172
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	170-187	193	193	N/A Information not provided due to geographic location
	413-2	Operations with significant actual and potential negative impacts on local communities	200, 202	200, 202	200, 202	N/A Information not provided due to geographic location
> FINANCIAL INCLUSION						
GRI 3: Material Topics 2021	3-3	Management of material topics	67-69	74, 77, 86	74, 77, 86	78
Local Communities (G4 Financial Services Sector Disclosures)	FS13	Access points in low-populated or economically disadvantaged areas by type	66	130	92	93
	FS14	Initiatives to improve access financial services for disadvantaged people	44, 80, 92	80-81, 86	80-81, 86	86
> FAIRNESS AND TRANSPARENCY IN PRODUCTS AND SERVICES						
GRI 3: Material Topics 2021	3-3	Management of material topics	93-95	92	92	92
	417-1	Requirements for product and service information and labeling	93	92	92	92
GRI 417: Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	94	92	92	N/A Information not provided due to geographic location
	417-3	Incidents of non-compliance concerning marketing communications	94	92	92	N/A Information not provided due to geographic location

Name of the Standard	Indicator	Description	Page number in the report/ Direct answers			
			Discount Bank	MDB	ICC	IDB Bank
> CUSTOMER PRIVACY AND DATA SECURITY						
GRI 3: Material Topics 2021	3-3	Management of material topics	99, 104	99, 104	103	103
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	100-102, 103, 104	100	100-102	103
> DEVELOPMENT OF ESG PRODUCTS AND SERVICES						
GRI 3: Material Topics 2021	3-3	Management of material topics	44, 69-70, 186, 206	77, 207	78	79
> MANAGING ESG RISKS						
GRI 3: Material Topics 2021	3-3	Management of material topics	19, 201-206	19, 201-206	19, 201-206	N/A Information not provided due to geographic location
> CORPORATE GOVERNANCE						
GRI 3: Material Topics 2021	3-3	Management of material topics	228-229	247	247	247
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	50	50	50	50
	201-2	Financial implications and other risks and opportunities due to climate change	202-206	207	218	220
	201-3	Defined benefit plan obligations and other retirement plans	135	140-141	140-141	N/A Information not provided due to geographic location
	201-4	Financial assistance received from government	Was not obtained during the reporting process			
> PROTECTION OF HUMAN RIGHTS						
GRI 3: Material Topics 2021	3-3	Management of material topics	253-254	253-254	253-254	253-254

SASB Index

Subject	Index	Code	Page number in the report			
			Discount Bank	MDB	ICC	IDB Bank
Data Security	(1) Number of data breaches, (2) Percentage involving personally identifiable information (PII), (3) Number of account holders affected.	FN-CB-230a.1	99-102	104-106	103	103
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	99-100, 104-106	104-106	103	103
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	69-70	77-78	N/A	N/A
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	69-70	77-78	N/A	N/A
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3	69-71	N/A	N/A	N/A
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4	69-76, 83-84	77-78, 86-87	78, 86-87	N/A
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	FN-CB-410a.1	2023 Annual report: chapter C - Risks reviews			
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2	201-205	2023 Annual report: 115-116		

SASB Index (continued)

Subject	Index	Code	Page number in the report			
			Discount Bank	MDB	ICC	IDB Bank
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1	250,252	250,252	250,252	N/A
	Description of whistleblower policies and procedures	FN-CB-510a.2	246,248	246,248	246,248	251
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1	Not relevant			
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2	Appendix Disclosure according to the third pillar of Basel and additional information on risks 2023: p.79-80, 97-98			N/A
Activity Metrics	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	FN-CB-000.A	2023 Annual report: Note 29-Regulatory Operating Segments and Geographical Areas Information		35-36	
	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB-000.B	2023 Annual report: Note 29-Regulatory Operating Segments and Geographical Areas Information		35-36	

Principles of the Global Compact Initiative

Discount Bank expresses support of the ten principles of the Global Compact³⁴ initiative of the United Nations, and acts for the advancement of these principles.

Following is a list of the principles of the initiative:

- | | | |
|--------------------------------|----|--|
| Human rights | 1 | Businesses should support and respect the protection of internationally proclaimed human rights; |
| | 2 | Businesses should make sure that they are not complicit in human rights abuses; |
| Standards of employment | 3 | Businesses should support the freedom of association and actively acknowledge the right for collective bargaining; |
| | 4 | The elimination of all forms of forced and compulsory labor; |
| | 5 | The effective abolition of child labor; |
| | 6 | The elimination of discrimination in respect employment and occupation; |
| The environment | 7 | Businesses should support a precautionary approach to environmental challenges; |
| | 8 | Undertake initiatives to promote greater environmental responsibility; |
| | 9 | Encourage the development and diffusion of environmentally friendly technologies; |
| Anti-corruption | 10 | Businesses should work against corruption in all its forms, including extortion and bribery. |

34 Link to the official website of UNGC: <http://www.unglobalcompact.org>.

Appendices Customers

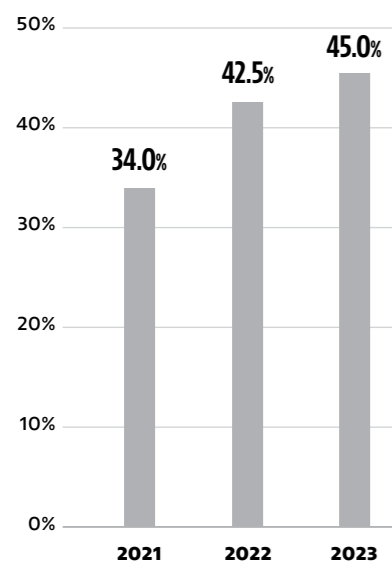
Complaints and enquiries data at Discount Bank*

	2023	2022	2021
Complaints and enquiries received	4,620	4,846	5,223
Complaints and enquiries dealt with	4,623	5,009	5,110
Completion of dealing with complaints	3,756	4,242	3,880
Completion of dealing with enquiries, requests and clarifications	867	767	1,230
Percentage of justified complaints	45.0%	42.5%	34.0%

* The data in this table and in charts on this page do not include complaints within the framework of the Credit Providers Law.

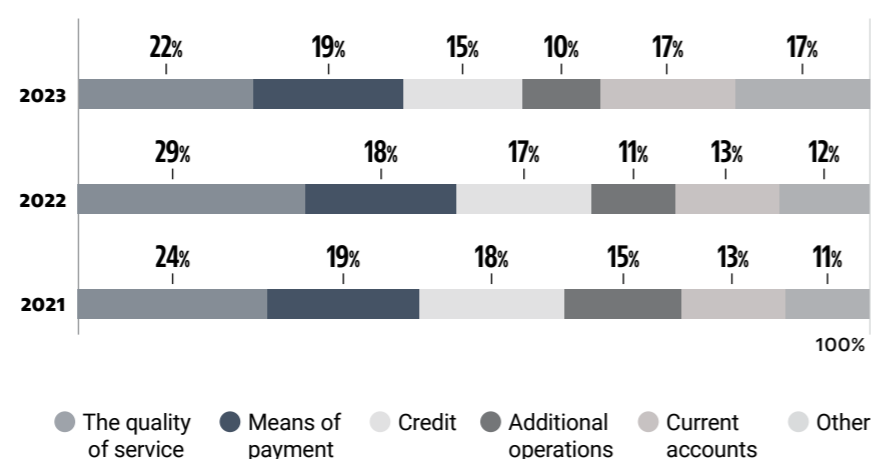
Rate of justified complaints¹

at Discount Bank



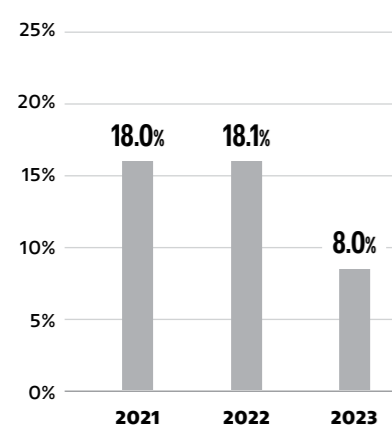
Breakdown of the subjects of main complaints

at Discount Bank



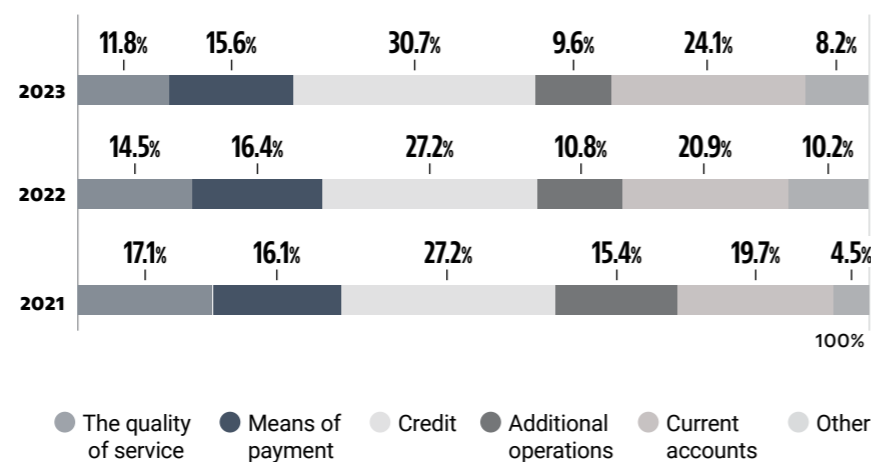
Rate of justified complaints¹

at MDB



Breakdown of the subjects of main complaints

at MDB



Notes:
 1 The percentage of justified complaints is computed out of the total number of complaints where a position was taken.

Complaints regarding disturbance to the vicinity

> No complaints were received in 2023 by the Bank, by MDB or by ICC with respect to disturbance to the vicinity.

Customers complaints to the Bank of Israel

> As of the publication date of this report, the Supervisor of Banks has not yet published the survey of enquiries made by the public to the Supervisor of Banks in relation to 2023.

The survey of enquiries made by the public to the Supervisor of Banks in relation to 2022 is available for perusal on the Bank of Israel site.

Rate of justified complaints

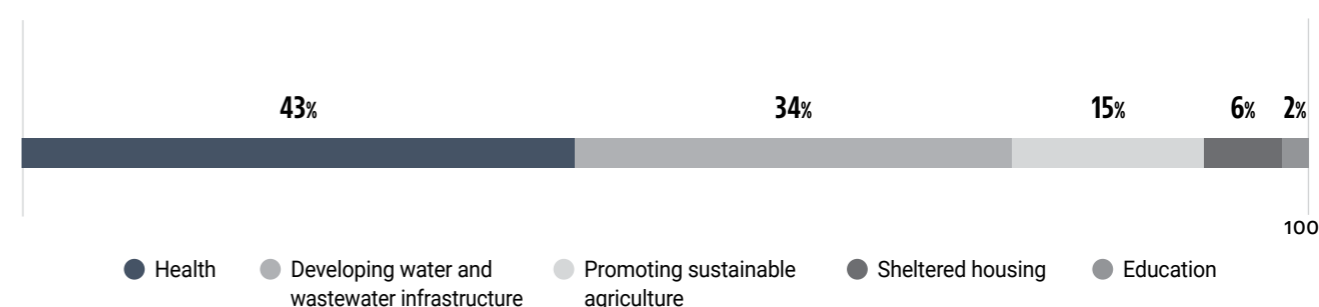
at ICC

2023 – 20.35%
 2022 – 23.45%
 2021 – 32.2%



Discount's social credit

As of December 31, 2023 Discount's social credit amounted to some NIS 2.08 billion^{1,2} (December 31, 2022 - approx. NIS 2 billion).



General note:
 Mapping and classifying credit for the promotion of social aspects is carried out at the level of the economic sector code, in accordance with the Social Bond Principles of the ICMA organization and with the assistance of an external consulting firm.

Notes:
 1 Includes funding of NIS 1.4 billion for overseas projects.
 2 Includes funding of NIS 1.08 billion for projects meeting the environmental credit classification, see above in chapter 8.

Appendices Employees

General notes:

- The data relating to Discount Bank includes tenured employees, stable employees, employees engaged on personal contracts, members of Management, temporary employees and outsource workers (software houses and TeleBank service center workers), but excludes employees on unpaid leave and on maternity leave.
- On December 31, 2021, some 933 employees were employed at the Bank in the status of "stable employee", a status that was established as part of the new collective agreement signed on December 22, 2021. During 2022, the Bank implemented the change in its systems.

Employees of Discount Bank and its principal subsidiaries

For the year ended on December 31

	2023	2022	2021
Discount Bank	5,235	4,941	4,883
MDB ¹	1,494	1,462	1,450
ICC ²	1,627	1,612	1,468
IDB Bank	600	577	524

Notes:

- Not including employees in maternity leave.
- The data do not include Outsourcing.

Breakdown of employees by gender

For the year ended on December 31

	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Discount Bank	2,031	3,204	5,235	1,929	3,012	4,941	1,927	2,956	4,883
MDB ¹	607	887	1,494	599	863	1,462	602	848	1,450
ICC ²	453	1,174	1,627	441	1,171	1,612	418	1,068	1,486
IDB Bank	316	284	600	321	256	577	293	231	524

Notes:

- Includes employees on maternity leave.
- The data do not include employees in unpaid leave and in maternal leave.

Breakdown of employees by geographic distribution

For the year ended on December 31

		2023		2022		2021	
		rate	rate	rate	rate		
Discount Bank	Jerusalem and the South Region	357	6.8%	476	9.6%	502	10.3%
	Central Region	335	6.4%	541	*10.8%	467	9.6%
	lowlands Region	320	6.3%	657	13.3%	616	12.6%
	Northern Region	331	6.1%	461	9.3%	472	9.7%
	Headquarters (Tel-Aviv)	3,892	74.4%	2,806	57%	2,826	58%
	Total	5,235	100.0%	4,941	100.0%	4,883	100.0%

* The figure was amended.

Breakdown of employees by collective labor agreements

For the year ended on December 31

	2023	2022	2021
Discount Bank	88.9%	88.1%	86.3%
MDB	98.6%	98.8%	98.6%
ICC	95%	95%	

Breakdown of employees by type of engagement

For the year ended on December 31

		2023	2022	2021
Discount Bank	Tenured employees, under personal contracts and members of Management	2,837	2,982	3,045
	Temporary employees ³	733	610	1,397
	Stable employees ³	1,312	990	
	Outsourcing ¹	353	359	441
	Total	5,235	4,941	4,883
MDB	Tenured employees, under personal contracts and members of Management	1,105	1,112	1,113
	Temporary employees	310	262	244
	Manpower company employees	64	79	70
	Software house	15	9	23
	Total	1,494	1,462	1,450
ICC ²	Tenured employees, under personal contracts and members of Management	1,530	1,516	1,398
	Temporary employees	5	6	17
	Outsourcing	395	359	406
	Total	1,930	1,881	1,821

Notes:

- Includes employees of software houses and TeleBank service center workers.
- Includes outsource workers and does not include employees on unpaid leave and female employees on maternity leave.
- Regarding "stable employees", see general note no. 2.

Breakdown of employees by age

For the year ended on December 31

		2023	2022	2021
Discount Bank	Up to 30	790	685	686
	31-50	2,977	2,820	2,850
	Over 50	1,468	1,436	1,347
	Total	5,235	4,941	4,883
MDB	Up to 30	134	119	129
	31-50	884	896	876
	Over 50	476	447	445
	Total	1,494	1,462	1,450
ICC	Up to 30	558	556	448
	31-50	844	857	869
	Over 50	225	199	169
	Total	1,627	1,612	1,486

General notes:

- Discount Bank and MDB's data include tenured employees and temporary employees. Discount Bank data includes stable employees.
- The Discount Bank data includes 17 employees of Discount Leasing Company (2022 – 16 employees; 2021 – 10 employees).

Position partiality

		2023			2022		
		Men	Women	Total	Men	Women	Total
Discount Bank	Full-time position	1,882	2,582	4,464	1,802	2,591	4,393
	Part-time position	149	622	771	127	421	548
	Total	2,031	3,204	5,235	1,929	3,012	4,941
MDB	Full-time position	572	797	1,369	544	759	1,303
	Part-time position	5	40	45	5	34	39
	Total	607	887	1,494	549	793	1,342
ICC	Full-time position	367	737	1,104	407	842	1,249
	Part-time position	28	468	496	56	245	401
	Total	395	1,005	1,600	463	1,187	1,650

Diversity among employees

		2023			2022		
		Men	Women	Total	Men	Women	Total
Discount Bank	Board of Directors	7	4	11	6	4	10
	Managers	414	479	893	362	422	784
	Of which: Branch managers and above ¹	56	45	101	72	58	130
	Clerks	1,617	2,724	4,341	1,567	2,590	4,157
MDB	Board of Directors	5	3	8	4	3	7
	Managers	99	56	155	110	44	154
	Clerks	508	831	1,339	489	819	1,308
ICC	Board of Directors	6	3	9	5	3	8
	Managers	128	191	319	121	185	306
	Clerks	325	983	1,308	320	986	1,306

Note:

¹ Including members of Management.

Average seniority and age

	For the year ended on December 31					
	2023		2022		2021	
	Average age	Average seniority	Average age	Average seniority	Average age	Average seniority
Discount Bank	43.6	12.6	44.1	13.4	43.7	13.7
MDB	45.1	15.5	44.9	15.5	44.6	15.3
ICC	36.9	8.8	36.0	8.4	36.0	8.7
IDB Bank	49.0		49.0		49.0	

Average seniority - IDB Bank

	For the year ended on December 31					
	2023		2022		2021	
	Number of employees	Rate	Number of employees	Rate	Number of employees	Rate
Less than 1 year	58	9.6	108	18.7	77	14.7
1-9 years	373	62.2	298	51.7	276	52.7
10-19 years	115	19.2	119	20.6	114	21.7
20-29 years	39	6.5	36	6.2	37	7.1
30-39 years	9	1.5	9	1.6	14	2.7
40 years and more	6	1.0	7	1.2	6	1.1
Total	600	100.0%	577	100.0%	524	100.0%

Employee turnover

Breakdown of new employees by gender

		For the year ended on December 31		
		2023	2022	2021
Discount Bank	Men	285	195	190
	Women	624	404	378
	Total	909	599	568
MDB	Men	55	47	26
	Women	106	110	63
	Total	161	157	89
ICC	Men	134	144	75
	Women	380	428	251
	Total	514	572	326

Note: The data include temporary employees and tenured employees.

Breakdown of new employees by age

		For the year ended on December 31		
		2023	2022	2021
Discount Bank	Up to 30	501	330	352
	31-50	371	217	179
	Over 50	37	52	37
	Total	909	599	568
MDB	Up to 30	73	72	40
	31-50	81	83	48
	Over 50	7	2	1
	Total	161	157	89
ICC	Up to 30	429	452	263
	31-50	82	109	58
	Over 50	3	11	5
	Total	514	572	326

Note: The data include temporary employees and tenured employees.

Breakdown of leaving employees by gender

		For the year ended on December 31		
		2023	2022	2021
Discount Bank	Men	180	199	255
	Women	377	343	415
	Total	557	542	670
MDB	Men	35	39	49
	Women	44	55	50
	Total	79	94	99
ICC	Men	126	121	101
	Women	378	320	330
	Total	504	441	434

Notes:

1 The data include temporary employees and tenured employees.

2 Discount Bank's data do not include employees leaving from maternity leave / unpaid leave.

Breakdown of leaving employees by age

		For the year ended on December 31		
		2023	2022	2021
Discount Bank	Up to 30	297	229	268
	31-50	162	227	215
	Over 50	98	86	181
	Total	556	542	670
MDB	Up to 30	15	27	22
	31-50	47	47	56
	Over 50	17	20	21
	Total	79	94	99
ICC	Up to 30	383	328	318
	31-50	114	104	99
	Over 50	7	9	17
	Total	504	441	434

Mobility of employees

		For the year ended on December 31		
		2023	2022	2021
Discount Bank		754	740	892
MDB		338	285	329
ICC		124	194	166

Breakdown of employees by reasons of leaving

		For the year ended on December 31										
		2023				2022				2021		
		Temporary	Tenured	Stable	Total	Temporary	Tenured	Stable	Total	Temporary	Tenured	Total
Discount Bank	Encouraged retirement	-	24	-	24	-	6	-	6	-	72	72
	Natural retirement and leaving	-	42	6	48	1	44	1	46	48	88	136
	Of which: termination of contract	2	-	11	13	4	-	1	5	44	27	71
	Resignation	324	38	85	447	287	78	108	473	372	57	429
	Dismissal (imposed by the Bank) ³	10	3	7	20	3	2	4	9	24	4	28
	Other ¹	1	2	2	5	-	3	-	3	1	4	5
Total retirement	337	109	111	557	295	133	114	542	445	225	670	
MDB ⁴	Encouraged retirement	-	3	-	3	-	9	-	9	-	4	4
	Natural retirement and leaving	-	10	-	10	1	6	-	7	-	12	12
	Resignation	32	11	-	43	45	12	-	57	38	27	65
	Dismissal (imposed by the bank)	11	2	-	13	8	3	-	11	11	1	12
	Other	4	6	-	10	9	1	-	10	3	3	6
	Total retirement	47	32	-	79	63	31	-	94	52	47	99
ICC	Natural retirement and leaving	-	-	-	10	-	-	-	2	-	-	10
	Resignation	-	-	-	390	-	-	-	363	-	-	311
	Dismissal (imposed by the company)	-	-	-	93	-	-	-	74	-	-	113
	Other	-	-	-	2	-	-	-	2	-	-	-
Total retirement²	-	-	-	504	-	-	-	441	-	-	434	

Notes:

1 Passed away: 2021 - 5; 2022 - 3; 2023 - 5.

2 ICC - not including employees retiring from unpaid leave / maternity leave or employees under trial period.

3 The dismissals are of employees under trial period or for serious disciplinary reasons.

4 MDB - tenured employees including employees engaged on personal contracts and members of Management.

Maternity leave

		For the year ended on December 31					
		2023		2022		2021	
		Men	Women	Men	Women	Men	Women
Discount Bank	Eligible for maternity leave	90	196	108	235	101	230
	Went on maternity leave	2	190	2	203	3	213
	Returned from leave	2	97	2	123	3	203
	Employees who were still employed 12 months after returning to work	2	171	2	167	3	190
MDB	Eligible for maternity leave	18	44	41	43	62	58
	Went on maternity leave	-	44	-	43	-	58
	Returned from leave	-	23	-	41	-	22
	Employees who were still employed 12 months after returning to work	-	42	-	-	-	54
ICC	Eligible for maternity leave	32	136	16	137	-	-
	Went on maternity leave	-	136	1	137	-	-
	Returned from leave	-	64	1	126	-	-
	Employees who were still employed 12 months after returning to work	-	106	1	92	-	-

Notes:

- Eligible for maternity leave - Anyone who had a child born to him / her between the dates of January 1, to December 31, of that year, who did not necessarily exercise his entitlement at the Bank.
- For Discount Bank:
 - Data for 2023 - Number of male/female employees who returned to work after a maternity leave and stayed to work - as of April 1, 2024.
 - Data for 2022 - Number of male/female employees who returned to work after a maternity leave and stayed to work - as of April 1, 2023.
 - Data for 2021 - Number of male/female employees who returned to work after a maternity leave and stayed to work - as of April 1, 2022.
- For MDB:
 - Data for 2023 - Number of male/female employees who returned and stayed to work - as of December 31, 2023.
 - Data for 2022 - Number of male/female employees who returned and stayed to work - as of December 31, 2022.
 - Data for 2021 - Number of male/female employees who returned and stayed to work - as of December 31, 2021.
- For ICC:
 - Data for 2023 - Number of male/female employees who returned to work after a maternity leave and stayed to work - as of April 1, 2024.
 - Data for 2022 - Number of male/female employees who returned to work after a maternity leave and stayed to work - as of April 1, 2023.
 - Data for 2021 - Number of male/female employees who returned to work after a maternity leave and stayed to work - as of April 1, 2022.

Employees absence

		For the year ended on December 31					
		2023		2022		2021	
		Men	Women	Men	Women	Men	Women
Discount Bank	Absence in respect of paid sick days	19,223	43,299	21,568	47,451	19,460	42,301
	Absence rate	5.2%		6.0%		5.48%	
	Accidents	21	50	20	44	11	40
MDB	Absence in respect of paid sick days	4,237	9,553	537	776	5,498	11,113
	Absence rate	4.0%		4.2%		5.72%	
	Accidents	296	794	10	11	1,038	1,947
ICC	Absence in respect of paid sick days	3,534	13,296	3,510	13,250	3,769	13,358
	Absence rate	3.21%		4.21%		6.61%	
	Accidents	-	-	-	-	5	9

General Notes:

- Paid sick days are counted according to the number of actual days.
- The counting of days is of workdays missed by the employee and it refers to the total number of possible workdays in the year and not to the total number of days in the calendar year.
- The absence rate is calculated as the total actual number of absence days divided by the total number of possible workdays of the employee population at the end of the reporting year. It should be noted that the total number of absence days includes all employees who in respect of which an event of "illness" was recorded, while the denominator comprises the employee population at the end of the year. As a result of this calculation format the absence rate has an upward bias.
- Data on reported accidents are data reported to the National Insurance Institute, and include accidents on the way to and from the workplace. Therefore, these data do not constitute an indication of the number of "safety at work" events.

External employees absence (contract workers and outsourcing)

		As of December 31	
		2023	2022
MDB	Absence in respect of paid sick days	210	78
	Accidents	-	2

Events involving customers and employees, who resulted in the activation of insurance policy

		For the year ended on December 31		
		2023	2022	2021
Discount Bank	Customers (third party)	1	-	2
	Employees (employers' liability)	-	1	1
	Total	1	1	3
MDB	Customers (third party)	4	-	6
	Employees (employers' liability)	1	1	1
	Total	5	1	7
ICC	Customers (third party)	1	-	2
	Employees (employers' liability)	7	9	9
	Total	8	9	11

Employee training

Average training hours per employee

	2023	2022	2021
Discount Bank	11	13.6	29
MDB	25.7	20	22.6
ICC	7	6.5	6.5

Details of employee training data

		2023	2022	2021
Discount Bank	Total frontal instruction days	34,769	30,141	26,446
	Interactions Computer-Mediated Learning	25,109	21,000	26,218
	Average training hours per employee	11	¹ 13.6	29
	Average days per employee	6.5	5.9	5.3
	Cost of training – in NIS million	7.8	7.4	8.5
MDB	Total frontal instruction days	5,332	7,110	3,722
	Interactions Computer-Mediated Learning	8,455	5,410	4,797
	Average training hours per employee	25.7	20	22.6
	Average days per employee	4.67	3.64	4.11
	Cost of training – in NIS million	1.9	1.9	2
ICC	Total frontal instruction days	25,500		
	Interactions Computer-Mediated Learning	4,800		
	Average training hours per employee	7		
	Average days per employee	1		
	Cost of training – in NIS million			

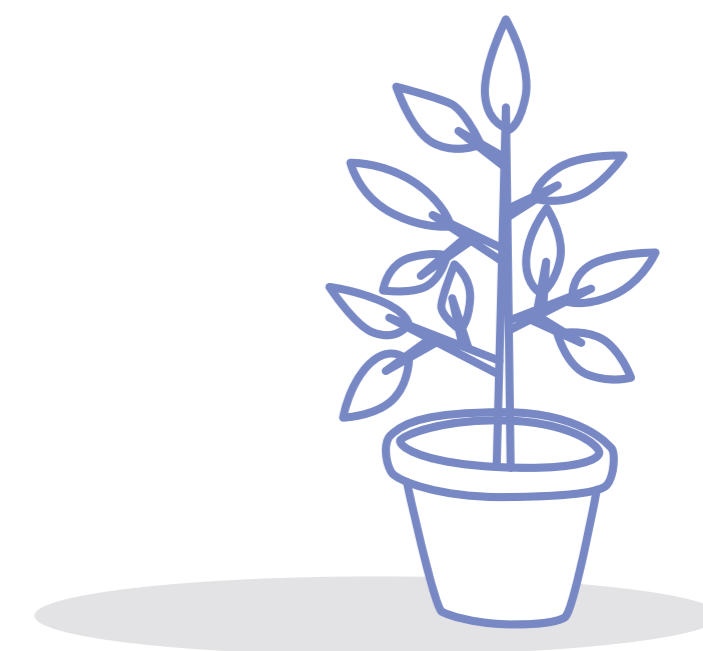
Note:

¹ Average training hours per employee fell in 2022, due to efficiency measure and sharpening the study contents' focus. More studying is now being conducted in a personal study format during work hours rather than being carried out in a more measurable, formal framework.

Feedback interviews of employees

Percentage of employees who received feedback

	For the year ended on December 31		
	2023	2022	2021
Discount Bank	99%	99%	99%
MDB	100%	95%	97%
ICC	100%	100%	100%



Appendices Green Discount

Greenhouse gas emissions in 2021-2023

		Scope 1	Scope 2	Scope 3	Total emissions
Discount Bank	2023	1,422	21,569	654	23,645
	2022*	2,232	15,960	525	18,637
	2021	2,187	16,559	453	19,199
MDB	2023	576	2,966	101	3,643
	2022	600	3,726	101	4,427
	2021	602	4,003	-	4,605
ICC	2023	848	2,879	9	3,736
	2022	871	2,771	27	3,669
	2021	835	2,995	10	3,840

* Improvements were made to the carbon footprint data for 2022.

General Notes:

- The calculation of emissions in Scope 1 for MDB and ICC relates to consumption of fuel only; while that for Discount Bank includes also emission of air conditioning refrigerant gases.
- The calculation of emissions in Scope 3 for Discount Bank relates to paper consumption, paper recycling, water consumption, business flights and electronic waste. In 2023, reporting was also added on the purchase of electronic equipment; the calculation of emissions in Scope 3 for MDB relates to water consumption and flights alone; the calculation of emissions in Scope 3 for ICC relates to paper consumption and paper recycling. In 2023, reporting was also added on emissions from flights and from electronic waste recycling.

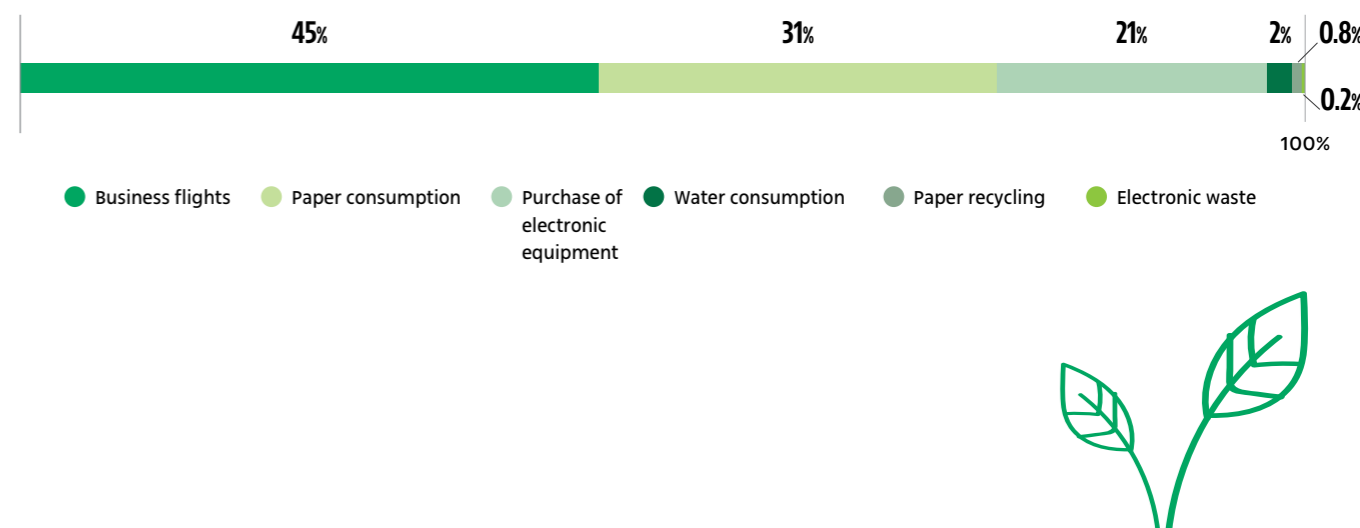
Details regarding the investment of Discount Bank in the process of reducing greenhouse gas emissions during 2021-2023, and the annual savings deriving from them

Type of activity	Description	Investment in NIS thousands	Annual energy savings (in kwh) ¹	Annual GHG emissions reduction (CO2e tons)
Energy efficiencies in buildings	Energy efficiencies in A/C systems	1,902	141,242	66.2
Energy efficiencies in buildings	Upgrading the lighting systems	352	35,311	16.6
Buildings – reduction of space			-47,276	-22.2
Total year 2023		2,254	129,277	261
Total year 2022		3,155	712,642	334
Total year 2021		5,888	482,032	4240

Notes:

- Savings in the consumption of electricity in relation to 2022. Estimated as a percentage of total savings in consumption.
- Annual GHG emissions reduction (CO2e tons) is based on the emission coefficients known at the time of publication of the current report.
- Annual GHG emissions reduction (CO2e tons) is based on the emission coefficients known at the time of publication of the report for 2022.
- Annual GHG emissions reduction (CO2e tons) is based on the emission coefficients known at the time of publication of the report for 2021.
- As in previous years, Discount Bank continues to advance energy efficiency initiatives and to mitigate its environmental impact as described in the table. Nevertheless, the Bank's electricity consumption increased by approx. 35% in 2023, due to the Bank's preparations for the Campus move and the gradual move to it.

Distribution of indirect emissions (Scope 3) for 2023



Handling of waste in the years 2021-2023

	Measurement units	Treatment method	2023	2022	2021
Paper waste	Ton	Transfer for recycling	346	1363	296
Electronic waste	Ton	Transfer for recycling	46.9	47.6	86.8
Bottles	Units	Transfer for recycling	20,000	26,000	35,000
Light bulbs	Units	Transfer for recycling	3,000	4,000	8,500
Ink and toners	Units	Transfer for scrapping	2,600	3,100	4,000
Batteries	Units	Transfer for recycling	1,200	1,500	1,000

Note:

- In 2022, local archives in paper-rich head office units were emptied as part of the preparations for the Campus move, which explains the gap between purchased and recycled amounts.



Appendices Corporate Governance

Attendance at meetings of the Board of Directors and its committees

Number of meetings of the Board of Directors and its committees and the attendance rate thereat*

The Forum	Number of meetings in 2023	Summed up rate of participation	Number of meetings in 2022	Summed up rate of participation	Number of meetings in 2021	Summed up rate of participation
Board of Directors plenum	35	99.1	33	100.0	31	99.0
Credit Committee	8	100.0	9	97.8	9	100.0
Audit Committee	24	100.0	23	100.0	26	100.0
Risk Management Committee	15	98.9	19	100.0	17	100.0
Resources Committee	3	100.0	4	100.0	4	100.0
Compensation Committee	11	100.0	14	100.0	7	100.0
Technologies & Resources Committee	6	96.4	6	100.0	7	100.0
Total meeting of committees	67	99.4	75	99.8	72	100.0

* Excluding Ad-hoc committees.

Income and Provisions for taxes by geographic distribution

	Income				Provisions for taxes			
	In NIS million							
	Israel	U.S.	Europe	Total	Israel	U.S.	Europe	Total
For the year ended December 31, 2023	14,698	1,375	1	16,074	2,217	99	-	2,319
For the year ended December 31, 2022	11,596	1,347	1	12,944	1,633	174	-	1,807
For the year ended December 31, 2021	9,412	1,079	-	10,491	1,378	138	-	1,516



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