

## ISRAEL DISCOUNT BANK LTD.

Registration no.: 520007030

FAO: Israel Securities Authority  
www.isa.gov.il

FAO: The Tel Aviv Stock Exchange Ltd.  
www.tase.co.il

T460 (Public)

Magna transmission date: January 23, 2023  
Reference No.: 2023-01-010734

### **Immediate Report Regarding a Meeting** **Regulation 36B(a) and (d), and Regulation 36C of the Securities Regulations (Periodic and Immediate Reports), 5730-1970**

Is it possible to vote by means of an electronic voting system: *Yes*

Link to the voting system website where one can vote: [Voting System](#)

The Corporation announces the *convening of a General Meeting*

The reference number of the last notice regarding the General Meeting is \_\_\_\_\_, which was called to be held on \_\_\_\_\_

Reason for adjournment or cancellation: \_\_\_\_\_

1. Type of security: *Share*

Name of security referred to: *Ordinary "A" shares of NIS 0.1*

Stock Exchange number of the security entitling the holders thereof to participate in the General Meeting: *691212*.

The record date for determining the right to participate in and vote at the General Meeting is *January 30, 2023*

2. On *January 23, 2023*,

it was resolved to *convene an Extraordinary General Meeting* \_\_\_\_\_,

which will be held on *Tuesday, February 28, 2023* at *12:30*

at *23 Yehuda Halevi St. (17<sup>th</sup> floor), Tel Aviv, Israel*

3. On the agenda:

Topics/resolutions to be raised at the Meeting:

**1**

The topic/resolution and details thereof:

*To approve the compensation policy for the Bank's officers which is attached as Appendix A to the General Meeting Call Report, in accordance with Section 267A of the Companies Law. In addition, to approve that, in accordance with the Law for the Compensation of Officers of Financial Corporations (Special Approval and Non-Allowance of Expense for Tax Purposes due to Excessive Compensation), 2016 ("the Compensation Law"), the compensation for officers who report to the CEO, may exceed – in accordance with the provisions of the compensation policy and the approvals prescribed therein – the amount prescribed in Section 2(a) of the Compensation Law.*

*Approval of the compensation policy in accordance with Section 267A (a) of the Companies Law*

Gender: \_\_\_\_\_

Reference of last report regarding approval of a private motion (T138): \_\_\_\_\_

Transaction between the Company and a Controlling Shareholder thereof as referred to in Sections 275 and 320(f) of the Companies Law: *No*

Reference of last report on the topic (T133): \_\_\_\_\_

Section in the Companies Law, Securities Law or other law explaining need for approval of resolution:  
\_\_\_\_\_

Does the topic require disclosure of an affiliation or some other characteristic of the shareholder that is voting: \_\_\_\_\_  
\_\_\_\_\_

**In the case of a debentures meeting**

It was decided that another interest exists: \_\_\_\_\_

Provide details of the other interest  
\_\_\_\_\_

**Request for additional details from the holders**

Was it decided to ask for additional details from the holders: *No*

Details of the additional details required from the holders or the manner of convening the General Meeting (in the event of a meeting pursuant to Section 350):  
\_\_\_\_\_

- Correction of disclosure
- Insignificant change or a change only to the benefit of the Company relative to the text of the resolution set forth in last report
- Removal from the agenda
- The topic was discussed at a previous General Meeting
- Change in topic/addition of new topic to the agenda at the order of a court
- Change in topic/addition of new topic to the agenda pursuant to Regulation 5B of the Companies Regulations (Notice and Announcement of a General Meeting and a Class Meeting of a Public Company and Addition of Topic to the Agenda), 2000
- Addition of new topic to the agenda after the record date due to a technical mistake, as detailed:  
\_\_\_\_\_

The resolution on the agenda *being put to the vote*

Type of majority required to pass *is not a simple majority*

*The majority required to pass the resolution as prescribed in Section 267A of the Companies Law (taking into account that the Bank is a banking corporation having no core controlling interest):*

*A simple majority of all the votes of holders of ordinary "A" shares present at the General Meeting in person or by proxy or that have sent the Bank a voting ballot stating the manner of their vote, that are entitled to vote and that have voted at the General Meeting, without taking abstentions into account and provided that one of the following is fulfilled:*

- (a) The votes comprising the majority shall include a majority of all the votes of holders of ordinary "A" shares participating in the vote that do not have a personal interest in approving the resolution; in counting the total votes of the said shareholders, abstentions shall not be taken into account;*
- (b) The total opposing votes among the shareholders included in section (a) above does not exceed two percent (2%) of the total voting rights in the Bank.*

*Notwithstanding the aforesaid, the Bank's Board of Directors may approve the compensation policy, even if the General Meeting has opposed its approval, provided that the Compensation*

*Committee and, subsequently, the Board of Directors shall resolve – on the basis of detailed reasons and after having re-discussed the compensation policy – that approval of the compensation policy, despite the opposition of the General Meeting, is in the best interests of the Bank.*

Does the holdings percentage of the controlling shareholder in the shares of the Corporation confer on the controlling shareholder the majority required to adopt the proposed resolution on the topic *No*

The General Meeting Call Report is attached as [Attachment 1](#)

#### 4. Attachments

4.1 Attached is a file that includes the text of the voting ballot/position papers: [the voting ballot is attached as Attachment 2](#)

Text of Voting Ballot *Yes*

Text of Position Papers *No*

4.2 Attached is a file that includes the candidates' declarations/other related documents: \_\_\_\_\_

Declaration of candidate to serve as a Director of the Corporation \_\_\_\_\_

Declaration of Independent Director \_\_\_\_\_

Declaration of External Director \_\_\_\_\_

Declaration of appointment of representative for representation \_\_\_\_\_

Amended trust deed \_\_\_\_\_

Motion to approve a creditors arrangement pursuant to Section 350 \_\_\_\_\_

Other \_\_\_\_\_

Link to the site of the voting system at which one may vote: [The Voting System](#)

#### 5. Quorum for holding the Meeting:

*The quorum for holding a General Meeting is the attendance of one shareholder or more holding (individually or cumulatively) at least one-fifth of the voting rights in the Bank (whether by means of actually attending in person or by means of a proxy, or whether by means of the electronic voting system or a voting ballot), within half an hour of the time stipulated for the start of the Meeting. If within half an hour of the time scheduled for opening the Meeting, a quorum is not present, the General Meeting shall be adjourned until Wednesday, March 1, 2023 at 12:30. Where no quorum is present at the adjourned Meeting, as referred to above, one shareholder present in person or by proxy shall constitute a quorum and he may deal with the matters for which the General Meeting was called.*

6.  In the absence of a quorum, the adjourned Meeting will be held on: *March 1, 2023* at *12:30* at *23 Yehuda Halevi St. (17<sup>th</sup> floor), Tel Aviv, Israel.*
- In the absence of a quorum, the Meeting will not take place.

#### 7. Time and place for viewing each proposed resolution whose text is not fully presented in the above agenda details:

*The text of the proposed resolution+ to be brought for approval at the General Meeting and the attachments can be viewed at the Office of the Corporate Secretary of the Bank, 23 Yehuda Halevi Street, Tel-Aviv, Israel,*

by prior arrangement (telephone no. +972-76-8054499), during regular business hours, from the date of publication of this Immediate Report.

General Meeting identifier: \_\_\_\_\_

**Details of signatories authorized to sign in the name of the Corporation:**

	<b>Name of Signatory</b>	<b>Position</b>
<b>1</b>	<i>Adv. Hagit Meirovitz</i>	<i>Other Executive Vice President, Head of Human Resources Division</i>
<b>2</b>	<i>Adv. Michal Sokolov-Danoch</i>	<i>Other Corporate Secretary of the Bank</i>

**Reference numbers of previous documents relating to this topic (their mention does not constitute their inclusion by way of reference):**

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The securities of the Corporation are listed for trade on the Tel Aviv Stock Exchange      Date of updating structure of form: 29/12/2022

Abbreviated name: Discount

Address: 23 Yehuda Halevi St., Tel Aviv 6513601, Israel Tel: 972-3-9439111; Fax: 972-3-5171674

Email: [michal.sd@dbank.co.il](mailto:michal.sd@dbank.co.il)

Prior names of the reporting entity:

Name of person making electronic report: Tenne, Ayelet Position: Lawyer, General Secretary Name of Employing Company:

Address: 23 Yehuda Halevi St., Tel Aviv 6513601, Israel Tel: +972-76-8058862; Fax: +972-3-5171674

Email: [ayelet.tenne@dbank.co.il](mailto:ayelet.tenne@dbank.co.il)

***Israel Discount Bank's Immediate Reports are published in Hebrew on the website of the Israel Securities Authority and the Tel Aviv Stock Exchange.***

***The English translation is prepared for convenience purposes only.***

***In the case of any discrepancy between the English and Hebrew versions, the Hebrew will prevail.***



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## **ATTACHMENT 1**

**ISRAEL DISCOUNT BANK LTD.**  
**("The Bank")**

**Date: January 23, 2023**

Israel Securities Authority  
[www.isa.gov.il](http://www.isa.gov.il)

Tel Aviv Stock Exchange Ltd.  
[www.tase.co.il](http://www.tase.co.il)

### **Re. Immediate Report Regarding Convening of Extraordinary General Meeting**

In accordance with the Companies Law, 1999 ("the Companies Law"), the Securities Law, 1968 ("the Securities Law"), the Securities Regulations (Periodic and Immediate Reports), 1970 ("the Reporting Regulations"), the Companies Regulations (Publication of Notice of General Meetings and Class Meetings in Public Companies and Addition of a Topic to the Agenda), 2000 ("the Notice Regulations") and the Companies Regulations (Voting Ballot and Position Papers), 2005 ("the Voting Regulations"), the Bank hereby announces the convening of an Extraordinary General Meeting, which shall be held on **Tuesday, February 28, 2023 at 12:30** ("the General Meeting"). The General Meeting shall be held at the offices of the Bank, 23 Yehuda Halevi Street (17<sup>th</sup> Floor), Tel Aviv, Israel ("the Bank's Offices"). If a quorum is not present, the General Meeting shall be adjourned to **Wednesday, March 1, 2023 at 12:30** at the Bank's Offices.

#### **1. Part A – Topic and resolution on the agenda and the majority required to pass the resolutions**

##### **1.1 Approval of compensation policy for the Bank's officers in accordance with Section 267A of the Companies Law**

###### The proposed resolution:

To approve the compensation policy for the Bank's officers, which is attached as **Appendix A** to this report, in accordance with Section 267A of the Companies Law. In addition, to approve that, in accordance with the Law for the Compensation of Officers of Financial Corporations (Special Approval and Non-Allowance of Expense for Tax Purposes due to Excessive Compensation), 2016 ("the Compensation Law"), the compensation for officers who report to the CEO, may exceed – in accordance with the provisions of the compensation policy and the approvals prescribed therein – the amount prescribed in Section 2(a) of the Compensation Law.

###### The majority required to pass the resolution as prescribed in Section 267A of the Companies Law (taking into account that the Bank is a banking corporation having no core controlling interest):

A simple majority of all the votes of holders of ordinary "A" shares present at the General Meeting in person or by proxy or that have sent the Bank a voting ballot stating the manner of their vote, that are entitled to vote and that have voted at the General Meeting, without taking abstentions into account and provided that one of the following is fulfilled:

- (a) The votes comprising the majority shall include a majority of all the votes of holders of ordinary "A" shares participating in the vote that do not have a personal interest in approving the resolution; in counting the total votes of the said shareholders, abstentions shall not be taken into account;
- (b) The total opposing votes among the shareholders included in section (a) above does not exceed two percent (2%) of the total voting rights in the Bank.



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Notwithstanding the aforesaid, the Bank's Board of Directors may approve the compensation policy, even if the General Meeting has opposed its approval, provided that the Compensation Committee and, subsequently, the Board of Directors shall resolve – on the basis of detailed reasons and after having re-discussed the compensation policy – that approval of the compensation policy, despite the opposition of the General Meeting, is in the best interests of the Bank.

The Bank is not a public sub-subsiary company.

**For details regarding the compensation policy, see section 2 below.**

**2. Part B – Additional details regarding approval of compensation policy for the Bank's officers in accordance with Section 267A of the Companies Law:**

- 2.1 On December 12, 2012, Amendment No. 20 to the Companies Law went into effect ("Amendment 20"). The amendment addresses the regulation of the structure of the compensation to officers of public companies and debenture companies and sets forth a special process for its approval. On November 19, 2013, the Proper Conduct of Banking Business Directive 301A "Compensation Policy in a Banking Corporation" ("Directive 301A") was published, which includes additional provisions including, inter alia, in connection with the compensation of officers at banking corporations, as amended from time to time. On April 12, 2016, the Compensation Law was published. The compensation policy of the Bank is subject, inter alia, to provisions of the Companies Law, Directive 301A, as amended from time to time, and the Compensation Law.
- 2.2 The compensation policy being presented to this General Meeting replaces the Bank's previous officers' compensation policy, which was approved by the General Meeting of the Bank in March 2020, as amended from time to time ("the Compensation Policy") and will remain in force for a period of three years from the date of the General Meeting's approval<sup>1</sup>. This Compensation Policy is part of the overall Compensation Policy, which contains other parts that pertain to employees who are not officers in accordance with the Supervisor's directive.
- 2.3 The Compensation Policy and its various components were discussed at several meetings of the Compensation Committee and the Board of Directives. The latter body also discussed the recommendations of the Compensation Committee. In formulating the Policy, the Compensation Committee and the Board of Directors were assisted by external consultants.

The aforesaid meetings reviewed and examined, inter alia, the following data and information: relevant provisions of the Companies Law; relevant provisions of Directive 301A; provisions of the Compensation Law; the terms of service and employment of the officers of the Bank; the Bank's existing Compensation Policy and its bonuses plan and the degree to which these are effective; the data required in regard to the terms of employment of the Bank's employees in accordance with the Companies Law; the data referred to in Section 2(b) of the Compensation Law; and comparative information in relation to compensation within the banking system.

On January 23, 2023, following several discussions at the Compensation Committee, the Board of Directors approved the compensation policy for the Bank's officers, as presented in **Appendix A**, which is attached to this report ("the Proposed Compensation Policy"). The Proposed Compensation Policy is marked up to show the changes in relation to the previous Compensation Policy.

<sup>1</sup> For further details regarding the existing compensation policy, see the Bank's immediate report from February 24, 2020 (reference no.:2020-01-015952) and from July 25, 2022 (reference no.: 2022-01-094939).



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The members of the Compensation Committee who participated in the Committee's discussions on January 16, 2023, within the framework of which the final recommendation to the Board of Directors regarding the Proposed Compensation Policy was approved, were: Mr. Aharon Abramovich (Chairman of the Committee, Companies Law external director); Ms. Sigal Barmack (Companies Law external director); Mr. Baruch Lederman (Companies Law external director); Ms. Miriam (Miri) Katz (Proper Conduct of Banking Business external director, independent director); and Dr. Doron Avital.

The members of the Board of Directors who participated in the meeting on January 23, 2023 at which the Proposed Compensation Policy was approved, were: Mr. Shaul Kobrinisky (Chairman of the Board of Directors, Proper Conduct of Banking Business external director); Mr. Aharon Abramovich (Companies Law external director); Ms. Sigal Barmack (Companies Law external director); Mr. Baruch Lederman (Companies Law external director); Ms. Miriam (Miri) Katz (Proper Conduct of Banking Business external director, independent director); Dr. Yaakov Lifshitz (Proper Conduct of Banking Business external director, independent director); Dr. Doron Avital; Ms. Yodfat Harel Buchris; and Prof. Ben-Zion Zilberfarb (independent director).

Names of the directors having a personal interest and the nature of their personal interest:

All the members of the Board of Directors are likely to have a personal interest arising from the fact that the compensation policy prescribes provisions that relate to the terms of service and employment of the Bank's directors, including the Chairman, for whom specific provisions are prescribed in the compensation policy.

#### 2.4 The main changes between the Proposed Compensation Policy and the previous Compensation Policy

2.4.1 Monthly salary – Adjusting the monthly salary ceiling for officers, except for the directors and the CEO, to an amount of NIS 140,000, linked to the increase in the index known on the date of the Proposed Compensation Policy's approval (instead of a ceiling of NIS 130,000, linked to the index), which reflects the increase in the index in relation to the previous ceiling.

#### 2.4.2 Annual bonus –

2.4.2.1 Adding a clarification that the Bank may prescribe further threshold conditions in addition to those set forth in the Proposed Compensation Policy and deleting the threshold condition whereby the rate of return on equity in the bonus year is not to be less than 7%.

2.4.2.2 Deleting the sections that relate entitlement to an annual bonus upon termination of employment and upon commencement of employment during the year.

2.4.2.3 Spreading the annual bonus – adding a condition whereby, if the Bank does not fulfill the condition for the payment of the part of the annual bonus that is deferred (that the Bank has not recorded a loss in its consolidated financial statements for the bonus year that preceded the date for paying the deferred installment of the bonus), the payment of the aforesaid deferred installment of the bonus will be deferred to the following year, and if, once again, the Bank does not fulfill said condition at that time, the entitlement to that deferred bonus installment will be revoked.

2.4.3 Bonus for special contribution – raising the ceiling for this bonus to an amount of NIS 5 million per annum for all the officers and subject to the limit in the Supervisor's Directive regarding the total of the variable component that can be granted discretionally to an officer (instead of a ceiling of NIS 1 million).

2.4.4 Equity compensation – adding a clarification that the vesting period of the equity compensation (which, according to the existing and Proposed Compensation Policy, will be spread over a period of not less than three years) will be at a vesting pace that is not to be faster than under a straight-line approach, and the expiry period in relation to options will be up to six years from the grant date.



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2.4.5 Repayment pursuant to the Supervisor's directives – amending the definition of “Exceptional Harm” so that it will include an actual monetary expense for the Bank that exceeds 2% of the Bank's shareholders' equity at the time of the expense materializing, in accordance with its latest published consolidated financial statements (instead of 5%).

2.4.6 Definition of an immaterial change – adding a clarification that the tested cost in relation to the last year or in relation to the annual cost in 2022, whichever is the higher, in connection with a change that is immaterial, is after excluding changes that were previously approved by the CEO as an immaterial change, as well as adding a clarification that the limit on the annual cost to the Bank, as prescribed in section 13.2 of the Proposed Compensation Policy, does not include the cost in respect to updating existing provisions deriving from changes in employment terms (such as, the provision for severance pay or for an adaptation grant in the event of a change in the monthly salary).

2.5 Manner of applying the previous Compensation Policy in relation to the Chairman of the Board of Directors and the CEO

The previous Compensation Policy prescribed that, as a rule, the current terms of service and employment of the Chairman of the Board of Directors and the CEO constitute the compensation policy in this regard. Accordingly, the salary actually paid to the Chairman of the Board of Directors or the CEO had reached the maximum compensation ceiling allowed to be paid to them pursuant to their terms of service and employment and/or pursuant to the provisions of the Compensation Law.

2.6 Reference to the gaps between the Proposed Compensation Policy and the existing terms of service and employment

None of the terms of service and employment fail to align with the Proposed Compensation Policy, except in the case of several long-serving officers whose existing agreements entitle them to an adaptation/non-competition grant that is higher than that prescribed in the Proposed Compensation Policy or whose adaptation/non-competition grant matches the ceiling in the Proposed Compensation Policy, but without the entitlement and spreading term for the part of the adaptation/non-competition grant that exceeds three salaries or that said part is contingent on terms that are different from those included in the Proposed Compensation Policy.

2.7 Application of the Proposed Compensation Policy to Group companies

The Bank's compensation policy will not apply directly to the terms of service and employment of officers of the Bank's subsidiaries (including such officers that were included in the disclosure pursuant to Regulation 21 of the Reporting Regulations). The Bank will determine principles for a Group compensation policy, which will apply to the officers of the Bank's subsidiaries in Israel, while implementing the necessary adjustments, taking into account the character of each such company, including all matters relating to the ceilings of the various compensation components, and in light of the regulations to which its affairs are subject, if any.

2.8 Reasoning of the Compensation Committee and the Board of Directors for approving the Proposed Compensation Policy

2.8.1 The compensation policy is in alignment with Directive 301A and contains provisions for the scope of compensation granted to the Bank's officers to align with the provisions of the Compensation Law.





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2.8.2 The aims of the compensation policy are to maintain a proper balance between the overall organizational strategy of the Bank, its goals and work plans (including an improvement in efficiency), as set forth from time to time, in line with the risk appetite and risk management. This, alongside the creation of a suitable incentive system for the recruitment and long-term retention of high quality senior management employees, as is required by the Bank for its continued development and business success.

2.8.3 Fixed compensation:

2.8.3.1 Coming from an understanding that it is fit and proper to also limit the scope of the fixed compensation, the compensation policy prescribes salary ceilings for the Bank's officers.

2.8.3.2 The fixed compensation, with all its various elements, represents a significant component of the total compensation, advances maintaining stability and continuity at the Bank's managerial level and thereby assists in ensuring the existence of a professional, high-quality and efficient management.

2.8.3.3 In determining the fixed compensation for each of the officers, his position, sphere of responsibility and previous salary agreements will be taken into account, as well as the officer's qualifications, expertise, professional experience, and attainments.

2.8.3.4 To facilitate the recruitment of the highest quality managerial workforce in the financial system, alongside the limits imposed by the compensation policy, the fixed compensation will also be determined by taking into consideration the market conditions and the employment terms relevant at the particular time in the financial system.

2.8.4 Annual bonus components:

2.8.4.1 The variable component is intended to advance attainment of the goals of the Bank and the Group. The annual bonus will be based on a basket of group and personal indicators, which are relevant to the activities over which the officer is responsible. The compensation policy determines threshold terms for the payment of an annual bonus, as well as allowing for the adjustment of the goals in the various indicators comprising the bonus so as to align them with the changing needs of the Bank, with its work plan and with its risk management policy.

2.8.4.2 Within the framework of the group indicators that are based on measurable criteria, it is generally possible to give expression to different indicators, such as: the return on equity, the efficiency ratio and the Bank's capital adequacy ratios. In this manner, expression is given to the Bank's up-to-date risk appetite and to control at the Bank's risk level. Within the framework of the qualitative indicators, expression is given to such indicators as: fields of corporate governance, statutory compliance, risk management, etc.

2.8.4.3 Prescribing an arrangement whereby, in certain circumstances, part of the annual bonus payment will be deferred and at the same time conditioning the payment of the deferred bonuses on fulfilling specific conditions as prescribed for this purpose, strengthens the performance basis of the variable component from a long-term perspective, as well as aligning with the Supervisor's directive. The deferral and spreading mechanism of the variable compensation, as prescribed in the compensation policy, conforms with the Supervisor's directive.

2.8.4.4 Coming from an understanding that it is fit and proper to limit the amount of the variable component in the compensation policy, ceilings have been included for the bonuses of the Bank's officers.



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- 2.8.4.5 The Compensation Committee and the Board of Directors have given their opinion regarding the possibility that part of the officers' compensation might be disallowed for tax purposes, although they found that the amount in question is not material from the aspect of the Bank.
- 2.8.4.6 The ratio between the fixed component and the variable component in the officers' terms of employment, as expressed in the ceilings prescribed for the various compensation components, is proportional and balanced.
- 2.8.4.7 In regard to the compensation of officers engaged in risk management, control and audit, the compensation policy prescribes that the Bank's bonuses plan should include special provisions that take into account the importance and sensitivity of the roles given to these functions, including the possibility of prescribing provisions that might result in a divergence from the ratio between the fixed and variable compensation for these officers, in favor of their fixed compensation, compared to the ratio for the other offices.
- 2.4.8.8 The compensation policy also includes the possibility of granting bonuses for a special contribution, through specifying a budget for such bonuses, including their grant even if the threshold terms are not met.
- 2.4.8.9 The compensation policy also includes the possibility of granting discretionary bonuses, if reasons exist that justify doing so, in accordance with a bonuses basket of limited scope.
- 2.8.5 Compensation on termination of employment:
- 2.8.5.1 The compensation policy also prescribes ceilings for compensation on termination of employment.
- 2.8.5.2 In accordance with Directive 301A mechanism is prescribed for spreading and deferring the compensation on termination of employment, which constitutes variable compensation.
- 2.8.6 Equity compensation
- 2.8.6.1 The compensation policy includes the possibility of granting equity compensation should it be found that this is an efficient means of strengthening the common interests between the officers and the shareholders as well as strengthening the grounding of the compensation on a long-term component.
- 2.8.6.2 A ceiling is prescribed for equity compensation at the time of it being granted. Should the equity compensation be of a type that is settled in cash, the Bank will consider prescribing a ceiling for it at the time of its realization.
- 2.8.7 The process of preparing the compensation policy included examining and relating to the ratio between the compensation paid to the Bank's officers and the compensation paid to the Bank's employees (including agency workers) and expression has been given in the compensation policy to the examination of this topic and the discussions thereon.
- 2.8.8 The compensation policy includes the possibility of reducing the bonuses due to special reasons at the discretion of the Board of Directors.
- 2.8.9 The compensation policy also includes provisions regarding the repayment of variable compensation paid to an officer, this being in accordance with the provisions of Directive 301A and the Compensation Law.
- 2.8.10 The terms of the compensation policy are reasonable and acceptable in the particular circumstances and taking into consideration the responsibility borne by the Bank's officers and the scope of the Bank's activities.



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2.8.11 In light of all the aforesaid and in light of the entirety of the data available to the Compensation Committee and the Board of Directors, the Compensation policy is proper and reasonable in the particular circumstances.

### **3. Part C – Additional Details Regarding the Extraordinary General Meeting:**

#### **3.1 Location and time at which the General Meeting shall be convened**

The Annual General Meeting of the holders of ordinary “A” shares of the Bank (“the General Meeting”) shall be held on **Tuesday, February 28, 2023 at 12:30**, at the Bank’s Offices at 23 Yehuda Halevi Street (17<sup>th</sup> floor), Tel-Aviv, Israel.

#### **3.2 The record date**

The record date fixed for determining the right of a shareholder regarding entitlement to vote at a General Meeting pursuant to Section 182 of the Companies Law and Regulation 3 of the Voting Regulations, is the end of the trading day on the Tel Aviv Stock Exchange on **Monday, January 30, 2023** (“the Record Date”). If no trading takes place on the Record Date, then the day of record will be the last trading day preceding that date.

#### **3.3 Voting at the General Meeting**

3.3.1 A holder of the Bank’s ordinary “A” shares is authorized to vote on the resolution on the agenda in person or by proxy or by means of a voting ballot, as specified below. A shareholder who is not registered in the shareholders’ register and whose share are registered with a Stock Exchange member (“a Non-Registered Shareholder”) is authorized to vote also by means of the electronic voting system, as set forth in section 3.4 below.

3.3.2 An instrument of appointment of a voting proxy, a power of attorney or a copy certified by a competent party (an attorney, an accountant, etc.) is to be deposited at the Bank’s Offices by **Thursday, February 23, 2023 at 12:30**.

3.3.3 Pursuant to the Companies Regulations (Proof of Share Ownership for the Purpose of Voting at a General Meeting), 2000, a Non-Registered Shareholder, who wishes to vote at the General Meeting, shall furnish the Bank with a confirmation from the Stock Exchange member with whom his share entitlement is registered regarding his share ownership on the Record Date, as required in accordance with the said Regulations (“Confirmation of Ownership”).

3.3.4 A Non-Registered Shareholder may receive the Confirmation of Ownership from the Stock Exchange member through whom he holds his shares, at a branch of the Stock Exchange member or by mail to his address upon payment of just a delivery charge, if so requested; the request in this regard is to be made in advance and for a specific securities account.

3.3.5 In accordance with the Bank’s Articles, a shareholder is entitled to vote at the General Meeting by means of a voting ballot. The text of the voting ballot and position papers (should there be any) for the resolution on the General Meeting’s agenda can be found on the distribution website of the Israel Securities Authority (“the Distribution Website”) [www.magna.isa.gov.il](http://www.magna.isa.gov.il) and on the Internet website of the Tel Aviv Stock Exchange ([www.tase.co.il](http://www.tase.co.il)) (“the TASE Internet Website”). The vote may be cast using the Second Part of the voting ballot, as published on the Distribution Website.



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- 3.3.6 The shareholders may request directly from the Bank and receive from it the text of the voting ballot and position papers (should there be any). The Stock Exchange member shall send by electronic mail, without charge, a link to the text of the voting ballot and the position papers (should there be any) on the Distribution Website, to any Non-Registered Shareholder, unless the shareholder has notified the Stock Exchange member that he is not interested in receiving a link as aforesaid, and provided that the notice was given in regard to a specific securities account and on a date prior to the Record Date. The shareholder's notice regarding voting ballots shall also apply in regard to receipt of position papers (should there be any). The vote may be cast using the Second Part of the voting ballot, as published on the Distribution Website.
- 3.3.7 A shareholder who participates in the vote on the resolution on the agenda, shall notify the Bank prior to his voting and – if he is voting by means of a voting ballot – he shall indicate in the designated place in the Second Part of the voting ballot, whether or not he is considered to be a controlling shareholder, an interested party, a party with a personal interest in the passing of the resolution, a senior officer or an institutional investor, and a description of the relevant affiliation.
- 3.3.8 The voting ballot of a Non-Registered Shareholder shall be delivered to the Bank together with the Confirmation of Ownership, so that the voting ballot reaches the Bank's Offices **not later than four (4) hours prior to the time scheduled for holding the General Meeting, viz., by 08:30 on Tuesday, February 28, 2023.**
- 3.3.9 A shareholder, who is registered in the shareholders' register and who wishes to vote, shall deliver the voting ballot to the Bank's Offices, together with a photocopy of his identity card, or a photocopy of his passport, or a photocopy of the certificate of incorporation, so that the voting ballot shall reach the Bank's Offices **not later than to six (6) hours prior to the time scheduled for holding the General Meeting, viz., by 06:30 on Tuesday, February 28, 2023.**
- 3.3.10 The last date for presenting position papers to the Bank is **up to ten (10) days** prior to the date scheduled for holding the General Meeting, and the last date for the Board of Directors to provide its response to position papers is **up to five (5) days** prior to the date scheduled for holding the General Meeting.
- 3.3.11 The voting ballot and position papers (should there be any) shall be delivered to the Bank's Offices, in accordance with the address that appears in the Second Part of the voting ballot.
- 3.3.12 Pursuant to Regulation 36D(d) of the Reporting Regulations, the Voting Regulations and the Israel Securities Authority's guideline from November 30, 2011 on the subject of a disclosure regarding the manner of voting by an interested party, a senior officer, and an institutional investor, as defined in the guideline, any such person voting on the resolution on the agenda shall notify the Bank of this before the vote at the General Meeting or, if voting by means of the voting ballot, shall note this in the designated place in the Second Part of the voting ballot, if he is an interested party, a party with a personal interest in the resolution, a senior officer or an institutional investor, and shall furnish a description of the affiliation/characteristic, and, if voting by means of a legal representative, the voter or his legal representative shall provide the aforesaid details in relation to the legal representative too. In addition, details shall be provided of any relationship (except for an insignificant connection) between the voter (not having a personal interest) or the legal representative (not having a personal interest) and the Bank, including employer-employee relations, business relations, etc., and/or a senior officer of the Bank, and of the nature of such relationship.



*This entire document is a translation from the Hebrew and has been prepared for convenience purposes only. In case of any discrepancy, the Hebrew version shall prevail.*

3.3.13 It is clarified that, if a shareholder or his legal representative has not marked the voting ballot, or has marked it "Yes", but has not provided the aforesaid details – his vote shall not be counted.

3.3.14 **Up to 24 hours before the time scheduled for holding the General Meeting**, a shareholder may contact the registered office of the Bank and, after providing proof of his identity, he may withdraw his voting ballot and his Confirmation of Ownership.

#### 3.4 Electronic voting system

3.4.1 As stated, a Non-Registered Shareholder is entitled to vote on the resolution on the agenda by means of a voting ballot that shall be transmitted by the electronic voting system as defined in the Voting Regulations below ("Electronic Voting Ballot"), as set forth below.

3.4.2 Voting by means of an Electronic Voting Ballot will open at the end of the Record Date. Voting by means of the electronic voting system will be terminated **six (6) hours prior to the time scheduled for holding the General Meeting**, at which time the electronic voting system will be closed, viz., by **06:30 on Tuesday, February 28, 2023**.

3.4.3 The electronic vote may be changed or canceled up to the time of closing the electronic voting system and no change shall be able to be made by means of the system after that time. A Non-Registered Shareholder, wishing to change his vote after the closing of the system, shall be able to vote in person or by means of a proxy at the General Meeting and his later vote shall be taken into consideration in the counting of the votes.

3.4.4 In regard to proof of ownership by means of the electronic voting system, the electronic transfer procedure is recognized under Section 44K5 of the Securities Law, 1968 as legal confirmation of ownership in regard to each shareholder included therein, who appears on the list of persons entitled to vote on the electronic voting system.

#### 3.5 Quorum for holding the General Meeting

The quorum for holding a General Meeting is the presence of one shareholder or more holding (individually or cumulatively) at least one-fifth of the voting rights in the Bank (whether by means of actually being present in person or by means of a proxy, or whether by means of the electronic voting system or a voting ballot), within half an hour of the time stipulated for the start of the General Meeting. If within half an hour of the time scheduled for opening the General Meeting, a quorum is not present, the General Meeting shall be adjourned until **Wednesday, March 1, 2023 at 12:30**. Where no quorum is present at the adjourned General Meeting, as referred to above, one shareholder present in person or by proxy shall constitute a quorum and he may deal with the matters for which such General Meeting was called.

#### 3.6 Changes in the agenda

After publication of this call report, it is possible that changes could occur in the agenda of the General Meeting, including adding a topic to the agenda, and position papers might be published. The updated agenda and position papers, should such be published, can be viewed on the Distribution Website and on the TASE Internet Website, as specified above.



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### 3.7 Viewing of documents

The text of the proposed resolution to be brought for approval at the General Meeting, and the immediate report regarding the calling of the General Meeting, with its appendices, can be viewed at the office of the Secretary of the Bank, 23 Yehuda Halevi Street, Tel Aviv, Israel, by prior arrangement (telephone no. +972-76-8054499), during normal business hours, from the date of publication of this notice, as well as on the Distribution Website, on the TASE Internet Website and on the Bank's website.

**Yours sincerely,**

**ISRAEL DISCOUNT BANK LTD.**

**Appendix A** – Proposed compensation policy

**Appendix B** – Voting ballot

**Signed by:**

Adv. Hagit Meirovitz, Executive Vice President, Head of Human Resources Division

Adv. Michal Sokolov-Danoch, Corporate Secretary of the Bank

## APPENDIX A

### Israel Discount Bank Ltd. ("the Bank")

#### Compensation Policy for Officers

##### 1. Definitions

In this document, the following terms will have the following meaning, unless explicitly indicated otherwise:

<b>"The Bank"</b>	- Israel Discount Bank Ltd.;
<b>"Board of Directors"</b>	- Board of Directors of the Bank;
<b>"PCBBD"</b>	- Proper Conduct of Banking Business Directive of the Supervisor of Banks;
<b>"Committee" or "Compensation Committee"</b>	- The Compensation Committee of the Bank;
<b>"Supervisor's Directive"</b>	- PCBBD 301A, "Compensation Policy at a Banking Corporation";
<b>"Companies Law"</b>	- The Companies Law, 1999;
<b>"Securities Law"</b>	- The Securities Law, 1968;
<b>"Compensation Law"</b>	- Compensation for Officers of Financial Corporations Law (Special Approval and Disallowance of Expenses for Tax Purposes in Respect to Exceptional Compensation), 2016;
<b>"Index"</b>	- The Israeli consumer price index;
<b>"Compensation Policy"</b>	- Policy for the service and employment of Bank officers;
<b>"Monthly Salary"</b>	- Unless explicitly indicated otherwise, the monthly salary is the monthly salary for severance pay purposes;
<b>"Officer"</b>	- Director, CEO, Deputy CEO, Executive Vice President, Internal Auditor, any such position holder in the Bank under a different title, and any other manager who answers directly to the CEO and/or a manager who was defined by the Board of Directors of the Bank as an officer for the purpose of the Compensation Policy; however, for the purpose of certain sections of this Policy, this term refers only to some of the officers as indicated in the relevant section herein;
<b>"Extraordinary Profits or Losses"</b>	- Share of the shareholders of the Bank in the profit or loss arising from non-recurring transactions not conducted in the normal course of the Bank's business, and/or in non-recurring provisions, net of the tax effect recorded in respect thereto in the annual financial statements, in an amount equal to or exceeding 5% of the Bank's annual net profit attributable to the shareholders of the Bank, in accordance with the consolidated financial statements in which the aforesaid profit or loss was recognized (before the effect of the aforesaid transaction or provision);

extraordinary profits or losses for the purpose of the Policy will be defined as such by the Board of Directors, following a recommendation by the Compensation Committee, at the time of approving the annual work plan for the bonus year, and/or at the end of the quarter in which they were recognized in the financial statements and/or at the end of the calendar year;

extraordinary profits and losses might include, inter alia, revaluations in material amounts, gains or losses arising from changes in the holdings in subsidiaries or in affiliated companies, profits or losses arising from the sale of operations, profits or losses from the disposal of buildings and equipment and non-recurring provisions in respect to the implementation of efficiency plans;

- “Bonus year”
  - “Amendment 20”
  - “Terms of service and employment”
  - “Compensation”, “Fixed Compensation” or “Variable Compensation”
  - “Relief Regulations”
  - “Return on equity”
- The calendar year for which the annual bonus is calculated;
  - The Companies Law (Amendment No. 20), 2012;
  - As defined in the Companies Law;
  - As defined in the Supervisor’s Directive;
  - The Companies Regulations (Reliefs in Transactions with Interested Parties), 2000;
  - The rate of return on equity (as a percentage) attributable to the shareholders of the Bank, after eliminating extraordinary profits or losses, as will be calculated by the Bank.

Usage of the masculine form in this Compensation Policy is for convenience only, and it applies to women and men alike, without differentiation and without alteration.

## 2. **Background and Compensation Policy approval process**

- 2.1 On December 12, 2012, Amendment No. 20 to the Companies Law went into effect. The amendment addresses the regulation of the structure of the compensation to officers of public companies and debenture companies, and sets forth a special process for its approval. On November 19, 2013, the Supervisor’s Directive was published, which includes additional provisions including, inter alia, in connection with the compensation of officers at banking corporations, as amended from time to time. On April 12, 2016, the Compensation Law was published. The Compensation Policy of the Bank is subject, inter alia, to provisions of the Companies Law, the Supervisor’s Directive, as amended from time to time, and the Compensation Law. ~~The Compensation Policy replaces the Bank’s previous Compensation Policy, which was re approved temporarily by the General Meeting of the Bank on September 16, 2019.~~ This Compensation Policy is part of the overall Compensation Policy, which contains other parts that pertain to employees who are not officers in accordance with the Supervisor’s directives.
- 2.2 The aims of the Compensation Policy of the Bank are to maintain a proper balance between the overall organizational strategy of the Bank, its goals and work plans (including an improvement in efficiency), as set forth from time to time, in line with the risk appetite and risk management. This, alongside the creation of a suitable incentive system for the recruitment and long-term retention of high quality senior management employees, as is required by the Bank for its continued development and business success.



2.3 The Compensation Policy will enable incentives to be provided (in the form of additions or reductions to grants and/or bonuses) for the purpose of meeting the general goals of the Bank in the areas of risk management, compliance with laws (including internal enforcement in the field of securities and/or other fields), regulatory directives and Bank procedures.

2.4 The Compensation Policy and its various components were discussed at several meetings of the Compensation Committee and the Board of Directives. The latter body also discussed the recommendations of the Compensation Committee. In formulating the Policy, the Compensation Committee and the Board of Directors were assisted by external consultants.

The aforesaid meetings reviewed and examined, inter alia, the following data and information: relevant provisions of the Companies Law; relevant provisions of the Supervisor's Directive; provisions of the Compensation Law; the terms of service and employment of the officers of the Bank; the ~~Bank's existing~~ Compensation Policy; ~~and its- the existing~~ bonuses plan and the plan for equity compensation at the Bank and the degree to which these are effective; the data required in regard to the terms of employment of the Bank's employees in accordance with the Companies Law; the data referred to in Section 2(b) of the Compensation Law; and comparative information in relation to compensation within the banking system.

2.5 The Compensation Policy defines, describes and details the Bank's policy in regard to the compensation of Bank officers, and includes its scope and components. Publication of the Compensation Policy of the Bank at the level of the detail included therein is aimed at increasing the transparency of the Bank's compensation to officers.

2.6 The Compensation Policy will be brought before the shareholders of the Bank for their approval, in accordance with Section 267A of the Companies Law.

2.7 The principles set forth in this Compensation Policy will apply to the terms of service and employment of the officers of the Bank, which will be approved with effect from the date of the Compensation Policy's approval by the authorized organs of the Bank. Nothing in the Compensation Policy is to be taken as derogating from the agreements and/or other rights of the officers in connection with their service and employment at the Bank, existing at the date of the Compensation Policy's approval nor from the rights accrued or to be accrued in respect to periods prior to the date of the Compensation Policy's approval or in respect to periods that are subject to agreements that preceded the Compensation Policy through to the date of their being aligned with the Policy as required by the Law and/or by the Supervisor's Directive<sup>1</sup>, whereby the aforementioned agreements and/or other rights, whether existing or accruing, will be deemed to correlate with this Compensation Policy.

### 3. **Employment agreement, salary, related benefits and termination of employment arrangements**

3.1 The terms of employment of an officer<sup>2</sup> of the Bank, as provided in this section 3, will be based on a personal employment agreement.

The officer's terms of employment will be decided by the authorized organs of the Bank, based, inter alia, on the authority and responsibilities entailed in the position to which he is appointed or which he holds, and in accordance with his education, skills, expertise, professional experience and achievements, and previous agreements signed with him (if any).

<sup>1</sup> It is clarified that, in connection with existing agreements and/or accrued rights, as referred to in section 2.7, the Bank will act in accordance with the transition provisions prescribed for the matter in the Supervisor's Directive. Moreover, nothing in the provisions of the Compensation Policy is to be construed as derogating from the rights accrued to officers in respect to the periods of their employment prior to the date of the Compensation Law affecting their interests.

<sup>2</sup> In this section 3, "officers" – officers other than the CEO and the directors, except where expressly applied to the Chairman of the Board of Directors and the CEO, as stated in section 6 below or in one of the subsections of section 3 below.

In deciding the terms of service and employment, the Bank aims to create a suitable incentive system for the recruitment, long-term retention and provision of incentives for senior management employees of the highest quality, taking into account the relevant market terms and employment terms in the financial system at the time.

- 3.2 The principles of the Compensation Policy in regard to the material aspects of the employment period, the Monthly Salary, the related benefits, the retirement arrangements of the Bank, etc., will be detailed below in this section 3.

It is clarified that these principles do not prohibit the authorized organs of the Bank from approving additional terms of service and employment that do not surpass these principles, and/or that are not material relative to all the terms of service and employment of the officer.

In addition, these principles do not prohibit specifying in the terms of service and employment supplementary provisions which do not deviate from the principles set forth in this Compensation Policy, including legal terms as are customary in employment agreements.

- 3.3 Employment period – the Bank should be allowed to preserve flexibility in deciding the employment agreement periods.

Accordingly, the employment agreement can be for an unlimited period, or for a limited period of up to five years, and each party may terminate the employment agreement at any time, subject to the early notice period specified in the agreement.

Where the employment agreement is for an unlimited period, the employment terms will be reviewed by the Compensation Committee at least once every three years<sup>3</sup>.

- 3.4 Monthly Salary –

- 3.4.1 Monthly Salary amount –

The Monthly Salary of an officer will amount to up to NIS ~~130,000~~140,000 (linked to the increase in the Index known on the date of the Compensation Policy's approval) and will be decided according to the considerations set forth in section 3.1 above<sup>4</sup>.

The salary ceiling specified in this section may be reviewed once a year against the relevant market terms and will be updated, as necessary, by the Compensation Committee and the Board of Directors. The relevant market terms are in comparison to the financial system.

- 3.4.2 Linkage of the Monthly Salary – the Monthly Salary can be linked to the Index. In the event of a decline in the Index, the Monthly Salary will not be changed until an increase in the Index cancels out the decline in the Index.

- 3.5 Severance pay –

- 3.5.1 In general, officers of the Bank will be paid severance pay at the rate of 100% of their Monthly Salary for every year.

- 3.5.2 The Bank will endeavor to include provisions in accordance with Section 14 of the Severance Pay Law, 1963 in new employment agreements to be signed with the officers. Notwithstanding the aforesaid, the Bank may decide that the Monthly Salary ceiling to which Section 14 of the Severance Pay Law will apply will be at the same level as the

<sup>3</sup> It is clarified that such a review may be conducted in a concentrated manner once a year for the employment agreements the three-year period of which is expected to end during the respective year.

<sup>4</sup> It is clarified that this represents a salary ceiling only, which does not reflect the present or future average salary of officers in the position of Executive Vice President of the Bank.

relevant severance pay contribution ceiling, in accordance with the Income Tax Ordinance, and the balance of the severance pay will not be less than the obligatory rate, in accordance with Section 12 of the Severance Pay Law.

- 3.5.3 In the event of termination of the employee-employer relationship, the officer will be entitled to severance pay as provided above. The Bank may withhold the aforesaid severance pay in circumstances where the officer is not entitled to severance pay and in other circumstances, as prescribed by the Compensation Committee and the Board of Directors of the Bank (if so prescribed) in the employment agreement with the officer.

3.6 Advance notice period –

- 3.6.1 The advance notice period will not exceed four (4) months in the event of termination of the employee-employer relationship on the initiative of either party.

- 3.6.2 The default in the employment agreements will be for the officer to continue his employment at the Bank during the advance notice period. The Bank may waive the officer's employment at the Bank during the advance notice period.

In a situation where the Bank waives the officer's employment at the Bank during the advance notice period, the Bank may pay the Monthly Salary to which the officer is entitled in lieu of the advance notice, with the addition of an amount equivalent to the related benefits payable by the Bank. The Bank will be entitled not to pay the Monthly Salary with the addition of an amount equivalent to the related benefits to which he is entitled, in circumstances where the officer is not entitled to severance pay and in other circumstances, as prescribed by the Compensation Committee and the Board of Directors of the Bank (if so prescribed) in the employment agreement with the officer.

3.7 Non-competition/adaptation grant –

- 3.7.1 In respect to an officer's commitment to a non-competition period of up to six (6) months, the Bank may undertake to make a payment equivalent to up to six (6) Monthly Salaries with related benefits (excluding social contributions)<sup>5</sup>. In exceptional instances, the Bank may decide to make the payment in the aforesaid scope without committing to a non-competition period.

- 3.7.2 The Bank will be entitled not to make the payment referred to in section 3.7.1 above in circumstances where the officer is not entitled to severance pay and in other circumstances, as prescribed by the Compensation Committee and the Board of Directors of the Bank (if so prescribed) in the employment agreement with the officer.

3.8 Retirement arrangements –

- 3.8.1 Retirement grants will not be paid beyond that specified in sections 3.5 and 3.7 above.

- 3.8.2 In accordance with the Supervisor's Directive, compensation to officers of the Bank in respect to termination of employment, beyond that prescribed by law or in the terms of employment of all the Bank's employees ("**Variable Retirement Terms**"), will take into account the actual performance over time and the reason for termination of employment<sup>6</sup>. For this purpose, should changes be made in the Supervisor's Directive in relation to what

<sup>5</sup> The Bank will be entitled to prescribe a non-competition period on making such a payment also in the terms of service and employment of the Chairman of the Board of Directors.

<sup>6</sup> See footnote 1 above.

are to be considered Variable Retirement Terms, the definition “Variable Retirement Terms” will include the aforesaid changes.

3.8.3 Payment of Variable Retirement Terms as stated will be subject to payment deferral arrangements beyond the date of the officer leaving the Bank, as well as to the implementation of mechanisms to adjust for performance retrospectively, as detailed below:

3.8.3.1 The officer will be entitled to the Variable Retirement Terms in full, other than in a situation where, in the years in which he served as officer of the Bank, there was a material deviation from the total capital adequacy ratio and from the common equity tier 1 ratio, which were required at that time in accordance with the directives of the Supervisor of Banks. In such a situation, the variable retirement terms will be paid on a proportionate basis. Thus, for instance, if the officer served as an officer of the Bank for 10 years until the termination of his employment, and in one year during this period there was a material deviation in the aforesaid ratios, then 1/10 of the Variable Retirement Terms will not be paid to the officer.

3.8.3.2 An amount at a rate of 50% (fifty percent) of the Variable Retirement Terms to which the officer will be entitled will be deferred and will be spread equally over each of the three years following the aforementioned termination of employment date and will be linked to the Index<sup>7</sup> (“**Deferred Retirement Grant Installment**”). Notwithstanding the aforesaid, if the quarterly or annual financial statements, which are published shortly before payment of a Deferred Retirement Grant Installment, show that there is a material deviation from the total capital adequacy and the common equity tier 1 ratios, which are required pursuant to the directives of the Supervisor of Banks in effect at that time, then the payment of the Deferred Retirement Grant Installment will be deferred for a further 12 months (“**the Revised Payment Date**”). Should the material deviation from the aforementioned total capital adequacy and the common equity tier 1 ratios continue in the quarterly or annual financial statements, which are published shortly before the Revised Payment Date, the Deferred Retirement Grant Installment will be canceled and will not be paid.

It is clarified that the remaining Deferred Retirement Grant Installments, which are due to be paid at dates subsequent to the date at which the aforesaid material deviation existed, are not to be canceled and are to be paid subject to meeting the aforementioned terms in the following years.

3.8.3.3 The arrangements prescribed in sections 3.8.3.1 and 3.8.3.2 above will not apply in the event of termination of employment due to the death, disability or serious illness of the officer.

3.8.3.4 In addition to the aforesaid, the Variable Retirement Terms will be subject to the reimbursement provisions pursuant to section 12.2 below.

3.8.3.5 Notwithstanding the aforesaid, if in the employment termination year the Variable Retirement Terms, together with the bonuses pursuant to section 4 below, did not exceed 40% of the fixed compensation for the officer, the provisions of this section 3.8.3 will not apply.

3.8.4 Nothing in the provisions of this section 3.8 is to be construed as derogating from the existing or accruing rights referred to in section 2.7 above.

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<sup>7</sup> The linkage mechanism is not to result in the Deferred Termination Grant Installment being reduced.

3.9 The Bank may decide that an officer who transfers to a position with another company in the Bank Group will not be entitled to the rights set forth in sections 3.5-3.7 above, wholly or partly, in respect to the aforesaid transfer, subject to the limitations prescribed by law.

3.10 Recruitment bonus – a recruitment bonus will be paid to an officer in special cases warranting this, and then only up to a maximum of NIS 500,000. Such a grant will be limited to the first work year.

The Bank may pay the expenses of relocation (between countries) incurred by an officer as a result of his appointment.

3.11 Related benefits –

The Bank may grant the officers related benefits, such as: placing a car at their disposal or providing payment in lieu of placing a car their disposal; convalescence pay; contributions to managerial insurance or a pension fund or a provident fund (including in respect to the severance pay component); contributions to a further education fund; vacation days and their redemption; sick days; grossing up for tax (if provided); participation in various expenses such as communications and computerization; insurance policies; medical examinations; newspapers; etc.

3.12 Benefits granted to Bank employees in connection with banking services – the Bank may grant an officer (including a director) benefits, loans and discounts in connection with banking operations and services, under terms to be decided by the Bank for such matters, from time to time, relative to the terms under which these are granted to all employees of the Bank or to all its senior employees.

#### 4. Bonuses

4.1 The Bank will approve, from time to time, compensation plans for the payment of bonuses to officers<sup>8</sup>, according to the principles detailed below.

4.2 Prerequisites for the annual bonus – the prerequisites for payment of the annual bonus will be meeting the threshold goals of the following cumulative indicators, which are based on measurable criteria that take into account the long-term policy of the Bank, including its risk management policy:

~~4.2.1 — the rate of return on equity in the bonus year is not to be less than 7% (seven percent).~~

4.2.2~~1~~ the total capital adequacy ratio and the common equity tier 1 ratio, based on the Bank's annual consolidated financial statements for the same bonus year, are not to be less than the minimum ratios prescribed in the directives of the Supervisor of Banks.

4.2.3~~2~~ Attaining the threshold level of the qualitative indicator that will include the officer's contribution in implementing the corporate governance processes, meeting the general goals of the Bank in the areas of risk management, compliance with laws (including internal enforcement in the field of securities and/or other fields), regulatory directives and Bank procedures.

In the event of any officer not fulfilling the prerequisites referred to in this subsection in the bonus year, then that officer will not be entitled to an annual bonus for that year. Nothing herein is to be construed as derogating from the entitlement of the other officers to an annual bonus.

4.3 Components of the annual bonus – the annual bonus amount for the officers will be based on meeting group indicators and individual indicators (that reflect the officer's contribution to attaining the Bank's

<sup>8</sup> In this section 4, "officers" – officers other than the CEO and the directors, except where expressly applied to the Chairman of the Board of Directors and the CEO, as stated in Section 6 below.

goals) (“**the Annual Bonus**”), ~~according to the following components and weightings as set forth below:~~

4.3.1 ~~Group indicators – a part of the Annual Bonus will be calculated~~ based on the Bank and/or the Bank Group meeting indicators based on measurable criteria deriving from the performance of the Bank or of the Group, according to the data in the Bank’s consolidated annual financial statements.

The relevant goals for each of the group indicators will be based on goals specified by the Board of Directors in accordance with the Bank’s work plan for the bonus year and/or other measurable goals, which are based on the aforesaid work plan, approved by the Compensation Committee and the Board of Directors at the beginning of each bonus year, as the case may be, including the possibility of setting goals that are based on a comparison to the performance of the banking system.

The group indicators can include the return on equity, the efficiency ratio and the common equity tier 1 ratio<sup>9</sup>.

4.3.2 ~~Individual indicators – a part of the Annual Bonus will be~~ based on indicators deriving from the attainment of the goals of the division/activity for which the officer is responsible in the bonus year. The individual indicators will be recommended by the CEO (subject to the provisions of section 4.4 below) and will be approved by the Compensation Committee and the Board of Directors adjacent to the beginning of the bonus year.

The individual indicators will include, to the extent relevant to the activity of the officer, financial and non-financial variables, including meeting general goals of the Bank in the areas of risk management (including internal enforcement in the field of securities and/or other fields), regulatory directives and Bank procedures.

4.3.3 The total bonus for an officer in respect to the group and individual indicators is not to exceed six (6) Monthly Salaries in a ~~distribution mechanism~~ to be prescribed by the Compensation Committee and the Board of Directors.

#### 4.4 Compensation of officers engaged in oversight and control –

4.4.1 As regards the oversight and control functions of the Bank at this time, (the Internal Auditor, the Chief Accountant, the Chief Legal Counsel and the Chief Risk Officer or any other officer so defined in the future by the Board of Directors) (“**the Oversight and Control Functions**”), special provisions are to be prescribed in the Bank’s compensation plans which take into account the importance and sensitivity of the duties imposed on these functions, including as set forth in this section 4.4.

4.4.2 In accordance with the Supervisor’s Directive, the Compensation Committee and the Board of Directors, within the framework of the Bank’s compensation plan, will examine the possibility of prescribing that the ratio between the fixed compensation and the variable compensation of the Oversight and Control Functions will be biased more in favor of the fixed compensation, with this being alongside the ceilings prescribed in the compensation policy.

4.4.3 The Bank may prescribe that the part of the Annual Bonus that relates to the group indicators and/or the personal indicators will be lower for the Oversight and Control Functions than for the other officers.

<sup>9</sup> The efficiency ratio indicator will be calculated after eliminating Extraordinary Profits or Losses.

4.4.4 Provisions will be prescribed in the Bank's compensation plans regarding the involvement of the committees of the Board of Directors in connection with determining the components of, and the entitlement to, the Annual Bonus for personnel from the Oversight and Control Functions.

4.5 Approval of the annual bonus – the officer's actual total Annual Bonus for a bonus year will be presented for approval by the Compensation Committee and the Board of Directors.

~~4.6 Entitlement to an Annual Bonus on termination of employment~~

~~4.6.1 If the termination date of the employee-employer relationship with the officer falls after June 30 of the bonus year, the Bank may pay the officer a proportionate part of the Annual Bonus, according to the actual period which he worked out of the entire bonus year.~~

~~4.6.2 If the termination date of the employee-employer relations with the officer falls before June 30 of the bonus year, the officer will not be entitled to an Annual Bonus for that year. This notwithstanding, the Compensation Committee and the Board of Directors may approve that an officer be entitled to a proportionate part of the Annual Bonus for the period during which he worked out of the aforesaid year.~~

~~4.6.3 It is clarified that the officer will not be entitled to an Annual Bonus, wholly or partly, for the adaptation and non-competition periods referred to in section 3.7 above.~~

~~4.6.4 As to the spreading of the bonus referred to in this section 4.6, the provisions of section 5 below will apply.~~

~~4.7 Entitlement to an Annual Bonus on commencement of employment during the year~~

~~4.7.1 If the officer's employment at the Bank commenced before June 30 of the bonus year, the Bank will pay him a proportionate part of the Annual Bonus according to the part of the period during which he actually worked out of the entire bonus year.~~

~~4.7.2 If the officer's employment with the Bank commenced after June 30 of the bonus year, he will not be entitled to an Annual Bonus for that year, unless the Compensation Committee and the Board of Directors decide otherwise, in special circumstances, and provided that the amount of the bonus does not exceed the proportionate part of the annual bonus for the aforesaid year, which will be calculated according to the part of the period during which he actually worked out of the entire bonus year.~~

4.68 Bonus for special contribution – the Bank may, from time to time (even during the bonus year), grant an additional bonus to all or any of the officers for exceptional performance and/or a special contribution to achieving the goals of the Bank and/or due to special events or circumstances out of a special total budget that will not exceed NIS 45 million per annum for all the officers and subject to the limit in the Supervisor's Directive regarding the total of the variable component that can be granted discretionally to an officer.

4.97 Personal qualitative bonuses –

4.97.1 The Compensation Committee and the Board of Directors will be entitled to approve, in respect to the bonus year, a personal discretionary bonus for any of the officers; such bonus will not exceed three Monthly Salaries for each of the officers (“**the Personal Qualitative Bonus**”).

- 4.97.2 The Personal Qualitative Bonus will be distributed at the recommendation of the CEO in relation to the activity of the officer in the bonus year if, in the CEO's opinion, there are reasons justifying doing so or if Annual Bonuses as referred to in section 4 above have been distributed.
- 4.97.3 As part of determining the Personal Qualitative Bonus, a weighting will also be given, inter alia, to attaining the general goals of the Bank in the areas of risk management, compliance with laws (including internal enforcement in the field of securities and/or other fields), regulatory directives and Bank procedures.
- 4.97.4 The manner of distributing the Personal Qualitative Bonus to the officers will be approved by the Compensation Committee and the Board of Directors.

#### 4.10 Maximum amount of the bonuses –

- 4.408.1 The total amount of the bonuses, including the Personal Qualitative Bonus (as referred to in section 4.9-7 above) and a bonus for a special contribution (as referred to in section 4.8-6 above) to which any officer who is the head of a business division, as defined by the Board of Directors, will be entitled for a bonus year, will not exceed nine (9) Monthly Salaries of that officer.
- 4.408.2 The total amount of the bonuses, including discretionary bonuses (as referred to in section 4.9-7 above) and a bonus for a special contribution (as referred to in section 4.8-6 above), for officers who are not among those referred to in section 4.408.1 above, including the Oversight and Control Functions, will not exceed eight (8) Monthly Salaries of that officer.

#### 4.449 Authority of the Board of Directors to reduce bonuses –

- 4.449.1 The Board of Directors may, for special reasons, following a recommendation by the Compensation Committee, reduce the bonuses referred to in this section 4 for all the officers or for a specific officer.
- 4.449.2 In exercising this discretion, various considerations will be taken into account that relate to the operation of the Bank, including: a significant decrease in income and profits; profits from non-recurring events; failure to meet set goals, including capital adequacy goals, work plan goals, compliance with laws (including internal enforcement in the field of securities and/or other fields), regulations and regulatory directives; findings of internal and external audit reports; the Bank's results relative to those of the other major banks in Israel; external circumstances which affect the entire Israeli banking system; material change for the worse in the position of the Bank or in the macroeconomic situation; other extraordinary events, etc.

4.4210 Denial of bonuses – if the service of an officer is terminated in circumstances not conferring entitlement to severance pay and in other circumstances as determined by the Compensation Committee and the Board of Directors (if so determined), his entitlement to bonuses pursuant to this section 4 and to any deferred payment yet to be paid to him pursuant to section 5 below, will be denied.

## 5. Spreading the Annual Bonus

Below are arrangements for payment of the bonuses pursuant to section 4 above:



- 5.1 50% of the total bonuses payable pursuant to section 4 above to an officer in respect to a bonus year (in this section 5: “**the Total Bonuses**”) will be paid to the officer ~~shortly~~ after publication of the Bank’s financial statements for the bonus year (“**the Total Bonuses Entitlement Date**”).
- 5.2 50% of the Total Bonuses will be linked to rises in the Index, will be deferred and will be spread in three equal installments over the three years following the Total Bonuses Entitlement Date (“**the Deferred Bonus**” and “**Deferred Bonus Installment**”).
- 5.3 Payment of the Deferred Bonus Installment will be contingent on the Bank not having posted a loss in its consolidated financial statements for the bonus year prior to the payment date of the Deferred Bonus Installment. If the Bank does not fulfill the aforesaid condition in connection with a certain Deferred Bonus Installment, the payment of the Deferred Bonus Installment will be deferred to the following year (“the Date of the Deferred Fulfillment”) and if the Bank does not fulfill the aforesaid condition on the Date of the Deferred Fulfillment, based on the results of the aforesaid two years, the entitlement to that Deferred Bonus Installment will be revoked.
- 5.4 It is clarified that, in the event of the Deferred Bonus Installment Consideration not being paid, or being paid in part, the remaining Deferred Bonus Installments that are due for payment at later dates are not to be canceled and are to be paid subject to fulfilling the condition referred to in section 5.3 above, in the following years.
- 5.5 It is further clarified that, in the event of termination of the employee-employer relationship, no early payment will be made of the Deferred Bonus Installments to which the officer is entitled in respect to the previous years and the provisions of this section 5 will be applied thereto and to the Total Bonuses to which the officer is entitled in respect to the bonus year during the course of which the employee-employer relationship was terminated (if, and to the extent that, he was so entitled).
- 5.6 Notwithstanding the aforesaid, if in any bonus year the amount of the ~~variable compensation bonuses~~ to which an officer is entitled in respect to that year has not exceeded 40% of the fixed compensation for the officer, he will be paid 100% of the Total Bonuses in respect to the bonus year, as referred to in section 5.1 above, with no application of the spreading mechanism detailed in this section 5<sup>10</sup>.

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## 6. **Terms of service and employment of the Chairman of the Board of Directors and the CEO**

### 6.1 **Chairman of the Board of Directors** –

- 6.1.1 The terms of service and employment of the serving Chairman of the Board of Directors ~~are being presented for approval to~~ were approved by the General Meeting on August 2, 2022, ~~at the same time as an amendment to this Compensation Policy.~~<sup>11</sup> The Compensation Committee and the Board of Directors believe that these terms are reasonable and fair in the particular circumstances, including taking the Compensation Law into consideration, conform with a suitable compensation policy and the directives of the Supervisor of Banks ~~and constitute the Compensation Policy for this purpose~~<sup>12</sup>.

<sup>10</sup> In relation to anyone who’s compensation complies with the requirements of the Compensation Law in regard to the maximum compensation amount.

<sup>11</sup> For further details, see the Bank’s immediate report from July 25, 2022 (reference no.: 2022-01-094939).

<sup>12</sup> For this purpose, it should be noted that the expense for the lowest compensation, at the full time position cost, that the Bank paid, to an employee of the Bank, including a manpower agency worker where the Bank is his actual employer, and a service agency worker who was employed in providing a service at the Bank, in 2021, for the purposes of Section 2(b) of the Compensation Law, amounted to NIS 86,941 per year, at the full time position cost (excluding payments and contributions for severance pay and provident payments in accordance with the law). For this purpose, “manpower agency”, “service agency”, and “actual employer” have the meaning attributed to them in the Compensation Law.

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6.1.2 The Chairman of the Board of Directors will be entitled to fixed compensation only. The amount of the compensation of the Chairman of the Board of Directors will be set in relation to the manner of compensating the members of the Bank's Board of Directors, taking into account, inter alia, the size of the Bank, the complexity of its activities and the ~~scope of the position of Chairman of the Board of Directors~~<sup>13</sup> provisions of section 13A of the Supervisor's Directive.

~~6.1.3 Subject to that stated in section 6.1.2 above, the total annual compensation of the Chairman of the Board of Directors (not including payments and provisions for the payment of pension and severance pay pursuant to the law and/or the equivalent value of such payments and provisions, should no employer-employee relationship exist between the Chairman and the Bank) shall not exceed an amount of NIS 2.9 million per annum, with the addition of VAT (if necessary), linked to the increase in the Index (with the base Index being the Index for March 2022), and subject to the ceiling permitted under the Compensation Law (including pursuant to Section 2(b) of the Compensation Law).~~<sup>14</sup>

## 6.2 CEO –

~~6.2.1 The terms of service and employment of the serving CEO (including salary and Annual Bonus), which ~~is being~~ were presented for the approval of the General Meeting together with approval of ~~this the~~ Compensation Policy ~~at the General Meeting held on March 18, 2020~~<sup>15</sup>, are reasonable and fair in the particular circumstances, including taking the Compensation Law into consideration, and conform with a suitable compensation policy ~~and constitute the Compensation Policy for this purpose, and subject to the power to approve immaterial changes in the terms of service and employment of the CEO, in accordance with section 13 below (within the framework of the maximum amounts prescribed in the aforementioned section).~~~~

~~6.2.2 The CEO's total annual fixed compensation (not including payments and provisions for the payment of pension and severance pay pursuant to the law) shall not exceed the ceiling permitted under the Compensation Law (including pursuant to Section 2(b) of the Compensation Law).~~<sup>16</sup>

~~6.2.3 Should the ceiling permitted under the Compensation Law (including pursuant to Section 2(b) of the Compensation Law) make this possible, the Compensation Committee and the Board of Directors may grant the CEO:~~

~~6.2.3.1 a performance-dependent Annual Bonus of up to 2 Monthly Salaries, which will be derived from the banks' results using the group indicators and goals that have been specified for that year for the officers of the Bank in accordance with section 4.3.1 above and subject to complying with the threshold terms pursuant to section 4.2 above.~~

<sup>13</sup>Notwithstanding the aforesaid the Bank may pay the Chairman of the Board of Directors social terms and related expenses as is the normal practice in the terms of employment of the Bank's officers (as these are defined in the Companies Law)

<sup>14</sup>In this context, it should be noted that the expense for the lowest salary, at the full-time position cost, that the Bank paid to an employee of the Bank (including a manpower agency worker whose actual employer is the Bank and a service agency worker employed in providing a service at the Bank) in 2021, for the purpose of Section 2(b) of the Compensation Law, amounted to NIS 86,941 per annum, at the full-time position cost (not including payments and provisions for severance pay and pensions pursuant to the law). For this purpose, the meanings of the terms "manpower agency", "service agency" and "actual employer" are as defined in the Compensation Law.

<sup>15</sup>For further details, see the Bank's immediate report from February 24, 2020 (reference no.:2020-01-015952).

<sup>16</sup>In this regard, see footnote 14 above.

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6.2.3.2 a qualitative Annual Bonus of up to 3 Monthly Salaries, if it is found that reasons exist that justify doing so, even if the terms referred to in section 6.2.3.1 above are not fulfilled.

6.2.4 The CEO's terms of service and employment shall also be subject to the provisions of section 3 of this Compensation Policy, except for section 3.4 above.

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## 7. **Caps and alignments with the Compensation Law**

7.1 The total annual compensation of an officer who is not the CEO or a director is not to exceed a cap of NIS 3.043 million (linked to the increase in the Index known on the date of the Compensation Policy's approval), which does not include payments and provisions for pension payments and severance pay in accordance with the law ("the **Compensation Cap**".)

Notwithstanding the aforesaid, such an officer will not be entitled to the part of the bonus or equity compensation that results in the amount of the annual compensation exceeding the compensation cap pursuant to Section 2(a) of the Compensation Law, without receiving special specific approval for this from the Compensation Committee and the Board of Directors<sup>17</sup>.

In addition, an exception to the aforesaid caps will be permitted (in accordance with Section 2(a) of the Compensation Law or the above Compensation Cap) in the case of non-recurring contributions in the terms of employment (such as for a non-competition / adaptation grant and/or a recruitment bonus and/or accounting adjustments of a similar character) as well as in cases where special payments, such as a bonus for a special contribution (as referred to in section 4.86), have been approved for officers by the Compensation Committee and the Board of Directors, provided that the total annual compensation for an officer who is not the CEO or a director does not exceed the highest permitted cap pursuant to the Compensation Law (Section 2(a) or 2(b) of the Compensation Law, whichever is the higher), excluding payments and contributions for pension payments and severance pay in accordance with the law.

7.2 In the event of exceeding the cap referred to section 7.1 above, the amount of the excess will be reduced by the amount of the bonuses referred to in section 4 above.

7.3 The total variable compensation, except for the recruitment bonus, for the officer for a bonus year is not to exceed 100% of the total fixed compensation for that officer for that year.<sup>18</sup>

## 8. **Equity compensation**

8.1 During the Compensation Policy period, the Bank may approve, or act in accordance with, programs to grant equity compensation to officers<sup>19</sup> by way of warrants for the purchase of Bank shares, restricted shares or restricted share units for no consideration, as well as by way of a grant linked to the share price (phantom shares) ("**Equity Compensation**").

8.2 The Bank may grant the Equity Compensation in accordance with the provisions of Section 102 of the Income Tax Ordinance according to the capital gains track or according to the optimal tax track from the officers' perspective, as determined from time to time, and in accordance with the lock-up provisions prescribed in the Income Tax Ordinance.

<sup>17</sup> See footnote ~~43-14~~ above.

<sup>18</sup> In regard to Equity Compensation, that stated in footnote 20 below shall apply,

<sup>19</sup> In this section 8, "officers" – officers other than directors and including the CEO.

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- 8.3 The fair value of the Equity Compensation (according to an accepted economic model) in respect to a year or the aforesaid fair value for each of the vesting years according to the average program<sup>20</sup> (insofar as the Equity Compensation vests over several vesting years) is not to exceed four (4) Monthly Salaries of the officer for that year.
- 8.4 The vesting period of the Equity Compensation will be spread over a period that will not be less than three years (at a vesting pace that is not to be faster than under a straight-line approach, and the expiry period (in relation to options) will be up to six years from the grant date.
- 8.5 Should the Equity Compensation be conferred by way of restricted shares or restricted share units or a grant linked to the share price (phantom shares), their vesting will also be contingent on meeting financial goals, in accordance with a formula that will be approved at the time of granting the aforesaid Equity Compensation.
- 8.6 In the event of warrants being granted, the exercise price of each warrant will not be less than the average stock exchange price of the Bank's share over the 30 trading days preceding the grant date. In the event of the Equity Compensation being granted in the form of restricted shares or restricted share units (including a grant linked to the share price), the price of the Bank's share, for the purpose of calculating the value of the compensation on exercise/grant date, will not be less than the average stock exchange price of the Bank's share over the 30 trading days preceding the exercise/grant date, as the case may be.
- 8.7 Where relevant, the Equity Compensation will be subject to the usual adjustments, which include adjustments in respect to dividends, bonus shares, changes in capital (consolidations, splits, etc.), rights issues, structural changes of the Bank (such as: a split up, merger, etc.) and so forth.
- 8.8 Should the Equity Compensation be of a type that is settled in cash, the maximum value of the compensation that will actually be paid on the exercise date will be up to twice the average share price on the compensation's grant date. In the case of Equity Compensation that is not settled in cash, the Bank will consider setting a maximum amount for the exercise date at the time of deciding to grant the compensation.
- 8.9 Notwithstanding the aforesaid, the Bank may decide not to apply the provisions of section 8.4 (other than in regard to warrants) and/or 8.5 above, in cases where the Equity Compensation is considered to be fixed compensation and/or in cases where some of the bonuses prescribed for the officer in accordance with section 4 above will be paid in the form of Equity Compensation and/or in cases where the Equity Compensation is granted in place of other payments.

## 9. **Directors' fees**

- 9.1 The fees paid to directors of the Bank, with the exception of the Chairman of the Board of Directors, will be set in an identical manner and will comprise annual fees and meeting attendance fees (in this section 9 below: "**the Fees**") (including when a resolution is passed in writing or by phone call). VAT as prescribed by law will be added both to the annual fees and to the meeting attendance fees.
- 9.2 The Fees paid to directors and to outside directors will be in accordance with, and as permitted by, the Companies Regulations (Rules on Fees and Expenses of External Directors), 2000 ("**the Fees Regulations**"), taking into account the nature and size of the Bank and the position and duties of a director of a banking corporation, the expertise of the director and the relevant market terms.

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<sup>20</sup> It is clarified that this relates to a linear distribution of the fair value of the Equity Compensation on the grant date over the vesting years, rather than the accounting value attributable to the Equity Compensation in each of those years.

9.3 The directors will be entitled to the reimbursement of expenses in accordance with the Fees Regulations.

9.4 The members of the Board of Directors will be entitled to fixed fees only.

10. **Exemption, insurance and indemnification**

10.1 Directors' and officers' liability insurance – the Bank may purchase directors' and officers' liability insurance that will apply to officers of the Bank and/or of its investee companies and to companies in the Bank Group, as these will be from time to time (“**the Collective Policy**”).

Such Collective Policy will also apply to officers who served in companies in the Bank Group (including any who were controlling shareholders of the Bank), as well as to officers who, from time to time, were controlling shareholders of the Bank. The Collective Policy will cover the liability of the officers subject to the limitations and approvals prescribed by law (including the option of purchasing run-off insurance or insurance for a particular event or activity). The insurance coverage amount will be decided from time to time based on the scope of activity of the Bank and the risks inherent therein, the equity of the Bank and it being a banking corporation and a public company.

10.2 Without derogating from the provisions of section 10.1 above, in accordance with Regulation 1B1 of the Relief Regulations, the Bank may enter into an officers' liability insurance policy as stated, during the Compensation Policy period, either by way of acquiring new policies or by way of extending or renewing an existing policy or policies that will be acquired in the future, within the context of the conditions set forth below:

10.2.1 the liability limit under the Collective Policy is not to exceed an amount of \$ 350 million per event and per insurance period, with the addition of reasonable legal defense expenses in excess of the liability limit, subject to the possibility of increasing the liability limit so long as the increase in the annual premium does not exceed the amount set forth in section 10.2.2 below.

10.2.2 The Compensation Committee will determine the amounts of the annual premium and the deductible in accordance with market terms as these shall be at the time of acquiring the policy.

10.2.3 In the event of a claim against any of the officers, such officer will not be subject to any deductible. The Bank will bear the deductible in the amount prescribed in the Collective Policy, as stated in section 10.2.2 above.

10.2.4 The Compensation Committee and the Board of Directors have approved the renewal of the Collective Policy for a new insurance period and have determined that it is in accordance with the Compensation Policy and is under market terms and is not likely to have a material effect on the Bank's profitability, its assets or its liabilities.

10.3 Exemption from liability – the Bank may grant the officer, subject to statutory provisions, exemption from liability in respect to any damage caused to the Bank, either directly or indirectly, due to breach of the duty of care of the officer toward the Bank in actions taken by him in his position as an officer, subject to statutory provisions and to the receipt of approvals as prescribed by law.

10.4 Advance indemnification –

The Bank may provide an undertaking for the advance indemnification of any officer of the Bank by virtue of his position as an officer of the Bank and its investee companies, subject to the limitations and approvals prescribed by law.

The maximum amount of the aforesaid indemnification will not exceed, in aggregate, 25% of the Bank's equity as reflected in its most recent financial statements published immediately before the actual indemnification date. The aforesaid will not derogate from any other undertaking to indemnify, if such an undertaking has previously been approved and/or given by the Bank to officers and is in effect, subject to the aforementioned restriction on the maximum amount of the indemnification<sup>21</sup>.

- 10.5 Retroactive indemnification – the Bank may retroactively indemnify any officer in the broadest manner possible under the Companies Law.
- 10.6 It is clarified that nothing in the Compensation Policy is to be construed as prejudicing the validity of a decision taken previously by the Bank in accordance with the law, in regard to granting an undertaking for the advance indemnification of an officer and in regard to granting an advance exemption from liability to an officer for harm caused due to breach of the duty of care.
11. **The relationship between the terms of service and employment of the officers and the terms of the Bank's employees**
- 11.1 The average cost of the compensation for officers who are Bank employees pursuant to this Policy, in accordance with the Bank's results for 2021, is 7.25 times the average cost and 7.67 times the median cost of the compensation paid to the rest of the Bank's employees and its agency workers<sup>22</sup>.
- 11.2 The Compensation Committee and the Board of Directors believe that the current gaps between the terms of service and employment of the officers and the terms of employment of the Bank's employees (including the agency workers) do not materially affect the Bank's labor relations. In regard to this, it should be noted that the Bank's employees enjoy substantially better terms than the average and median salary in Israel and are employed under a collective arrangement which assures a high level of employment tenure (to distinguish from officers who are employed under personal agreements for unlimited periods). Moreover, the Bank's employees enjoy unique compensation components under the provisions of the said collective arrangement.
- 11.3 In deciding the terms of service and employment of officers of the Bank, the Compensation Committee and the Board of Directors intend to address, inter alia, the gaps between the terms of service and employment of the officers and the terms of the Bank's employees.
12. **Reimbursement of amounts granted to officers of the Bank**
- 12.1 Reimbursement under the provisions of the Companies Law
- 12.1.1 Without derogating from any remedy available to the Bank by law, if it is found that an officer has received payment in connection with his terms of service and employment, based on data which were found to be materially erroneous and which were restated in the financial statements of the Bank, and in light of the restatement of the data the officer should have been paid a lower amount than he was actually paid, the officer will reimburse to the Bank, on demand, any such payment.

<sup>21</sup> It is clarified that the maximum amount of the aforesaid indemnification also includes indemnification given and to be given by the Bank and the subsidiaries to officers of the Bank and of subsidiaries.

<sup>22</sup> It should also be noted that the cost of the CEO's compensation pursuant to this policy, with the CEO being the officer with the highest compensation at the Bank, according to the Bank's results for 2021, is 9.08 times the average cost and 9.61 times the median cost of the compensation paid to the rest of the Bank's employees and its agency workers.

The above ratios are based on the cost of the compensation as included in the Bank's 2021 financial statements for the Bank's employees (who are not senior officers) and agency workers who were employed during the year, without payroll tax. The median cost includes a provision for an average award, as well as a proposed provision for vacation pay, jubilee awards and expenses in respect to pension terms. In addition, in 2021, the median cost also includes the additional average cost that arose as a result of redeeming the Bank's liabilities for jubilee awards.

- 12.1.2 If it is found that a part or all of a component of the terms of service and employment has not been paid to an officer, based on data which were found to be materially erroneous and which were restated in the financial statements of the Bank, and in light of the restatement of the data he should have been paid a higher amount than he was actually paid, the Bank will credit the officer with the unpaid part of the payment and will confer upon him any right that he would have been granted had the terms of service and employment been calculated based on the restated data in the first place.
- 12.1.3 The provisions of sections 12.1.1 and 12.1.2 above will apply during a period of three years from the payment date, and no later than after the elapse of two years from the termination date of the officer's employment at the Bank.
- 12.1.4 The Compensation Committee and the Board of Directors may decide on the reimbursement dates so that these will fall within a reasonable period, taking into account the amount required to be reimbursed.

## 12.2 Reimbursement under the Supervisor's Directive

- 12.2.1 Variable compensation will be granted and paid subject to the stipulation that it can be reimbursed from the officer to the Bank if exceptional circumstances should exist, particularly those set forth in sections 12.2.2 and 12.2.3 below.
- 12.2.2 The officer is a party to conduct that caused the Bank exceptional harm, including: illegal activity, breach of the duty of loyalty, intentional or severely negligent breach of the Bank's policy, its rules and its procedures, subject to that set forth below:
  - 12.2.2.1 For the purposes of this section, "exceptional harm" means an actual monetary expense for the Bank (including a company under its control) due to a fine and/or a monetary sanction from a competent authority and/or an absolute judgment and/or a final arbitration ruling and/or a settlement that has been granted the validity of a judgment, which obligates the Bank (including a company under its control) to make a payment, pertaining to the conduct referred to in section 12.2.2 above, that is more than ~~5~~2% of the Bank's equity at the time of the expense materializing, in accordance with its latest published consolidated financial statements. In order to remove any doubt, it is clarified that an accounting provision, made by the Bank on the basis of an estimate or an assessment prior to it becoming subject to a legal obligation to pay the expense, will not be considered an actual expense for this purpose and will not be deemed to fall within the definition of "exceptional harm". The actual monetary expense will be calculated after deducting amounts paid or expected to be paid by third parties to the Bank on account of the harm sustained by it and also after taking into account the recognition of tax losses.
  - 12.2.2.2 Variable compensation will be reimbursable under this section 12.2.2 if granted in respect to a year in which the officer was subject to the circumstances referred to in section 12.2.2, viz. the officer was a party in that year to conduct that caused the Bank the aforementioned exceptional harm.
  - 12.2.2.3 The amount to be reimbursed in the circumstances referred to in this section 12.2.2 is not be more than the difference between the variable compensation paid to the officer for the period in which the aforesaid conduct occurred and the variable compensation that would have been paid to the officer had the monetary expense caused to the Bank as stated in section 12.2.2.1 been attributed to that period (by attributing part of the expense, to the extent that it can be attributed, to each of the

years in which such conduct occurred, and, in the event of such attribution not being possible, by dividing the expense on a linear basis over the years in the period).

12.2.3 Fraud or intentional improper conduct in regard to which erroneous data have been discovered and have been restated in the Bank's financial statements:

12.2.3.1 For the purpose of this section, "restatement" is a restatement due to a material error in the Bank's financial statements.

12.2.3.2 Variable compensation will be reimbursable under this section 12.2.3 if paid in respect to a period for which the Bank's financial statements have been restated, and if the restatement caused a change in the data on the basis which the officer was granted the variable compensation, provided that the officer was a party to the aforesaid fraud or improper conduct.

12.2.3.3 The amount to be reimbursed in the circumstances referred to in this section 12.2.3 is not be more than the difference between the variable compensation paid to the officer for the aforesaid period and the variable compensation that would have been paid to the officer according to the Bank's restated financial statements for that period.

12.2.4 Activation of the reimbursement

12.2.4.1 The Board of Directors is authorized to decide whether to require reimbursement in accordance with this section 12.2, provided that only directors who have no personal interest in the decision participate in the discussions and in taking the decision. The Board of Directors may appoint an independent committee of the Board of Directors or another committee, the composition of which it will decide, and whose members may include persons not serving as directors of the Bank ("**the Committee**"). The Committee will discuss the matter and will present its recommendations to the Board of Directors.

12.2.4.2 In accordance with the decision of the Board of Directors as referred to in section 12.2.4.1 above, the Bank will take all reasonable steps, including legal measures, in order to recover an amount equal to part or all of the variable compensation that was paid and that is reimbursable under sections 12.2.2 and 12.2.3 above, when the reimbursement criteria are met and subject to any law.

12.2.4.3 When deciding whether and to what extent it is reasonable to demand reimbursement of part or all of the variable compensation that was paid, as referred to in section 12.2.4.1 above, the Board of Directors will take all relevant considerations into account, including the degree of the officer's responsibility and the extent of his involvement in the matter.

12.2.4.4 Prior to a decision being taken by the Board of Directors pursuant to which an officer will be required to reimburse the variable compensation paid to him., wholly or partly, in accordance with the reimbursement criteria detailed in this document, an opportunity is to be granted for the officer's arguments to be heard. Arrangements for the process of hearing the arguments will be determined by the Board of Directors or by the Committee, which may, inter alia, decide that the hearing of arguments will be done in writing or before a person appointed for this purpose by the Board of Directors or by the Committee.

12.2.5 The reimbursement period



- 12.2.5.1 Variable compensation will be reimbursable for a period of five years from the date of its grant (“**the Reimbursement Period**”). The Reimbursement Period will also include the deferral period of the variable component.
- 12.2.5.2 The Reimbursement Period may be extended for up to a further two years in regard to an officer, when all the following conditions are fulfilled:
- 12.2.5.3 If, during the Reimbursement Period, the Bank opened an internal investigation or received a notice from a regulatory authority (including an overseas regulatory authority) that an investigation has been opened, unless the investigation was closed at least six months prior to the end of the Reimbursement Period (“**the Investigation**”).
- 12.2.5.4 If the Bank believed that the Investigation might reveal that the reimbursement criteria, as referred to in section 12.2.2 and 12.2.3 above, have been met.
- 12.2.5.5 If the Bank’s Board of Directors decided that circumstances exist for extending the Reimbursement Period for the officer, as referred to above.
- 12.2.5.6 When taking the decision regarding the extension, the Board of Directors will take all relevant considerations into account, including the degree of the officer’s responsibility and the extent of his involvement in the matter. The extension period will end when the relevant Investigation terminates or when the extent of the officer’s involvement is established.

12.2.6 Exemption from reimbursement

Notwithstanding that stated previously in this document, when the total variable compensation granted to an officer for a calendar year does not exceed one sixth of the fixed compensation for that year, the reimbursement mechanism prescribed in this section 12.2 will not be activated in relation to said paid variable compensation.

13. Immaterial change in the terms of employment

- 13.1 In accordance with statutory provisions, the Compensation Committee (in relation to the Bank’s CEO) or the Bank’s CEO (in relation to the officers who report to the CEO) may approve an immaterial change in the terms of employment approved under this Policy, as provided in Section 272(d) of the Companies Law or as provided in Regulation 1B3 of the Relief Regulations, as the case may be.
- 13.2 Within this framework, the Compensation Committee or the CEO, as the case may be, may approve, from time to time, during the Compensation Policy period, changes to the terms of service and employment of an officer, which are in line with the Compensation Policy, such that the result of such changes for each officer, at the time of the change, is not expected to exceed 7% annually in relation to the annual cost of the relevant officer’s compensation, as it was ~~on the date of approving the Compensation Policy, or in relation to the annual cost to the Bank of the officer’s compensation in the prior calendar year that preceded the date of the change or in relation to the annual cost in 2022,~~ whichever of the two is the greater (where, for the purpose of the calculation, the cost of the compensation approved by the CEO as an immaterial change pursuant to this section will not be included in the annual cost of the preceding calendar year). In this context, it should be clarified that the aforementioned limit on the cost to the Bank shall not include the cost of updating existing provisions in the financial statements that arise from the change in the terms of service and employment (such as, a provision for severance pay or for an adaptation grant in the case of a change in the Monthly Salary). Such changes will be considered to be changes that are immaterial relative to

the existing compensation at that time. If the change does not relate to a quantitative value, its materiality will be examined based on its nature and the case at hand.

13.3 It is clarified that a change that is not considered to be an immaterial change is to be approved as prescribed by law.

14. **The Compensation Policy period**

The Compensation Policy will be in effect for a three-year period of up to six months, starting from the date that General Meeting approves the Compensation Policy (and in relation to annual bonuses, it will apply to the bonus years ~~2020-2023~~ through ~~2022-2025~~ (inclusive)). If the General Meeting does not approve the Compensation Policy, and the Board of Directors decides to adopt it despite the said objection of the General Meeting, the Compensation Policy will be in effect for three years from the date of the Board of Directors' aforesaid approval.

15. **Miscellaneous**

15.1 Changes may be made in the identity of the officers and in the type of positions or jobs the holders of which will be deemed as officers. Persons who served as officers in a specific year and whose terms of service and employment were subject to this Compensation Policy, will not necessarily continue serving as officers in the following years and their terms of service and employment will not be subject to this Policy, and vice versa.

15.2 The Bank may change the terms of service and employment of any officer at any time and will not be required to apply to the officer the same terms of service and employment that applied to him in previous years.

15.3 The Compensation Committee and the Board of Directors may review, from time to time, the Compensation Policy and the need for its adaptation if material changes occur in the circumstances that existed during its formulation or for other reasons, as well as the adaptation of compensation plans for officers at the Bank to the Compensation Policy.

15.4 The results of the indicators used in calculating the entitlement to bonuses pursuant to this policy will be reported to the Compensation Committee and to the Board of Directors.

15.5 An officer is not to receive compensation in any form whatsoever from any of the Bank's material holders, in accordance with the meaning of said term in the Banking (Licensing) Law, 1981, including their relatives or corporations under their control that do not belong to the banking group. This section will not apply to a director who is not an external director but will apply to the Chairman of the Board of Directors.

15.6 In a situation where the expense for the remuneration cost that the Bank bears, directly or indirectly, in a tax year, for an officer, exceeds the "maximum amount for payment", as defined in Section 4 of the Compensation Law, part of the compensation for the officer will be disallowed as an expense of the Bank for tax purposes, in accordance with the provisions of Section 4 of the aforesaid law.

\* \* \* \* \*



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## **APPENDIX B**

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

#### **Voting Ballot in Conformance with the Companies Regulations (Voting Ballot and Position Papers), 2005 (“the Voting Regulations”)**

#### **FIRST PART**

1. **Name of the Company:** Israel Discount Bank Ltd.

2. **Type of General Meeting, and date and place where it is to be held:**

An Extraordinary General Meeting of the shareholders of ordinary “A” shares of the Bank (“**the General Meeting**”). The General Meeting shall be held on **Tuesday, February 28, 2023 at 12:30** at the offices of the Bank at 23 Yehuda Halevi Street (17<sup>th</sup> floor), Tel Aviv, Israel (“**the Bank’s Offices**”). If the General Meeting is adjourned, it shall take place on **Wednesday, March 1, 2023 at 12:30.**, at the Bank’s Offices.

3. **Details of the topic on the agenda, which can be voted upon by means of a voting ballot:**

**Topic no. 1.1 on the agenda – Approval of compensation policy for the Bank’s officers in accordance with Section 267A of the Companies Law, 1999 (“the Companies Law”)**

The proposed resolution:

To approve the compensation policy for the Bank’s officers, which is attached as Appendix A to the General Meeting call report to which this voting ballot is attached (“the Call Report”), in accordance with Section 267A of the Companies Law. In addition, to approve that, in accordance with the Law for the Compensation of Officers of Financial Corporations (Special Approval and Non-Allowance of Expense for Tax Purposes due to Excessive Compensation), 2016 (“the Compensation Law”), the compensation for officers who report to the CEO, may exceed – in accordance with the provisions of the compensation policy and the approvals prescribed therein – the amount prescribed in Section 2(a) of the Compensation Law.

**For additional details regarding the topic on the agenda, refer to section 2 of the Call Report.**

4. **The time and place at which the full text of the proposed resolutions can be viewed:**

The text of the proposed resolution to be brought for approval at the General Meeting, and the immediate report regarding the calling of the General Meeting, with its appendices, can be viewed at the office of the Secretary of the Bank, 23 Yehuda Halevi Street, Tel Aviv, Israel, by prior arrangement (telephone no. +972-76-8054499), during normal business hours, as well as on the distribution website of the Israel Securities Authority, on the website of the Tel-Aviv Stock Exchange Ltd. and on the website of the Bank, whose addresses are given in section 11 below.



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5. **The majority required for the General Meeting to pass the resolution on the topic that can be voted on by means of a voting ballot:**

For Topic no. 1.1 on the agenda

The majority required to pass the resolution as prescribed in Section 267A of the Companies Law (taking into account that the Bank is a banking corporation having no core controlling interest):

A simple majority of all the votes of holders of ordinary "A" shares present at the General Meeting in person or by proxy or that have sent the Bank a voting ballot stating the manner of their vote, that are entitled to vote and that have voted at the General Meeting, without taking abstentions into account and provided that one of the following is fulfilled:

- (a) The votes comprising the majority shall include a majority of all the votes of holders of ordinary "A" shares participating in the vote that do not have a personal interest in approving the resolution; in counting the total votes of the said shareholders, abstentions shall not be taken into account;
- (b) The total opposing votes among the shareholders included in section (a) above does not exceed two percent (2%) of the total voting rights in the Bank.

**Notwithstanding the aforesaid, the Bank's Board of Directors may approve the compensation policy, even if the General Meeting has opposed its approval, provided that the Compensation Committee and, subsequently, the Board of Directors shall resolve – on the basis of detailed reasons and after having re-discussed the compensation policy – that approval of the compensation policy, despite the opposition of the General Meeting, is in the best interests of the Bank.**

The Bank is not a public sub-subsidiary company.

6. Pursuant to Regulation 36D(d) of the Securities Regulations (Periodic and Immediate Reports), 1970, the Voting Regulations and the Israel Securities Authority's guideline from November 30, 2011 on the subject of a disclosure regarding the manner of voting by an interested party, a senior officer, and an institutional investor, as defined in the guideline, and a party with a personal interest in the passing the resolution in topic 1.1 on the agenda, any such person voting on the aforesaid resolution on the agenda shall notify the Bank of this before the vote at the General Meeting or, if voting by means of the voting ballot, shall note this in the designated place in the Second Part of the voting ballot, if he is an interested party, a party with a personal interest in the resolution, a senior officer or an institutional investor, and shall furnish a description of the affiliation/characteristic, and, if voting by means of a legal representative, the voter or his legal representative shall provide the aforesaid details in relation to the legal representative too. In addition, details shall be provided of any relationship (except for an insignificant connection) between the voter (not having a personal interest) or the legal representative (not having a personal interest) and the Bank, including employer-employee relations, business relations, etc., and/or a senior officer of the Bank, and of the nature of such relationship.

It is clarified that, if a shareholder or his legal representative has not marked the Voting Ballot, or has marked it "Yes", but has not provided the aforesaid details – his vote shall not be counted.

7. **Voting and validity of the voting ballot:**

- 7.1. The Voting Ballot shall only be valid if a confirmation of ownership of a non-registered shareholder (namely, the person in whose favor the shares are registered with a Stock Exchange member and the shares are included among the shares registered in the shareholders' register in the name of the nominee company) ("The Non-Registered Shareholder") is attached to it or if the Bank is sent the confirmation



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of ownership by means of the electronic voting system or a photocopy of the identity card, passport or certificate of incorporation is attached to it, if the shareholder is registered in the shareholders' register.

- 7.2. A shareholder shall mark the manner of voting in regard to the topic on the agenda on the form that is the Second Part of this Voting Ballot.
- 7.3. An Non-Registered Shareholder wishing to vote at the General Meeting in writing without attending the General Meeting and without sending a legal representative, shall deliver the voting ballot to the Bank's Offices or shall send it by registered mail, together with the confirmation of ownership, in accordance with the address that appears in the Second Part of the Voting Ballot, so that the Voting Ballot shall reach the Bank's Offices **not later than four hours prior to the time scheduled for holding the General Meeting, viz., by 08:30 on Tuesday, February 28, 2023.**
- 7.4. A shareholder, who is registered in the shareholders' register and who wishes to vote in writing, shall deliver the voting ballot to the Bank's Offices or shall send it by registered mail, together with a photocopy of his identity card, or a photocopy of his passport, or a photocopy of the certificate of incorporation, so that the voting ballot shall reach the Bank's Offices **not later than six hours prior to the time scheduled for holding the General Meeting, viz., by 06:30 on Tuesday, February 28, 2023.**
- 7.5. As stated in the immediate report, an instrument of appointment of a voting proxy, a power of attorney or a copy certified by a competent party (an attorney, an accountant, etc.) is to be deposited at the Bank's Offices by **Thursday, February 23, 2023, at 12:30.**
- 7.6. A Non-Registered Shareholder may receive the confirmation of ownership from the Stock Exchange member through whom he holds his shares, at a branch of the Stock Exchange member or by mail to his address upon payment of just a delivery charge, if so requested; the request in this regard is to be made in advance and for a specific securities account. A Non-Registered Shareholder may instruct that his confirmation of ownership be sent by means of the electronic voting system.
- 7.7. A Non-Registered Shareholder is entitled to receive by electronic mail, without charge, a link to the text of the voting ballot and the position papers on the distribution website, from the Stock Exchange member with whom his shares are held, unless he has notified the Stock Exchange member that he is not interested in receiving a link as aforesaid, or that he is interested in receiving voting ballots by mail, against payment; the shareholder's notice regarding voting ballots shall also apply in regard to receipt of position papers.
- 7.8. After publication of the voting ballot, there could be changes in the agenda, including adding a topic to the agenda, and position papers might be published. In such an instance, the updated agenda and the position papers that are published can be viewed in the Bank's reports, on the distribution website of the Israel Securities Authority and on the website of the Tel-Aviv Stock Exchange Ltd., as referred to in section 4.
- 7.9. If it should be requested that a topic be added to the agenda, and the Bank shall publish an updated voting ballot (that includes the aforesaid additional topic/s), then publication of the aforesaid updated voting ballot shall be effected on the date of publishing the updated agenda for the General Meeting, in accordance with the timetables set forth in Section 5B of the Companies Regulations (Notice and Announcement of a General Meeting and a Class Meeting of a Public Company and Addition of Topic to the Agenda), 2000.



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- 7.10. An unregistered shareholder may vote by means of the electronic voting system. Voting shall be possible **up to six hours prior to the time scheduled for holding the General Meeting**, viz., by **06:30 on Tuesday, February 28, 2023**.
- 7.11. In accordance with Section 83(d) of the Companies Law, if a shareholder has voted in more than one way, his most recent vote will be the one that is counted. For this purpose, the vote of a shareholder in person or by means of a proxy will be deemed more recent than a vote by means of a voting ballot.
- 7.12. **Up to 24 hours before the time scheduled for holding the General Meeting**, a shareholder may contact the registered office of the Bank and, after providing proof of his identity, he may withdraw his voting ballot and his confirmation of ownership.
8. **Position papers:**
- The last date for presenting position papers to the Bank is **up to ten (10) days prior to the date scheduled for holding the General Meeting**, and the last date for the Board of Directors to provide its response to position papers is **up to five (5) days prior to the date scheduled for holding the General Meeting**.
9. **Address of the Bank for delivering voting ballots and position papers:**
- The Voting Ballots and position papers, if any, should be sent to Adv. Michal Sokolov-Danoch, Corporate Secretary, Israel Discount Bank Ltd., 23 Yehuda Halevi St. (18<sup>th</sup> Floor), Tel Aviv 6513601, Israel.
10. **Viewing voting ballots:**
- One or more shareholders, who on the record date hold shares representing five percent or more of the total voting rights in the Bank, are entitled to view the voting ballots, as set forth in Regulation 10 of the Voting Regulations. The number of shares constituting five percent of the total voting rights in the Bank is 61,850,564 (as of January 23, 2023).
11. **Addresses of the distribution website and the TASE Internet website on which the voting ballots and position papers can be found:**
- Distribution website of the Israel Securities Authority – <http://www.isa.gov.il>
- Website of the Tel-Aviv Stock Exchange Ltd. – <http://www.maya.tase.co.il>
- Website of the Bank – [www.discountbank.co.il](http://www.discountbank.co.il)



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**VOTING BALLOT –SECOND PART**

Name of the Company: **Israel Discount Bank Ltd.**

Address of the Company (for delivery and sending of Voting Ballots): Adv. Michal Sokolov-Danoch, Corporate Secretary, Israel Discount Bank Ltd., 23 Yehuda Halevi St., Tel Aviv 6513601, Israel

Company No.: 520007030

Date and hour of the General Meeting: Tuesday, February 28, 2023, at 12:30.

Type of General Meeting: Extraordinary

Record date: January 30,2023

**Particulars of the shareholder**

Name of shareholder - \_\_\_\_\_

ID No. - \_\_\_\_\_

If the shareholder does not hold an Israeli identity card -

Passport No. - \_\_\_\_\_

Country of Issue - \_\_\_\_\_

Valid through - \_\_\_\_\_

If the shareholder is a corporation -

Corporation Name. - \_\_\_\_\_

Corporation No. - \_\_\_\_\_

Country of Incorporation - \_\_\_\_\_



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**Manner of Voting**

Number of Topic on the Agenda	Manner of Voting <sup>1</sup>			In regard to approving the Compensation Policy pursuant to Section 267A of the Companies Law– do you have a personal interest in passing the resolution? <sup>2</sup>	
	For	Against	Abstain	Yes*	No
<b>Topic No. 1.1 on the agenda Approval of compensation policy for the Bank’s officers in accordance with Section 267A of the Companies Law</b>					

Are you an interested party<sup>3</sup>, a senior officer<sup>4</sup> or an institutional investor<sup>5</sup>? Yes \_\_\_\_\_ No \_\_\_\_\_

\* Please provide details if you stated that you are considered an interested party, a senior officer or an institutional investor including details of any other connection between the voter (of the kind included in section 6 above) or the legal representative and the Bank or a senior officer, including employer-employee relations, business connections, etc., and particulars of the nature thereof:

\_\_\_\_\_

\_\_\_\_\_

\* Please provide details if you stated that you are considered as having a personal interest in topic no. 1.1 on the agenda:

\_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

For shareholders who hold shares through a Stock Exchange member (pursuant to Section 177(1)) – this voting ballot is valid only with the attachment of confirmation of ownership, except in cases where voting is by means of the electronic voting system.

<sup>1</sup> Failure to indicate in the table and describe the nature of the personal interest or the other attachment of the shareholder shall be treated as an abstention from the vote on that topic.

<sup>2</sup> A shareholder that does not complete this column or has marked it “Yes” but has not provided the aforesaid details – his vote shall not be counted.

<sup>3</sup> As the term “interested party” is defined in Section 1 of the Securities Law, 1968 (“the Securities Law”).

<sup>4</sup> As the term “senior officer” is defined in Section 37(d) of the Securities Law.

<sup>5</sup> As the term “institutional investor” is defined in Regulation 1 of the Companies Regulations (Voting Ballot and Position Papers), 5766-2005.





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For shareholders who are registered in the shareholders' register of the Company – the Voting Ballot is valid with the attachment of a photocopy of the shareholders' identity card/passport/certificate of incorporation.